

# JOURNEY OF URBAN RENEWAL LEGISLATION 2015/2016 AND IMPACT OF HOUSE BILL 606

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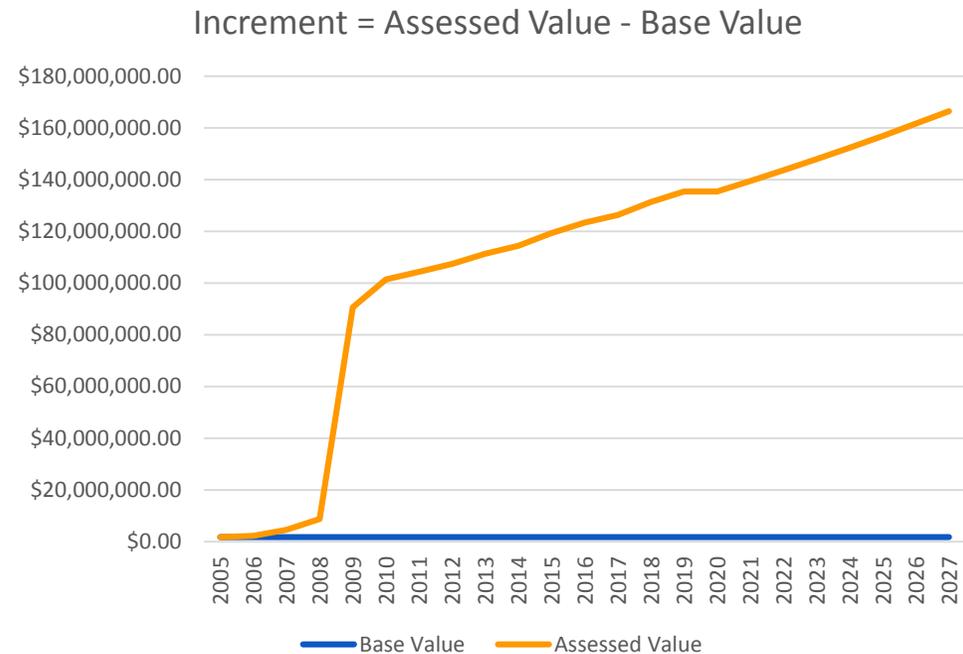
Presented by  
Meghan S. Conrad  
Elam & Burke, PA  
May 4, 2016

# Urban renewal is one of the only local economic development tools available in Idaho.

## How Urban Renewal Areas (URA) are funded

- Boundaries of urban renewal district are established.
- Value of each parcel of real property within district is set (Base Value).
- Property values in the district increase and generate additional property tax proceeds.
- Property taxes generated by incremental increase above the Base Value are used to pay for public improvements and other revitalization activities in the district.

## Tax Increment Financing



# 2015 Legislative Session

- Fall 2014, Group of legislators, lobbyists, and representatives of Idaho urban renewal agencies traveled to Utah to learn about Utah's economic development incentives, including urban renewal. Trip and workup prompted by concerns over introduction of legislation that would severely limit urban renewal authority. Though significant legislative changes were made in 2011; primarily "reform" measures. Additional efforts made in 2012, 2013 and 2014 were not approved.
- January 2015, At direction of House Speaker Bedke, creation of a working group to generate comprehensive urban renewal legislation. Working group included legislators (House and Senate), lobbyists, representatives of urban renewal agencies, representatives from the banking industry, and urban renewal critics. Rep. Youngblood (Nampa) was the ad hoc working group chairman.
- Working group met weekly. Goal was to have a bill drafted by the first week of March.
- Overall, working group discussion focused more on continued reform and limitation than modernization.
- Several bills were drafted and presented including HB 239 seeking to limit the use of revenue allocation funds for the construction of public buildings. None passed. Instead, legislature adopted House Concurrent Resolution 17 (HCR 17) authorizing the appointment of an interim committee on urban renewal.

# HCR 17, Authorizing Paragraph

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- NOW, THEREFORE, BE IT RESOLVED by the members of the First Regular Session of the Sixty-third Idaho Legislature, the House of Representatives and the Senate concurring therein, that the Legislative Council is authorized to appoint a committee to undertake and complete a study of the statutes and laws regarding urban renewal agencies, revenue allocation areas and the Economic Development Act contained in Chapters 20 and 29, Title 50, Idaho Code, and make recommendations for necessary changes to those and other related statutes, and if necessary to state statutes and the state constitution. The Legislative Council shall determine the number of legislators and membership from each house appointed to the committee and shall authorize the committee to receive input, advice and assistance from interested and affected parties who are not members of the Legislature.

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# Urban Renewal Interim Committee

- The 2015 legislature adopted HCR 17 authorizing the Legislative Council to appoint a committee to study urban renewal and urban renewal agencies.
- The committee gathered plans from the urban renewal agencies, met five times between the 2015 and 2016 legislative sessions, and met four times during the 2016 session. Coeur d'Alene committee members held at least one "Urban Renewal Forum" in Coeur d'Alene.
- The committee was comprised of the following Senators and Representatives:

Senators	Representatives
Dan Johnson (Co-chair, Lewiston)	Rick Youngblood (Co-Chair, Nampa)
Jeff Siddoway (Terreton)	Kathy Sims (Coeur d'Alene)
Chuck Winder (Boise)	Robert Anderst (Nampa)
Mary Souza (Coeur d'Alene)	Lance Clow (Twin Falls)
Maryanne Jordan (Boise)	Hy Kloc (Boise)

# Urban Renewal Interim Committee Agendas

## August 10, 2015

- UR Working group findings leading to HCR 17
- Review of Idaho UR statutes
- Review of UR legislation
- Idaho and Utah Public Finance options
- Alternatives to UR
- Assessor concerns on Idaho UR statutes
- Idaho Law Review article on Tax Increment Financing – “What’s the Tiff about TIF?”

## September 21, 2015

- URA Best Practices
- Coeur d’Alene – setting fact from fiction
- What the Caldwell URA is up to
- Association of Idaho Cities
- Ada County Courthouse/Idaho Water Center discussion
- What URA’s do correctly
- Accountability

## October 19, 2015

- Public testimony from mayors, county commissioners, developers, and individuals
- GBAD v Frazier, Ida.Sup. Ct. decision
- Attorney General oversight of UR
- Depository for UR Plans
- Cost and timing of election for UR
- Transparency and accountability
- Public buildings, grants and agreements
- Discussion of HB 567 (2010) does it fit and possible addition of Utah-like community development piece
- Possible legislation

# Urban Renewal Interim Committee Agendas

## November 16, 2015

- Board makeup.
- Issue of public buildings – What can URA funds be used for?
- Consolidate blight and community development
- Accountability
- Finance
- Central repository
- Enforcement – AG? Private action? County prosecutor?
- Modification of plans

## December 14, 2015

- Draft legislation
- Attorney General’s opinion (base assessment roll)

## January 14, 2016

- Finalizing recommendations
- Re-drafted legislation
- “Merging” of Chapters 20 and 29, Title 50, Idaho Code
- Introduction of “community development concept”
- Public building limitations
- Filing, compliance, enforcement, penalty
- Election of board option
- Resetting of the base upon amendment

# Urban Renewal Interim Committee Agendas

## February 10, 2016

- Discussion of draft legislation
  - Board Composition
  - Conflict of interest of agency board members/employees
  - Resetting of the base
  - More specificity of plan content
  - Public building limitation
  - Additional reporting requirements
  - Technical change to new value reporting requirement

## February 18, 2016

- Discussion of revised draft legislation
  - Public Buildings
    - URA fund no more than 50% of the cost to construct a public building.
    - Voter approval if city or other public entity wants to use its funding sources or borrow money for other 50% of public building.
    - If the agency seeks to fund more than 50%, it must seek voter approval (55%).
    - Public buildings within definition: Libraries, City Halls, Jails, Courthouses, School facilities
  - Additional provisions:
    - Base re-set upon modification; exceptions
    - Board makeup: city officials, including the mayor, should make up less than 50% of a board.
    - Option to allow local governments to change their boards from appointed to elected positions
    - Identifies Tax Commission as a repository for urban renewal plans, and further sets forth penalties for non-compliance
- Recommendations approved with unanimous Committee support (7-0)

## March 8, 2016

- Convened as result of introduction of HB 572 which did not match Interim Committee proposal made on 2/18/2016
- Meeting to approve changes made to recommendations approved at 2/18/2016 meeting.
- Significant concerns:
  - No ability to amend an existing plan to identify projects in support of unanticipated economic development opportunities
  - No "grandfather clause" for existing plans
  - Increased voter approval from 55% to 60%

# Attorney General Opinion, November 12, 2015

- **Question by Senator Dan Johnson of Lewiston:**

- Based on the definition of "base assessment roll" found in Idaho Code § 50-2903, does the base value of a Revenue Allocation Area ("RAA") reset to current market value when an urban renewal plan is modified?

**Answer by Attorney General:**

- The direct answer to your question is yes, applying that statute and no others, the modification of an urban renewal plan should result in the base value of any associated RAA being "reset" to the market value as of January 1 of the year of the modification. The current status of the urban renewal statutes, however, does not allow for a definitive answer of your question because other statutes also address the issue. Other Idaho code sections and Property Tax Administrative rules based upon those other code sections may be in tension with § 50-2903 or indicate a legislative departure from § 50-2903, that there is probably no administrative apparatus in place to track all the conditions that could result in a "reset" of base value, and that the common practice is not to reset value for changes to urban renewal plans whether revenue allocation areas are being modified or not.

