

MINUTES

SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, March 15, 2012
TIME: 3:00 P.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Corder, Vice Chairman Johnson, Senators Hill, McKenzie, Hammond, Siddoway, Rice, Werk, and Bilyeu
ABSENT/EXCUSED:
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.

Chairman Corder called the meeting to order at 3:20 p.m.

H 593 To Provide that in No Event Shall the Aggregate Outstanding Principal Amount of General Obligation Bonds and any Other Indebtedness for Which the Full Faith and Credit of the District are Pledged Shall Exceed Nine Percent of the Actual or Adjusted Market Value for the Assessment. **Chairman Corder** introduced **Representative Luker.** **Representative Luker** said in 2008 the Community Infrastructure District (CID) legislation was passed. This helped with road construction and other types of infrastructure. This legislation is a fine-tuning bill and adds a few sideboards.

There are seven changes to the bill, which are listed on the Statement of Purpose. A CID allows a non-contiguous addition, but it must have a substantial nexus to the initial district or the original project. **Chairman Corder** asked for an example as to when a non-contiguous addition would be necessary. **Representative Luker** said there could be an area developed by the same developer in three or four years that is not directly contiguous, but could be sharing the same roadway.

Senator Werk said he was uncomfortable with the wording related to written testimony. The wording seems to indicate the written testimony must be in addition to personal testimony.

Representative Luker said in the original legislation, the indebtedness allowed was up to 12% of the adjusted market value of the taxable real property. That has been changed to 9%, because if there is too much indebtedness, people will not buy property. The appeal time for district creation has been changed from 30 days to 60 days.

Senator Rice said the change to the last line on page 4 would be more clear if the "and" was changed to an "or". **Representative Luker** said that would be fine.

Senator Hammond said the change requiring 2/3 of the owners to approve the creation of the district could be a problem if there are two or three very large landowners who own the majority of the land, but also a large group of people who own small parcels. Each owner would receive one vote regardless of how much land they own. **Representative Luker** said the purpose of this section is not to create a CID, but it is to potentially approve later indebtedness by special assessment. By the time this section would be used, the development would be in standard lot development.

There was much discussion about changing some of the language in the legislation.

Senator Bilyeu asked for an example as to how a CID could cross county or city lines. **Representative Luker** said there could be a property boundary that spans two city districts, especially in urban areas.

Chairman Corder introduced **Jeremy Pisca**, Risch Pisca Law Firm, representing M3 Companies. **Mr. Pisca** said no CID can be formed unless the city consents to it. Usually, this will happen only in the city boundaries. CID's can be formed outside of the city's boundaries with the city's consent.

Mr. Pisca said the CID format was created to be a mechanism to allow growth to pay for itself. In the past, the state has relied on impact fees, which by their nature, are paid in arrears. An impact fee is paid at the time a building permit is issued. By that time, the need for sewers and roads and other community-financed public infrastructure has passed.

Boise is the only city that has created a CID. The interest has slowed down due to the economy, but they are still being contemplated around the state. Currently, written testimony is not disregarded whether it is submitted before or the day of the meeting.

Chairman Corder asked about a potential development in Ada County/Boise County. Which city would have the authority over a CID in that area. **Mr. Pisca** said in that particular example, it would be the city of Eagle. There would be an annexation first, with the cooperation of the other county.

Senator Bilyeu asked how this compares to a tax increment financing district. **Mr. Pisca** said they are completely different tools, both used for development. The CID can only be used to finance infrastructure that is regional in nature, publicly owned and could not be financed with an impact fee.

Senator Werk asked about Section 5 and the language requiring 2/3 of owners' approval before a hearing is called. **Mr. Pisca** said lines 17-25 are misunderstood. They refer only to adopting a resolution ordering a hearing be held. The hearing still has to be noticed and held. Typically one entity owns the entire property; it is very rare there would be a lot of owners.

Under the current statute, the CID Board (which is typically the city council), would be able to call a hearing without approval from anyone else in advance. A CID is a tool to develop undeveloped land. **Representative Luker** said with the original legislation the city council could call a hearing without any input from anyone else; this was a compromise.

Vice Chairman Johnson asked what the benefit is from changing the amount of indebtedness from 12% to 9%. **Representative Luker** said the change is to make sure the property itself is not overburdened with debt.

Representative Luker said the city of Boise is comfortable with the changes.

H 593

Senator McKenzie made a motion to send H 593 to the floor with a Do Pass recommendation. **Senator Werk** seconded, and the motion carried by Voice Vote. **Senator McKenzie** will be the floor sponsor.

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APPROVAL:**

Senator Werk made a motion to approve the minutes of February 29, 2012. **Senator Hammond** seconded, and the motion carried by Voice Vote.

Senator Rice made a motion to approve the minutes of March 7, 2012. **Senator McKenzie** seconded, and the motion carried by Voice Vote.

ADJOURNMENT: **Chairman Corder** adjourned the meeting at 4:05 pm.

Senator Corder
Chairman

Jo Ann Bujarski
Secretary