

To: Senate Committee on Commerce
From: Spencer Duncan, Government Affairs Director
Date: March 12, 2024
RE: HB 2387 – STAR Bond District Replacement Funds
In Support – Written Testimony

Thank you to the Chair and Committee for the opportunity to provide testimony.

Every fall, the League commences policy meetings to seek direction from our member cities on legislative issues. Cities propose changes to the League’s Statement of Municipal Policy, discuss the issues being faced in their communities, and ultimately establish guidance for League staff in preparation for the upcoming legislative session. A high-level priority urged by our member cities was the creation of a mechanism to replace income lost in STAR Bond districts by the phase-out and eventual elimination of the statewide food sales tax. The League strongly supports section 1 of HB 2387 that accomplishes that goal.

An unintended consequence of the lowering of the sales tax on food has been a reduction in sales tax revenue pledged to pay the bonds in these districts. Multiple districts have a concentration of stores that sell food, and the revenue from the state sales tax is an important component of paying back these bonds. If this revenue is not replaced, there will be a significant revenue loss in these districts and will threaten the financial success and viability of existing STAR Bond projects.

In addition to this specific policy statement regarding sales tax replacement in existing STAR Bond project areas, the League supports the continued ability of cities to utilize the program to promote economic development in their communities. By adding two more approved projects to the fold, Section 2 of HB 2387 increases the ability of cities to use the Act to drive development and tourism to their communities.

The League supports HB 2387 and asks that the Committee recommend it favorably for passage.

Thank you for your time and consideration of these issues. I am always available to provide additional information and answer any questions you have.



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