

CORRECTED MINUTES
Approved by the Committee
Urban Renewal Interim Committee
Monday, September 21, 2015
9:00 A.M.
Room WW 55--State Capitol
Boise, Idaho

Co-chair Representative Rick Youngblood called the meeting to order at 9:00 a.m. and requested a silent roll call. Members present were: Co-chair Representative Rick Youngblood, Co-chair Senator Dan Johnson, Senators Jeff Siddoway, Chuck Winder, Mary Souza, and Maryanne Jordan; Representatives Kathleen Sims, Robert Anderst, and Lance Clow. Representative Hy Kloc was absent and excused. Legislative Services Offices (LSO) staff members present were Mike Nugent, Keith Bybee, and Lara Margelofsky.

Others in attendance: Dr. Jaap Vos, University of Idaho; ElJay Waite, City of Caldwell; Melinda Anderson, City of Twin Falls; Alan Dornfest, State Tax Commission; Max Vaughn, Minidoka County; Roger Seiber and Jerry Deckard, Ada County Highway District; Jim Clark, J.C. & Associates; Ashley Squyres, Meridian Development Corp.; Ben Davenport, Associated Taxpayers of Idaho; Ronalee Linsenmann, Tax Accountability Committee; Seth Grigg, Association of Idaho Cities; Ryan Armbruster, Redevelopment Agencies of Idaho; Dan Blocksom, Idaho Association of Counties; Teresa Molitor, Ignite CDA and Jeroma URA; Megan Ronk, Idaho Commerce; Matt Warnick, Division of Financial Management; Russ Hendricks, Idaho Farm Bureau; Jeremy Chou, Givens Pursley; Russell Westerberg, Capital City Development Corp.; Ken McClure, Givens Pursley; John Watts, Veritas Advisors; and Phil Kushlan. Denny Davis, Ignite CDA, participated by conference telephone call.

NOTE: Copies of presentations, handouts, and reference materials can be found at: www.legislature.idaho.gov and are also on file at the Legislative Services Office.

Minutes from the previous meeting (August 10, 2015) were approved with the following correction, as suggested by Co-chair Youngblood: Page 3, paragraph 1, "Tax Accountability Committee" is changed to "Taxing Entity Committee." Page 13, paragraph 4, "Mr. Arial" was requested to be changed to "Mr. Hoffman," but Senator Souza (after this meeting) affirmed that "Mr. Arial" was correct, and Co-chair Youngblood agreed, so this correction was not made.

The first presenter was Dr. Jaap Vos, professor and program head in the University of Idaho's College of Art and Architecture. His presentation materials can be found at ["URA Best Practices"](#). Dr. Vos had been tasked with presenting on urban renewal agency (URA) best practices, but highlighted that they really depend on local circumstances. The general challenge is figuring out how to renew and revitalize existing urban areas to make better use of underproductive land and create a place that reflects the needs and demands of residents and businesses. Dr. Vos emphasized that URAs are effectively the only active planning tool with regard to redeveloping an area. The planning process regularly includes creating a long-term vision and establishing regulations that promote that vision. URAs allow communities to play a more active role. URAs need to take advantage of unique local circumstances and address the needs of vastly different communities. There is no single package of possible strategies that fits a particular kind of community. Successful communities tend to have evolved to the point where they have a comprehensive package of strategies and tools that are aligned with the core assets, challenges, and opportunities within their regional setting. Successful redevelopment serves to preserve the city's identity, community, local culture, and natural and built environments. Dr. Vos' presentation also included examples from small towns and reconciling the promotion of an area/product for economic development while maintaining transparency toward residents.

Additional comments from the presentation include:

- Property taxes do not increase, only how the tax revenue is distributed. It basically means that those property taxes that are collected within the urban renewal district that are collected due to improvements made within the district remain within the district.
- The urban renewal board is able to focus on making decisions that are best for the economic (re)development of the area. They are only there to serve the redevelopment of the area. They are not distracted by other issues that city council is confronted with.
- Urban renewal districts are established to serve a specific purpose and should have clear goals and objectives formulated in their urban renewal plan. They should be in existence for the time needed to implement and evaluate the plan.
- Urban renewal agencies attract private investment by actively addressing the issues in an area that prevent private investors from being willing to take the risk of investing. That requires both knowledge about the area and the risk perceptions of the private investors.
- While investment in hard infrastructure is important, the quality of the redevelopment plan, the support of local residents and businesses, the marketing of the "product" and the ability of the urban renewal agency to respond quickly, are probably just as important.
- There is a tension for a redevelopment agency with regard to how it communicates with the community and the businesses it tries to attract.
- It might be tempting to regulate transparency and accountability, but are what are the criteria that we are going to use when evaluating community redevelopment agencies? Are we evaluating the community redevelopment agency itself or its ability to improve the community?

