

## Utah vs. Idaho Urban Renewal Laws

The Urban Renewal Law Chapter 20, Title 50, Idaho Code, was originally passed by the 1965 Idaho Legislature. The law allows a city or county governing board to designate areas for urban renewal projects aimed at eliminating or preventing deteriorated or deteriorating areas and developing and revitalizing underutilized areas. An urban renewal agency, governed by a board of commissioners appointed by the Mayor and confirmed by the City Council, is responsible for overseeing implementation of urban renewal plans that outline the necessary projects for specific areas.

The Local Economic Development Act Chapter 29, Title 50, Idaho Code, was passed by the 1988 Idaho Legislature, and authorizes the use of revenue allocation financing for the following purposes: To assist in the financing of urban renewal plans, to encourage private development in urban renewal areas and competitively disadvantaged border community areas, to prevent or arrest the decay of urban areas due to the inability of existing financing methods to promote needed public improvements, to facilitate the long-term growth of the local tax base, and to encourage private investment within urban areas and competitively disadvantaged border community areas.

The statute requires that a revenue allocation financing plan must be approved by the City Council and must include: The kind, number, and location of all proposed public works or improvements within the revenue allocation area; an economic feasibility study; a detailed list of estimated project costs; a fiscal impact statement showing the impact of the revenue allocation area, both until and after the bonds are repaid, upon all taxing districts levying taxes upon property on the revenue allocation area; a description of the methods of financing all estimated project costs and the time when related costs or monetary obligations are to be incurred. A termination date for the plan and the revenue allocation area, and a description of the disposition or retention of any assets of the agency upon the termination date. To establish revenue allocation financing, the City Council must adopt an ordinance following public notice and public hearing, including specific notice to affected taxing districts.

In Idaho, when a revenue allocation area is formed, the county assessor establishes the current value for each property in the area, which is referred to as the "base" value. Over time, if both public and private investments are made and development occurs in the area, property values tend to rise. The increase in value over the base is called the "increment" value. The taxes generated by the increment value are distributed to the urban renewal agency, as opposed to the taxing districts. Taxes generated from the base value continue to be distributed to the taxing districts. An urban renewal agency does not determine property valuation or levy rates. The revenue allocated to the urban renewal agency is used to pay for improvements and revitalization activities to attract private investment and eliminate deteriorated or deteriorating conditions, with the goal of strengthening the local economy.

Since 2000, several changes to the Urban Renewal Law and the Local Economic Development Act have been adopted.

## **2000 Legislature:**

Clarified the time frame for the filing of the necessary information with the State Tax Commission and county offices to create or amend an urban renewal/revenue allocation area.

Limited the term of revenue allocation authority, with minor exceptions, to 24 years. Required an urban renewal agency and a city to enter into an intergovernmental agreement with the county for any revenue allocation area extending outside city limits. Extended to counties the authority to use revenue allocation financing.

## **2002 Legislature:**

Clarified that urban renewal agencies are subject to statutes on open meetings, public records, ethics, auditing and financial reporting, and competitive bidding.

Adopted procedures to be used by an agency in closing out an urban renewal project and the termination of revenue allocation financing authority. An urban renewal plan must now include a specific termination date and an "exit strategy" for termination. A specific termination year budget must be submitted to the other taxing entities describing the termination and closeout of the project.

Clarified the term of revenue allocation financing for urban renewal plans and competitively disadvantaged border community ordinances which were adopted prior to July 2000 allowing the authority to extend through the term of the plan.

Allowed urban renewal agencies to retain assets beyond the term of revenue allocation authority if an agency has other resources.

## **2003 Legislature:**

Prohibited extension of urban renewal areas outside of city limits into another city or county without a resolution of necessity from the other city or county.

## **2005 Legislature:**

Provided that urban renewal agencies follow the uniform local government competitive bidding law in Chapter 28, Title 67, Idaho Code.

## **2006 Legislature:**

Adopted Idaho Code 7-701A, Limitation on Eminent Domain, which restricts an agency's use of eminent domain for economic development purposes, and made amendments to Idaho Code 50-2018(8) and (9). Revised definition of deteriorated or deteriorating area to limit inclusion of property used for agriculture pursuits.

## **2006 Legislative Special Session:**

Repealed school district 3 mill operation and maintenance levy and limited the 4 mill rebate by urban renewal agencies to school districts as school district operation and maintenance is now funded through state resources.

### **2007 Legislature:**

Ended the practice of including the value of new construction within a revenue allocation area in the new construction roll for the purpose of levying by taxing districts.

### **2011 Legislature:**

Changed the 30 day comment period to 60 days for public comment; established that bonds can be issued for a maximum of 20 years instead of 24 years; prohibited district from expanding by annexation with exceptions; required agricultural and forest land owners to provide written consent before being included in an Urban Renewal District and changed the revenue allocation area to 20 years from 24 years.

### UTAH LAW

The Utah Law allows tax increment financing for Community Development, Economic Development and Urban Renewal. Utah passed their first urban renewal law in 1969, in 1977 the Utah Legislature authorized redevelopment agencies to cover housing rehabilitation lands and in 1983 they limited the projects to 32 years and 100 acres unless a committee of affected taxing agencies (The Tax Entity Committee) waived the limitation. In 1983 the Legislature also limited the time during which tax increment could be collected to 25 years. In 1993 the Legislature created tax increment financing for economic development which does not include retail development and in 2006 the Legislature added the community development part to Utah Urban Renewal.

The Differences between Utah and Idaho appear to be the TEC (Tax Entity Committee) being involved and approving the budget, the length of time tax increment financing can go and it appears that community development is not a specific part of Idaho Urban Renewal but probably could be included in the urban blight portion or the Economic Development Chapter.

It also appears in Utah that they have quite a bit broader public hearings and comments and the use of Eminent Domain appears to be more liberal than our law allows. Also a lot of the Utah statutes are written in legal language that is specific to Utah (as our statutes are too.) If the current urban renewal law is amended significantly or recodified, I would recommend that we put it in one chapter for ease of reference. Also we could probably save some of the Idaho terms for definitional purposes. It also appeared that there was no prohibition from using urban renewal for public buildings in Utah. I think it is very doable to have a structure very similar to Utah's if that is the route you want to pursue.