

22 Reasons To Perform A Full Makeover Of Idaho Urban Renewal Law (Title 50 Chapters 20 and 29)

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FINAL

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A recent comment by a URD representative that captures what the URD Legislative Committee needs to focus on: *"Just tell us what we are allowed to do and what we are not allowed to do."*

I believe URD's can be a useful tool, but as a taxpayers not directly benefiting from URD activity, all we know is our taxes are higher and we cannot make much sense of the URD activity we see going on. I think we can fix many of the problems associated in URD law and reduce the angst related to URD's as applied in the wild. But if we can't or don't take this opportunity to really fix URD law, let's get rid of it.

Notes: While using the acronym "URD" (chapt 20) in many instances I will be broadly applying it to the Urban Renewal Agency (URA) and/or the economic development act (chapt 29) as a matter of convenience. At the bottom of each page (footer) are check boxes [] that allow each decision maker to check a box for future reference in meetings as well as assign a 1-2-3 priority # towards the importance of fixing the problem identified.

In Kootenai County there are apx. 44 "operating" taxing districts. There are also several URD's operating within several Kootenai County cities. (note there are other public agencies not currently collecting property taxes, but one day could) Each of Kootenai County's incorporated cities has the ability to create a URA, and each URA may create multiple URD's resulting in cumulative transfer of property tax moneys away from the taxing districts to each URD for a period of up to 24 years each.

County	Cities	Schools	Highway Districts	Fire Districts	Library
Current Expense	Athol	271 Coeur d'Alene	East Side #3	Athol Fire D	Kootenai Consolidated
Liability Insurance	Coeur d'Alene	272 Lakeland	Lakes # 2	Bayview Fire	Koot Consolidated BND
Bond	Dalton Gardens	273 Post Falls	Post Falls #1	East Side Fire	
Airport	Fernan	274 Kootenai	Worley #4	Hauser Lake	Sewer/Water
Charity/Indigent	Harrison	391 Kellogg	Bond #1	Northern (Hayden) Lakes	Cataldo
District Court	Hauser Lake	41 St Manies		Kootenai Co. Fire & Rac	Cleland Bay
Fair	Hayden	44 Plummer Worley		KCF&F - Bond	Hayden Lake Sewer
Health	Hayden Lake	State Authorized P&F&ac	URDs	Kootenai #1	Kidd Island Bay
Historical Society	Huetter	URD	Coeur d'Alene URD	Mica Kidd Island	Kingston Cataldo
Noxious Weeds	Post Falls		Fourth Street URD	Post Falls	Kootenai Water #1
Parks & Recreation	Rathdrum		Riverbend URD	Rathdrum	North Kootenai Water
Revaluation	Spirit Lake	Other Taxing Districts	Expo URD	Shoshone County #2	Twin Lakes Rec Sewer
Justice Fund	State Line	Spirit Lake Ambulance	CDA River URD	Spirit Lake	Harborview Estates S/W
Tort	Worley	Kootenai Ambulance	East Post Falls URD	St Manies	Remington Rec S/W
Judgements		Ambulance Osewde	Center Point URD	Timberlake	
Cable TV		North Id College	West Seltice URD	Worley	
Fair Build		Flood Cntrl #17 twin	Hayden URD		
Special		Hospital	Spirit Lake URD		
Property Tax Relief					
Waste Disposal					

List of Kootenai County Taxing districts & URD's

1. **Idaho law treats cities and counties differently.** URD law is written so that it could be used by either cities or counties, (*some Idaho Code errors discussed later on*) however Idaho law treats cities differently than counties. Thus every legislator proposing changes to Idaho law must consider and tailor each piece of legislation properly based on whom it will apply. URD law is among the many areas of Idaho Code where this difference in treatment fell through the cracks. Reference the following statutes:

50-301. CORPORATE AND LOCAL SELF-GOVERNMENT POWERS. **Cities** governed by this act shall be bodies corporate and politic; may sue and be sued; contract and be contracted with; accept grants-in-aid and gifts of property, both real and personal, in the name of the city; acquire, hold, lease, and convey property, real and personal; have a common seal, which they may change and alter at pleasure; may erect buildings or structures of any kind, needful for the uses or purposes of the city; and exercise all powers and perform all functions of local self-government in city affairs **as are not specifically prohibited by or in conflict with the general laws or the constitution of the state of Idaho.**

31-601. EVERY COUNTY A BODY CORPORATE. Every county is a body politic and corporate, and **as such has the powers specified** in this title or in other statutes, **and such powers as are necessarily implied from those expressed.**

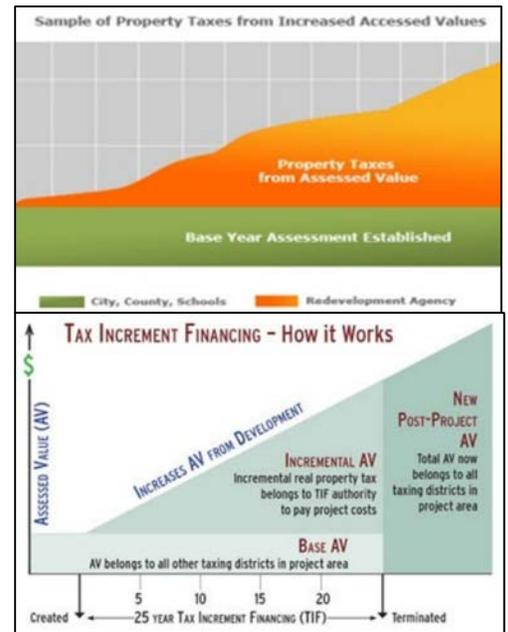
Notice that cities are allowed to do anything not specifically prohibited and counties only get to do what is specified or implied in Idaho Code. I verified the accuracy of this quandary with a very prominent local attorney who has practiced before the Idaho Supreme Court. (*FYI, every new legislator should be made aware of this quandary in Idaho Code*)

Because of the way Idaho code is written, this is like having two daughters (*one is named "City" the other is named "County"*) who are going out on a Friday night date, but one daughter, "City" gets told she can do anything you did not prohibit her from doing while the other daughter, "County" can only do what you said she can do. The outcome will be very different for both.

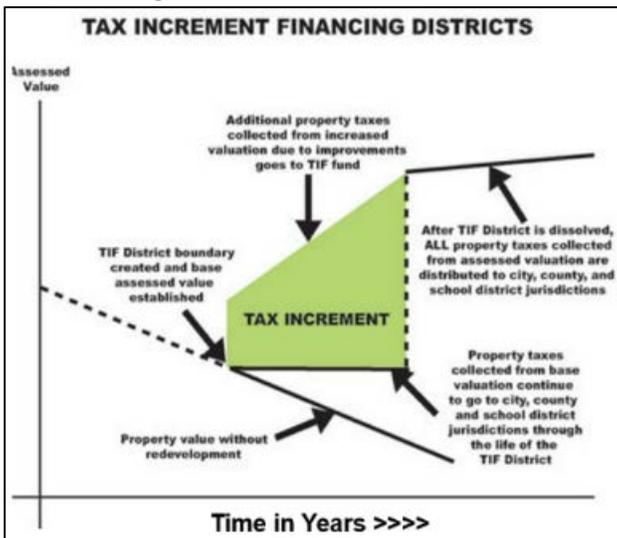


Possible Solutions: Either: (a) the two sections (50-301 & 31-601) of Idaho Code need to be brought into harmony with one another so both county and cities are in every manner of law treated equal and limited to only what the law allows them to do, or (b) URD law needs to be written so that it specifies what cities may not do and what counties can do, or (c) drop counties from being able to set up a URD, thus simplifying that aspect of Idaho Code but also write in that URD's may only do what is specified in Idaho Code. (*counties are not likely ever going to use or create a URD*) I would suggest "A" which is more work, or otherwise "C" of the 3 options. **Note- From a Constitutional mindset, the powers of government (all government) are (should be) limited to only what the people have expressly allowed government to do. Because our Constitution was created by the people, it informs government that government is limited to what the people said is ok for government to do. Conversely the people are allowed to do anything not prohibited by the government they collectively set up. If you will, freedom and liberty is reserved to the people of America and it is our government that is restrained. There is a natural tendency of those in government to flip this so government is free to do anything and the people are restrained. URD law should not be one of those areas where URD boards get to do whatever they want.**

2. Many URD board members, city, county, & state representatives do not accurately describe, or misrepresent, or otherwise do not understand the actual tax effects of URD activity. The typical graphic showing how tax increment financing (TIF) works in a revenue allocation area (RAA) misrepresents the actual dynamics of a URD and only tells one side of the equation which perpetuates a misunderstanding of URD law. Most of the confusion comes from graphics like these (to the right) which describe a portion of how TIF works, but these graphics do not, (may not) apply to any URD in Idaho.



The general understanding of urban renewal, and specifically the requirements (required “findings”) under URD law clearly require the aspects of “deterioration, blight, slums, etc.. While there are a variety of ways to establish the presence of each of these conditions, any of them will result in “declining assessed valuations.” Thus, the first misrepresentation in the charts above is that any URD area should show declining assessed valuations in the chart. (chart below left)



Because URD law does not require the clear establishment of deterioration using declining assessed valuations (as compared to the rest of the city) this misrepresentation perpetuates.

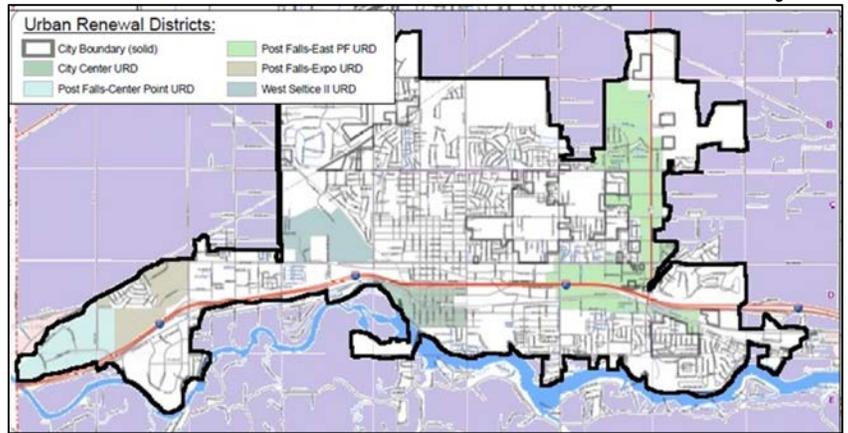
The purpose of a URD is to arrest the conditions and effects from deteriorating factors. The descriptive terms and concerns used in the chapters 20 & 29 are, “safety, blight, slums”, it should be obvious to all that if these conditions are prevalent in a proposed URD, the assessed valuations will be declining. Assessed valuations are the feedback mechanism that tells everyone the health of any proposed URD. Every URD should be able to historically and statistically prove every cited deteriorating condition leading up the establishment of the URD, or at least substantiate

deterioration by declining assessed valuations, which are reflective of deteriorating conditions. *(Remember the URD area should be deteriorating in contrast to the rest of the city, which established the need for the URD)* All of the URD posted graphics and charts should accurately depict how the URD contrasts other areas of the city proper.