Senator Souza noted that she saw mixed messages on transparency and accountability being important, yet on the other hand, example organizations focused on great visuals and some didn't even say who they were. Transparency and accountability go along with a clear plan and specific objectives, how does that happen in an agency that Dr. Vos considers to be communicating well? Dr. Vos responded that a URA needs a strong plan and broad base with goals and objectives. The lifespan of a URA should be tied to its goals and should continually ask whether it is making progress toward its goals.

Senator Souza asked about the size of URA plans, noting that some want to be big and maximize the time allowed by law, while people won't know how much progress is being made. She asked how to require an agency to have a more specific plan? Dr. Vos responded that URAs don't have to be that specific in plan, but can set very clear goals, and can show progress in getting there. URAs should show what they are trying to achieve, and evaluate if they have.

Representative Sims asked how people should be selected to run a URA. Dr. Vos responded that the agency should not be made up of the city council, that that is not transparent or clear. He stated that URAs need to be made up of two bodies of knowledge – people who understand the place (real estate, long-term residents) and people who understand what a URA is trying to achieve and the things it is trying to attract to the area.

Representative Clow stated that when people say that all the taxes in an urban renewal district go to the urban renewal district, that's not true in Idaho. There are revenue allocation areas where the money stays, but property taxes in an urban renewal district, if they're not in a revenue allocation area, go to the underlying government.

Representative Clow asked whose responsibility is it to do the marketing, the URA as a government agency, tourism groups, or the chamber of commerce. Dr. Vos responded that a chamber of commerce could play a role, but regardless a URA can't function like a typical government department, it needs to find a middle ground and have boundaries, and it will only be successful if it is a multifaceted approach. Marketing is part of that, and the URA needs to be allowed to do the marketing or allowed to choose someone else to do it.

Senator Winder asked about how agencies and other parts of the country are handling the balance between constitutional protections, like requiring two-thirds votes for public debt, as well as trying to put some boundaries on agencies on how they use urban renewal funding? Dr. Vos responded that most agencies have more leeway to do what they want than they have in Idaho. They have more power without the voting requirements. Dr. Vos added that there has to be a flexibility but still accountability.

Co-chair Johnson asked for an example of an inactive tool that can help. Dr. Vos responded that examples are typical land use ordinances, police powers, zoning ordinances, etc., but that those don't give you an active role. A URA has to be active and needs to do something active in order to see results and attract people to invest in the areas; the passive routes aren't enough.

Senator Souza noted that Coeur d'Alene's URA has changed its name several times, and is spending \$80,000 this year for the name change and has budgeted \$40,000 more for next year. The organization is advertising heavily without identifying itself as a URA. Why is it the trend for URAs to do that? And why are they advertising when they are a public agency, not producing a product for profit? Why do they have an advertising budget as if they are a private corporation? Dr. Vos responded that he couldn't speak to Ignite's reasons specifically, but gave the example of Boise State as an entity that has invested in name recognition and brand appeal. Advertising has certain advantages and makes it possible to attract some economic development.

Representative Anderst asked if URAs are truly the only active tool for governance. Representative Anderst noted that local governments do have the ability to raise taxes, offer bonds, etc., and while they are more politically difficult it's important to note the reality of the tools available and not just put them on the backburner. Dr. Vos responded that if he looks at it as a planner, without the powers of city council, it's URAs that give an active role. But he agrees, there are other tools for the city to use.

Senator Siddoway noted that proposed URA legislation often deals with the makeup of the body, voting on proposed projects, and assuring accountability, and asked Dr. Vos to speak to those ideas. Dr. Vos responded that he doesn't think URA board members should be elected, but that they should be appointed based on their skills and their knowledge of the community. He added that it should be clear who is on the board. He said that public voting and input could be included, depending on the size of the project, but as long as there is a plan and the URA is following the plan there shouldn't have to be votes all the time. Public input and participation should come at the beginning, during the plan development, but not necessarily during implementation. To ensure accountability, URAs need to show that they are making clear progress toward achieving their goals. And if not, examine why not and consider readjustment. Accountability should be toward achieving the vision, not about the simple existence of the organization.