# Idaho State Tax Commission

## Property Tax Rule 804

- Idaho Property Tax Administrative Rule 804, section 4, covers tax levy certifications in situations involving modification of an urban renewal plan, and states, in pertinent part:
  - 04. Modification of an Urban Renewal Plan. When an authorized municipality passes an ordinance modifying an urban renewal plan containing a revenue allocation financing provision, the current value of property in the RAA shall be determined as if the modification had not occurred.
- Justification for no reset:
  - Idaho Code sections 50-2033 and 50-2904

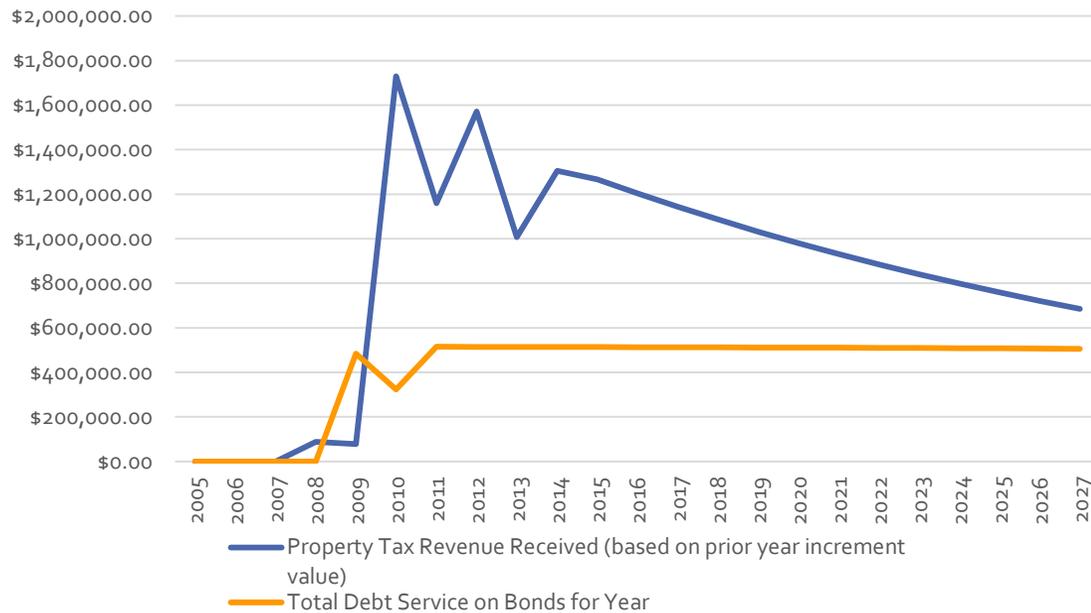
# BASE RE-SET UPON MODIFICATION

- Issue:
  - (1) Maintain the status quo – What happens if the base re-set issue is not addressed this Session?
  - (2) What is the fix?

# What happens if the Base Assessment Roll is reset when a plan is modified?

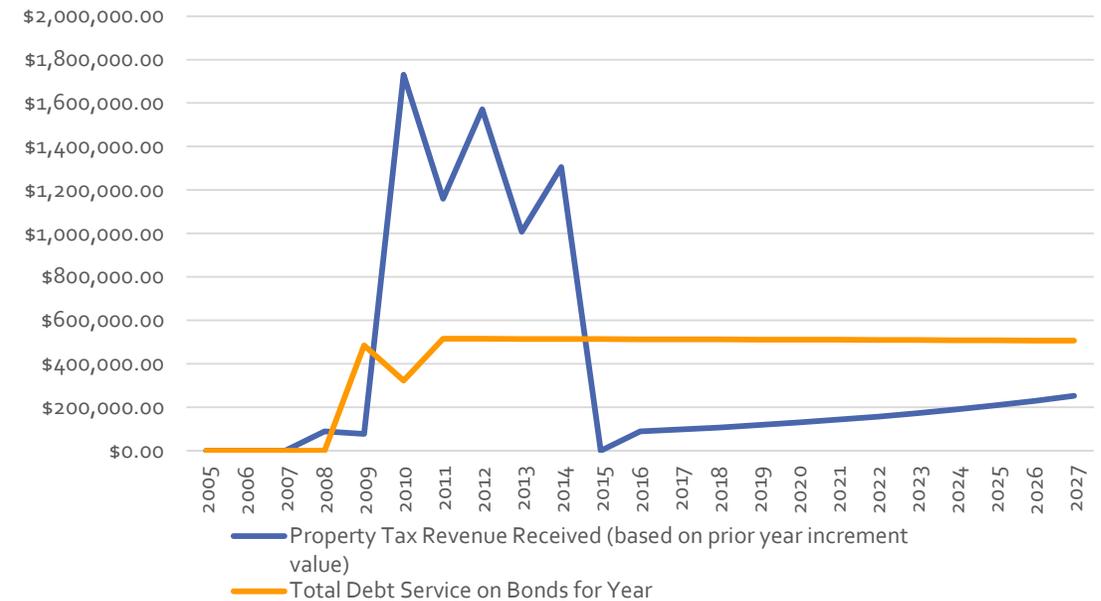
## No reset upon plan modification

Plan Amended in 2014: Base Value Stays at 2005 Assessed Value (property tax revenue is sufficient to service bond debt)



## Reset upon plan modification

Plan Amended in 2014: Base Value Reset to 2014 Assessed Value (in 2015 property tax revenue not sufficient to service bond debt)



# Another Impact of Base Reset

- Without curative amendment – taxing entities will lose new construction value and will be unable to increase budget.
  - Without curative amendment – would be subject to patchwork result by local county assessors or Tax Commission.
  - Hoping for exceptions which would not trigger re-set:
    - Technical modifications not increasing use of revenue allocation funds
    - Increase in the revenue allocation area boundary as already allowed (I.C. § 50-2033)
    - De-annexation of parcels from a revenue allocation area
    - Unanticipated economic development opportunity including a commercial or industrial enterprise promoting creation or retention of jobs increasing increment value
- [Hoped for exceptions accepted by Interim Committee]

Monday	Tuesday	Wednesday	Thursday	Friday
	<b>MARCH 1</b>	<b>MARCH 2</b>	<b>MARCH 3</b> -UR Bill Introduced; different than bill presented at prior UR Interim Com meeting	<b>MARCH 4</b> -HB 572 Printed and Referred to House Rev & Tax Com; House Rev & Tax Com Hearing Scheduled for 3/8/16
<b>MARCH 7</b>	<b>MARCH 8</b> -House Rev & Tax Com Hearing Re HB 572 Cancelled; Interim UR Com met to discuss changes	<b>MARCH 9</b> -9:15 a.m. H Rev & Tax Com Agenda for 3/10/16 Posted - HB 572 only agenda item, 11:30 a.m. H Rev & Tax Com 3/10/16 Hearing Cancelled	<b>MARCH 10</b>	<b>MARCH 11</b>
<b>MARCH 14</b>	<b>MARCH 15</b> -New UR Bill introduced	<b>MARCH 16</b> -HB 606 printed & referred to H Rev & Tax Com	<b>MARCH 17</b> -H Rev & Tax Com hearing; HB 606 reported out of committee; placed on General Orders	<b>MARCH 18</b> -HB 606 amended by House to include grandfather clause but also included expanded list of public buildings subject to funding limitations
<b>MARCH 21</b> -Engrossed bill read by House and filed for 2nd reading	<b>MARCH 22</b> -2nd & 3rd Reading by House; HB 606 passed House; introduced in Senate; Referred to S Local Gov & Tax Com	<b>MARCH 23</b> -S Local Gov & Tax Com hearing; HB 606 reported out of committee to 14th Order for amendment; amended by Senate; 1 <sup>st</sup> reading; filed for 2 <sup>nd</sup> reading; amendment reinstated economic development exception to resetting of the base	<b>MARCH 24</b> -HB 606 to 14th Order for amendment; 3/23/16 amendment removed; filed for 1 <sup>st</sup> & 2nd readings; rules suspended; HB 606 passed Senate	<b>MARCH 25</b> -HB 606 returned to House from Senate; House concurred in Senate amendment; HB 606 passed the House; Legislature adjourned Sine Die

## JOURNEY OF URBAN RENEWAL LEGISLATION DURING THE FINAL FOUR WEEKS OF THE 2016 IDAHO LEGISLATIVE SESSION

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 606, As Amended,  
As Amended in the Senate, As Amended in the Senate