Possible Solutions: (a) Require URD’s to acquire and publish the annual historical conditions cited as it applies to the URD area and contrasts the rest of the city, (b) the legislature could authorize the creation of a URD “plain English” use pamphlet that provides clarity of Idaho law so that those involved with URD activity understand how it is supposed to work and how to convey the URD information accurately. (c) other means? *Note - Declining assessed valuations is a universal qualifier to substantiate that any area of a city is deteriorating and because Idaho law requires property tax valuations to be 90-110% of market value and market value is determined by people moving into areas of a city, assessed valuations theoretically represent the health or sickness of any area in a city. We could drop all the exaggerated “findings” lingo in Idaho law and just say that the justification for a URD is based upon declining valuations in that section (proposed URD) of the city. (aside from a nationwide recession)*

3. **Currently there is no limit on the number of URD's that can be created within a city.**

Interestingly enough, there is no limit to the number of URD areas that a URA board can create. In the example map (to the right) the city of Post Falls has 5 active URD's in operation. If you will, about 40% of the city (area) is under the direction of an unelected board using diverted tax monies to spend in just about any manner they wish. This is not representative government.



There is a condition in current URD law (50-2903.15) that limits (is supposed to) the size of all combined URD areas to 10% of the total city assessed valuation "at any time", however in checking with our county assessor, he replied that nothing in Idaho Code requires the assessor or any other government agency to monitor URD activity.

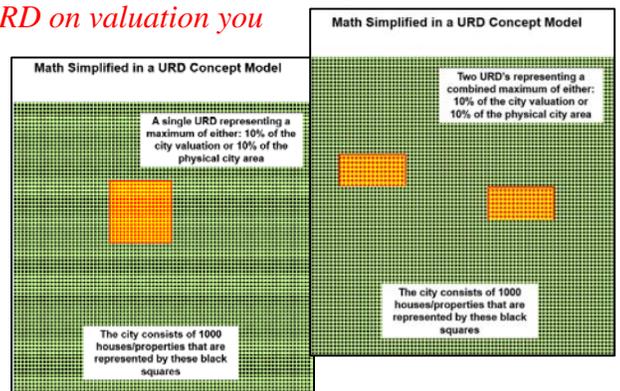
(15) "Revenue allocation area" means that portion of an urban renewal area or competitively disadvantaged border community area where the equalized assessed valuation (as shown by the taxable property assessment rolls) of which the local governing body has determined, on and as a part of an urban renewal plan, is likely to increase as a result of the initiation of an urban renewal project or competitively disadvantaged border community area. The base assessment roll or rolls of revenue allocation area or areas shall not exceed at any time ten percent (10%) of the current assessed valuation of all taxable property within the municipality. (50-2903)

Another section in Idaho Code (50-2033) allows any URD to expand 10% "in area" but again does not reference the other \$ valuation limit as overriding.

50-2033. Prohibited amendment. Except for consolidation of revenue allocation areas, a revenue allocation area may not be amended to extend its boundaries. An amendment to an urban renewal plan created under this chapter that does not seek to increase the geographic area of the plan, or does not seek to extend the years of the plan beyond the maximum term allowed under chapter 29, title 50, Idaho Code, is not a prohibited amendment. No amendment to an existing revenue allocation area shall be interpreted to or shall cause an extension of the limitations established for the existing revenue allocation area as set forth in section 50-2904, Idaho Code. Notwithstanding these limitations, an urban renewal plan that includes a revenue allocation area may be extended only one (1) time to extend the boundary of the revenue allocation so long as the total area to be added is not greater than ten percent (10%) of the existing revenue allocation area and the area to be added is contiguous to the existing revenue allocation area but such contiguity cannot be established solely by a shoestring or strip of land which comprises a railroad or public right-of-way.

There are 4 main issues with this bullet point: (1) no one is charged to monitor the pool of URD's within a county to insure each URA is complaint with Idaho Law and it is very likley that some city's if reviewed would be found currently violating URD law, (2) one aspect of the code bases the limit on 10% of a monetary value, the other uses a 10% increase limit on land area, they should be using the same buidling blocks ie, money or area or both, (3) nothing limits the number of operating URD's in a city and there should be a limit, (4) currently the law would theroritically allow most of the land area of a city to be under URD board which supplants the elected representation of citizens.

Possible Solutions: (a) keep it simple; restrict cities to no more than 1 or 2 URD areas that comprise no more than a total of 10% of the land area of the city at the time the URD is formed and prohibit any expansion of the URD boundaries. *Note – if you base the URD on valuation you must require that the clerk or assessor monitor these URD's over their life. Allowing the URD to expand adds greater complexity to oversight. "If" the URD is established properly, it will be in effect and doing its job as quickly as possible and close down. If another area is found to be "deteriorating" another URD could be started once a URD is closed. Limiting the number of URD's to 1 or 2, still provides cities with a tax diversion mechanism, but limits the number of URD's. It's a good compromise.*



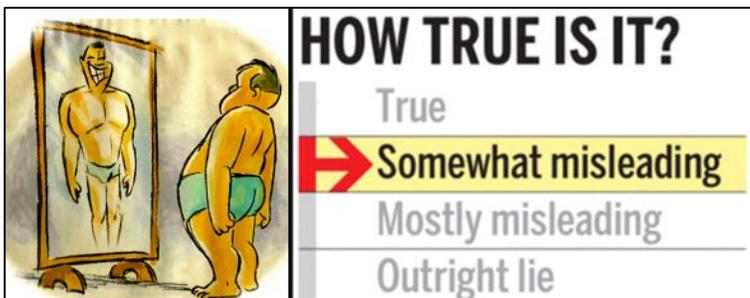
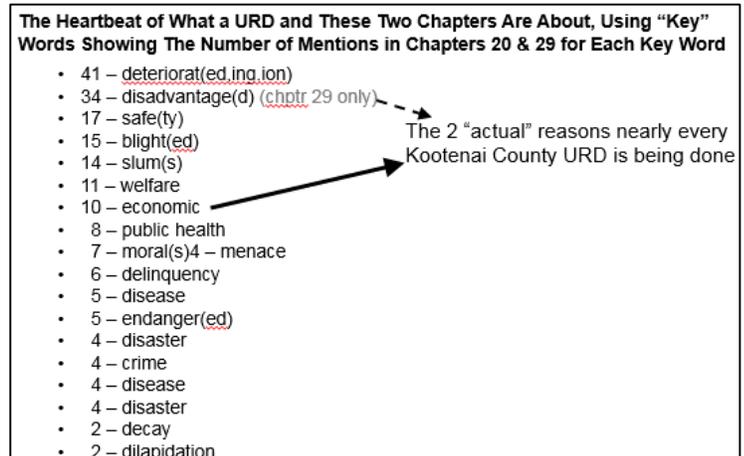
4. **Different definitions between chapters 20-29.** “Deteriorated area” has different definitions between chapters 20 and 29, this makes for confusion. They should be the same.

TITLE 50 CHAPTER 29	TITLE 50 CHAPTER 20
<p>(8) "Deteriorated area" means:</p> <p>(a) Any area, including a slum area, in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety, morals or welfare.</p> <p>(b) Any area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, results in economic underdevelopment of the area, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.</p> <p>(c) Any area which is predominately open and which because of obsolete platting, diversity of ownership, deterioration of structures or improvements, or otherwise, results in economic underdevelopment of the area or substantially impairs or arrests the sound growth of a municipality. The provisions of section 50-2008(d), Idaho Code, shall apply to open areas.</p> <p>(d) Any area which the local governing body certifies is in need of redevelopment or rehabilitation as a result of a flood, storm, earthquake, or other natural disaster or catastrophe respecting which the governor of the state has certified the need for disaster assistance under any federal law.</p> <p>(e) Any area which by reason of its proximity to the border of an adjacent state is competitively disadvantaged in its ability to attract private investment, business or commercial development which would promote the purposes of this chapter.</p> <p>(f) "Deteriorated area" does not mean not developed beyond agricultural, or any agricultural operation as defined in section 22-4502(1), Idaho Code, or any forest land as defined in section 63-1701(4), Idaho Code, unless the owner of the agricultural operation or the forest landowner of the forest land gives written consent to be included in the deteriorated area, except for an agricultural operation or forest land that has not been used for three (3) consecutive years.</p>	<p>(8) "Deteriorated area" shall mean an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety, morals or welfare. Provided however, this definition shall not apply to any agricultural operation, as defined in section 22-4502(2), Idaho Code, absent the consent of the owner of the agricultural operation or to any forest land as defined in section 63-1701(4), Idaho Code, absent the consent of the forest landowner, as defined in section 63-1701(5), Idaho Code, except for an agricultural operation or forest land that has not been used for three (3) consecutive years.</p> <p>(9) "Deteriorating area" shall mean an area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use; provided, that if such deteriorating area consists of open land the conditions contained in the proviso in section 50-2008(d), Idaho Code, shall apply; and provided further, that any disaster area referred to in section 50-2008(g), Idaho Code, shall constitute a deteriorating area. Provided however, this definition shall not apply to any agricultural operation, as defined in section 22-4502(2), Idaho Code, absent the consent of the owner of the agricultural operation or to any forest land as defined in section 63-1701(4), Idaho Code, absent the consent of the forest landowner, as defined in section 63-1701(5), Idaho Code, except for an agricultural operation or forest land that has not been used for three (3) consecutive years.</p>

Possible Solutions: Either (a) combine both chapters into one using common definitions, or (b) write both chapters in such a way as to make the definitions the same between them. *Note – I prefer that both chapters be combined into one, this will not only facilitate simplicity, but provide a single place where any URD board member can digest his/her responsibilities.*

5. **Loosely or falsely applied “findings” claims.** To establish a URD, chapter 2002 requires that certain findings be made. *“It is hereby found and declared that there exist in municipalities of the state deteriorated and deteriorating areas (as herein defined) which constitute a serious and growing menace, injurious to the public health, safety, morals and welfare of the residents of the state; that the existence of such areas contributes substantially and increasingly to the spread of disease and crime, constitutes an economic and social liability imposing onerous municipal burdens which decrease the tax base and reduce tax revenues, substantially impairs or arrests the sound growth of municipalities, retards the provision of housing accommodations, aggravates traffic problems and substantially impairs or arrests the elimination of traffic hazards and the improvement of traffic facilities; and that the prevention and elimination of these conditions is a matter of state policy and state concern in order that the state and its municipalities shall not continue to be endangered by areas which are focal centers of disease, promote juvenile delinquency, and consume an excessive proportion of its revenue because of the extra services required for police, fire, accident, hospitalization and other forms of public protection, services and facilities.”*

Idaho Code clearly focuses on certain factors for establishing a URD, (see word count chart) however it is very evident to local citizens that the areas within the URD boundary do not actually meet any of the findings requirements. City officials merely cite the findings requirement clause without any objective proof that any of these grave conditions exist with the proposed URD boundary. If any of these conditions actually existed, they would be measurable, but no city ever provides any historical evidence to truly establish any of the findings.



