

The TAC committee addressed the issues developed by the 2015 legislative ad-hoc committee on urban renewal and presented in-depth reasoning, analysis and amended sections to this committee. The TAC proposals ranged from fundamental policy issues to procedural fixes. The in-depth analysis of the “tax shift” exposed the source of tax money that supports urban renewal and proved with testimony from the assessors, that the cost of urban renewal is not entirely paid by created money, but, rather is in substantial part a cost transferred to the tax payers of the counties and cities wherein the urban renewal agency is located. This fact prevents an urban renewal from paying for the services and maintenance covered by property taxes.

TAC’s opinion is that:

1. If Idaho is to use Tax Increment Financing, in the spirit of open government, the entire cost and effect on tax rates of a planned project should be required to be posted within the notice required for the public hearing in the newspapers when an urban renewal district is planned.
2. That the use of the urban renewal act, title 50, chapter 20, should be restricted to the curing of “Urban Blight” only.
3. That the use of the Community Development Act, Title 50, chapter 29 should be restricted to providing the infrastructure requirements for support of incoming business or business expansion only.
4. That any financing needed by business development or redevelopment should be provided by, Title 50, chapter 27, which is the Industrial Development Act and wherein during this past year, 2015 Idaho had an available tax exempt revenue bond fund exceeding \$700 million.
5. That no public or tax-exempt building should be constructed with Tax Increment Financing without an election approving such expenditures as is required by Article VIII section 3 of the Idaho Constitution. (This is going to try to be changed to a “Majority” vote.)
6. That any planned Urban Renewal or Community Development use should be comprehensively identified as to the constituents of the project, the cost involved and the time to complete, and when complete that the district should terminate and the property taxes when the debts are paid distributed pro rata to the entitled taxing districts.
7. That the URIC committee be aware that financing infrastructure with TIF will require an increment value that will be the multiple of the division of the bond interest rate by the property tax rate plus at least 50%. Example: if the combined property tax rate is 1.5% and the bond interest rate is 5%, the increment value will have to exceed the bond amount by 3.4 times plus 50% to ensure repayment.
8. That the disposition of any real estate, that is not an integral part of a specific project, owned by an urban renewal agency should require an auction and that no real estate owned by an urban renewal agency should be transferred to a tax exempt entity other than a municipality as the intent of urban renewal is to expand the tax base not indebt the tax payers.
9. That an urban renewal or community development district be limited to no more than 10% of the increment value of the municipality wherein it is located. If such value is exceeded the excess taxes should be refunded pro-rata to the affected taxing districts by the county treasurer at the end of that tax year.

10. For accountability to the citizens, all commissioners of an urban renewal agency should be elected officials. These commissioners are charged with the proper expenditure of urban renewal funds, and as those funds are a direct tax borne by the tax payers of the county and city wherein the urban renewal agency is sited, the board should be composed of the elected city council and one county commissioner. This would allow the citizens to disapprove or approve of the actions of an urban renewal board by the process of direct ballot.

The Utah community development act that has been highly touted, requires that the commissioners of any urban renewal agency be the elected board of the city. **17C-1-203. Agency board – Quorum provided as follows:**

- (1) The governing body of an agency is a board consisting of the current members of the legislative body of the community that created the agency.
- (2) A majority of board members constitutes a quorum for the transaction of agency business.
- (3) An agency board may not adopt a resolution, pass a motion, or take any other official board action without the concurrence of at least a majority of the board members present at a meeting at which a quorum is present.
- (4) The mayor of a municipality operating under a council-mayor form of government, as defined in Section 10-3b-102:
  - (a) serves as the executive director of an agency created by the municipality; and
  - (b) Exercises the executive powers of the agency.

The Utah law also allows for creation of urban renewal and community development to be created by a resolution. Both Idaho and Utah have the same time requirement for contesting and UR or CD which is 30 days. Unfortunately, this 30 day challenge provision serves to prevent using the Urban Renewal or the Community Development act as the tool for business development. Any person of interest may file an action that will delay these projects for at least 2 years.

Recommendation: it would appear that the 1964 Urban Renewal Act should be repealed and that the community development act and the industrial development act should to be combined into a single bill.