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO URBAN RENEWAL; AMENDING SECTION 50-2006, IDAHO CODE, TO REVISE PROVISIONS FOR THE MAKEUP OF THE BOARD OF COMMISSIONERS OF AN URBAN RENEWAL AGENCY, TO ALLOW FOR THE ELECTION OF COMMISSIONERS, TO REVISE PROVISIONS REGARDING THE FILLING OF VACANCIES, TO PROVIDE RESIDENCY REQUIREMENTS FOR COMMISSIONERS AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 50-2033, IDAHO CODE, TO PROVIDE REQUIREMENTS FOR AMENDMENTS; AMENDING SECTION 50-2903, IDAHO CODE, TO REVISE THE DEFINITIONS OF "BASE ASSESSMENT ROLL," "PLAN" AND "URBAN RENEWAL PLAN" AND "PROJECT COSTS"; AMENDING CHAPTER 29, TITLE 50, IDAHO CODE, TO ADD THE PROVISION OF A NEW SECTION 50-2903A, IDAHO CODE, TO PROVIDE THE EFFECT OF AN ORDINANCE TO MODIFY AN URBAN RENEWAL PLAN AND TO PROVIDE EXCEPTIONS; AMENDING SECTION 50-2905, IDAHO CODE, TO PROVIDE THAT ANY CHANGES TO AN URBAN RENEWAL PLAN SHALL BE NOTICED AND COMPLETED IN AN OPEN PUBLIC MEETING; AMENDING CHAPTER 29, TITLE 50, IDAHO CODE, TO MAKE A TECHNICAL CORRECTION; AMENDING SECTION 50-2905A, IDAHO CODE, TO PROVIDE FOR THE PAYMENT OF CERTAIN PROJECTS AND TO DEFINE TERMS; AMENDING CHAPTER 29, TITLE 50, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 50-2905B, IDAHO CODE, TO PROVIDE THAT URBAN RENEWAL PLANS BE SUBMITTED TO THE STATE TAX COMMISSION AND TO PROVIDE PENALTIES FOR FAILURE TO REPORT; AMENDING SECTION 50-2905C, IDAHO CODE, TO PROVIDE FOR INCLUSION ON THE NEW CONSTRUCTION ROLL WHEN A MODIFICATION OF AN URBAN RENEWAL PLAN OR DE-ANNEXATION OCCURS AND TO MAKE A TECHNICAL CORRECTION; PROVIDING SEVERABILITY; AND PROVIDING EFFECTIVE DATES.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 50-2006, Idaho Code, be, and the same be hereby amended to read as follows:

50-2006. URBAN RENEWAL AGENCY. (a) There is hereby created in each municipality an independent public body corporate and all powers herein are the "urban renewal agency" that was created by the legislature provided in section 50-2005, Idaho Code, before July 1, 2005, 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) Unless provided otherwise in this section, 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 of commissioners to be appointed, and the term of each, provided that the total number of commissioners shall not exceed the office of no more than two (2) commissioners shall expire in the same year. The commissioners shall serve for terms not to exceed five (5) years, from the date of appointment, except that vacancies shall be filled for the unexpired term.

(2) For inefficiency or neglect of duty or misconduct in office, a commissioner may be removed by a majority vote of the board or by the local governing body only after a hearing and after he shall have been given a copy of the charges at least ten (10) days prior to such hearing and have had an opportunity to be heard in person or by counsel. Any commissioner position that becomes vacant at a time other than the expiration of a term shall be filled by a majority vote of the board. The board may elect a person to fill such vacant position where such person meets the requirements of a commissioner provided for in this chapter. The mayor or chair of the board of county commissioners, if that is the local governing body, may, with the advice and consent of the local governing body, including the mayor, if applicable, and shall be filled for the unexpired term.

(3) By enactment of an ordinance, the local governing body may appoint and designate itself from among its members to be members of the board of commissioners of the urban renewal agency, provided that such representation shall be less than a majority of the board of commissioners of the urban renewal agency. The members of the local governing body on and after July 1, 2011, which was the date of the enactment of this chapter, duties, privileges and immunities vested by the urban renewal law of 1965, and as amended, in an appointed board of commissioners, shall be vested in the local governing body, who shall, in all respects when acting as an urban renewal agency, be an arm of state government, entirely separate and distinct from the municipality, to achieve, perform and accomplish the public purposes prescribed and provided by said urban renewal law of 1965, and as amended.

(4) By enactment of an ordinance, the local governing body may terminate the appointed board of commissioners and thereby appoint and designate itself as the board of commissioners of the urban renewal agency for not more than one (1) calendar year.

(5) By enactment of an ordinance, the local governing body may provide that the board of commissioners of the urban renewal agency shall be elected at an election held for such purpose on one (1) of the November dates provided in section 34-106, Idaho Code, and the ordinance may pro-

# ANALYSIS OF HOUSE BILL 606 As Amended, As Amended in the Senate, As Amended in the Senate

# Section 1: Idaho Code § 50-2006

## Amendments: Changes to board composition.

- a. I.C. § 50-2006(b)(2) [P.2, ll:17-29]: Board vacancies prior to the expiration of a term shall be filled by the mayor, by and with the consent of the local governing body. Currently, as the result of an amendment in 2011, a vacancy occurring prior to expiration of a term is filled by a majority vote of the board.
- b. I.C. § 50-2006(b)(3) [P.2, ll:30-42]: Members of the local governing body shall constitute less than a majority of the agency board members.
- c. I.C. § 50-2006(b)(4) [P.2, ll:43-46]: Allows the local governing body to terminate the appointed agency board and designate itself as the board “for not more than one (1) calendar year.” Presumably would allow a local governing body (the full City Council) the ability to take control from a rogue agency board and allow time to appoint a new board with less than a majority elected officials of the city.

# Section 1: Idaho Code § 50-2006 Amendments (continued)

d. I.C. § 50-2006(b)(5) [P.2, ll:47-50, P.3, ll:1-18]: By enactment of an ordinance, the local governing body may provide the agency board members shall stand for election.

e. I.C. § 50-2006(b)(6) [P.3, ll:19-21]: Requires board members to be residents of the county where the agency is located. [unintended consequences]

# Section 2: Idaho Code § 50-2033 Amendment

Idaho Code § 50-2033 is amended to provide primarily technical changes and references to other statutes.

# Section 3: Idaho Code § 50-2903 Amendment

Definition of “base assessment roll” includes a “grandfather clause” intending to protect plans adopted or modified prior to July 1, 2016. Additionally, subsequent modifications to plans adopted prior to July 1, 2016, are not subject to the new “base re-set” limitations as further described in new Section 50-2903A.

This language is intended to respond to the Attorney General opinion issued in November 2015, indicating the base assessment roll values of a RAA should be re-set to the current values upon the year of modification.

## Section 4: Idaho Code § 50-2903A

A New Section: Plans adopted post-July 1, 2016, are subject to base re-set upon modification except in limited circumstances.

The effect of a base reset is the loss of the increment value resulting in an immediate loss of revenue to an urban renewal agency leading to default on existing obligations. This statute will impact plans adopted post-July 1, 2016, and subsequent modifications to those plans.

# Section 4: Idaho Code § 50-2903A

## A New Section (continued)

- a. A modification shall not be deemed to occur in the following limited circumstances:
- (1) To make technical or ministerial plan amendments (P.9, ll:32-35)
  - (2) To make a plan amendment that increases the revenue allocation area boundary by up to 10% (P.9, ll:36-38)
  - (3) To de-annex parcels from a revenue allocation area (P.9, ll:39-40). Provides statutory justification and process though the Tax Commission had considered this process.

**Issue:** What happens to plan amendments processed before HB 606 becomes effective on July 1, 2016.

# Section 4: Idaho Code § 50-2903A

## A New Section (continued)

a. A modification shall not be deemed to occur in the following limited circumstances:

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(4) To make a plan amendment to support growth of an existing commercial or industrial project in an existing revenue allocation area (P.9, ll:41-44)

**Issue:** This is a significant shift from the language contemplated in the Urban Renewal Interim Committee recommendations dated February 18, 2016, which specifically allowed amendments without risk of a base reset to identify additional urban renewal projects supporting an unanticipated new economic development opportunity in an existing RAA. An economic development opportunity was defined as the development of a commercial or industrial enterprise either by promoting the creation or retention of jobs within the state or by increasing the increment value within the RAA.

The language ultimately adopted could only be used in limited circumstances, is subject to varying interpretations, and does not promote economic development.

# Section 4: Idaho Code § 50-2903A

## A New Section (continued)

b. Requires that the State Tax Commission, the county clerk, and the county assessor be notified of any urban renewal plan amendments.

c. If a plan modification is deemed to have occurred, the base assessment value will be reset and accrued tax increment will be lost.

d. Upon certification by the agency of outstanding indebtedness that cannot be repaid prior to termination, a reset does not occur; however, the agency is required to rebate to the taxing districts any amount that exceeds the amount necessary to pay the indebtedness as certified.

**Issue: The agency has the ability to protect indebtedness and “all expenses necessary to comply with all covenants related to the indebtedness” but is silent on retaining funds for agency operations and other related expenses. Further, it is our understanding this language will require specific disclosure by an agency seeking to borrow funds and may result in negative responses from those sources, higher financing costs, or more burdensome loan covenants. Undoubtedly, this new language will make it more difficult to secure financing for future projects.**

**Issue: What happens if certification not made?**

# Section 5: Idaho Code § 50-2905 Amendment

5. Section 5: Idaho Code § 50-2905 is amended to address the contents of a plan
  - a. Requires that a revenue allocation area plan must state with specificity details about the types of projects that are contemplated.

**Issue: Requiring specificity limits an agency's ability to respond to new economic development opportunities. Additionally, as projects materialize, sometimes changes in location of improvements are required. At what point does a change deviate from the specificity requirement to require a plan amendment?**

- b. Requires that any changes to an urban renewal plan be noticed and completed in an open public meeting.

# Section 6: Idaho Code § 50-2905A

## A New Section: Limits use of TIF to fund construction of public buildings.

Idaho Code § 50-2905A is a new section of Idaho Code limiting the use of revenue allocation funds to fund the construction of certain municipal buildings.

# Section 6: Idaho Code § 50-2905A

## A New Section (continued)

- a. Allows the use of revenue allocation funds to fund up to 50% of the costs to construct municipal buildings.
- b. If 51% or more of project costs to construct a municipal building are to be funded by revenue allocation funds, the project must be approved by 60% of the participating qualified electors.