Possible Solutions: Either (a) remove these erroneously cited findings clauses and make URD activity “at will for any reason”, or (b) require statistical (historical to current) data that supports one or more of these findings, or (c) require that the URA demonstrate overall declining assessed valuations within the boundary of the URD. If indeed any of these conditions exist, the assessed valuations within the URD area would be dropping over time, crime would be escalating, etc as compared to the norm’s of the rest of the city proper. Every “finding” should be measurable and demonstrated as worsening with historical data as compared to the rest of the city. If demonstrated the URA can jump in, create a URD and rectify these conditions of deterioration. The URD should be able to statistically prove in the years that follow its establishment, that its work did in fact remedy these conditions as required in the code language above. *“and that the prevention and elimination of these conditions is a matter of state policy and state concern in order that the state and its municipalities shall not continue to be endangered by areas.....”*

6. **URD law vs Impact Fee law.** From the taxpayer perspective, Idaho Code is illogical when comparing the justification for URD law and the justification for impact fee law. In a sentence, impact fee law (*title 67-8200*) was written to right a supposed wrong, i.e., new development was not paying its way, so impact fees can be charged per/development and remitted to each taxing district to pay for the added burden caused by new development. In direct contrast, URD law halts any new development monies from going to any and every taxing district within the URD for a period of 24 years. (*unless the URD is terminated sooner*) URD's do the very thing impact fees were enacted to prevent.



OR



This schizophrenic activity is exasperated by the fact that over the 24 year period; (a) no taxing district will receive any tax money for any URD development occurring within the URD. As an example, if a URD results in getting 50 low income family apartments and two large commercial operations built within the URD, every taxing district will have to provide full services to

all that new development without a penny of reimbursed compensation for those services for the life of the URD, (b) no taxing district will receive any tax money for any normal and regular occurring NEW development within the URD boundaries even though that regular occurring development had nothing to do with the URD activity, (c) no taxing district will receive any normal inflationary increased tax revenues from any normal property appreciation from the beginning point of the URD.

The lack of normal inflationary tax revenue and the increased URD new development service demand financially hurts taxing districts far more than the sporadic new development activity that would normally be occurring. This situation can be made worse when each taxing district is faced with providing full services with only partial funding that it seeks to implement impact fees to offset the monies diverted by URD's. If you will, poor government law (creation of URD's) led to additional poor government decisions, (impact fees) all of which are born by the taxpayers.

TITLE 67 IDAHO STATE GOVERNMENT AND STATE AFFAIRS CHAPTER 82
DEVELOPMENT IMPACT FEES

67-8201. Short title. This chapter shall be known and may be cited as the "Idaho Development Impact Fee Act."

67-8202. Purpose. The legislature finds that an equitable program for planning and financing *public facilities* needed to serve new growth and development is necessary in order to promote and accommodate orderly growth and development and to protect the public health, safety and general welfare of the citizens of the state of Idaho. It is the intent by enactment of this chapter to:

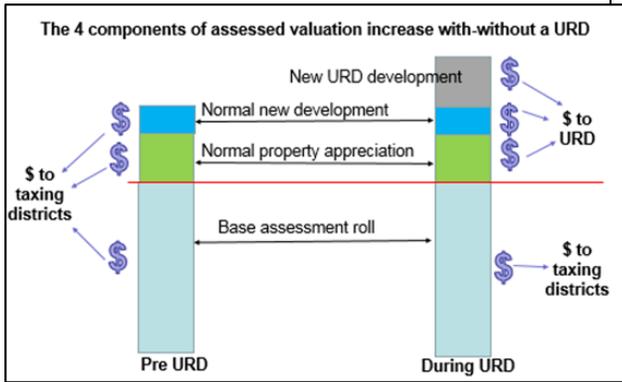
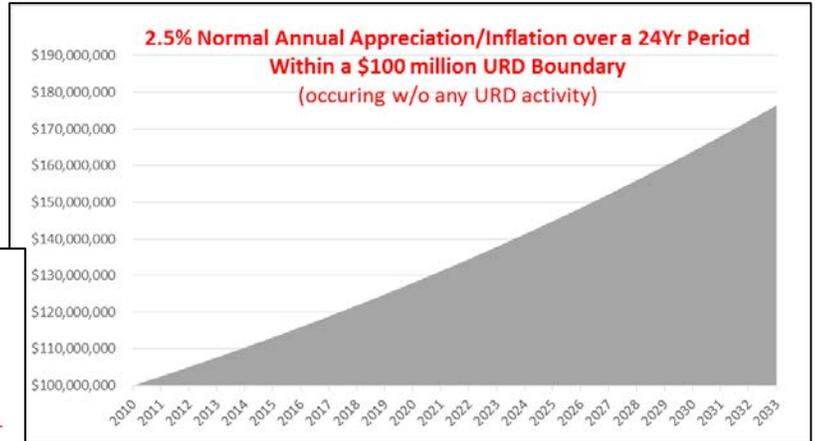
- (1) Ensure that adequate *public facilities* are available to serve new growth and development;
- (2) Promote orderly growth and development by establishing uniform standards by which local governments may require that **those who benefit from new growth and development pay a proportionate share of the cost of new public facilities needed to serve new growth and development;**
- (3) Establish **minimum** standards for the adoption of development impact fee ordinances by governmental entities;
- (4) **Ensure that those who benefit from new growth and development are required to pay no more than their proportionate share of the cost of public facilities needed to serve new growth and development and to prevent duplicate and ad hoc development requirements;** and
- (5) Empower governmental entities which are authorized to adopt ordinances to impose development impact fees.

Possible Solutions: A broader and larger review of how; URD code, impact fee code, LID (*local improvement district, title 50-1700*) and other portions of Idaho law that are contrary in nature to one another should be performed and each should be limited so as not to result in one piling upon the other. When Impact fee programs are operating within a city at the same time URD activity is going on, those URD's contribute to the "not paying for growth" problem and more accurately dramatically engraving it for the life of each URD. Perhaps a section in code that says no city can have a URD running at the same time any LID or impact fee program is in place.

7. **URD's cause higher property taxes.** The lack of taxing districts receiving taxing district monies for the normal appreciation/inflationary increases in assessed valuations and the increased service demand from new development within URD boundaries, forces taxing districts to increase the tax burden upon all properties outside of the URD. This effect is multiplied worse over the 24 year life of every single effected taxing district.



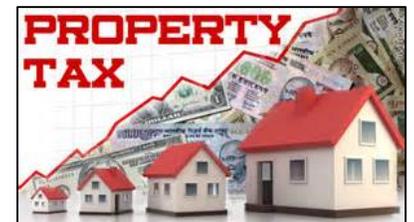
Consider that appreciation/inflationary increases occur at a realistic annual rate of 2.5%. In the first few early years a taxing district “may” be able to absorb the lost tax service revenue, but it becomes impossible to absorb these lost revenues after the first few years.



Thus, there is a threefold higher taxes effect from taxing districts to property owners as a result of every URD within any county. They are: (a) If the 1st year base assessed valuation for all properties within a URD boundary was

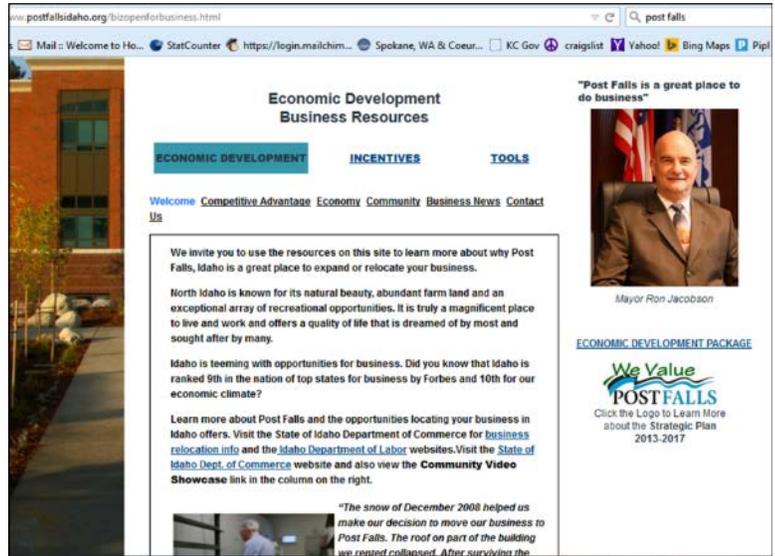
\$100,000,000 the normal increase (the 2.5% mentioned) to assessed valuations would be \$131 million at year 12 and \$176 million at year 24, but no taxing district within the URD boundary will be getting any of the normal inflationary assessed valuation increases above the base \$100 million established in the first year for the entire 24 year period of the URD. (b) normal new development outside URD activity but within the boundaries of the URD must be serviced by each taxing district but without any additional tax compensation to the taxing district. (c) servicing all the new development caused by the URD must be done by the taxing district but without compensation until the 24 years ends. These factors push the needed taxing district revenue demands over to the properties outside the URD, for the life of the URD. The burden is thus not upon taxing districts, (they still send the money they need to spend) but placed upon property owners who must make up the difference.

Possible Solutions: There must be a limitation or reduction on the time or amount of diverted tax money that goes into a URD and is taken from the affected taxing districts. *Note – if a URD is successful in its mission, there will be plenty of new tax dollars to fund its future activity. Example, if a URD by virtue of installing \$1mil of streets and utilities attracts \$300mil of new business development, it should be required to release the normal annual increasing valuations monies back to the taxing districts much sooner while being allowed to retain the annual increases from the new URD stimulated business development, or otherwise limit the number of years that diverted taxing district money is allowed from 24 years to 10 years. Even at 10 years, taxing districts will still be shifting the burdens over to other taxpayers, but it will be less severe and for a shorter duration.*



8. **City advertising contradicts the “findings” used to establish a URD and/or disadvantaged community.** Using Post Falls as an example, (*not picking on Post Falls, merely using it as the example to establish the point*) it is not hard to see how taxpayers think there are shenanigans going on.

