

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, March 23, 2016

TIME: 1:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Siddoway, Vice Chairman Guthrie, Senators McKenzie, Johnson, Rice, Vick, Bayer, Stennett and Burgoyne

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Siddoway** called the meeting of the Local Government and Taxation Committee (Committee) to order at 1:03 p.m. and asked the secretary to take a silent roll.

PAGE GRADUATION: **Chairman Siddoway** thanked Senate Page Jaymond Richardson for his service, recognizing his hard work and dedication to the Committee.

MINUTES APPROVAL: **Senator Rice** moved to approve the Minutes of February 24, 2016. **Senator Vick** seconded the motion. The motion carried by **voice vote**.

Senator Vick moved to approve the Minutes of March 3, 2016. **Senator Stennett** seconded the motion. The motion carried by **voice vote**.

Senator Johnson moved to approve the Minutes of March 9, 2016. **Senator McKenzie** seconded the motion. The motion carried by **voice vote**.

Senator McKenzie moved to approve the Minutes of March 10, 2016. **Senator Rice** seconded the motion. The motion carried by **voice vote**.

H 606aa **Senator Johnson** presented **H 606aa**, pertaining to urban renewal. **Senator Johnson** explained that the Urban Renewal Interim Committee (Interim Committee) studied Idaho statutes and laws regarding urban renewal agencies, revenue allocation areas and the Economic Development Act, and upon completion, made recommendations for changes in related statutes. He stated that the Interim Committee received input from the public and various stakeholders and ultimately made five key recommendations in February, 2015. **Senator Johnson** then referenced correspondence from the Pocatello Development Authority, disagreeing with the assertion made that this legislation will undermine the intent of urban renewal and negatively impact urban renewal efforts around the State.

Senator Johnson outlined the specific statutory changes in **H 606aa**. In addition to other technical changes, **Senator Johnson** highlighted new language added to § 50-2903A, Idaho Code, that clarifies existing statute regarding the base reset resulting from urban renewal plan modification. **Senator Johnson** referenced the Idaho Attorney General's opinion that modification of an urban renewal plan would in fact result in a reset of the base assessment roll values; he explained there are four exceptions when an urban renewal plan can be amended without a base reset, which are listed in this section. **Senator Johnson** also pointed out the addition of "with specificity" in § 50-2905, Idaho Code, explaining that this language benefits urban renewal agencies when modifying plans in anticipation of future economic growth. He emphasized that any changes made to an urban renewal plan will be

required to have a public notice and meeting in an effort to promote transparency and accountability in the process.

Representative Youngblood, co-chair of the Interim Committee, stated that one of the goals of **H 606aa** is to provide transparency and accountability to the urban renewal process.

TESTIMONY:

Brian Blad, Mayor of Pocatello, commented on the positive impact urban renewal has had on his city, including a significant decrease in the unemployment rate. He offered comments in support of sending **H 606aa** to the 14th Order for possible amendment, to permit the amendment of new urban renewal plans for unanticipated economic development projects without resetting the base value.

John Evans, Mayor of Garden City and Chair of the Association of Idaho Cities (AIC), spoke in support of sending **H 606aa** to the 14th Order. **Mayor Evans** submitted language for possible amendment that incorporates publicly owned infrastructure; he explained that it is difficult to anticipate future infrastructure needs during initial planning (see attachment 7). He also expressed concerns regarding the addition of "with specificity," pointing out that specificity denotes a level of precision, and the items listed in § 50-2905, Idaho Code, are difficult to forecast over a long period of time with precision.

Senator Rice asked if **H 606aa** was sent to the 14th Order and passed by the Senate but not the House, and litigation resulted from urban renewal districts challenging the base reset, what the consequences would be if this issue was decided by the courts. **Mayor Evans** replied that this is a scenario that the AIC considered and remarked that the primary intent of adding certain kinds of infrastructure is to create private sector opportunities to invest money in urban renewal areas; he believes this reward mitigates the risk of possible litigation.

Ryan Armbruster, representing Elam and Burke and the Redevelopment Association of Idaho, spoke in support of sending **H 606aa** to the 14th Order. **Mr. Armbruster** expressed concerns regarding the base reset as outlined in the amended bill, specifically the inability of a plan amendment to identify additional urban renewal projects to respond to unanticipated economic development opportunities without triggering a base reset. He also expressed support for the amendment proposed by Mayor Evans regarding the addition of certain kinds of infrastructure.

Russ Hendricks, Idaho Farm Bureau Federation, spoke in support of sending **H 606aa** to the 14th Order. **Mr. Hendricks** expressed concerns regarding the base reset. He stated that the Farm Bureau was supportive of a base reset resulting from a plan modification as initially drafted; however, the legislation as amended does not support the original intent of the Interim Committee and changes the nature of the bill.