Co-chair Youngblood asked if there was anything built into example agencies regarding what would happen if the agency was not accountable. Dr. Vos responded that in Amsterdam there were expectations from the public that kept the agency accountable, but he wasn't sure about the North Carolina case.

The next speaker (via telephone) was Denny Davis, of Ignite CDA in Coeur d'Alene. His prepared statements can be found at ["CDA: Setting Fact from Fiction"](#). He noted that the agency has nine members, seven appointed by the mayor and confirmed by the city council, and two appointed to fill vacancies. The agency administers two urban renewal areas. One is the Lake District, at the core of downtown. URA projects there include installations of streets where new cinema, retail, and food venues have come in. Work has also been done to support a library, community center, higher education campus, a parking structure, park and pavilion. The River District, an area that was a defunct lumberyard and dilapidated buildings now includes Mill River housing, a riverside park, US Bank service center, a public park and pond, condos, senior housing, and retail. High property

valuation and jobs have come along with improvements in these areas. More information about these projects is available at the Ignite CDA website: <http://www.ignitecda.org/>.

Mr. Davis noted that the agency works for transparency through meetings televised on public access television, public input at the beginning and end of each meeting, and putting meeting minutes, reports, studies, and maps on its website.

Mr. Davis addressed perceived rumors about Ignite CDA and urban renewal efforts in general. He said that urban renewal has always carried some controversy, but that it is an important tool for economic development. He said there were concerns that the agency was subsidizing high-end condos with tax dollars, but that reality was that the agency entered participation contracts with the developers, which included reimbursing the developers for some costs. He noted that the project included some public amenities, facades, and artistic elements viewable by the public. He said that whether that could be considered subsidizing was subjective, but the reimbursement was generated from tax dollars that would not have existed without the development. He said that city and local improvement districts contributed to some programs as well. He said that the claim that URAs use projects and grants to gain loyalty is unsupported. He said that there is a belief that there is a lack of accountability for URAs in general and that the only recourse a city has is to disband the agency. But he added that the city gets to approve appointments to the board and can remove and replace members. He said that he has seen no evidence of statewide abuse, and the needs are identified and projects are approved at the local level.

Mr. Davis made the following recommendations for the improvement of urban renewal statutes:

- Generally the statutes could be updated to consolidate urban renewal laws and the local economic development act.
- Revisit 2010 HB-567, which was a comprehensive rewrite and provides an excellent starting point for any discussion of further changes to the urban renewal law.
- Re-vest the authority to fill vacancies with the governing body, and not the agency board or commission in the case of a vacancy.
- Consider the possibility of authorizing an urban renewal plan to include a formula for increasing annually, or at other intervals, the base assessed value to provide for some mechanism to allow taxing districts to utilize a portion of its tax increments prior to the expiration.
- Consider the possibility of authorizing an urban renewal plan to include a formula for increasing annually or at other intervals the "base" assessed value to provide for a mechanism to allow taxing districts to utilize a portion of the tax increment prior to the expiration of the revenue allocation area. This could be tied to the taxing entities annual 3% limitation on budget increases.
- Resist the concept of converting the agency boards of commissioners to an elected body. In the case of small municipalities, finding citizens to even serve as an appointed member is challenging. These boards are best made up of individuals with experience and expertise in the subject matter of an agencies work, not unlike the State Board of Education and Transportation Board and others at the state level.

Senator Souza noted that Mr. Davis had previously brought up the "but for" test – the idea of questioning whether a project would go forward on its own, and if so, that it should go on without urban renewal support. Another principle is that urban renewal is only for public infrastructure that will be used by public. Senator Souza asked if Mr. Davis could say he's behind those principles. Mr. Davis responded that they try to use the "but for" test and are most supportive of clarifying things, and they have at times said no to funding things for that reason. He said that some developers see urban renewal funding as an entitlement, but he doesn't see it that way. In regard to public use, Mr. Davis said that at times it has been appropriate to reimburse for some demolition/relocation costs, and said he would be happy to see some limitations on areas outside of the public right away, but encouraged the committee not to draw a hard line in the sand.