On the city website the mayor posts links to prove why Post Falls has competitive advantages over nearby Washington State and Spokane, while using the exact opposite claim written into the justification resolution to start a URD under chapter 29 Economic Development Act as a “competitively disadvantaged boarder city”. **The taxpayer asks which is it?**



What if Post Falls adopted very strict land use codes and had other regulative requirements that made it harder to open and start a business there. What does that have to do with using a URD to help them be more competitive? In this example, they’d be more competitive by getting rid of burdensome regulations.

Possible Solutions: The real crux of this issue is when city leaders seek to meet the requirements required under URD or the Local Economic Development law by claiming an un-substantiated bad condition exists, rather than proving the bad condition. URD law must expect that in the absence of any independent oversight, city leaders will use and abuse any tool they can to accomplish their desires. Remember, cities are allowed to do anything not prohibited. There needs to be clearly defined guardrails in these two chapters.

The BOTTOM LINE favors IDAHO!

Apples to Apples Cost Comparisons*

Here's the cost of doing business in Idaho vs. California, Oregon and Washington State.

	IDAHO	CALIFORNIA	OREGON	WASHINGTON	IDAHO SAVES
Labor Costs					
Engine/machine assemblers	\$12.99/hr	\$15.92/hr	\$19.82/hr	\$16.15/hr	10% to 27%
Welders	\$13.11/hr	\$17.45/hr	\$17.05/hr	\$20.67/hr	20% to 25%
Warehouse/storage labor	\$10.58/hr	\$11.47/hr	\$12.18/hr	\$12.27/hr	8% to 20%
Worker's Compensation Value is calculated as percentage of national average by state ranking	1.98%	2.68%	1.69%	2.04%	(10% to 35%)
Fringe Benefits (Estimated at 30% of payroll)	Idaho savings are proportional to its lower Labor costs				
Utility Costs					
Electricity (Cents per kw)	6.35¢	14.37¢	8.13¢	7.24¢	18% to 200%
Natural Gas (cents per therm)	8.31¢	7.75¢	10.34¢	10.51¢	(5% to 20%)
Property Taxes (Avg. mill rate per \$1000 of value)	\$12.54	\$18.16	\$17.11	\$11.58	—
Corporate Taxes					
Corporate Income Tax	7.6%	8.84%	6%	none	(10% to 15%)
Combined avg. Sales & Local tax	6%	7.25%	0%	6.5%	5% to 20%
Cost of Living composite avg.	100	146.24	122.56	111.83	11% to 45%

*The above projections on comparative costs were acquired from a variety of reliable sources including the Bureau of Labor Statistics, the U.S. Department of Labor, the Oregon Worker's Compensation Premium Study, the U.S. Energy Information Administration and the ADMA Cost of Living Index. Job classification costs are from the National Council of Compensation Insurance. The above data were current on October 14th, 2012. This data published above is not intended to be used for an independent feasibility study or other due diligence. Be certain to read the Cost Comparison narrative by the Purchasable Area Council located in this brochure.

9. **Appearance of cronyism.** It will come as no surprise to the URD special legislative committee that there are many rumors of favoritism and cronyism with regards to URD activity. In Kootenai County, the URD's in Coeur d'Alene are certainly amongst suspect in a number of areas, hence the recent push to "improve their image". One of the most notable URD projects



was the conversion of an existing city park into ... a city park, just before the announced expansion of a very large developer sitting in between that park and another park. (see aerial shot to the left, with the developers property in between two city parks) Equally interesting,

is the fact that the park received a \$16+ million dollar make over (shown in the aerial before and after shots to the right) and you might understand why taxpayers think hanky-panky is going on. Which park looks nicer to you?



Before

The crux of the issue is (a) transparency with respect to full disclosure and (b) no accountability. There is no transparency because nothing in Idaho law requires the URD to disclose or publish a list with all the names of adjoining businesses and



After

business owners who will benefit from the improvements. Additionally there is nothing requiring a published listing of contractors and URD money recipients with the amount paid to them. There is no accountability because the URD board members are not elected so as to be recalled or voted out, nor are they required to take an oath (like an elected official) which puts their personal reputation and character on the line.



Possible Solutions: URD's must be operated in a manner that makes them wholly transparent and accountable. The logical solution is twofold: (a) everything these days is digitized, the file on a computer can easily be linked to a download button on the URD website, and it should be required that all URD activity be posted on line, all contractors and adjoining businesses be listed. Example, URD transactions over \$500(?) should be online, every contract should be on line, (b) every URA board should be governed by an elected body so that they are accountable to the people. There is no fear of being replaced when the people have no leverage to hold you accountable. If a URD can receive property tax dollars and spend them without being elected representatives of the tax payer, that is taxation without representation. If having elected representatives is now somehow deemed reprehensible to government, why not drop the elections for all local taxing districts who likewise receive and spend taxpayer funds? I write this in jest, because in our republic form of government, the people do get to choose who shall receive and spend our tax dollars. If you let us elect these boards and require full transparency, you greatly take away a lot of the suspicion by the public and give us back the tool to correct it.

10. **URD Self-Promotion and unsubstantiated claims.** One of the most obnoxious things to taxpayers is when government spends our tax money to promote itself. Marketing and advertising is useful when people have a choice due to market competition, however, there is no competition when it comes to taxes, we have to pay them and to anybody that levies them. URD's have hired promotional firms to promote URD activity and URD causes. This is counter to taxpayer interests, if our tax dollars are going to be used for anything it would be to reduce taxes and reduce excessive government regulations.



Consider that URD self-promotion only talks about the positive aspects of what it thinks it has accomplished, or what it wants the public to know to further its image or underlying purpose. When a government entity does that we call it “propaganda” and rarely does URD self-promotion provide the information to justify claims.



PROPAGANDA - is information that is not impartial and used primarily to influence an audience and further an agenda, often by presenting facts selectively to encourage a particular synthesis.

If 1200 jobs were created, there should be spreadsheet detail for each location and business where those jobs occur and whether they are full time, part time, temporary and/or minimum wage. If portions of the job total were construction jobs, there should be spreadsheet detail indicating the number of total full time jobs year round jobs in equivalent man-years. (2080hrs is a full work year)

In addition, to what degree was the contribution the URD made, essential to the securing of the project? If the URD provided \$50,000 towards a \$10million project, the URD likely had little influence on whether the project would have actually occurred.

Additionally, no URD monies should be spent on lobbyist activity (*at state of local levels*) or memberships in organizations that promote and influence legislature using lobbyist activity. There is no more obnoxious activity than a taxing agency using taxpayer money to lobby our legislators or other agencies to create more laws enabling greater taxation or other abuse of the citizen.



Possible Solutions: URD's should be prohibited from spending any moneys for self-promotion, advertising, lobbying activity or other similar activities that do not also provide affected taxpayers and/or critics (for/against) with opportunity to inject differing opinions. Ideally no URD monies would be spent on any promotions other than providing objective information to the public. Any time a URD is using marketing, lobbying, or self-promotional advertising it is separating itself from the city government proper and distinguishes itself as its own entity if it is its own entity, it should be run by elected representatives.

11. **URD's based in the city, cause not only all city property owners, but also all rural property owners to pay higher property taxes.** Personally I never paid any attention to URD's because I live in the rural county and the URD's are within city limits, so I thought they only affected the city property owners. My thoughts were challenged when someone dared me to verify my opinion by looking into it. I made an appointment with the county assessor and found out that the taxing district budgets are not held constant or reduced and rather continue to increase, to recover the tax revenue lost by URD diverted taxes. Property owners in the city and rural areas are forced to make up the difference. The county assessor was able to quantify the tax shift for the year 2013 at just under 7%. From this respect, URD differed tax revenue is no different than a tax increase using voter approved bonds. Either way we pay.

For the life (*up to 24 years*) of every (*there are 9-10 in Kootenai County at this time*) URD inside a county, the county budget (*and other taxing districts*) are shifted over to the property owners. At 3% annual inflation, the budget of every single taxing district doubles in the 24 year period a URD is in operation.



However, the collective total of all taxing districts operating in every county will not receive a penny of normal inflationary increases nor any new service tax revenue from any property located within the URD boundaries. The collective and annual increasing burden of taxing district budgets is paid by all those outside the URD. It is very disturbing that rural folks are completely detached from URD activity, we have no voice in city elections, the URA board is appointed by city leaders, but our taxes are higher because the city is seeking to improve some specific aspect of the area within the city limits.

Let's say you as a taxpayer and state representative live in the rural area, you get your tax bill and your taxes seem high, you go to your county elected official's and they tell you, that they are only raising your taxes at the 3% cap by law, the other increases is the effect of URD's based in the cities shifting the burden of URD taxes to the rest of the property owners. Now where do you go? You've just spoken to the only person who can do anything about your taxes, but neither he/she nor you have any representation in the cities using URD's.

Idaho law does reference a city or county wide election (50-2006) but apparently under the context that either the county or a city may establish a URA. It does not appear to be offering a city URA the choice to conduct either a city or a county wide URD election approval path.

50-2006. Urban renewal agency.

(a) There is hereby created in each municipality an independent public body corporate and politic to be known as the "urban renewal agency" that was created by resolution as provided in section 50-2005, Idaho Code, before July 1, 2011, for the municipality; provided, that such agency shall not transact any business or exercise its powers hereunder until or unless: (1) the local governing body has made the findings prescribed in section 50-2005, Idaho Code; and provided further, that such agency created after July 1, 2011, shall not transact any business or exercise its powers provided for in this chapter until (2) a majority of qualified electors, voting in a citywide or countywide election depending on the municipality in which such agency is created, vote to authorize such agency to transact business and exercise its powers provided for in this chapter. If prior to July 1, 2011, the local governing body has made the findings prescribed in subsection (a)(1) of this section then such agency shall transact business and shall exercise its powers hereunder and is not subject to the requirements of subsection (a)(2) of this section.

Possible Solutions: (a) Restrict the application of URD based tax deferment to taxing districts wholly within the city proper. Thus, the county budget would continue to be levied against all property owners equally. The URD would have the deferred tax income reduced to only those taxing districts serving just the city limits. (b) If that is deemed not acceptable, then the URA board should be elected by county wide elections so that rural property owners have taxation with representation. For existing URD's, the law should be changed to require at the next election, all URD boards are to established by voters in county wide elections. (c) somehow we need to detach rural property owners from having to pay for city improvements. Likely county assessors and city leaders could help figure out a way to accomplish this.

