



March 24, 2025

**VIA EMAIL**

House Revenue and Taxation Committee  
Attn: Hon. David M. Cannon, Chair  
Idaho State Legislature  
State Capitol Building  
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Re: Oppose HB 436

Dear Honorable Representatives:

The members of the Redevelopment Association of Idaho, Inc. (“RAI”) include a majority of the urban renewal/redevelopment agencies in the State. For the reasons set forth below, RAI respectfully requests you **oppose HB 436** and hold the bill in committee.

This bill addresses four subjects:

- Urban renewal agency dissolution;
- Urban renewal plan and revenue allocation area termination;
- Budget capacity increases for ambulance and fire districts; and
- Extension of the duration of the revenue allocation area beyond 20 years for certain manufacturing projects.

For the reasons set forth below, RAI respectfully requests you **oppose HB 436** and hold the bill in committee.

**1) Agency Dissolution – pg. 4, lines 16-35**

The new language states “[u]pon adoption of the resolution of intent to dissolve, the urban renewal agency shall no longer have any authority to initiate any new urban renewal projects or to take on any additional financial obligations other than such obligations as are necessary to wind down its affairs.” The local governing body and agency then meet, then the local governing body in its own discretion can make the decision to dissolve the agency and proceed with adopting an ordinance dissolving the district, which is effective upon publication.

Why this is problematic?

- What is the process if a resolution of intent to dissolve an agency is provided while there are three active project areas with a remaining duration of 3 years, 5 years, and 10 years? The agency cannot take on any additional financial obligations, but the 10-year district has an outstanding reimbursement agreement. The agency has to remain open for 10 years, but the agency cannot implement the plan? There could be several city council election cycles within that timeframe. Could a later council repeal the resolution? Creates uncertainty and chaos.
- Once a dissolution ordinance entered, agency no longer has jurisdiction to operate. How can it wind down project areas that have outstanding obligations post-ordinance adoption?
- There are instances where an agency has issued bonds that are payable by lease revenue, or other non-revenue allocation revenue. Agency would have to remain open for payment of these obligations.
- Does not provide meaningful input and role of the urban renewal agency in the dissolution process.
- The dissolution process described in the bill does not address assets (parking garages for example) or long-term lease passthroughs which are allowed by 50-2905(8).
- Execution of agency dissolution is not an emergency. RAI is unaware of cities clamoring for this dissolution process. Dissolution would greatly impair any city to respond to a future economic development opportunity. RAI respectfully requests more time to work with sponsors on reasonable language, including review and analysis by bond counsel.
- Whether an urban renewal agency dissolves should be a decision driven by the urban renewal agency board; not the local governing body.
- This language could impact an urban renewal agency’s ability to utilize tax exempt financing; bond counsel review is necessary.

**2) Fire District Budget Capacity**

**A. Section 5**

Prior legislative action has put significant pressure on taxing district budgets. Levy rates are decreasing, and budget caps prevent fire and ambulance district budgets from keeping up with growth and increasing service demands. Efforts to increase levies through voter approval

have failed. These are significant issues that reducing an urban renewal agency's revenue stream will not correct.

This bill seeks to exempt fire and ambulance district levies, including EMS services under control of county commissioners, from generating revenue from the increment value for a revenue allocation area and would also allow new construction values occurring within a revenue allocation area to be placed on the new construction roll and available for budget capacity increases for fire and ambulance districts only. This change in policy reverses modifications made to the new construction roll statute by HB 79 (2007), which precluded new construction occurring within a revenue allocation area from being placed on the new construction roll until termination of the revenue allocation area.

At a minimum, this change should not impact current districts that relied on including the levy in its projects; fire/ambulance districts should not be able to opt out of an existing district even if there is no long-term obligation of an urban renewal agency. Urban renewal agencies implementing an existing plan rely on the levies identified at the time an urban renewal plan is adopted for budgetary planning. Many urban renewal agencies do fund projects on a pay-as-you-go basis.

Funding emergency services is a topic broader than a change to the urban renewal statute, for example:

- In the event a levy fails, the fire and ambulance districts should be able to increase their budgets as needed, subject to county approval, without voter approval, subject to the current process for budget approval.
- The 8% budget capacity cap should be removed for all fire and ambulance district budgets.
- This change to the urban renewal law is not a long-term solution for fire/ambulance district funding.