Co-chair Johnson asked about the timeliness and review of decisions, particularly whether the public was involved in the decision to fund a brick façade. Mr. Davis responded that he believed the point came up at board meeting, that there was a concern over the proposed design and consistency with other properties downtown, and that the decision was made at the board level.

Co-chair Johnson asked about costs for the library property. Mr. Davis responded it was an actual donation of the land as an outright grant, and Ignite paid for that through urban renewal funding, plus additional cash was contributed, as well as bond use.

Co-chair Johnson asked about the DBA with the chamber of commerce building. Mr. Davis responded that the grant occurred in 2005 and requested to followup with more information at a later date.

Representative Clow asked if River and Lake areas are completely different districts or different allocations in the same district and how the agency set its boundaries and territories. Mr. Davis responded that one agency administers two different tax allocation districts with separate plans and start/end dates. The agency could have impact over the entire city, but there only when TIF revenue allocation areas are created.

Senator Winder asked if planning/zoning or the city council required the brick façade, or if it was purely an agency decision. Mr. Davis responded that back then it was an agency decision, but now the city council has a design review requirement.

Co-chair Youngblood asked that when a revenue allocation area plan is created, how specific items within it are identified. Mr. Davis responded that in the Lake District plan, much of the language is lifted from statutes. He said it's a classic urban renewal area, so the plan says land should be flexible, they can predict what possible projects might be, and make sure costs will be covered, but there's no need to say what exact projects are. In contrast, the Greenfield development had the opportunity to bring in one type of employer, so the plan could be much more precise.

Co-chair Youngblood asked if TIF financing was used in either of the plans. Mr. Davis responded that that's what a revenue allocation area is, that they are both in the revenue allocation area. The annual revenue for both districts is \$6.58 million. All of the funding hasn't been spent yet, but obligations are being met, with additional projects still coming.

The next speaker was ElJay Waite from the City of Caldwell and the Caldwell URA. He noted that the urban renewal district is quite large and was established as 10 percent of the assessed value of the area. The agency looked at what it wanted the area to look like after the agency has completed its work, especially in blighted industrial areas. Wages were lagging and turnover was high, so the agency looked at what the city could be if urban renewal was used properly. It looked for basic sector jobs that can provide wages that improve the standard of living.

Unique to the agency, Mr. Waite said that several public meetings were held, and the agency received letters of support from each of the taxing districts because of the time spent sitting down to work together. Canyon County made a district that covered Caldwell's, and they work together. The Caldwell City Council became the commissioners of the Caldwell URD. Caldwell's population has grown from 27K to over 50K, but is still lacking industrial and commercial sectors.

An HVAC company was the first to use the URD's business grant, being reimbursed for part of construction if it hires employees for appropriate wage values and maintains them for two years. It is reimbursed \$10,000 per employee for up to 20 employees. The URD's activities also include road projects, power lines, and sewer for new areas. Caldwell can now be competitive and put together incentive packages to attract businesses.

Senator Siddoway asked if businesses meet wage and benefit requirements, then the URD gives them a grant to build. Mr. Waite responded that the maximum grant is \$200,000, which is small incentive. The URD reimbursed for 20 employees, the company hired 35.

Senator Siddoway expressed concern that the law doesn't allow urban renewal funding to be used for private companies to invest in private buildings, and it sounds like the URD gave Southwick \$200,000 to build its facility, which sounds like it's outside of what the law allows. Mr. Waite responded that the grant is for reimbursement of construction, including for foundations and parking lots, and the grant program was reviewed by the URD's attorney. He said they are trying to give an incentive to come to Caldwell and bring jobs to town.

Co-chair Youngblood asked if they were writing checks to builders or to the business. Mr. Waite responded that reimbursement doesn't come until after building, after hiring, and after getting employment statements. Reimbursement is paid quarterly, and the business has to be in business for two years in order to get the full amount. Co-chair Youngblood would like more information at a later date.

Representative Anderst said they are trying to figure out where problems may be in urban renewal. He said it sounds like, as it relates to the BIG grant process, that the agency is the reimbursing agency. Was this identified in the original plan? Mr. Waite responded that the plan calls for grants and loans, but the URD didn't know this is the type of incentive it would end up using. They tried to mirror what the state was doing and what the department of commerce was doing to bring companies in. He said they tried to stay within the bounds of the statutes.