12. **URD giving away taxpayer monies to entities not directly related to or specific to the URD or for purposes outside the URD boundaries.** In most instances this activity might be described as goodwill or charity, yet this activity should not be occurring from a URD. It would be one thing for a private developer to give charity or gifts, it is quite another when government does it unless everyone benefits from the gift. When a URD contributes to a county wide trail system for pedestrians, shouldn't it also give money to horse riders, 4-wheelers, dirt bikers, snowmobilers, for their needed trails? The URD needs to stay wholly focused on dirt in the ground changes to stimulate recovery within the URD area. If URD's are to be social programs, in addition to the social programs provided by the; city, county, state, and federal agencies, we have a much bigger problem with URD law.

Possible Solutions: As a matter of practice, no money should be going to entities not directly in the URD and activities related to dirt in the ground actions. No URD money should be spent for social or special interest clubs, groups, organizations, etc. Remember, the elected officials of the city can give away whatever moneys they desire to such causes.

13. **Using multiple names over time and not including the name “urban renewal” in the name of the urban renewal agency.** Using the city of Coeur D Alene URA as an example, (*many URD’s in the state do not include “Urban Renewal” in the title of the Urban Renewal Agency*) there have been several different names associate to it over the years it has been in existence. This is hard to understand, why wouldn’t we call it what it is and clearly distinguish this form of government activity and ownership? While Idaho Code says the municipal agency shall be known as the “urban renewal agency” various cities throughout the state have decided that is merely a reference to what they do, not what they must be named. (50-2006)

50-2006. Urban renewal agency.
 (a) There is hereby created in each municipality an independent public body corporate and politic to be known as the "urban renewal agency" that was created by resolution as provided in section [50-2005](#), Idaho Code, before July 1, 2011, for the municipality; provided, that such agency shall not transact any business or exercise its powers hereunder until or unless: (1) the local governing body has made the findings prescribed in section [50-2005](#), Idaho Code; and provided further, that such agency created after July 1,

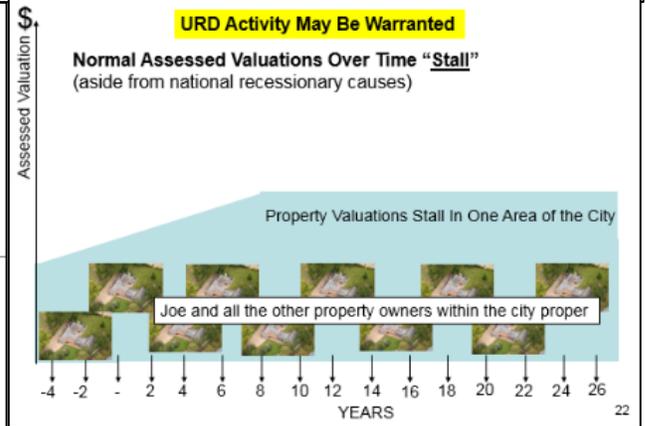
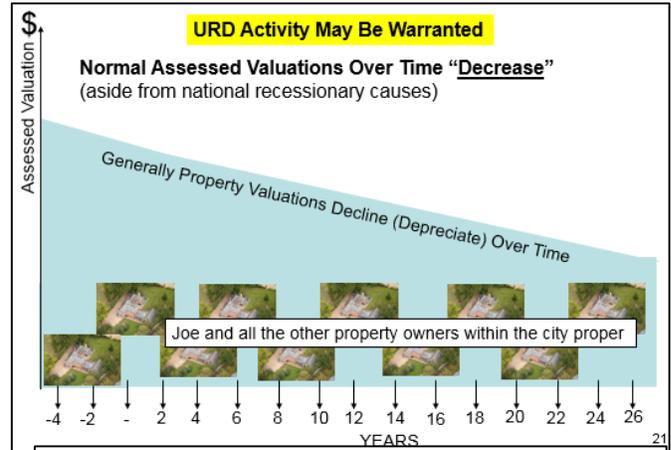
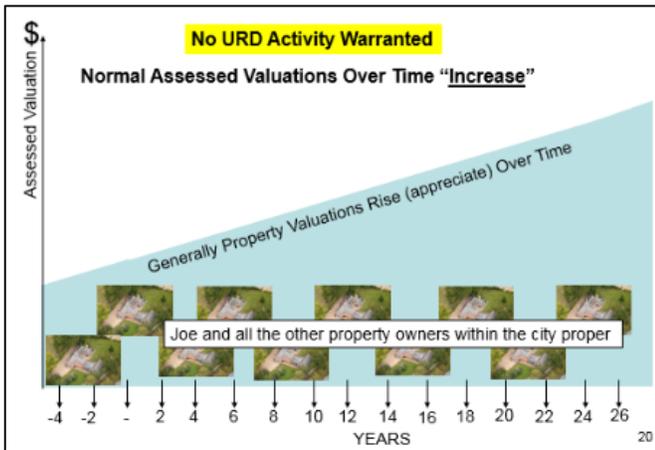
Address	Owner
720 E YOUNG AVE, COEUR D ALENE	COEUR D ALENE URBAN RENEWAL AGENCY
213 N 4TH ST, COEUR D ALENE	COEUR D ALENE URBAN RENEWAL AGENCY D
626 N PARK DR, COEUR D ALENE	COEUR D ALENE URBAN RENEWAL AGENCY D
620 N PARK DR, COEUR D ALENE	COEUR D ALENE URBAN RENEWAL AGENCY D
612 N PARK DR, COEUR D ALENE	COEUR D ALENE URBAN RENEWAL AGENCY D
PROPERTY	
728 E SHERMAN AVE, COEUR D ALENE	LAKE CITY DEVELOPMENT CORP
308 E COEUR D ALENE AVE, COEUR D ALENE	LAKE CITY DEVELOPMENT CORP
311 E LAKESIDE AVE, COEUR D ALENE	LAKE CITY DEVELOPMENT CORP
107477 UNKNOWN	LAKE CITY DEVELOPMENT CORP
632 N PARK DR, COEUR D ALENE	LAKE CITY DEVELOPMENT CORP

In Coeur d’ Alene, the urban renewal agency now has another name (Ignite cda) to title property under besides the two it is already using.

It’s not like a URA needs a catchy name to make itself more attractive against competitors.

Possible Solutions: Make it clear in Idaho Code that all URA’s must be named “(city name) Urban Renewal Agency” so citizens know who owns what and can easily recognize when a URA is involved in development activity. While there is some cost to this, I think Idaho code should require all URA’s to fix this next year.

14. **Prohibit URD activity unless the proposed area of the URD can demonstrate declining assessed valuations.** If the history of assessed valuations is rising within a proposed URD area, how are the “findings” requirements (50-2002) of chapter 20 confirmed? If the assessed valuations are rising they are likely in direct opposition to the findings of such things as “blight and slums”.



Here are the “findings” requirements and the number of times the cited word is referenced in Idaho Code used for URD use.

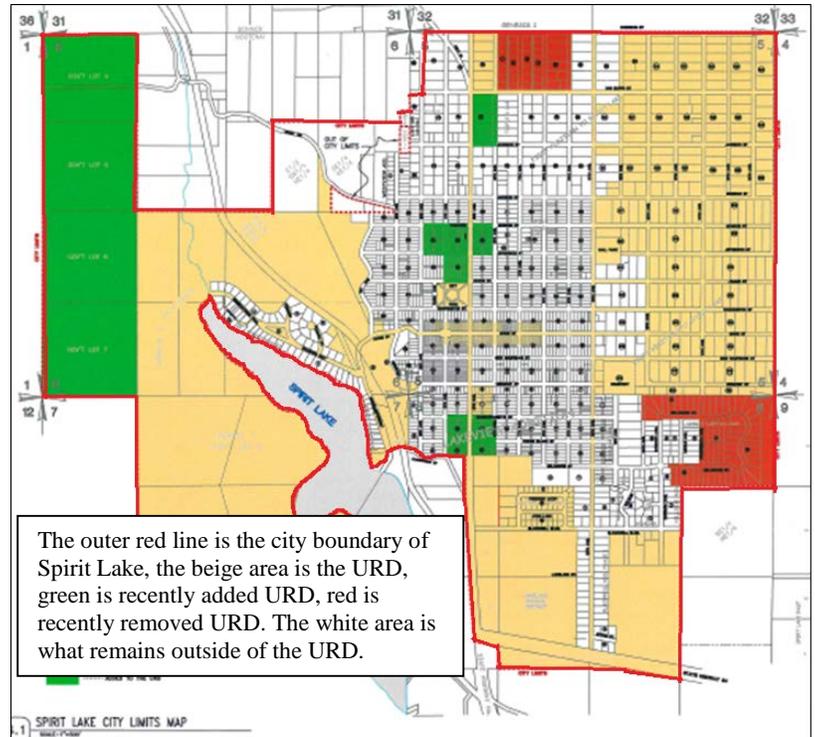
- 41 – deteriorat(ed,ing,ion)
- 34 – disadvantage(d) (chptr 29 only)
- 17 – safe(ty)
- 15 – blight(ed)
- 14 – slum(s)
- 11 – welfare
- 10 – economic
- 8 – public health
- 7 – moral(s)4 – menace
- 6 – delinquency
- 5 – disease
- 5 – endanger(ed)
- 4 – disaster
- 4 – crime
- 4 – disease
- 4 – disaster
- 2 – decay
- 2 – dilapidation

The real reason nearly every Kootenai County URD is being done

Possible Solutions: Require that every URA demonstrate declining or flat assessed valuations for URD’s with 10-20 years of historical assessment data. If it shows declining or flat assessed valuations in the most recent 5 years, then the URD would likely meet other deteriorating criteria. Otherwise require statistical data establishing of the “findings” within the URD area proposed.

15. **Massive URD areas.** Urban renewal or city politicians trying to grab the greatest amount of tax deferral dollars into the URD to fund costly projects? Take a look at the current URD map for the city of Spirit Lake. Roughly 70% of the area for the entire town is in the URD (*beige and green colors*). Notice the shoestring URD joining and stretching different portions of the URD through the center of town from the east west and north south using the public streets, even though Idaho code specifically prohibits such in 50-2033. (see code section below)

If citizens had the time to complete in depth reviews of URD activity and compare it against law, it is very likely that many URD's would be found violating various aspects of law or otherwise hiding some aspect that should be fully disclosed. Citizens have any number of local, state and federal agencies policing us, but who is policing the URD's?