**This is also a significant change from the recommendations of the Urban Renewal Interim Committee, dated February 18, 2016, which provided for 55% voter approval.**

- c. By virtue of House amendment, municipal building is defined as, and therefore, the voting provisions only apply to the construction of: an administrative building, a city hall, a library, a courthouse, public safety or law enforcement buildings, other judicial buildings, fire stations, jails and detention facilities.
- d. Public parking structures are not defined as “municipal buildings”, and therefore, no voter approval is required.

# Section 7: Idaho Code § 50-2913

## A New Section

Idaho Code § 50-2913 is a new section to establish urban renewal reporting requirements and penalties for non-compliance. This section would not be in full force and effect until January 1, 2017. (see P.16, ll:20-22)

# Section 7: Idaho Code § 50-2913

## A New Section (continued)

- a. Establishes a central repository to be managed by the State Tax Commission for urban renewal agencies to upload urban renewal plans and urban renewal plan amendments.
- b. Urban renewal agencies that fail to comply with reporting requirements will experience, among other penalties, loss of new increment and a temporary loss of property tax replacement revenues. (P.13, ll:14-32)

**Issue:** There are no protections for outstanding indebtedness, plus this language will require specific disclosure by an agency seeking to borrow funds and may result in negative responses from those sources, higher financing costs, or more burdensome loan covenants. Undoubtedly, this new language will make it more difficult to secure financing for future projects.

# Section 8: Idaho Code § 63-301A Amendment

8. Section 8: Amends Section 63-301A, Idaho Code, relating to the new construction roll.

a. Clarifies that in the event of a base reset due to a plan amendment (assuming an exception to modification does not apply), the overlapping taxing districts will be able to capture the increment for new construction to increase their budget capacity.

b. Clarifies that in the event of an amendment to de-annex parcels from within a revenue allocation area, the overlapping taxing districts will be able to capture the increment for those parcels as new construction to increase their budget capacity.



# URBAN RENEWAL IN IDAHO

A Valuable Tool Worth Preserving



Twin Falls



Post Falls

Boise



Moscow



Lewiston



Idaho Falls



Coeur d'Alene



Driggs



Pocatello

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 606, As Amended,  
As Amended in the Senate, As Amended in the Senate

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO URBAN RENEWAL; AMENDING SECTION 50-2006, IDAHO CODE, TO REVISE  
2 PROVISIONS FOR THE MAKEUP OF THE BOARD OF COMMISSIONERS OF AN URBAN  
3 RENEWAL AGENCY, TO ALLOW FOR THE ELECTION OF COMMISSIONERS, TO REVISE  
4 PROVISIONS REGARDING THE FILLING OF VACANCIES, TO PROVIDE RESIDENCY  
5 REQUIREMENTS FOR COMMISSIONERS AND TO MAKE TECHNICAL CORRECTIONS;  
6 AMENDING SECTION 50-2033, IDAHO CODE, TO PROVIDE REQUIREMENTS FOR  
7 AMENDMENTS; AMENDING SECTION 50-2903, IDAHO CODE, TO REVISE THE DEFINI-  
8 TIONS OF "BASE ASSESSMENT ROLL," "PLAN" OR "URBAN RENEWAL PLAN" AND  
9 "PROJECT COSTS"; AMENDING CHAPTER 29, TITLE 50, IDAHO CODE, BY THE AD-  
10 DITION OF A NEW SECTION 50-2903A, IDAHO CODE, TO PROVIDE THE EFFECT OF  
11 AN ORDINANCE TO MODIFY AN URBAN RENEWAL PLAN AND TO PROVIDE EXCEPTIONS;  
12 AMENDING SECTION 50-2905, IDAHO CODE, TO PROVIDE THAT ANY CHANGES TO  
13 AN URBAN RENEWAL PLAN SHALL BE NOTICED AND COMPLETED IN AN OPEN PUBLIC  
14 MEETING; AMENDING CHAPTER 29, TITLE 50, IDAHO CODE, BY THE ADDITION OF A  
15 NEW SECTION 50-2905A, IDAHO CODE, TO PROVIDE FOR AN ELECTION ON CERTAIN  
16 PROJECTS AND TO DEFINE TERMS; AMENDING CHAPTER 29, TITLE 50, IDAHO CODE,  
17 BY THE ADDITION OF A NEW SECTION 50-2913, IDAHO CODE, TO PROVIDE THAT  
18 URBAN RENEWAL PLANS BE SUBMITTED TO THE STATE TAX COMMISSION AND TO PRO-  
19 VIDE PENALTIES FOR FAILURE TO REPORT; AMENDING SECTION 63-301A, IDAHO  
20 CODE, TO PROVIDE FOR INCLUSION ON THE NEW CONSTRUCTION ROLL WHEN A MODI-  
21 FICATION OF AN URBAN RENEWAL PLAN OR DE-ANNEXATION OCCURS AND TO MAKE A  
22 TECHNICAL CORRECTION; PROVIDING SEVERABILITY; AND PROVIDING EFFECTIVE  
23 DATES.  
24

25 Be It Enacted by the Legislature of the State of Idaho:

26 SECTION 1. That Section 50-2006, Idaho Code, be, and the same is hereby  
27 amended to read as follows:

28 50-2006. URBAN RENEWAL AGENCY. (a) There is hereby created in each mu-  
29 nicipality an independent public body corporate and politic to be known as  
30 the "urban renewal agency" that was created by resolution as provided in sec-  
31 tion 50-2005, Idaho Code, before July 1, 2011, for the municipality; pro-  
32 vided, that such agency shall not transact any business or exercise its pow-  
33 ers hereunder until or unless: (1) the local governing body has made the  
34 findings prescribed in section 50-2005, Idaho Code; and provided further,  
35 that such agency created after July 1, 2011, shall not transact any busi-  
36 ness or exercise its powers provided for in this chapter until (2) a major-  
37 ity of qualified electors, voting in a citywide or countywide election de-  
38 pending on the municipality in which such agency is created, vote to autho-  
39 rize such agency to transact business and exercise its powers provided for in  
40 this chapter. If prior to July 1, 2011, the local governing body has made the  
41 findings prescribed in subsection (a) (1) of this section then such agency

1 shall transact business and shall exercise its powers hereunder and is not  
2 subject to the requirements of subsection (a) (2) of this section.

3 (b) Upon satisfaction of the requirements under subsection (a) of this  
4 section, the urban renewal agency is authorized to transact the business and  
5 exercise the powers hereunder by a board of commissioners to be established  
6 as follows:

7 (1) Unless provided otherwise in this section, tThe mayor, by and with  
8 the advice and consent of the local governing body, shall appoint a  
9 board of commissioners of the urban renewal agency, which shall consist  
10 of not less than three (3) commissioners nor more than nine (9) commis-  
11 sioners. In the order of appointment, the mayor shall designate the  
12 number of commissioners to be appointed, and the term of each, provided  
13 that the original term of office of no more than two (2) commissioners  
14 shall expire in the same year. The commissioners shall serve for terms  
15 not to exceed five (5) years, from the date of appointment, except that  
16 all vacancies shall be filled for the unexpired term.

17 (2) For inefficiency or neglect of duty or misconduct in office, a com-  
18 missioner may be removed by a majority vote of ~~the board or~~ by the local  
19 governing body only after a hearing and after he shall have been given  
20 a copy of the charges at least ten (10) days prior to such hearing and  
21 have had an opportunity to be heard in person or by counsel. Any com-  
22 mission position ~~which that~~ becomes vacant at a time other than the ex-  
23 piration of a term shall be filled by a majority vote of the board. ~~The~~  
24 ~~board may elect any person to fill such vacant position where such per-~~  
25 ~~son meets the requirements of a commissioner provided for in this chap-~~  
26 ~~ter~~ the mayor or chair of the board of county commissioners, if that is  
27 the local governing body, by and with the advice and consent of the local  
28 governing body, including the mayor, if applicable, and shall be filled  
29 for the unexpired term.

30 (3) By enactment of an ordinance, the local governing body may appoint  
31 and designate itself from among its members to be members of the board of  
32 commissioners of the urban renewal agency, provided that such represen-  
33 tation shall be less than a majority of the board of commissioners of the  
34 urban renewal agency of the members of the local governing body on and  
35 after July 1, 2017, in which case all the rights, powers, duties, priv-  
36 ileges and immunities vested by the urban renewal law of 1965, and as  
37 amended, in an appointed board of commissioners, shall be vested in the  
38 local governing body, who shall, in all respects when acting as an urban  
39 renewal agency, be acting as an arm of state government, entirely sepa-  
40 rate and distinct from the municipality, to achieve, perform and accom-  
41 plish the public purposes prescribed and provided by said urban renewal  
42 law of 1965, and as amended.

43 (4) By enactment of an ordinance, the local governing body may termi-  
44 nate the appointed board of commissioners and thereby appoint and des-  
45 ignate itself as the board of commissioners of the urban renewal agency  
46 for not more than one (1) calendar year.

47 (5) By enactment of an ordinance, the local governing body may provide  
48 that the board of commissioners of the urban renewal agency shall be  
49 elected at an election held for such purpose on one (1) of the November  
50 dates provided in section 34-106, Idaho Code, and the ordinance may pro-

1 vide term limits for the commissioners. In this case, all the rights,  
2 powers, duties, privileges and immunities vested by the urban renewal  
3 law of 1965, and as amended, in an appointed board of commissioners,  
4 shall be vested in the elected board of commissioners of the urban re-  
5 newal agency, who shall, in all respects when acting as an urban renewal  
6 agency, be acting as an arm of state government, entirely separate and  
7 distinct from the municipality, to achieve, perform and accomplish the  
8 public purposes prescribed and provided by said urban renewal law of  
9 1965, and as amended. The provisions of section 50-420, Idaho Code,  
10 shall apply to elected commissioners if the sponsoring entity is a city  
11 or the provisions of county election law if the sponsoring entity is a  
12 county and the county election law shall apply to the person running for  
13 commissioner as if they were running for county commissioner. In the  
14 event of a vacancy in an elected commissioner position, the replacement  
15 shall be appointed by the mayor or chair of the board of county commis-  
16 sioners, if that is the local governing body by and with the advice and  
17 consent of the local governing body, and shall be filled for the unex-  
18 pired term.

