

Comments on Regional Tax Policy Task Force DRAFT Report from December 9, 2011 Meeting

Number	Comment	Staff Response to Comment
1	The use of the word “may” is awkward in some parts of the recommendations- in some cases, we should use the word “probably”.	Without further clarification on specific instances of this, CMAP does not feel that these changes would strengthen the document. “Probably” implies a value judgment, which does not align with the tone of the “issues” section.
2	The statement in the transmittal letter that the recommendations reflect the views of the individual members should be changed because the recommendations contained in the report represent the view of those that the individual members represent.	See page 3 for new language.
3	Since the RTPTF did not endorse the “Analysis of Existing State and Local Tax Policy Conditions” section, it should not be in the report.	Language preceding this section, as well as language in the introduction and the table of contents has been modified to reflect that the RTPTF did not endorse the analysis. See pages 2, 5, 8.
4	The recommendations are too broad.	The degree of specificity within the recommendations is based on the consensus that was reached by the Task Force.
5	The report should be a staff report with analysis and letters from all of the members indicating their individual recommendations.	The goal for the Task Force has been to provide specific advice to the CMAP Board, rather than a number of differing opinions.
6	The report should make clear when there were differing opinions and when there was consensus on an issue.	The first section of the report, “Summary of Tax Policy Issues” already includes a summary of the Task Force’s discussions on each issue as well as where agreement was reached.
7	The report should mention how various tax policy changes would affect the State as a whole.	A brief reference was added that mentions this issue. See page 4.
8	A discussion of the intangible cost of retail development, such as quality of life issues, was not included in the report.	A reference to “quality of life” was added to the existing sentence about the intangible cost of retail in the “Summary of Tax Policy Issues” section. See page 7.
9	Quality of life as a driver of land use decisions should be included.	This was made more clear in the “Summary of Tax Policy Issues” section. See page 8.
10	The reference on page 9 regarding water infrastructure should be removed since this issue was not discussed.	This reference has been deleted.

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11	In the discussion about property tax classification in the “Summary of Tax Policy Issues” section, use the word “consensus” rather than “agree.”	See page 10 for new language.
12	The role of CMAP as a tax advisory group may be problematic.	The CMAP Board has already established that they have a role to play in tax policy. The task force’s mission is to advise them further.
13	CMAP should be involved with the expenditure side of fiscal issues.	A brief reference to expenditures was added to recommendation #1. See page 14.
14	Recommendation #1 says that “CMAP should play a leadership role . . .” This should be changed to an affirmation of CMAP’s role.	Language in the recommendation has been modified to convey that the recommendation is an affirmation of CMAP’s role. See page 14.
15	Instead of having a separate area for revenue sharing recommendations, revenue sharing should be divided up by tax type and lumped with other issues related to that tax type.	Recommendation #2 is organized according to issue, rather than tax type. This is also in line with how GO TO 2040 directs the Task Force to evaluate these issues.
16	The recommendations should support sharing 10% of income tax revenues with municipalities and counties.	A recommendation regarding income tax revenue sharing (supporting disbursements based on population) has been added. See page 15.
17	Recommendations should include a phase in of new disbursement criteria for revenue sharing where local governments are initially held harmless.	The report already recommends that the CMAP Board consider new approaches to the allocation of sales tax revenues for new or increased revenue streams. See page 15.
18	Revenues generated by a retail development do not always accrue beyond the need for the government services necessary for that development.	CMAP’s analysis of the fiscal impact of average retail developments indicates that the sales, property, telecommunications, electricity, and gas tax revenues that accrue as a result of a development are typically greater than the expenditures necessary to service that development. See page 45 of this report, and page 209 of GO TO 2040. The language used in this recommendation that this happens “in some cases”- staff believes this choice of words is fair and backed up with quantitative analysis.