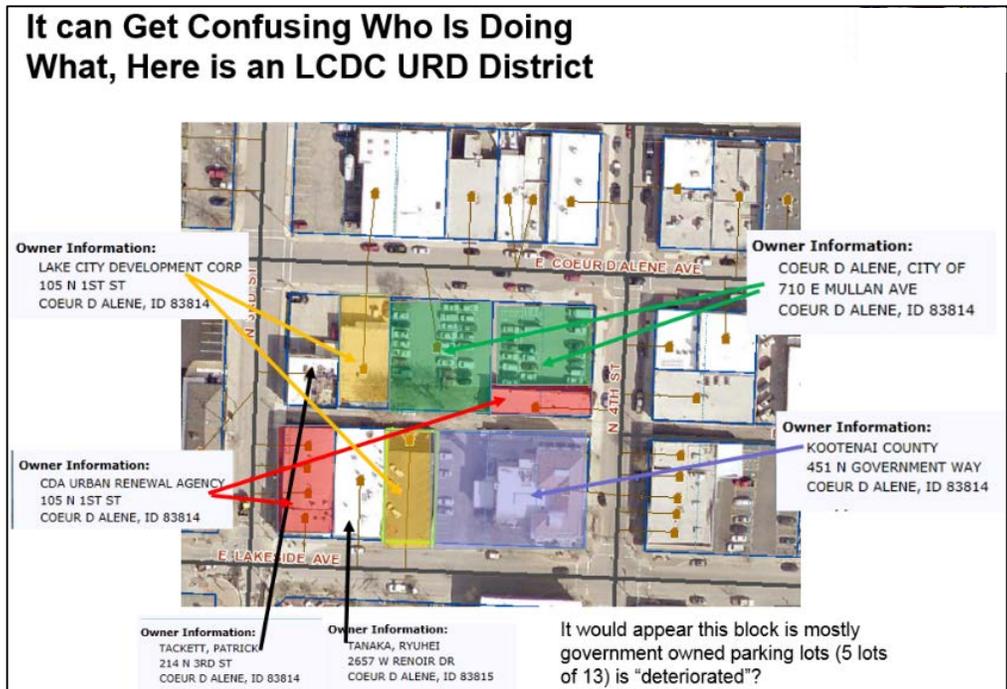


50-2033. Prohibited amendment. Except for consolidation of revenue allocation areas, a revenue allocation area may not be amended to extend its boundaries. An amendment to an urban renewal plan created under this chapter that does not seek to increase the geographic area of the plan, or does not seek to extend the years of the plan beyond the maximum term allowed under chapter 29, title 50, Idaho Code, is not a prohibited amendment. No amendment to an existing revenue allocation area shall be interpreted to or shall cause an extension of the limitations established for the existing revenue allocation area as set forth in section 50-2904, Idaho Code. Notwithstanding these limitations, an urban renewal plan that includes a revenue allocation area may be extended only one (1) time to extend the boundary of the revenue allocation so long as the total area to be added is not greater than ten percent (10%) of the existing revenue allocation area and the area to be added is contiguous to the existing revenue allocation area but such contiguity cannot be established solely by a shoestring or strip of land which comprises a railroad or public right-of-way.

Possible Solutions: Three points, (a) URD's need very clear lists written into Idaho Code of what they can do and what they can't do. (b) Install some form of county or state oversight to ensure city based URD's are obeying the law in every respect and (c) write some disciplinary actions into the code when the URA board does activity contrary to the law and ethical standards. Should all URD board members be fired, possibly fined and held accountable? The executive director (*if there is one*) should also be fired and "personally" fined. Perhaps require each director to be bonded and subject the bond to repay taxpayers.

16. **Urban renewal focus is mired.** In this single block within a URD in Coeur d’Alene, the URD has title to 4 properties in 2 different names for the URD, while the city and county have title to other lots. Only two lots belong to private non-government entities. Citizens know something is up with this, we just don’t know what it is yet.

Somehow we have to set up guard rails to prevent suspicious activity and the appearance of suspicious activity. Passing bonds requires clear concise plans, everybody knows what is going to take place. With URD’s, much of it is not yet revealed and that causes angst. Make a plan, stick to it, don’t change it, do the job, complete it and close the URD. Passing a bond requires public approval, URD activity is free from that, but that shouldn’t mean the URD should be acting in a manner that is not 100% planned, out in the open and detailed with a reasonable contingency.



Possible Solutions: All activity in a URD area should be outlined block by block, if nothing is going to be done on that block, it should not be in the URD or “greyed out” to let everyone know, nothing specific is going to be done on that block. All ownership transfers and money flows should be posted on line in a chronological fashion and the plans of each public agency for the area in question. The city and URD must clearly articulate the scope and aspects of the URD, then stick to it. When we have multiple government agencies involved, our tax moneys can become funny money. A “financial audit” does not expose, prevent or discuss this activity, URD’s need to bring it all out into the open.

17. **URD's have no standards to demonstrate their effectiveness.** Did they accomplish their goals and how should we measure their effectiveness? The use of annually reported "key performance indicators" (KPI's) would demonstrate how effective each URD board was at accomplishing the goals. KPI's are used by many industries to provide valuable feedback on how well they are doing. If the URD was initiated to fight crime, blight and other menses to society in a certain URD area, how effective were they? Crime based KPI's could be annual rates of crime p/capita, dollars of stolen property, etc.

Was the URD effective in bringin in new development? If the URD received and spent \$10 million dollars of diverted "normal appreciation/inflation" taxing district monies and for that only brought in \$50 million of new assessed valuation, the taxpayers got screwed. Every diverted tax payer dollar was real revenue to the

respective taxing district. Assuming a 2.5% city property tax rate, it would take \$400 million dollars of new URD stimulated assessed valuation increases to make up for the cost of the URD. A simple accounting table example is shown to the right. Currently there is NO requirement to prove what was done statistically or by accounting methods.

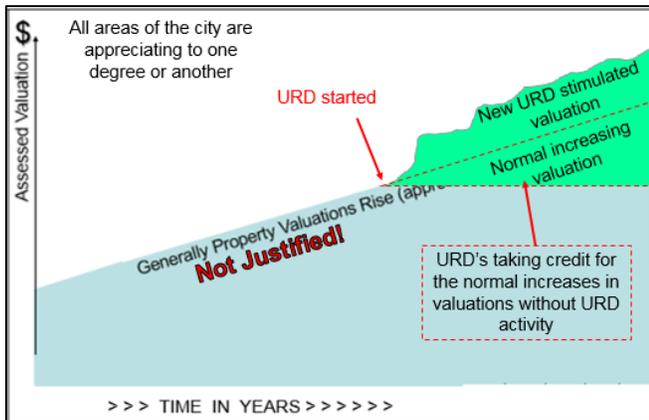
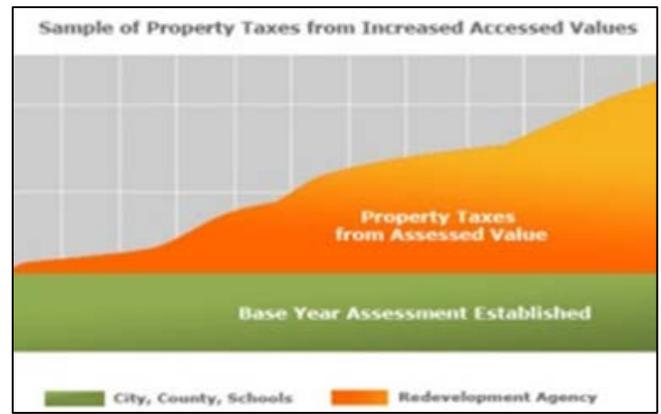
SIMPLE EXAMPLE OF ANNUAL TRACKING OF URD EFFECTIVENESS									
year	Total City Assessed Valuation	URD Boundary Assessed Valuation	Annual Redirected Tax \$ URD received	Normal ass'd valuation growth occurring that is not related to URD activity	development growth that is normally occurring and not directly related to URD activity	New ass'd valuation growth that is directly related to URD activity	Cumulative total of new URD Ass'd valuation	Tax dollars URD is receiving from normal activity	Tax dollars URD is receiving from its activity
URD started	\$ 1,100,000,000	\$ 110,000,000	\$ 150,000	\$ 3,000,000	\$ 1,500,000	\$ -			
year #2	\$ 1,127,500,000	\$ 112,750,000	\$ 160,000	\$ 3,000,000	\$ 1,500,000	\$ -			
year #3	\$ 1,155,687,500	\$ 115,568,750	\$ 170,000	\$ 3,000,000	\$ 1,500,000	\$ -			
year #4	\$ 1,184,579,688	\$ 118,457,969	\$ 255,000	\$ 3,000,000	\$ 1,500,000	\$ 3,000,000	\$ 3,000,000		
year #5	\$ 1,214,194,180	\$ 121,419,418	\$ 405,000	\$ 3,000,000	\$ 1,500,000	\$ 6,000,000	\$ 9,000,000		
year #6	\$ 1,244,549,034	\$ 124,454,903	\$ 780,000	\$ 3,000,000	\$ 1,500,000	\$ 15,000,000	\$ 24,000,000		
year #7	\$ 1,275,662,760	\$ 127,566,276	\$ 1,280,000	\$ 3,000,000	\$ 1,500,000	\$ 20,000,000	\$ 44,000,000		
year #8	\$ 1,307,554,329	\$ 130,755,433	\$ 1,281,250	\$ 3,000,000	\$ 1,500,000	\$ 50,000	\$ 44,050,000		
year #9	\$ 1,340,243,187	\$ 134,024,319	\$ 1,368,750	\$ 3,000,000	\$ 1,500,000	\$ 3,500,000	\$ 47,550,000		
year #10	\$ 1,373,749,267	\$ 137,374,927	\$ 1,371,750	\$ 3,000,000	\$ 1,500,000	\$ 120,000	\$ 47,670,000		
year #11	\$ 1,408,092,999	\$ 140,809,300	\$ 1,546,750	\$ 3,000,000	\$ 1,500,000	\$ 7,000,000	\$ 54,670,000		
year #12	\$ 1,443,295,324	\$ 144,329,532	\$ 1,560,500	\$ 3,000,000	\$ 1,500,000	\$ 550,000	\$ 55,220,000		
year #13									
year #14									
year #15									
year #16									
year #17									
year #18									
year #19									
year #20									
year #21									
year #22									
year #23									
year #24									
Totals									

Many other KPI's could be developed to show historical crime reduction, improvements in blight, turning around declining property values inside the URD district, the number of jobs created, number of people on welfare, tax dollars used verses new assessed valuation created by the URD, etc. KPI's substantiate the effectiveness of the URD and the claims are backed up by data.