Representative Anderst asked what the discussions were and who made the decisions that led to those conclusions. Mr. Waite responded that they consulted their attorney and investigated what was possible.

Senator Jordan noted that the URD is currently selling land at the price it originally paid for it, and asked how that mechanism is working. She asked if it's sold at auction or first-come first-served, and what protections are in place to stop someone from buying from the URD and then just flipping for a profit. Mr. Waite responded that the URD attorney created a document that stipulates what is required for that property to be sold. The commissioners then look at each opportunity and the costs involved.

Co-chair Youngblood noted that there have been joint plans with levy entities and questions about supporting school projects with urban renewal funding. Mr. Waite responded that the URD didn't want to use \$6 million just for itself, so has made partnerships with districts that have other needs. The URD visited with those districts and amended its plan to use money from those districts for projects within them, including high school improvements.

Co-chair Youngblood asked if the committee believed there were other financing options. Did the committee discuss other options for school to get funding? Mr. Waite responded that the committee said it wasn't their place to determine how it was paid for, as long as the school could pay for it. Mr. Waite would like more guidance from the statute on how these programs should take place, because they are working well in Caldwell.

Senator Winder asked how the agency justifies using its programs for single family residential dwellings in the greenfields. Mr. Waite said the URD paid for the portion of a power line in the area that would serve the industrial park, the rest was paid for by the developers that extended it onto their residential and commercial sites. It was a shared project, and the URD paid for the portion that would be used for urban renewal projects, not residential.

Representative Clow asked what portion of Mr. Waite's map was the city limits. Mr. Waite said that the map represents the impact area at the time, and the city limits have changed over time.

Senator Souza asked instead of restricting some funding for projects within certain taxing entities, why doesn't the URD just give the money back to the taxing entity and let that board decide what to do with it. Mr. Waite responded that he presented that idea to the tax assessor, and the assessor said he would take that amount off their rolls the next year, so it would be of no value to them. The

URD also needs enough increment to pay its debt off, and the bond covenants require it to keep a certain amount of money set in reserve to honor the covenants.

The next presenter was Seth Grigg from the Association of Idaho Cities. The materials for his presentation "Capital Improvement Financing Tools Available to Cities" can be found at "[Idaho Association of Cities](#)". It includes information on what cities do as defined by law, public safety services, public works services and statistics, and other services. It also covers how capital improvements are financed by cities, including pay-as-you-go options, debt financing options, and the URA and TIF process.

Mr. Grigg makes the following recommendations for changes to capital improvement financing tools:

- Grant local option taxing authority to all cities.
- Allow city councils to issue revenue bonds by resolution.
- Reduce the voter approval threshold for general obligation bonds.
- Permit cities to issue by resolution short-term government bonds that exceed one year, but are less than five years (known in other states as aldermanic or councilmanic bonds), provided that such bonds cannot exceed maximum amounts based on a city's annual budget.

Co-chair Johnson asked Mr. Griggs to rank the recommendations by priority and difficulty. Mr. Griggs replied that none are easy fixes, and amending the constitution is harder. For priority, he said that a local option sales tax would be the wish of most local districts, as well as revenue bonds.

Senator Souza asked what the relationship is between the AIC and the Redevelopment Association of Idaho (RAI). Mr. Griggs replied that he sits on the RAI board, but otherwise there is no connection, that they are established independently and ran separately.

Senator Souza asked whether the AIC represented the interests of URAs before the RAI did. Mr. Griggs replied that that predates his time at the organization and that he doesn't have the knowledge to answer fully.

Representative Anderst asked how many cities in Idaho operate a URA as a city council. Mr. Griggs replied that he believes there are three: Nampa, Caldwell, and another.

The committee broke for lunch.

The next presenter was Ryan Armbruster from Elam and Burke, representing the RAI. He noted that in regards to boundaries and the difference between urban renewal districts and revenue allocation areas, some cities have broader urban renewal areas and narrow revenue allocation areas, sometimes with planning or funding reasons, but that most URDs match RAAs. The decisions are made at the local level by the same board.

If a URD wants to extend beyond city limits, it was possible without formal approval prior to around 2002, it now needs intergovernmental agreement with county to approve the plan.

Mr. Armbruster noted that RAI members have requested to be in front of the committee and to speak about their projects.