19 (6) In all instances, a member of the board of commissioners of the ur-  
20 ban renewal agency must be a resident of the county where the urban re-  
21 newal agency is located or is doing business.

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

29 The powers of an urban renewal agency shall be exercised by the commis-  
30 sioners thereof. A majority of the commissioners shall constitute a quo-  
31 rum for the purpose of conducting business and exercising the powers of the  
32 agency and for all other purposes. Action may be taken by the agency upon a  
33 vote of a majority of the commissioners present, unless in any case the by-  
34 laws shall require a larger number.

35 The commissioners shall elect the chairman, cochairman or vice chair-  
36 man for a term of one (1) year from among their members. An agency may employ  
37 an executive director, technical experts and such other agents and employ-  
38 ees, permanent and temporary, as it may require, and determine their qual-  
39 ifications, duties and compensation. For such legal service as it may re-  
40 quire, an agency may employ or retain its own counsel and legal staff. An  
41 agency authorized to transact business and exercise powers under this chap-  
42 ter shall file, with the local governing body, on or before March 31 of each  
43 year a report of its activities for the preceding calendar year, which report  
44 shall include a complete financial statement setting forth its assets, lia-  
45 bilities, income and operating expense as of the end of such calendar year.  
46 The agency shall be required to hold a public meeting to report these find-  
47 ings and take comments from the public. At the time of filing the report, the  
48 agency shall publish in a newspaper of general circulation in the community  
49 a notice to the effect that such report has been filed with the municipality

1 and that the report is available for inspection during business hours in the  
2 office of the city clerk or county recorder and in the office of the agency.

3 (d) An urban renewal agency shall have the same fiscal year as a municipi-  
4 pality and shall be subject to the same audit requirements as a municipality.  
5 An urban renewal agency shall be required to prepare and file with its lo-  
6 cal governing body an annual financial report and shall prepare, approve and  
7 adopt an annual budget for filing with the local governing body, for informa-  
8 tional purposes. A budget means an annual estimate of revenues and expenses  
9 for the following fiscal year of the agency.

10 (e) An urban renewal agency shall comply with the public records law  
11 pursuant to chapter 1, title 74, Idaho Code, open meetings law pursuant to  
12 chapter 2, title 74, Idaho Code, the ethics in government law pursuant to  
13 chapter 4, title 74, Idaho Code, and the competitive bidding provisions of  
14 chapter 28, title 67, Idaho Code.

15 SECTION 2. That Section 50-2033, Idaho Code, be, and the same is hereby  
16 amended to read as follows:

17 50-2033. ~~PROHIBITED AMENDMENTS.~~ Except for consolidation of revenue  
18 allocation areas, a revenue allocation area may ~~not only~~ be amended to ex-  
19 tend its boundaries as set forth herein. An amendment to an urban renewal  
20 plan ~~created under this chapter~~ that does not seek to increase the geographic  
21 area of the plan, or does not seek to extend the years of the plan beyond the  
22 maximum term allowed under chapter 29, title 50, Idaho Code, is not a pro-  
23 hibited amendment, but may be subject to the limitations set forth in sec-  
24 tion 50-2903A, Idaho Code. ~~No plan amendment to an existing revenue alloca-~~  
25 ~~tion area shall be interpreted to or shall cause an extension of the limita-~~  
26 ~~tions established for the existing revenue allocation area as set forth in~~  
27 ~~section 50-2904, Idaho Code.~~ Notwithstanding these Subject to the limita-  
28 tions in this section and section 50-2903A, Idaho Code, an urban renewal plan  
29 that includes a revenue allocation area may be extended only one (1) time to  
30 extend the boundary of the revenue allocation so long as the total area to be  
31 added is not greater than ten percent (10%) of the existing revenue alloca-  
32 tion area and the area to be added is contiguous to the existing revenue allo-  
33 cation area but such contiguity cannot be established solely by a shoestring  
34 or strip of land which comprises a railroad or public right-of-way.

35 SECTION 3. That Section 50-2903, Idaho Code, be, and the same is hereby  
36 amended to read as follows:

37 50-2903. DEFINITIONS. The following terms used in this chapter shall  
38 have the following meanings, unless the context otherwise requires:

39 (1) "Act" or "this act" means this revenue allocation act.

40 (2) "Agency" or "urban renewal agency" means a public body created pur-  
41 suant to section 50-2006, Idaho Code.

42 (3) "Authorized municipality" or "municipality" means any county or  
43 incorporated city which has established an urban renewal agency, or by or-  
44 dinance has identified and created a competitively disadvantaged border  
45 community.

46 (4) Except as provided in section 50-2903A, Idaho Code, "Base assess-  
47 ment roll" means the equalized assessment rolls, for all classes of taxable

1 property, on January 1 of the year in which the local governing body of an au-  
2 thorized municipality passes an ordinance adopting or modifying an urban re-  
3 newal plan containing a revenue allocation financing provision, except that  
4 the base assessment roll shall be adjusted as follows: the equalized as-  
5 sessment valuation of the taxable property in a revenue allocation area as  
6 shown upon the base assessment roll shall be reduced by the amount by which  
7 the equalized assessed valuation as shown on the base assessment roll ex-  
8 ceeds the current equalized assessed valuation of any taxable property lo-  
9 cated in the revenue allocation area, and by the equalized assessed valu-  
10 ation of taxable property in such revenue allocation area that becomes ex-  
11 empt from taxation subsequent to the date of the base assessment roll. The  
12 equalized assessed valuation of the taxable property in a revenue allocation  
13 area as shown on the base assessment roll shall be increased by the equal-  
14 ized assessed valuation, as of the date of the base assessment roll, of tax-  
15 able property in such revenue allocation area that becomes taxable after the  
16 date of the base assessment roll, provided any increase in valuation caused  
17 by the removal of the agricultural tax exemption from undeveloped agricul-  
18 tural land in a revenue allocation area shall be added to the base assess-  
19 ment roll. An urban renewal plan containing a revenue allocation financ-  
20 ing provision adopted or modified prior to July 1, 2016, is not subject to  
21 section 50-2903A, Idaho Code. For plans adopted or modified prior to July  
22 1, 2016, and for subsequent modifications of those urban renewal plans, the  
23 value of the base assessment roll of property within the revenue allocation  
24 area shall be determined as if the modification had not occurred.

25 (5) "Budget" means an annual estimate of revenues and expenses for the  
26 following fiscal year of the agency. An agency shall, by September 1 of each  
27 calendar year, adopt and publish, as described in section 50-1002, Idaho  
28 Code, a budget for the next fiscal year. An agency may amend its adopted  
29 budget using the same procedures as used for adoption of the budget. For  
30 the fiscal year that immediately predates the termination date for an urban  
31 renewal plan involving a revenue allocation area or will include the termi-  
32 nation date, the agency shall adopt and publish a budget specifically for the  
33 projected revenues and expenses of the plan and make a determination as to  
34 whether the revenue allocation area can be terminated before the January 1  
35 of the termination year pursuant to the terms of section 50-2909(4), Idaho  
36 Code. In the event that the agency determines that current tax year revenues  
37 are sufficient to cover all estimated expenses for the current year and all  
38 future years, by September 1 the agency shall adopt a resolution advising and  
39 notifying the local governing body, the county auditor, and the state tax  
40 commission and recommending the adoption of an ordinance for termination of  
41 the revenue allocation area by December 31 of the current year and declaring  
42 a surplus to be distributed as described in section 50-2909, Idaho Code,  
43 should a surplus be determined to exist. The agency shall cause the ordi-  
44 nance to be filed with the office of the county recorder and the Idaho state  
45 tax commission as provided in section 63-215, Idaho Code. Upon notification  
46 of revenues sufficient to cover expenses as provided herein, the increment  
47 value of that revenue allocation area shall be included in the net taxable  
48 value of the appropriate taxing districts when calculating the subsequent  
49 property tax levies pursuant to section 63-803, Idaho Code. The increment  
50 value shall also be included in subsequent notification of taxable value for

1 each taxing district pursuant to section 63-1312, Idaho Code, and subsequent  
2 certification of actual and adjusted market values for each school district  
3 pursuant to section 63-315, Idaho Code.

4 (6) "Clerk" means the clerk of the municipality.

5 (7) "Competitively disadvantaged border community area" means a parcel  
6 of land consisting of at least forty (40) acres which is situated within the  
7 jurisdiction of a county or an incorporated city and within twenty-five (25)  
8 miles of a state or international border, which the governing body of such  
9 county or incorporated city has determined by ordinance is disadvantaged in  
10 its ability to attract business, private investment, or commercial develop-  
11 ment, as a result of a competitive advantage in the adjacent state or nation  
12 resulting from inequities or disparities in comparative sales taxes, income  
13 taxes, property taxes, population or unique geographic features.

