

## **STATEMENT OF PURPOSE**

### **RS23001C1**

The intent of urban renewal is to enable local governments with an economic development tool. Within the current law, there are many approaches that urban renewal agencies may take to spur development. The theory that justifies the practice is that monies collected and used in a project area are an investment that will pay the community back in many ways, most notably through a higher taxable base of private commercial development which will contribute to more municipal funding and a lower tax rate for residents and businesses alike. However, when urban renewal funding is used to build single-purpose public buildings that are not taxable, the benefit to economic development is more attenuated. Because of the ability to work around a more traditional funding process for public buildings and the lack of direct return on public investment, this legislation considers a structure for public approval of such projects.

### **FISCAL NOTE**

There is no fiscal impact to the general fund. On election years, where there is already an election taking place, there should be no fiscal impact to counties. On non-election years, there will be a cost for holding an election imposed on the qualified municipality.

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