Ray Stark, Boise Chamber of Commerce, spoke in support of sending **H 606aa** to the 14th Order. **Mr. Stark** shared similar concerns regarding the amended legislation straying from the original intent of the Interim Committee. He commented that every urban renewal district is unique, which creates difficulties when crafting legislation such as this.

Travis Rothweiler, Twin Falls City Manager, remarked that urban renewal has had a positive impact on Twin Falls, resulting in growth in capital investment in urban renewal areas and a decrease in unemployment rates. **Mr. Rothweiler** stated that urban renewal is a tool used to leverage and offset costs of expanding critical infrastructure and is worth preserving. He expressed support for **H 606aa** and commented that these issues should be dealt with at the legislative level rather than the courts.

John Watts, Idaho Chamber Alliance, spoke in support of sending **H 606aa** to the 14th Order. He shared similar concerns regarding the base reset, commenting that future plan modifications should be able to incorporate unanticipated development opportunities without triggering a base reset. He remarked that urban renewal is the only tool that local communities have to facilitate growth.

Ken McClure, representing Chobani and Clif Bar, spoke in support of sending **H 606aa** to the floor with a **do pass** recommendation. **Mr. McClure** pointed out that if the Idaho Attorney General's opinion is in fact correct, and any plan modification results in a base reset, then all of the revenue generated since the origination are drawn into question if the plan has been modified. He remarked that the legislation as amended is not perfect, but if this legislation does not pass, urban renewal agencies will be negatively impacted.

DISCUSSION: **Representative Youngblood** returned to the podium to providing closing remarks. He reiterated the emphasis on transparency and accountability and recognized concerns regarding the base reset, pointing out that that provision has been in statute since 1988. **Representative Youngblood** stated that this legislation allows the process to move forward by providing the opportunity to make changes to the statute in the future.

Vice Chairman Guthrie asked Representative Youngblood to provide some clarity regarding this bill, pointing out the many differing opinions presented during testimony. **Representative Youngblood** replied that the challenge has been that urban renewal agencies have translated law to their best use regarding the base reset; the process, as outlined in statute, required a revenue allocation area to be eliminated once an urban renewal plan is complete and the increment returned to the taxing districts. Opposition to returning the increment stems from urban renewal agencies wanting to use that money to fund other projects, taking it beyond the scope of original intent.

Senator Stennett asked why the original legislation drafted by Interim Committee was amended, to which **Representative Youngblood** replied that House leadership supported changes to the legislation.

Senator Johnson commented that the urban renewal tool is vital to the State of Idaho. He indicated that the statute was not changed in a way to make it so restrictive that it dictates how urban renewal agencies operate; instead, specificity was incorporated to maintain decision making at the local level and if plans need to be modified, there is the option to do so by ordinance with or without resetting the base value.

MOTION: **Senator Burgoyne** moved that **H 606aa** be referred to the 14th Order for amendment. **Senator Stennett** seconded the motion.

SUBSTITUTE MOTION: **Senator Rice** moved to send **H 606aa** to the floor with a **do pass** recommendation. **Senator Johnson** seconded the motion.

DISCUSSION: **Senator Rice** commented that this legislation is not perfect but it addresses the risk of having urban renewal districts that get reset retroactively from going bankrupt and causing disruption to the urban renewal process. Sending **H 606aa** to the floor with a **do pass** recommendation mitigates this risk but also allows changes to be made in future legislative sessions.

Vice Chairman Guthrie spoke in favor of the original motion to send **H 606aa** to the 14th Order, stating he supports the legislative process..

Senator McKenzie recognized the concerns brought forth by Senator Rice but expressed support for the original motion to send **H 606aa** to the 14th Order.

Chairman Siddoway stated he supports the substitute motion to approve **H 606aa** with a **do pass** recommendation, pointing out that the Legislature will have the opportunity to make changes, if needed, in the future.

**ROLL CALL
VOTE ON
SUBSTITUTE
MOTION:**

Chairman Siddoway called for a roll call vote on the substitute motion. **Chairman Siddoway, Senators Johnson and Rice** voted aye. **Vice Chairman Guthrie, Senators McKenzie, Vick, Bayer, Stennett and Burgoyne** vote nay. The substitute motion failed.

**ROLL CALL
VOTE ON
ORIGINAL
MOTION:**

Chairman Siddoway called for a roll call vote on the original motion. **Chairman Siddoway, Vice Chairman Guthrie, Senators McKenzie, Rice, Johnson, Vick, Stennett and Burgoyne** voted aye. **Senator Bayer** voted nay. The motion carried.

ADJOURNED: There being no further business, **Chairman Siddoway** adjourned the meeting at 2:17 p.m.

Senator Siddoway
Chair

Jennifer Carr
Secretary