14 (8) "Deteriorated area" means:

15 (a) Any area, including a slum area, in which there is a predominance  
16 of buildings or improvements, whether residential or nonresidential,  
17 which by reason of dilapidation, deterioration, age or obsolescence,  
18 inadequate provision for ventilation, light, air, sanitation, or open  
19 spaces, high density of population and overcrowding, or the existence  
20 of conditions which endanger life or property by fire and other causes,  
21 or any combination of such factors, is conducive to ill health, trans-  
22 mission of disease, infant mortality, juvenile delinquency, or crime,  
23 and is detrimental to the public health, safety, morals or welfare.

24 (b) Any area which by reason of the presence of a substantial number of  
25 deteriorated or deteriorating structures, predominance of defective or  
26 inadequate street layout, faulty lot layout in relation to size, ade-  
27 quacy, accessibility or usefulness, insanitary or unsafe conditions,  
28 deterioration of site or other improvements, diversity of ownership,  
29 tax or special assessment delinquency exceeding the fair value of the  
30 land, defective or unusual conditions of title, or the existence of con-  
31 ditions which endanger life or property by fire and other causes, or any  
32 combination of such factors, results in economic underdevelopment of  
33 the area, substantially impairs or arrests the sound growth of a munici-  
34 pality, retards the provision of housing accommodations or constitutes  
35 an economic or social liability and is a menace to the public health,  
36 safety, morals or welfare in its present condition and use.

37 (c) Any area which is predominately open and which because of obsolete  
38 platting, diversity of ownership, deterioration of structures or im-  
39 provements, or otherwise, results in economic underdevelopment of the  
40 area or substantially impairs or arrests the sound growth of a munici-  
41 pality. The provisions of section 50-2008(d), Idaho Code, shall apply  
42 to open areas.

43 (d) Any area which the local governing body certifies is in need of  
44 redevelopment or rehabilitation as a result of a flood, storm, earth-  
45 quake, or other natural disaster or catastrophe respecting which the  
46 governor of the state has certified the need for disaster assistance  
47 under any federal law.

48 (e) Any area which by reason of its proximity to the border of an ad-  
49 jacent state is competitively disadvantaged in its ability to attract

1 private investment, business or commercial development which would  
2 promote the purposes of this chapter.

3 (f) "Deteriorated area" does not mean not developed beyond agricul-  
4 tural, or any agricultural operation as defined in section 22-4502(1),  
5 Idaho Code, or any forest land as defined in section 63-1701(4), Idaho  
6 Code, unless the owner of the agricultural operation or the forest  
7 landowner of the forest land gives written consent to be included in the  
8 deteriorated area, except for an agricultural operation or forest land  
9 that has not been used for three (3) consecutive years.

10 (9) "Facilities" means land, rights in land, buildings, structures,  
11 machinery, landscaping, extension of utility services, approaches, road-  
12 ways and parking, handling and storage areas, and similar auxiliary and re-  
13 lated facilities.

14 (10) "Increment value" means the total value calculated by summing the  
15 differences between the current equalized value of each taxable property in  
16 the revenue allocation area and that property's current base value on the  
17 base assessment roll, provided such difference is a positive value.

18 (11) "Local governing body" means the city council or board of county  
19 commissioners of a municipality.

20 (12) "Plan" or "urban renewal plan" means a plan, as it exists or may  
21 from time to time be amended, prepared and approved pursuant to sections  
22 50-2008 and 50-2905, Idaho Code, and any method or methods of financing such  
23 plan, which methods may include revenue allocation financing provisions.

24 (13) "Project" or "urban renewal project" or "competitively disadvan-  
25 taged border areas" may include undertakings and activities of a municipal-  
26 ity in an urban renewal area for the elimination of deteriorated or deterio-  
27 rating areas and for the prevention of the development or spread of slums and  
28 blight and may involve slum clearance and redevelopment in an urban renewal  
29 area, or rehabilitation or conservation in an urban renewal area, or any com-  
30 bination or part thereof in accordance with an urban renewal plan. Such un-  
31 dertakings and activities may include:

32 (a) Acquisition of a deteriorated area or a deteriorating area or por-  
33 tion thereof;

34 (b) Demolition and removal of buildings and improvement;

35 (c) Installation, construction, or reconstruction of streets, utili-  
36 ties, parks, playgrounds, open space, off-street parking facilities,  
37 public facilities, public recreation and entertainment facilities or  
38 buildings and other improvements necessary for carrying out, in the ur-  
39 ban renewal area or competitively disadvantaged border community area,  
40 the urban renewal objectives of this act in accordance with the urban  
41 renewal plan or the competitively disadvantaged border community area  
42 ordinance.

43 (d) Disposition of any property acquired in the urban renewal area or  
44 the competitively disadvantaged border community area (including sale,  
45 initial leasing or retention by the agency itself) or the municipality  
46 creating the competitively disadvantaged border community area at its  
47 fair value for uses in accordance with the urban renewal plan except for  
48 disposition of property to another public body;

- 1 (e) Carrying out plans for a program of voluntary or compulsory repair  
2 and rehabilitation of buildings or other improvements in accordance  
3 with the urban renewal plan;
- 4 (f) Acquisition of real property in the urban renewal area or the com-  
5 petitively disadvantaged border community area which, under the urban  
6 renewal plan, is to be repaired or rehabilitated for dwelling use or re-  
7 lated facilities, repair or rehabilitation of the structures for guid-  
8 ance purposes, and resale of the property;
- 9 (g) Acquisition of any other real property in the urban renewal area  
10 or competitively disadvantaged border community area where necessary  
11 to eliminate unhealthful, insanitary or unsafe conditions, lessen den-  
12 sity, eliminate obsolete or other uses detrimental to the public wel-  
13 fare, or otherwise to remove or to prevent the spread of blight or dete-  
14 rioration, or to provide land for needed public facilities or where nec-  
15 essary to accomplish the purposes for which a competitively disadvan-  
16 taged border community area was created by ordinance;
- 17 (h) Lending or investing federal funds; and
- 18 (i) Construction of foundations, platforms and other like structural  
19 forms.
- 20 (14) "Project costs" includes, but is not limited to:
- 21 (a) Capital costs, including the actual costs of the construction of  
22 public works or improvements, facilities, buildings, structures, and  
23 permanent fixtures; the demolition, alteration, remodeling, repair or  
24 reconstruction of existing buildings, structures, and permanent fix-  
25 tures; the acquisition of equipment; and the clearing and grading of  
26 land;
- 27 (b) Financing costs, including interest during construction and capi-  
28 talized debt service or repair and replacement or other appropriate re-  
29 serves;
- 30 (c) Real property assembly costs, meaning any deficit incurred from the  
31 sale or lease by a municipality of real or personal property within a  
32 revenue allocation district;
- 33 (d) Professional service costs, including those costs incurred for ar-  
34 chitectural, planning, engineering, and legal advice and services;
- 35 (e) Direct administrative costs, including reasonable charges for the  
36 time spent by municipal city or county employees in connection with the  
37 implementation of a project plan;
- 38 (f) Relocation costs;
- 39 (g) Other costs incidental to any of the foregoing costs.
- 40 (15) "Revenue allocation area" means that portion of an urban renewal  
41 area or competitively disadvantaged border community area where the equal-  
42 ized assessed valuation (as shown by the taxable property assessment rolls)  
43 of which the local governing body has determined, on and as a part of an urban  
44 renewal plan, is likely to increase as a result of the initiation of an urban  
45 renewal project or competitively disadvantaged border community area. The  
46 base assessment roll or rolls of revenue allocation area or areas shall not  
47 exceed at any time ten percent (10%) of the current assessed valuation of all  
48 taxable property within the municipality.
- 49 (16) "State" means the state of Idaho.

1 (17) "Tax" or "taxes" means all property tax levies upon taxable prop-  
2 erty.

3 (18) "Taxable property" means taxable real property, personal prop-  
4 erty, operating property, or any other tangible or intangible property  
5 included on the equalized assessment rolls.

6 (19) "Taxing district" means a taxing district as defined in section  
7 63-201, Idaho Code, as that section now exists or may hereafter be amended.

8 (20) "Termination date" means a specific date no later than twenty (20)  
9 years from the effective date of an urban renewal plan or as described in sec-  
10 tion 50-2904, Idaho Code, on which date the plan shall terminate. Every ur-  
11 ban renewal plan shall have a termination date that can be modified or ex-  
12 tended subject to the twenty (20) year maximum limitation. Provided how-  
13 ever, the duration of a revenue allocation financing provision may be ex-  
14 tended as provided in section 50-2904, Idaho Code.

15 SECTION 4. That Chapter 29, Title 50, Idaho Code, be, and the same is  
16 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
17 ignated as Section 50-2903A, Idaho Code, and to read as follows:

18 50-2903A. EFFECT OF ORDINANCE TO MODIFY URBAN RENEWAL PLAN -- EXCEP-  
19 TION.

20 (1) (a) On and after July 1, 2016, except as provided in subsection (2)  
21 of this section, when an urban renewal plan containing a revenue alloca-  
22 tion financing provision is modified through an ordinance of the autho-  
23 rized municipality, the base value for the year immediately following  
24 the year in which the modification occurred shall include the current  
25 year's equalized assessed value of the taxable property in a revenue al-  
26 location area. The urban renewal agency shall be required annually to  
27 attest to having or not having modified any of its plans. If no modifi-  
28 cation has occurred, the urban renewal agency shall attest that fact on  
29 an affidavit provided by the state tax commission before the first Mon-  
30 day in June of each year. Modification shall not be deemed to have oc-  
31 curred when:

32 (i) There is a plan amendment to make technical or ministerial  
33 changes to a plan that does not involve an increase in the use of  
34 revenues allocated to the agency pursuant to section 50-2908,  
35 Idaho Code; or

36 (ii) There is a plan amendment to accommodate an increase in the  
37 revenue allocation area boundary as permitted in section 50-2033,  
38 Idaho Code; or

39 (iii) There is a plan amendment to accommodate a de-annexation in  
40 the revenue allocation area boundary; or

41 (iv) There is a plan amendment to support growth of an existing  
42 commercial or industrial project in an existing revenue alloca-  
43 tion area, subject to the provisions of section 50-2905A, Idaho  
44 Code.

