

Idaho Urban Reinvestment Act Introduction

CCDC is working with urban renewal agencies around the state and with other municipal and economic development interests to develop legislation which would modernize and restructure both the Idaho Urban Renewal Law (chapter 20, title 50, Idaho Code) and the Idaho Economic Development Act (chapter 29, title 50, Idaho Code.) These statutes have not been systematically addressed by the Legislature since their enactment in 1965 and 1988, respectively. During that period many of the challenges facing Idaho communities have evolved and new ones have emerged. At the same time, criticisms of parts of the statutes in recent years have led to piecemeal attempts at change, with potentially damaging unintended consequences. The purpose of the proposed legislation is to reform and modernize the statutes to improve these important economic tools which allow the development of local/regional economies as well as the economy of the state as a whole. The legislation would combine both chapters into one, the Idaho Urban Reinvestment Act, and clarify definitions and intents related to urban renewal projects. It also provides limitations on some urban renewal tools that have raised concerns or potential abuses in the past. The executive summary of the proposed legislation follows. To learn more about the proposed legislation, or to discuss its implications, please contact CCDC Executive Director Phil Kushlan at 384-4264.

EXECUTIVE SUMMARY BULLET POINTS

- First comprehensive statutory overhaul of chapter 20, title 50, Idaho Code, the Urban Renewal Law (the “Law”) since the Law’s enactment in 1965, and of chapter 29, title 50, Idaho Code, the Local Economic Development Act (the “Act”) since the Act’s enactment in 1988.
- The purpose of this legislation is to reform and modernize the Law and the Act to improve these important economic tools which allow the development of local/regional economies as well as the economy of the state as a whole.
- In addition to the purposes of reform and modernization, the legislation also directly responds to the criticisms of the Law and the Act made over the past few legislative sessions and imposes a number of limitations.
- The proposed legislation is a result of a full review of urban renewal and tax increment (revenue allocation) statutes from other jurisdictions, journals, articles, best practices and other documents for purposes of identifying emerging and modern trends.
- The legislation combines chapters 20 and 29, title 50, Idaho Code, into one new general overview chapter titled the Idaho Urban Reinvestment Act.
- The legislation creates two new chapters establishing a classification system which separate deteriorating area projects from those projects promoting economic, industrial, residential and/or mixed-use development and provides guidance as to what constitutes an eligible project under each classification. These chapters are titled “Deteriorating Area” and “Economic Development.”

- The legislation modernizes the definitions section to add new definitions related to economic development, and to further reflect the two classifications: deteriorating area projects and economic development projects. More specifically:
 - The legislation revises the deteriorating area definition to require certain specific findings.
 - The legislation modernizes the definition of urban renewal project to reflect that undertakings and activities of an urban renewal plan may include façade improvements, improvements related to transit systems, construction of affordable housing and workforce housing, historic preservation, acquisition of transit vehicles, construction of transit and energy facilities, construction of sustainable infrastructure projects, compliance with the ADA, acquisition of art to be displayed in public areas and construction of telecommunications infrastructure.
 - The legislation also modernizes the definition of project costs to include organizational costs, construction of wastewater treatment plants, water treatment plants, sewer lines and/or water lines related to the urban renewal project, costs related to the construction of general public purpose government buildings that predominately serve the urban renewal area, costs related to economic and environmental improvements and transit costs.
 - The revised definition severely limits/prohibits the use of revenue allocation funds to construct general purpose government buildings depending on the classification of the project area (not allowed in economic development projects).
- The termination dates for use of revenue allocation depends on a plan's classification: twenty-four years for a deteriorating area and twenty years for an economic development area.
- The legislation limits the allocation of revenue allocation funds when the total base assessment role of all urban renewal plans of the municipality exceeds 10 percent of the total assessed value of the municipality, or when the total urban renewal land area of all urban renewal plans of the municipality exceeds 15 percent of the total land area of that municipality.
- The legislation seeks to modernize the revenue stream available to an urban renewal agency and includes a new section which allows an urban renewal agency to elect to receive and use sales tax increment (similar to the recently enacted STARS legislation).
- The legislation prohibits shoestring annexations of property for the purpose of amending an urban renewal plan.
- The criteria concerning economic development projects and deteriorating area projects will be effective for any urban renewal plan adopted after July 1, 2010, or upon any amendment to an existing urban renewal plan which includes any addition of property adopted after July 1, 2010.
- This bill provides for significant amendments to existing chapters 20 and 29 (these provisions also are included in proposed new chapter 32) effective July 1, 2010, for those plans which are grandfathered.
- The legislation prohibits shoestring annexations of property for the purpose of amending an urban renewal plan.

- To increase the transparency and accountability of the urban renewal agency and its commissioners by:
 - Addressing the composition of the board of commissioners and mandating some of the commissioners be residents and electors of the municipality with the remainder as determined by the sponsoring city or county (the local governing body may not appoint itself as the board of commissioners of the urban renewal agency);
 - Limiting the number of City Council members and/or Mayor on the board;
 - Allowing board members to be removed for cause by vote of the council/mayor;
 - Requiring each commissioner file an annual disclosure statement; and
 - Requiring a roll call vote for purposes of passage of every resolution to: enter into a contract or agreement, approve and adopt an annual budget, approve and adopt appropriations and approve liabilities and obligations of the urban renewal agency.
- Requiring the filing of an annual report with the state tax commission concerning the value of the base assessment roll, the increment value, the current total assessed valuation of all taxable property within the revenue allocation area and the total assessed valuation of all taxable property within the municipality using the most current available values.