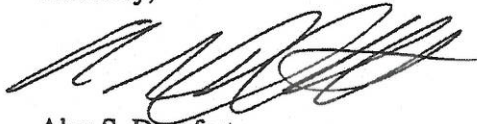


Because the process is so administratively cumbersome (as outlined above), if you want to restrict the urban renewal agency from receiving more money if it is out of compliance, then I would suggest requiring the county to prorate and turn over any additional property tax revenue to the underlying taxing districts. Then, to prevent windfalls to taxing districts and to protect taxpayers I would suggest requiring the taxing districts to subtract the additional revenue from the following year's property tax budget. This procedure is in place for many other funding distributions and would read something like this:

"An urban renewal agency that fails to comply with this section shall have any property tax revenue that exceeds the amount received in the immediate prior tax year be distributed to the taxing districts located within or overlapping any revenue allocation area within that urban renewal district. Said distribution shall be based on each taxing district's proportionate share of the increment value in the current tax year multiplied by the taxing district's current levy rate, reduced proportionately to match the excess to be so apportioned. Any money so received by any taxing district shall be treated as property tax revenue for the purposes of the limitation provided by section 63-802, Idaho Code."

Please let me know if you have any questions or would like further elaboration on any of these issues. I can be reached at 334-7742.

Sincerely,



Alan S. Dornfest
Property Tax Policy Bureau Chief

- c. Steve Fiscus, Property Tax Division Administrator
- George Brown, Deputy Attorney General
- Mike Chakarun, Tax Policy Administrator
- Ken Roberts, Chairman, State Tax Commission
- Tom Katsilometes, Tax Commissioner
- Elliot Werk, Tax Commissioner