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19	The estimated fiscal impacts table on p.40 does not include debt service on the expense side.	While this is true, the analysis does not make the presumption that these 4 types of developments- retail, auto, industrial, and office- were financed through bonds. Adding in debt service for one would necessitate adding it in for all, which is not likely to change the relative balance displayed in the analysis. This particular analysis is also included in GO TO 2040, which had an extensive public comment process.
20	The task force is focusing too much attention on the 1.25% of the sales tax rate and not enough attention on the 5%- the state portion- of the rate.	The task force's scope of work, as laid out in GO TO 2040, was to address the local disbursement share because of its direct relevance to land use and regional development. Analysis of how the state uses sales tax revenues is not included in the task force's scope of work.
21	Regarding sales tax rebates, CMAP should not only support transparency. They should also analyze the issue.	Recommendations were modified to include analysis of tax rebates and incentives. See page 14.
22	The task force would be remiss not to include a strong statement about the sales tax's impact on regional cooperation, since this is CMAP's central role.	The recommendation has been changed to reflect this comment. See page 15.
23	If revenue sharing criteria is modified, such as the criteria for disbursing PPRT, the end result may be negative.	The recommendations include overarching language that the details of specific proposals matter greatly and that the CMAP Board should act in the best interests of the region.
24	Consolidation of local governments should be looked at from perspectives beyond taxation.	This was not within the task force's scope.
25	The criteria for disbursing the state motor fuel tax is not necessarily inefficient. Therefore, the recommendations should state the CMAP should "review the efficiency."	The recommendation has been modified. See page 15.
26	State motor fuel tax disbursements to municipalities should account for commercial traffic.	The "Summary of Tax Policy Issues" section already includes discussion of this issue on page 9.
27	Recommendation language on broadening the sales tax base should include "with a focus on lowering the rate."	The recommendation has been changed to reflect this comment. See page 16.

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28	CMAP should address eliminating the sales tax on motor fuel.	The issue had not been previously discussed by the Task Force. CMAP may analyze this issue in the future. See GO TO 2040's Regional Mobility section for information on CMAP's priorities regarding transportation funding.
29	CMAP should oppose municipalities raising home rule and non-home rule sales tax rates.	The issue had not been previously discussed by the Task Force.
30	The report does not include recommendations on property tax exemptions.	This was not included in the recommendations because the Task Force did not fully address or reach consensus on this issue.
31	There should be an analysis of how classification has affected border communities.	The analysis on page 83 already includes an analysis of rental rates in several pairs of border communities.
32	The report should clarify that phasing out classification would not alleviate the additional burden on residential taxpayers, just delay the impact.	This has been clarified in the report. See page 15.
33	The issue with PTELL is that it results in an inequity between home rule and non-home rule municipalities.	This has been changed to recommend that the CMAP Board should analyze this issue. See page 16.
34	Does not support PTELL recommendation. The reason stated in the report for continuing the law is too subjective.	This has been changed to recommend that the CMAP Board should continue to analyze PTELL. See page 16.
35	PTELL should use something other than Consumer Price Index to calculate the extension limitation, such as Employment Cost Index.	This has been changed to recommend that the CMAP Board should continue to analyze this issue. See page 16.
36	There should be more flexibility regarding how the extension limitation is calculated.	This has been changed to recommend that the CMAP Board should continue to analyze this issue. See page 16.
37	CMAP should look at the state constitutional criteria for automatically becoming a home rule municipality.	The issue had not been previously discussed by the Task Force. CMAP may analyze this issue in the future.
38	The recommendations should include congestion pricing and alternatives to the motor fuel tax.	Recommendation #2 was modified to reference user fees and other concepts recommended in GO TO 2040 and currently being undertaken by CMAP. Congestion pricing was not given specific mention because it is a complex issue and was not included in the task force's scope of work. The CMAP Board supports user fees and congestion pricing and is working within the region on specific projects for its implementation.

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39	State transportation funding should be allocated based on need rather than the 55/45 split.	The recommendation has been changed to reflect this comment. See page 16.
40	The recommendations should acknowledge that the tax system has caused destitution of some areas of the region, and that this needs to be addressed.	The recommendation has been changed to reflect this comment. See page 17.
41	CMAP should analyze communities that are economically depressed.	See pages 36-38 for an analysis of tax capacity in the region.
42	Recommendation #3 does not address what regional revenue sources would be used or how existing revenues would be repurposed.	The recommendation was changed to reference “repurposing of increased revenue streams.” See page 17.
43	The recommendations should state that tax policy should encourage the redevelopment of depressed communities and that TIF is a tool for accomplishing this.	Recommendation #3 was modified to include the need for tax policy to encourage the redevelopment of depressed communities. TIF is not specifically included because analysis of this tool was not included in the task force’s scope of work. See page 17.
44	In recommendation #3, “a new levy” can be misconstrued as an additional property tax, and this was not ever discussed by the task force.	See page 17 for new language.
45	The issue of tax capacity should be taken out of recommendation #2 and included as a goal under #3.	The recommendations have been changed to reflect this comment. See page 17.
46	The report should clarify that analyses of effective tax rates do not take exemptions into account.	This has been clarified in the report. See pages 71 and 77.