KPI's also allow one URD to be compared against another. As an example, the Post Falls Center Point URD appears to be a URD that really proved itself in increasing the assessed valuation for that district, but other districts in Post Falls may have been duds as far as creating new tax revenue. KPI's, statistical data (*historical, during the active life of the URD, and the years after its closed*) proves the effectiveness of the URD plan and actions. So let's define how we want URD's to prove their value using the same KPI's across all URD's and thus provide transparency, accountability and the ability to measure each URD's effectiveness.

Possible Solutions: Work with the state tax department, local assessors, property owners and others to establish effective accounting desires and 10-20 KPI's that clearly demonstrate how each URD is performing.

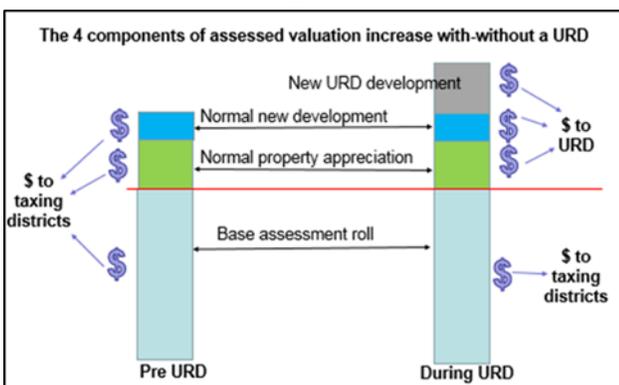
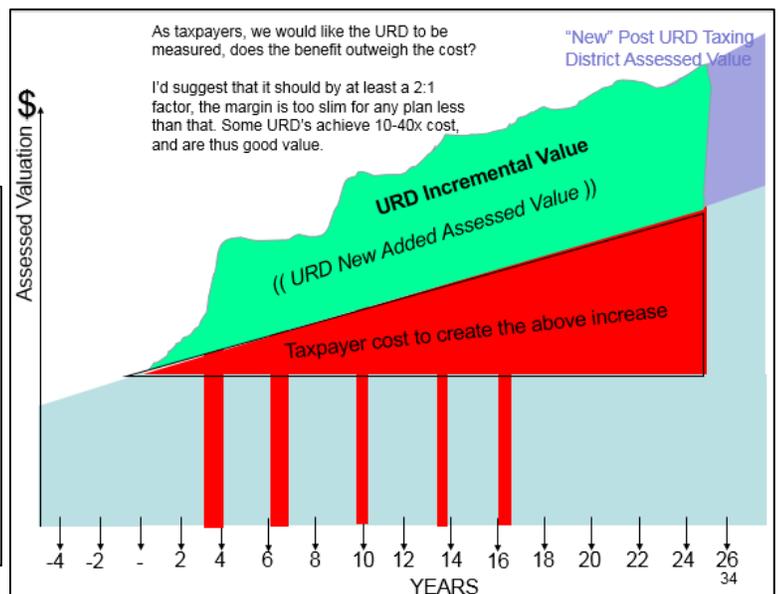
18. URD's take credit for an increase in assessed valuation that had nothing to do with URD activity. The truth is for all of the URD's in Kootenai County, none of the URD's areas were suffering from declining assessed valuations, just the opposite, the cities in our county that have URD's operating have consistently outperformed most of the state with regards to historical assessed valuation increases. But we are shown graphics that deceptively indicate the increasing valuations are related to URD activity. *(like the chart to the right)*



However, the truth in our county is that normal new development and normal appreciation occurs without the URD (chart to the left). By not separating the normal new development activity and the normal appreciation that occurs apart from URD activity, it deceptively makes the URD appear to be doing more than it is.

The chart below, shows truer picture, the normal appreciation in assessed valuation and the normal new growth are separate from (red) and not at all related to the URD stimulated activity (green). The red spikes denote private property that was on the tax rolls, which the URD bought and converted to public use, thus removing it from the tax rolls. In representative from, the graph shows what it cost property owners and what new assessed valuation was gained by the URD.

The chart below, clearly articulates what happens when a URD is implemented using Idaho Law as currently written.



Possible Solutions: Require accurate descriptive language and graphics by URD's so that the public is not misled into false assumptions about URD activity. I think many URD board members do not really understand this aspect of their work.

19. **URD Law appears to grant county government the ability to create a URD, but uses language designed only for cities.** If URD's can be done by both county and city governments, then the restrictive language for "mayor" must include "county board of commissioners", otherwise, Idaho Code should remove any confusion that county governments are permitted to start a URD.

50-2006. Urban renewal agency.

- (a) There is hereby created in each municipality an independent public body corporate and politic to be known as the "urban renewal agency" that was created by resolution as provided in section [50-2005](#), Idaho Code, before July 1, 2011, for the municipality; provided, that such agency shall not transact any business or exercise its powers hereunder until or unless: (1) the local governing body has made the findings prescribed in section [50-2005](#), Idaho Code; and provided further, that such agency created after July 1, 2011, shall not transact any business or exercise its powers provided for in this chapter until (2) a majority of qualified electors, voting in **a citywide or countywide election** depending on the municipality in which such agency is created, vote to authorize such agency to transact business and exercise its powers provided for in this chapter. If prior to July 1, 2011, the local governing body has made the findings prescribed in subsection (a)(1) of this section then such agency shall transact business and shall exercise its powers hereunder and **is not subject to the requirements of subsection (a)(2)** of this section.
- (b) Upon satisfaction of the requirements under subsection (a) of this section, the urban renewal agency is authorized to transact the business and exercise the powers hereunder by a board of commissioners to be established as follows:
- (1) **The mayor** by and with the advice and consent of the local governing body, **shall appoint a board of commissioners** of the urban renewal agency which shall consist of not less than three (3) commissioners nor more than nine (9) commissioners. In the order of appointment, the mayor shall designate the number

Possible Solutions: Clean up the text so that only city governments may create URD's.

20. **No limit set on the salary and benefit package of the URD executive director.** The salary of the executive director should be in line with other public officials working in city and/or county government. This is left blank (no cap limit) in Idaho code (50-2006.c) and is a bit contradictory to set our county commissioners and mayors pay at (*example*) \$73,000 who are managing all of government and pay an executive director of a URD twice that amount (in addition to benefits) for managing what is described in Idaho Code a 10% limit to the whole of the city assessed valuation.

It makes no sense to pay a URD director more than the elected leaders when the URD director is managing <10% of the total assessed valuation.

renewal agency.

(c) **A commissioner shall receive no compensation for his services** but shall be entitled to the necessary expenses, including traveling expenses, incurred in the discharge of his duties. Each commissioner shall hold office until his successor has been appointed and has qualified. A certificate of the appointment or reappointment of any commissioner shall be filed with the clerk of the municipality and such certificate shall be conclusive evidence of the due and proper appointment of such commissioner. |

The powers of an urban renewal agency shall be exercised by the commissioners thereof. A majority of the commissioners shall constitute a quorum for the purpose of conducting business and exercising the powers of the agency and for all other purposes. Action may be taken by the agency upon a vote of a majority of the commissioners present, unless in any case the bylaws shall require a larger number.

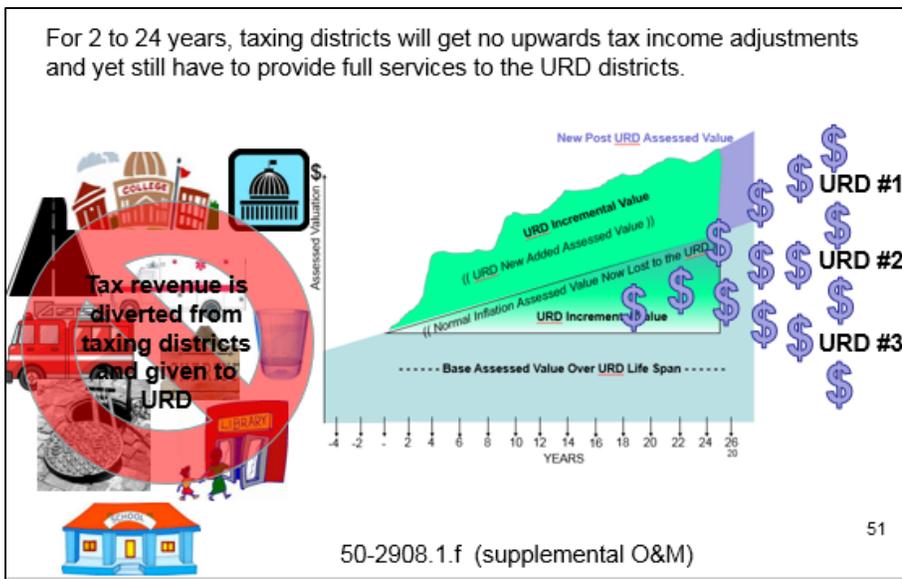
The commissioners shall elect the chairman, cochairman or vice chairman for a term of one (1) year from among their members. **An agency may employ an executive director, technical experts and such other agents and employees, permanent and temporary, as it may require, and determine their qualifications, duties and compensation.** For such legal service as it may require, an agency may employ or retain its own counsel and legal staff. An agency authorized to transact business and exercise powers under this chapter shall file with the local governing body on or before March 31 of each year a report of its activities for the

Possible Solutions: Put a cap on the director's salary to be no more than the mayor or highest paid elected official in the city or some other condition.

21. **Get taxing districts to sign off on each URD plan and the projected loss of tax revenue they are expected to lose during the life of the URD.** If the premise is that URD TIF financing is desirable for taxing districts because after 24 years they will get a much higher levy base and that TIF financing does not result in any additional taxes to citizens during the 24 yr period the URD is in operation, (*and that is the often repeated premise*) then why would we not write into Idaho Law that each URD is required to get a resolution approval from each affected taxing district along with the promise from each respective taxing district that they will reduce (*or otherwise not raise their budgets respective to the URD coverage area*) their annual budgets every year for the 24 year life of the URD for the typical inflationary increases that are and would normally be flowing into these taxing districts but are being diverted into the URD for the life of the URD?



URD boards and directors say URD do not increase taxes, so this should be a slam dunk sign off by taxing districts. (*if true*) But the fact is, for those who have taken the time to really examine this, every URD increases the property tax burden upon all property owners in the county that the URD operates in.