Senator Souza noted that the efforts of the RAI as an organization appear to be going to protect the status quo. She said that emails obtained by public records requests seem to indicate concern with any changes to the existing urban renewal law. Ignite CDA has budgeted \$10,000 for its membership fee in RAI; those are public taxpayer dollars going to membership in this private organization that wants to keep laws the way they are, and in RAI's documentation doesn't address what the most accountable and transparent thing to do for the public is. Mr. Armbruster replied that the RAI does much more for its members than advocate for or respond to particular pieces of legislation. He said that RAI is not opposed to making any changes and was heavily involved in lawmaking in the past. The association is set up like other organizations - to work toward what its members want to see.

Senator Souza cited an email from within RAI expressing concern that legislative cycles are eroding urban renewal laws. She asked if there is a focus on the public's best interest or protecting only the members of the organization. If protecting the members only is the goal, she would have no problem with that if taxpayers' dollars weren't going towards it. Mr. Armbruster replied that in order to have a successful urban renewal and economic development project, you have to have a great amount of discretion and flexibility. What they're opposed are changes that they felt, as a membership, eroded that. And they felt it was important to protect the limited tools that they have, and have had to oppose legislation from time to time. But looking back, they were a part of the process and the reforms that are in the law now as a result of the association being a part of that. Going forward they are extremely dedicated to try to improve the statutes in a way that doesn't destroy what can be done, but might provide a better tool for their members.

Mr. Arbruster next presented on the Ada County Courthouse and corridor as a good example of public agencies and private entities combining to get wide variety of funding sources to redevelop an area. The presentation information can be viewed at ["Ada County Courthouse Project"](#).

The next speaker was Melinda Anderson, Economic Development Director for Twin Falls. She highlighted that urban renewal efforts work best when they focus on what the community wants. She cited the projection that in the next 10 years Idaho will create 120,000 jobs but will likely have a 95,000 worker deficit. To help with the predicted deficit, municipalities must attract and retain talented workforce by creating quality of place, including education, health, housing, recreation, and much more.

Ms. Anderson said the Twin Falls URA has a two part mission: to overcome slum and blight, and to help create new good jobs. It looks at how to bring commercial endeavors in and bring people back downtown. The URA recently worked on projects involving new water and sewer line, new streets, sidewalks, landscaping, parking, a new park, replacing abandoned buildings, and community investment, and is moving forward with new projects downtown. All of this continues the agency's mission to attract businesses and create jobs.

The presentation materials on Twin Falls' downtown revitalization and job creation can be viewed at ["URA City of Twin Falls"](#).

Representative Anderst asked if these projects have improved values of surrounding properties. Ms. Anderson said that the projects haven't been in existence long enough to really see their effects, but that in 2015 some downtown commercial properties reduced in value.

Senator Winder asked what are some problems there have been in Twin Falls in communicating with the public, and how has the URA dealt with that. Ms. Anderson replied that in Twin Falls they have been very fortunate to have community support. It communicates with citizens through the same ways other agencies do, and no one from the community has contacted the URA saying they've had a problem with what they're doing. The city developed a strategic plan that is communication-based and engaged the community in discussion. The URA works to support that vision.

Senator Winder remarked that they had gone on a Salt Lake visit and learned about Utah's three-tier system (urban renewal, economic development, and community development). He asked if a system like that would that be a positive or negative for the Twin Falls URA, and asked if she had recommendations to improve Idaho law. Ms. Anderson replied that a three-tier system could work well, but in Twin Falls they work on the first two, and some people have concerns about using TIF dollars on the third. She said that it's all community dependent, and she doesn't know if they'll be able to do the same in Idaho. She added that they can use sales tax funding in Utah, and the system is much more expansive there. She would like to see it studied. She said that in Idaho we need to either change our constitution or work around it. She said that she didn't feel she was in a good position to make a blanket recommendation statement. She knows what works in Twin Falls, but can't say what will work elsewhere, except to keep statutes as flexible as possible so that communities can make their own decisions.

Representative Clow noted that the Clif Bar building takes up all of its TIF area, so there won't be the problem of the area staying open and new buildings coming in that only have taxes going to the urban renewal agency, a situation unique to Twin Falls. He also noted that downtown has been redeveloped once before, in one of Idaho's first urban renewal project in the 1970s.

Representative Sims asked Ms. Anderson if she was paid by the City or the URA. Ms. Anderson replied that she is an employee of the city.

