



TAX ACCOUNTABILITY COMMITTEE
Of
Idaho

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The Senate Committee on Local Government and Taxation

Before you vote on

May we point out several issues involved with this Urban Renewal bill?

First, this is just a reminder note: Please keep in mind the entire cost of Urban Renewal is shifted to the property tax payers of the district wherein the urban renewal area is sited. The reason being that the operating funds paid to an urban renewal agency are the new property taxes created within the urban renewal district when growth occurs or simply by inflation. When this happens the cost of providing the services and maintenance paid for by property tax to cover or make up the "New Values" or inflated costs are shifted to the property tax payers of the city and county. However, the taxing districts are required to provide these services by law and without the property tax which is now paid to the urban renewal agency as operating funds, to pay for these costs, have to raise their levy rates to recover these lost funds. This is why property tax rises where urban renewal is used. You can confirm this by asking your county assessor.

Second, page 2 (3) lines 30-35, should your constituents be entitled to have a say in how their government runs and how their money is spent? This is not the case with urban renewal as the commissioners of an urban renewal agency are generally appointed either by the mayor with the consent of the city council or appointed by the urban renewal board. In this bill is an attempt to limit the ability of the citizens to hold an urban renewal board responsible for the spending urban renewal funds (people's taxes) in an irresponsible way. The amendment of the existing statute will remove the ability of a local governing body to appoint itself to be the urban renewal commissioners. This will remove the ability that a voter has to remove an urban renewal commissioner by ballot in a city or county election. Both Nampa and Caldwell have selected this form of city council urban renewal board and will be affected by this amendment. The Redevelopment group of cities and counties are behind this and want to be able to continue spending urban renewal funds without any control from the tax

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payers who are paying the bill for their exuberance. **Please request that this amendment is removed before passage.**

Third, page 2 (5) lines 47-50 & page 3 lines 1-21 is a new amendment allowing a city or county to choose to elect an urban renewal board during the normal election cycle. The election process for an urban renewal board was discussed by the Ad-Hoc 2015 urban renewal committee. The general consensus of the city and county representatives was that it is too hard to find people to run for this type of position and that not enough people would file for these positions resulting in an inadequate number of commissioners. It was dismissed and was not a constituent of the "List of Concerns developed in that group. It is a superfluous amendment of no consequence. **TAC has no opinion on this amendment.**

Fourth, page 3 (6) lines 16-21 is an important amendment as it requires that an urban renewal board member must be a resident of the county wherein the urban renewal agency is sited. This will make the urban renewal board member accountable for raising taxes more than necessary as they will also be affected by that spending. **TAC supports this amendment.**

Fifth, page 5 (4) lines 20-24 is an important amendment dealing with a description of the modification of an urban renewal area and is an important component of the "New Section" 50-2903A beginning on line 15 page 9 and continuing through page 40 of page 10. This "New Section" is a needed limitation on the ability of an urban renewal agency to use tax dollars from previous Revenue Allocation Areas for costs within "New" revenue allocation areas. Nearly all of the Idaho Urban Renewal Agencies have been forming one urban renewal area which may overlay another previous renewal area and then using the taxes meant for the previous plan to pay for items within the new plan that were never intended by the first or previous plan. It is important to the efficient use of your constituent's property tax dollars that they be spent for the intended purpose of the "Plan" not on items that were never intended. This "New Section" deals with the adjustment of the "Base Assessment" which is the assessed value of an urban renewal area as of January 1 of the year an urban renewal plan is approved. The "Base Assessment" property taxes are not paid to an urban renewal agency, but are still paid to the county's general fund and do not raise the property taxes, but help pay the county's bills. This "New Section" requires that when a new urban renewal or community development area is formed, that the "Base Assessment" includes the assessed valuation of the present year which eliminates the ability of an urban renewal agency from including a new developing areas within the urban renewal area and taking all of the property taxes from that new development to pay for urban renewal and make the tax payers make up the difference. This exact condition occurred in Nampa when the NDC was formed. The areas was extended to include a developing commercial area entitled the "Treasure Valley Market Place" which was developed by an General Obligation Bond not Urban Renewal and all of the property taxes on this

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new development are being used to pay for Nampa's new police building and the Nampa Library. The people of Nampa are paying for both with increased taxes and never had the opportunity to approve these expenditures by a vote. **TAC requests that you support this amendment.**

Sixth, on page 11 beginning on line 27 is a "New Section" 50-2905A which allows an urban renewal agency to use Tax Increment Funding to build municipal buildings if the "Project Cost" is less than 51% without a vote of the people. It requires a vote of the people if the cost exceeds 51% by a 60% majority vote. The question you must ask yourself and be ready to defend with your electorate is, should a city be able to build any municipal building no matter what the project cost is without asking the peoples permission? This "New Section" actually allows tax increment funding to build any building, private or public as long as the public buildings cost can be kept below 51% of the identified project costs. It does not delineate conditions of "Project Costs". The amendment refers to 50-2008 as the description of "Project Costs", but project costs are not listed in that existing section of the present statute. To make this section function, "Project Costs" must be identified for without this item any list could be "Project Costs". **TAC believes that neither public nor tax exempt building should be built without a vote of approval.**

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