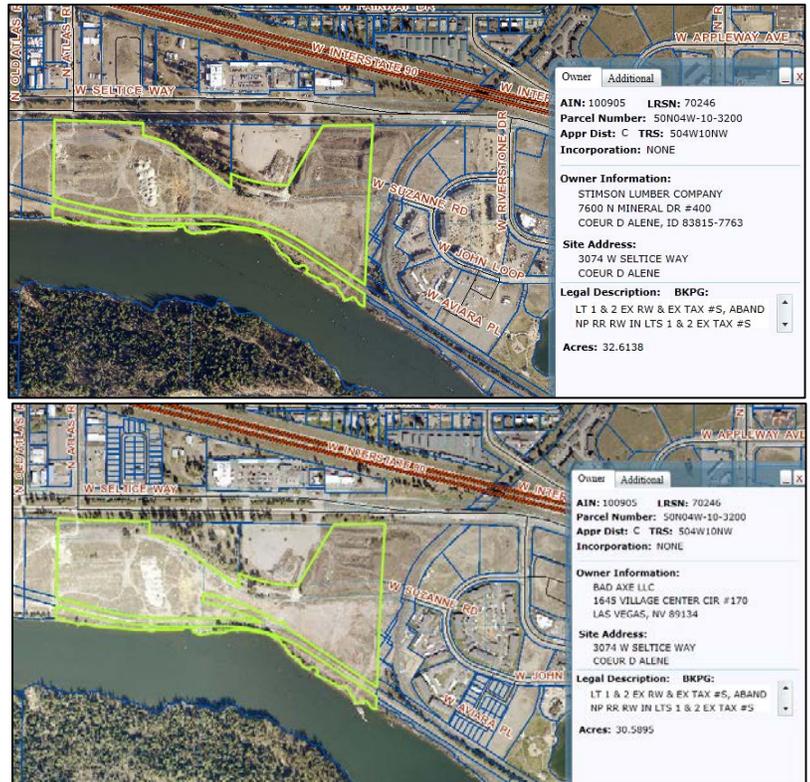
Possible Solutions: Require URD's to get sign off from each affected taxing district approving the URD plan (and any changes to the plan) and a sign off promise from each taxing district that they will not increase property taxes upon property owners outside the URD to make up for the money that is being diverted into the URD. If cities object to this requirement it is because they know, they are merely using a URD as a bonding go around dodging voter approval and ultimately raising taxes just like the bond would.

22. **Backdoor shenanigans or up & up?** The local city URD (LCDC) went to the county and asked the county to declare some cleared but vacant river property (owned by a local lumber company that had cased using the property years ago, but the in the county's jurisdiction) as "deteriorating" (to meet the requirements of URD law) and if the county would do such, it would allow the URD get involved in that land/area.

The county did not make that declaration. In the year that the property has been the focus of LCDC, the ownership has magically changed hands and interestingly the property assessment has not moved up a single \$1 over the last 3 years in spite of all other properties in the county going up in value as valuations recover upwards from the last real estate bust in 2008. (see below)

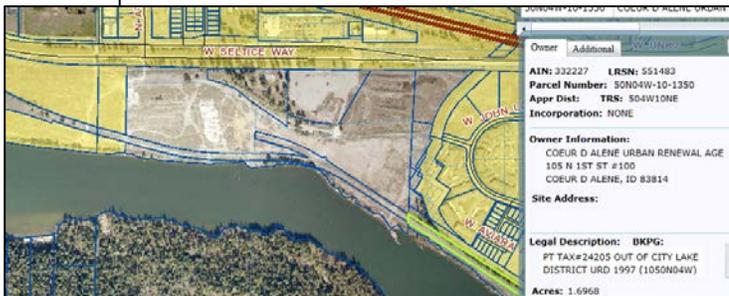
This property is anything but deteriorating and in fact it is premium high dollar river front property. The assessed valuation of \$4.8 million dollars for 32 acres reflects that. The city purchased the old BNSF RR easement sliver of land that runs thru the property reportedly for \$2.5 million after it had been professionally appraised at closer to \$5 million (BNSF pressured into taking less \$\$ than appraisal)

LCDC owns the other portion of the RR easement. It would seem to the most casual observer, there is little distinction from LCDC and the city and it is obvious the URD plans are either so vague or otherwise ignored that allows the URD to do whatever it wants while it diverts taxing district funds. There is plenty of activity going on with various players and the citizen asks; "What is going on behind the scenes with all this activity?"



Assessment Information			
08-19-2015	Current Year	2015	Prior Year
\$4,878,300	Homeowners Eligible Amt Land	\$0	Homeowners Eligible Amt Land
\$0	Homeowners Eligible Amt Imp	\$0	Homeowners Eligible Amt Imp
\$4,878,300	Sum Homeowners Eligible Amt	\$0	Sum Homeowners Eligible Amt
	Homeowners Exemption Allowed	\$0	Homeowners Exemption Allowed
32.6138	Total Market Value	\$4,878,300	Total Market Value
	Homeowners Exemption Allowed	\$0	Homeowners Exemption
	Ag/Timber Exemption	\$0	Ag/Timber Exemption
	Other Exemptions	\$0	Other Exemptions
	Net Taxable Value	\$4,878,300	Net Taxable Value

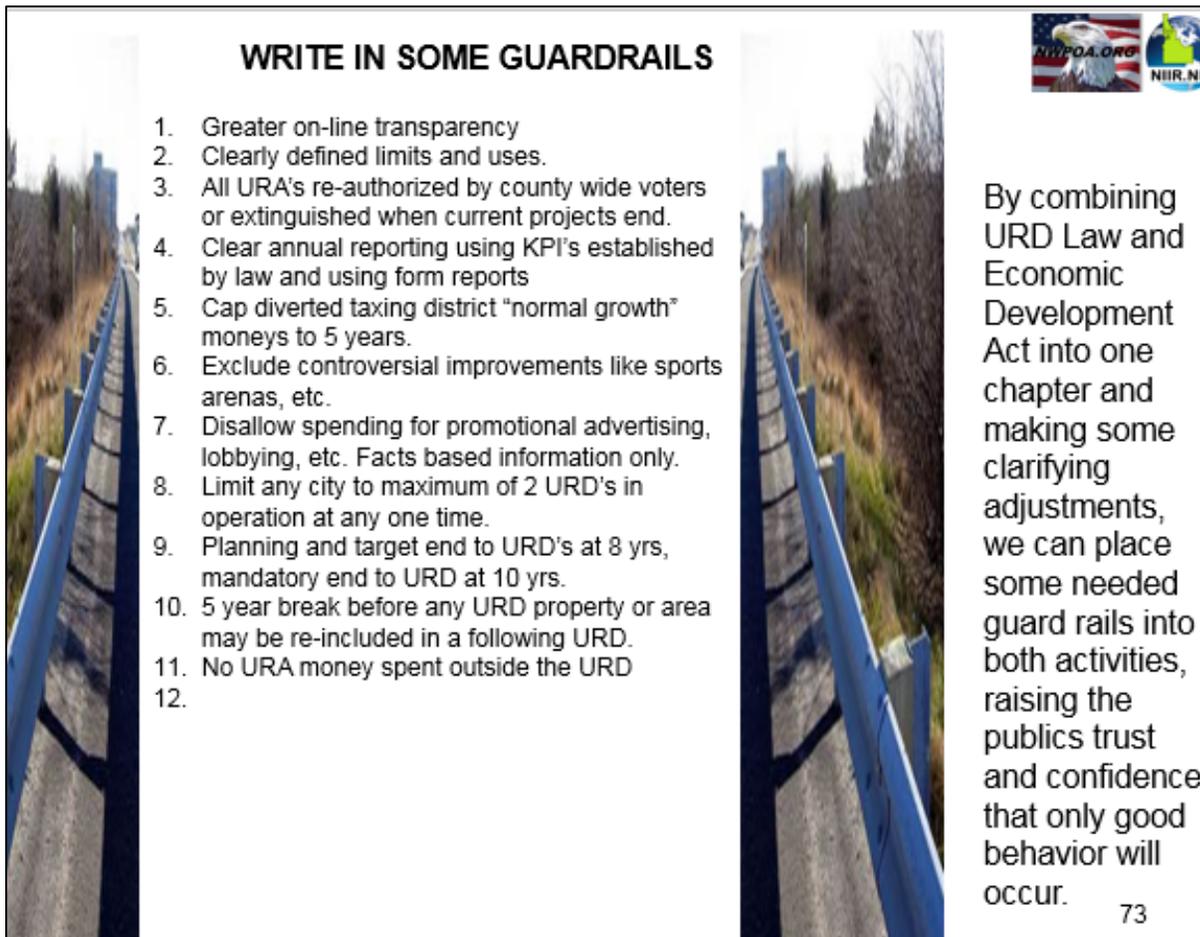
Assessment Information			
Appraisal Date	01-01-2014	Current Year - 2014	0
Market Value	\$4,878,300	Homeowners Eligible Amt Land	\$0
Market Value Improvement	\$0	Homeowners Eligible Amt Imp	\$0
Total Market Value	\$4,878,300	Sum Homeowners Eligible Amt	\$0
		Homeowners Exemption Allowed	\$0
Acres	32.6138	Total Market Value	\$4,878,300
		Homeowners Exemption	\$0
		Ag/Timber Exemption	\$0
		Net Taxable Value	\$4,878,300



Possible Solutions: With millions of tax \$\$ in play, there should be a requirement that every change of property ownership within URD boundaries be posted on the URD website for the entire time the URD is in operation and chronologically all city and URD monies be shown as well.

By putting everything out in the open, perhaps some of the angst about URD activity will fade away. Every URD should have line by line, year by year plan details and by name who they will be working with.

23. Add other guardrails to URD activity.



WRITE IN SOME GUARDRAILS

1. Greater on-line transparency
2. Clearly defined limits and uses.
3. All URA's re-authorized by county wide voters or extinguished when current projects end.
4. Clear annual reporting using KPI's established by law and using form reports
5. Cap diverted taxing district "normal growth" moneys to 5 years.
6. Exclude controversial improvements like sports arenas, etc.
7. Disallow spending for promotional advertising, lobbying, etc. Facts based information only.
8. Limit any city to maximum of 2 URD's in operation at any one time.
9. Planning and target end to URD's at 8 yrs, mandatory end to URD at 10 yrs.
10. 5 year break before any URD property or area may be re-included in a following URD.
11. No URA money spent outside the URD
- 12.

By combining URD Law and Economic Development Act into one chapter and making some clarifying adjustments, we can place some needed guard rails into both activities, raising the publics trust and confidence that only good behavior will occur.

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Possible Solutions: Using advice from the state attorney general, local assessors, taxpayer groups, etc, write some other guardrails to keep all URD activity within some norms.

In closing, we ~~could~~ should rewrite URD law so that it is clear, concise and well understood, we hope that is not only your goal, but the product that the URD Legislative Committee produces.

END SUBMISSION