45 (b) Notice of any plan modification shall state the nature of the mod-  
46 ification and shall be provided to the state tax commission, the county  
47 clerk and the county assessor by the first Monday in June of the years  
48 following the modification.

1 (c) Once a modification is deemed to have occurred, the base assessment  
2 value shall be reset pursuant to this subsection.

3 (2) When the urban renewal agency certifies to the county clerk and  
4 state tax commission that there is outstanding indebtedness, the base value  
5 for the year immediately following the year in which the modification oc-  
6 curred shall be computed and adjusted irrespective of the modification to  
7 the plan, but in compliance with all other requirements for adjustment as  
8 provided in section 50-2903(4), Idaho Code. To be allowed this exception no  
9 later than the first Monday in June each year, beginning the year immediately  
10 following the year in which the modification occurred, the urban renewal  
11 agency must certify:

12 (a) That the indebtedness could not be repaid by the agency prior to  
13 the termination of the revenue allocation area without the allocation  
14 of property tax revenues as provided in section 50-2908, Idaho Code; and

15 (b) The estimated total budget to be used for paying indebtedness dur-  
16 ing each year until termination of the revenue allocation area, the  
17 amount of nonproperty tax revenue to be used by the agency to pay indebt-  
18 edness each year, and the estimated amount of revenue to be allocated to  
19 the agency for the modified revenue allocation area pursuant to section  
20 50-2908, Idaho Code, to be used for paying indebtedness. For purposes  
21 of this section "indebtedness" shall mean any bonds, including refund-  
22 ing bonds, notes, interim certificates, certificates of indebtedness,  
23 debentures or other obligations, together with all expenses necessary  
24 to comply with all covenants related to the indebtedness.

25 (3) To the extent the amount of revenue allocated to the modified rev-  
26 enue allocation area pursuant to section 50-2908, Idaho Code, exceeds the  
27 amount necessary to pay indebtedness certified in subsection (2) (b) of this  
28 section, the excess shall be distributed by the county clerk to each taxing  
29 district or unit in the same manner as property taxes, except that each tax-  
30 ing district or unit shall be notified of the amount of any distribution of  
31 excess urban renewal allocations included in any distribution. For purposes  
32 of the limitation provided by section 63-802, Idaho Code, moneys received by  
33 any taxing district or unit pursuant to this subsection shall be treated as  
34 property tax revenue.

35 (4) Within thirty (30) days from the time the state tax commission re-  
36 ceives information that an urban renewal plan for a revenue allocation area  
37 has been modified, the state tax commission shall notify the urban renewal  
38 agency and the county clerk of such receipt and the determination regarding  
39 any limits on the maximum amount of property tax revenue that will be allo-  
40 cated to the urban renewal agency from the current year's property taxes.

41 SECTION 5. That Section 50-2905, Idaho Code, be, and the same is hereby  
42 amended to read as follows:

43 50-2905. RECOMMENDATION OF URBAN RENEWAL AGENCY. In order to imple-  
44 ment the provisions of this chapter, the urban renewal agency of the munic-  
45 ipality shall prepare and adopt a plan for each revenue allocation area and  
46 submit the plan and recommendation for approval thereof to the local govern-  
47 ing body. The plan shall include with specificity:

1 (1) A statement describing the total assessed valuation of the base as-  
2 sessment roll of the revenue allocation area and the total assessed valua-  
3 tion of all taxable property within the municipality;

4 (2) A statement listing the kind, number, and location of all proposed  
5 public works or improvements within the revenue allocation area;

6 (3) An economic feasibility study;

7 (4) A detailed list of estimated project costs;

8 (5) A fiscal impact statement showing the impact of the revenue allo-  
9 cation area, both until and after the bonds are repaid, upon all taxing dis-  
10 tricts levying taxes upon property on the revenue allocation area;

11 (6) A description of the methods of financing all estimated project  
12 costs and the time when related costs or monetary obligations are to be in-  
13 curred;

14 (7) A termination date for the plan and the revenue allocation area as  
15 provided for in section 50-2903(20), Idaho Code. In determining the termi-  
16 nation date, the plan shall recognize that the agency shall receive alloca-  
17 tion of revenues in the calendar year following the last year of the revenue  
18 allocation provision described in the urban renewal plan; ~~and~~

19 (8) A description of the disposition or retention of any assets of the  
20 agency upon the termination date. Provided however, nothing herein shall  
21 prevent the agency from retaining assets or revenues generated from such as-  
22 sets as long as the agency shall have resources other than revenue allocation  
23 funds to operate and manage such assets; and

24 (9) Any changes to an urban renewal plan as provided in subsections (2)  
25 and (6) of this section shall be noticed and shall be completed in an open  
26 public meeting.

27 SECTION 6. That Chapter 29, Title 50, Idaho Code, be, and the same is  
28 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
29 ignated as Section 50-2905A, Idaho Code, and to read as follows:

30 50-2905A. ELECTION NECESSARY FOR EXPENDITURES ON CERTAIN  
31 PROJECTS. (1) Notwithstanding any other provision of this chapter, on and  
32 after July 1, 2016, it shall be unlawful for an urban renewal agency to expend  
33 revenue collected under this chapter on project costs when the amount of  
34 revenue collected under this chapter contributes to fifty-one percent (51%)  
35 or more of the total project cost and the project is for construction of a  
36 municipal building that will not be subject to property taxation or unless  
37 such construction project is first approved in an election by sixty percent  
38 (60%) of the participating qualified electors residing within the borders of  
39 the qualified municipality. An election pursuant to this section shall be in  
40 accordance with the provisions of chapter 1, title 34, Idaho Code.

41 (2) For purposes of this section, the following terms shall have the  
42 following meanings:

43 (a) "Municipal building" means only an administrative building, city  
44 hall, library, courthouse, public safety or law enforcement buildings,  
45 other judicial buildings, fire stations, jails and detention facili-  
46 ties;

47 (b) "Project costs" shall have the same meaning as provided in section  
48 50-2008, Idaho Code.

1 SECTION 7. That Chapter 29, Title 50, Idaho Code, be, and the same is  
2 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
3 ignated as Section 50-2913, Idaho Code, and to read as follows:

4 50-2913. URBAN RENEWAL AGENCY PLANS -- REPORTING INFORMATION REQUIRED  
5 -- PENALTIES FOR FAILURE TO REPORT. In addition to the provisions applicable  
6 to urban renewal agencies in chapters 20 and 29, title 50, Idaho Code, the  
7 provisions of this section shall also apply to urban renewal agencies. For  
8 purposes of this section, "urban renewal agency" shall have the same meaning  
9 as provided in chapters 20 and 29, title 50, Idaho Code.

10 (1) (a) There is hereby established a central registry with the state  
11 tax commission. The registry shall serve as the unified location for  
12 the reporting of and access to administrative and financial information  
13 of urban renewal plans in this state. To establish a complete list of  
14 all urban renewal plans of urban renewal agencies operating in Idaho, on  
15 the effective date of this act and so that the registry established will  
16 be comprehensive, every urban renewal agency shall register with the  
17 state registry. For calendar year 2017, the submission of information  
18 required by subsection (2) of this section shall occur prior to March 1,  
19 2017, and shall be in the form and format required by the state tax com-  
20 mission. In addition to the information required by this section for  
21 the March 1, 2017, filing deadline, the entity shall report the date of  
22 its last adoption or amendment or modification of an urban renewal plan.  
23 The registry listing will be available on the state tax commission web-  
24 site by July 1, 2017.

25 (b) The state tax commission shall notify each urban renewal agency of  
26 the requirements of this section.

27 (c) After March 1, and on or before December 1 of each year, the county  
28 clerk of each county shall submit a list to the state tax commission of  
29 all urban renewal agencies within the county.

30 (2) On or before December 1 of each year, every urban renewal agency  
31 shall submit to the central registry the following information each urban  
32 renewal plan adopted or modified pursuant to sections 50-2008 and 50-2905,  
33 Idaho Code, and any modifications or amendments to those plans.

34 (a) Within five (5) days of submitting to the central registry the in-  
35 formation required by this section, the urban renewal agency shall no-  
36 tify the agency's appointing authority, if the entity has an appointing  
37 authority, that it has submitted such information.

38 (b) If any information provided by an entity as required by this section  
39 changes during the year, the entity shall update its information on the  
40 registry within thirty (30) days of any such change.

41 (3) Notification and penalties.

42 (a) If an urban renewal agency fails to submit information required by  
43 this section or submits noncompliant information required by this sec-  
44 tion, the state tax commission shall notify the entity immediately af-  
45 ter the due date of the information that either the information was not  
46 submitted in a timely manner or the information submitted was noncom-  
47 pliant. The urban renewal agency shall then have thirty (30) days from  
48 the date of notice to submit the information or notify the state tax com-  
49 mission that it will comply by a time certain.