Senator Souza asked if the URA is considered a separate agency and if the agency reimburses the city for her time. Ms. Anderson replied that it is a separate agency that happens to be managed by city staff, and that the agency pays the city a management fee for her time.

Senator Souza asked about the makeup of the board. Ms. Anderson replied that it is a board of appointed members with terms, and that the city council thought it was best to follow the setup of other commissions. The terms are part of the bylaws of the URA.

The next speaker was Max Vaughn, Minidoka County Assessor. He revisited a few points from earlier in the day. He wanted to clarify that there is an effect on every tax through the levy rate changes. He also pointed out another active tool that legislatures can use – the intermodal commerce authority. He said that through Title 70 cities and counties can use a commerce authority in conjunction with urban renewal, and a commerce authority can do some things that urban renewal can't.

Mr. Vaughn pointed out the requirements that URAs make plans with clear goals and to communicate their finances at public meetings. He suggests that URAs should be required to announce their public financial meetings on the tax assessment notices, like tax districts do – with the penalty of not receiving in an increase in the increment from the previous year if notice is not timely filed.

Senator Winder asked about the proposed notice, what type they would give and how it will be different than the notice they currently give. Mr. Vaughn replied that this notice would be on the tax assessment notice, which goes to everyone and the majority of people look at, versus in the public notice section of newspapers. So the law would have to change to require URAs to report the meeting to the clerk.

Senator Souza said that in her county, urban renewal information is separated out on assessment statements if you live or own property in the urban renewal district. She asked if his suggestion was that the notice of the annual URA reporting meeting go on the assessment. Mr. Vaughn replied that code requires URAs to annually meet with the city council and also to hold a public meeting, and he doesn't believe it's clear right now if they're having both of those meetings. Senator Souza said that in CDA it's a combined meeting.

Representative Clow gave an example of tax scenarios, and wanted to know how Mr. Vaughn's assertion that everyone's taxes increase would hold up. Mr. Vaughn replied that the levy rates are calculated during the budget process, and the lower the increment value, the higher the levy rate, which affects every taxing district in the county.

Co-chair Youngblood mentioned that during past workshops, the idea of URA public meetings came up, and everyone had said they were doing them, but when the suggestion of a penalty came up, everyone came at us, as some of them probably were not doing their public hearings.

Senator Souza noted that the statutes aren't clear on what needs to be contained and reported in those public meetings.

Senator Jordan commented that Mr. Vaughn's previously mentioned tool from Title 70 only appears to apply to port cities and is limited to certain infrastructure. Mr. Vaughn said that it includes land-based ports and has been expanded out to include industrial parks and a few things like that.

Representative Anderst asked if because of the negative effect of putting all the money into one property that then comes off the tax roll, would it make more sense to take the value of the

project and put it back on the base so it's allocated throughout the district as though it were taxed, and then use that as the base. Mr. Vaughn said it makes sense, but he believes it is in conflict with Idaho Code that exempts public/government buildings from taxation. Representative Anderst clarified that he's not suggesting they be taxed, but that the value be used in establishing the base. Mr. Vaughn said that that question was beyond his expertise.

Mr. Vaughn then walked the committee through an example property tax shift handout, which can be found at ["Accountability - Vaughn"](#).

Alan Dornfest of the Idaho Tax Commission was the next speaker. He said that the Tax Commission intersects with urban renewal efforts at a few specific points. URAs need approval of the map and are required to apportion value of the areas and break out the base value. It also has administrative authority over all tax levies in the state, making sure they follow the law. There can be many different values because of urban renewal complications. It's also involved in distribution of revenue through the software it provides to municipalities.

Mr. Dornfest recommended that if the committee decides to issue tax penalties against URAs, that they be annually redetermined, rather than cumulative. He said the tax challenges would be insurmountable if the penalties are cumulative.

Mr. Dornfest walked the committee through worksheet examples, which can be found at ["Accountability - Dornfest"](#).

Mike Nugent of LSO next gave his staff report, following up on questions raised in the last meeting and supplying the committee with different reports, including state definitions, Boise urban renewal plans, audits and legislative history of industrial development bonds of 1982, which are available at: ["Presentations & Handouts"](#).

The committee set future meetings for October 19 and November 16, and discussed accepting public testimony in the future.

The meeting was adjourned at 4:05 p.m.