1 (b) No later than September 1 of any year, the state tax commission  
2 shall notify the appropriate board of county commissioners and city  
3 council of the entity's failure to comply with the provisions of this  
4 section. Upon receipt of such notification, the board of county commis-  
5 sioners shall place a public notice in a newspaper of general circula-  
6 tion in the county indicating that the entity is noncompliant with the  
7 legal reporting requirements of this section. The county commissioners  
8 shall assess to the entity the cost of the public notice. Such costs may  
9 be deducted from any distributions of tax increment financing of the  
10 urban renewal agency. For any noncomplying urban renewal agency, the  
11 state tax commission shall notify the board of county commissioners and  
12 city council of the compliance status of such entity by September 1 of  
13 each year until the entity is in compliance.

14 (c) An urban renewal agency that fails to comply with this section shall  
15 have any property tax revenue that exceeds the amount received in the  
16 immediate prior tax year distributed to the taxing districts located in  
17 or overlapping any revenue allocation area within that urban renewal  
18 district. Said distribution shall be based on each taxing district's  
19 proportionate share of the increment value in the current tax year mul-  
20 tiplied by the taxing district's current levy rate, reduced proportion-  
21 ately to match the excess to be so apportioned. Any money so received  
22 by any taxing district shall be treated as property tax revenue for the  
23 purposes of the limitation provided by section 63-802, Idaho Code.

24 (d) In addition to any other penalty provided in this section, in any  
25 failure to comply with this section, the state tax commission shall  
26 withhold the annual distribution of sales tax distribution pursuant to  
27 section 63-3638(13), Idaho Code, for any noncomplying urban renewal  
28 agency. The state tax commission shall withhold and retain such money  
29 in a reserve account until an urban renewal agency has complied with  
30 the provisions of this section, at which point the state tax commission  
31 shall pay any money owed to an urban renewal agency that was previously  
32 in violation of this section to the urban renewal agency.

33 (e) For any urban renewal agency, upon notification to the board of  
34 county commissioners from the state tax commission of noncompliance by  
35 such entity, the board of county commissioners shall convene to deter-  
36 mine appropriate compliance measures including, but not limited to, the  
37 following:

38 (i) Require a meeting of the board of county commissioners and the  
39 urban renewal agency's governing body wherein the board of county  
40 commissioners shall require compliance of this section by the en-  
41 tity; and

42 (ii) Assess a noncompliance fee on the noncomplying urban renewal  
43 agency. Such fee shall not exceed five thousand dollars (\$5,000).  
44 Such fees and costs may be deducted from any distributions of the  
45 tax increment financing. Any fee collected shall be deposited  
46 into the county's current expense fund.

47 (5) The provisions of this section shall have no impact or effect upon  
48 reporting requirements for local governing entities relating to the state  
49 tax commission. The state tax commission may allow compliance with this sec-

1 tion by the posting of links to an urban renewal agency's website for the  
2 posting of plans.

3 SECTION 8. That Section 63-301A, Idaho Code, be, and the same is hereby  
4 amended to read as follows:

5 63-301A. NEW CONSTRUCTION ROLL. (1) The county assessor shall prepare  
6 a new construction roll, which shall be in addition to the property roll,  
7 which new construction roll shall show:

8 (a) The name of the taxpayer;

9 (b) The description of the new construction, suitably detailed to meet  
10 the requirements of the individual county;

11 (c) A description of the land and its change in use, suitably detailed  
12 to meet the needs of the individual county;

13 (d) The amount of taxable market value added to the property on the cur-  
14 rent year's property roll that is directly the result of new construc-  
15 tion or a change in use of the land or both;

16 (e) The amount of taxable market value added as provided in subsection  
17 (3)(g) of this section as a result of dissolution of any revenue alloca-  
18 tion area;

19 (f) The amount of taxable market value to be deducted to reflect the ad-  
20 justments required in paragraphs (f)(i), (f)(ii), (f)(iii) and (f)(iv)  
21 of this subsection:

22 (i) Any board of tax appeals or court ordered value change, if  
23 property has a taxable value lower than that shown on any new con-  
24 struction roll in any one (1) of the immediate five (5) tax years  
25 preceding the current tax year;

26 (ii) Any reduction in value resulting from correction of value im-  
27 properly included on any previous new construction roll as a re-  
28 sult of double or otherwise erroneous assessment;

29 (iii) Any reduction in value, in any one (1) of the immediate five  
30 (5) tax years preceding the current tax year, resulting from a  
31 change of land use classification;

32 (iv) Any reduction in value resulting from the exemption provided  
33 in section 63-602W(4), Idaho Code, in any one (1) of the immediate  
34 five (5) tax years preceding the current tax year.

35 (2) As soon as possible, but in any event by no later than the first Mon-  
36 day in June, the new construction roll shall be certified to the county audi-  
37 tor and a listing showing the amount of value on the new construction roll in  
38 each taxing district or unit be forwarded to the state tax commission on or  
39 before the fourth Monday in July. Provided however, the value shown in sub-  
40 section (3)(f) of this section shall be reported to the appropriate county  
41 auditor by the state tax commission by the third Monday in July and the value  
42 sent by the county auditor to each taxing district. The value established  
43 pursuant to subsection (3)(f) of this section is subject to correction by the  
44 state tax commission until the first Monday in September and any such correc-  
45 tions shall be sent to the appropriate county auditor, who shall notify any  
46 affected taxing districts.

47 (3) The value shown on the new construction roll shall include the tax-  
48 able market value increase from:

49 (a) Construction of any new structure that previously did not exist; or

1 (b) Additions or alterations to existing nonresidential structures; or  
2 (c) Installation of new or used manufactured housing that did not pre-  
3 viously exist within the county; or  
4 (d) Change of land use classification; or  
5 (e) Property newly taxable as a result of loss of the exemption provided  
6 by section 63-602W(3) or (4), Idaho Code; or  
7 (f) The construction of any improvement or installation of any equip-  
8 ment used for or in conjunction with the generation of electricity and  
9 the addition of any improvement or equipment intended to be so used, ex-  
10 cept property that has a value allocated or apportioned pursuant to sec-  
11 tion 63-405, Idaho Code, or that is owned by a cooperative or municipal-  
12 ity, as those terms are defined in section 61-332A, Idaho Code, or that  
13 is owned by a public utility, as that term is defined in section 61-332A,  
14 Idaho Code, owning any other property that is allocated or apportioned.  
15 No replacement equipment or improvements may be included; or  
16 (g) Provided such increases do not include increases already reported  
17 on the new construction roll, as permitted in paragraphs (j) and (k) of  
18 this subsection, increases in value over the base value of property  
19 on the base assessment roll within an urban renewal revenue allocation  
20 area that has been terminated pursuant to section 50-2909(4), Idaho  
21 Code, to the extent that this increment exceeds the incremental value  
22 as of December 31, 2006, or, for revenue allocation areas formed after  
23 December 31, 2006, the entire increment value. Notwithstanding other  
24 provisions of this section, the new construction roll shall not include  
25 new construction located within an urban renewal district's revenue al-  
26 location area, except as provided in this subsection (3) (g) paragraph;  
27 or  
28 (h) New construction, in any one (1) of the immediate five (5) tax years  
29 preceding the current tax year, allowable but never included on a new  
30 construction roll, provided however, that, for such property, the value  
31 on the new construction roll shall reflect the taxable value that would  
32 have been included on the new construction roll for the first year in  
33 which the property should have been included.  
34 (i) Formerly exempt improvements on state college or state university  
35 owned land for student dining, housing, or other education related pur-  
36 poses approved by the state board of education and board of regents of  
37 the university of Idaho as proper for the operation of such state col-  
38 lege or university provided however, such improvements were never in-  
39 cluded on any previous new construction roll.  
40 (j) Increases in base value when due to previously determined incre-  
41 ment value added to the base value as required in sections 50-2903 and  
42 50-2903A, Idaho Code, due to a modification of the urban renewal plan.  
43 In this case, the amount added to the new construction roll will equal  
44 the amount by which the increment value in the year immediately preced-  
45 ing the year in which the base value adjustment described in this sub-  
46 section occurs exceeds the incremental value as of December 31, 2006,  
47 or, for revenue allocation areas formed after December 31, 2006, the en-  
48 tire increment value.  
49 (k) Increases in base value when due to previously determined incre-  
50 ment value added to the base value as a result of a de-annexation within

1 a revenue allocation area as defined in section 50-2903, Idaho Code. In  
2 this case, the amount added to the new construction roll will equal the  
3 amount by which the increment value in the year immediately preceding  
4 the year in which the de-annexation described in this subsection occurs  
5 exceeds the incremental value as of December 31, 2006, or, for revenue  
6 allocation areas formed after December 31, 2006, the entire increment  
7 value within the area subject to the de-annexation.

8 (4) The amount of taxable market value of new construction shall be the  
9 change in net taxable market value that is attributable directly to new con-  
10 struction or a change in use of the land or loss of the exemption provided by  
11 section 63-602W(3) or (4), Idaho Code. It shall not include any change in  
12 value of existing property that is due to external market forces such as gen-  
13 eral or localized inflation, except as provided in subsection (3) (g) of this  
14 section.

15 SECTION 9. SEVERABILITY. The provisions of this act are hereby declared  
16 to be severable and if any provision of this act or the application of such  
17 provision to any person or circumstance is declared invalid for any reason,  
18 such declaration shall not affect the validity of the remaining portions of  
19 this act.

20 SECTION 10. Section 7 of this act shall be in full force and effect on  
21 and after January 1, 2017. The remaining provisions of this act shall be in  
22 full force and effect on and after July 1, 2016.