#### B. Administratively Burdensome – Section 5

The proposed changes to the fire and ambulance district levies create an unworkable and burdensome system for those that implement the urban renewal law:

- Certain levies that do not generate revenue for an urban renewal area, such as voter approved levies and bonds and most school district levies, are calculated using the total taxable value, including base and increment values. No budget capacity increases to those taxing districts.
- Highway districts benefit from the establishment of an urban renewal district by receiving the amount of the levy rate multiplied by the increment value, which is over and above the highway district budget, not subject to the cap, and they receive the budget capacity increase at termination. If there is an agreement between the highway district and urban renewal agency, then the revenues continue to flow to the urban renewal agency. If the City performs the maintenance on the roads, then this provision is not applicable.

- Under **HB 436**, ambulance and fire district levies will not generate revenue for an urban renewal agency, and the districts may take an annual budget capacity increase from the growth of the district due to the efforts of urban renewal activities and that budget capacity increase may exceed the 8% cap.

Again, urban renewal revenues are not the vehicle to solve the fire and ambulance district budget concerns.

#### C. Timing Concerns- Section 5

The timing of the consent in Idaho Code Section 50-2906(4) provides for the local governing body to file the fire/ambulance district resolution with the county clerk and state tax commission, which could occur prior to the public hearing and city council consideration of the urban renewal plan.

#### D. Lack of Data

Each urban renewal district is unique. Many urban renewal districts are within city limits and rely upon city fire departments, including the Ten Mile project referenced during the committee meeting considering whether to print **HB 436**. The Ten Mile project is served by the city of Meridian. What are the increased costs to the fire and ambulance district to serve new development within a revenue allocation area? Is there a distinction between an economic development project versus a downtown development area? Agencies often partner with fire districts for equipment needs within a revenue allocation area – will this proposed statutory change assist with fire and ambulance district operations costs?

### 3) Project Area Termination – Section 8

- Clarification to Project Area Termination is desired; however, permitting the local governing body to initiate plan/project area termination is not sound policy. The city and agency are separate and distinct entities; the city is not best situated to make termination decisions.
- Language ignores Idaho Code 50-2905(7), which allows urban renewal agencies to receive revenue in the year following the revenue allocation area termination date.
- The timing of the ordinance under 50-2914 does not work as the agency will need to have jurisdiction to wind up the districts.
- The RAI members have been using best practices with regard to timing as well as transparency of information.
- RAI would like the opportunity to revise the termination language and to meet with those local governing bodies that have concerns.
- Unclear of the policy behind allowing the local governing body to force close an existing project area.

4) **Extension of Revenue Allocation Authority – pg. 7, lines 29-31; pg. 10, lines 3-6; pg. 12, lines 6-16**

**HB 436** proposes amendments to Chapter 29, Title 50, the Economic Development Act that would allow extension of the term authorized for receiving revenue allocation (tax increment) revenues. Such authority would apply only to manufacturing facilities, with a new definition of that term. This amendment addresses the difficulties for certain projects to achieve their objectives with the limited time allowed under current law, i.e., twenty years. However, extending the authority to only manufacturing facilities does not recognize the real challenges that other projects such as commercial or industrial projects when those projects propose additional development within a project area. Interestingly, commercial and industrial projects are included with manufacturing projects for amendments to a plan and do not trigger a base reset. RAI does not support legislation which addresses only one type of redevelopment.

We also question the need for retroactive application to January 1, 2025, and how that corresponds to the July 1, 2025 dates in several sections of the bill.

Despite comments to the contrary, the changes proposed in **HB 436** are not “slight changes” to the statutes. The bill proposes changes to three separate, disparate, and different portions of the Idaho Urban Renewal Law and the Economic Development Act: agency dissolution, fire district and EMS services withdrawal and consent, and extending revenue allocation authority for manufacturing facilities. These issues deserve much more attention and analysis than what has been provided. All affected should be at the table for input. Moving from a print hearing on Friday, March 21 to hearing on the bill on Tuesday, March 25, 2025, does not do justice to the issues. While portions of **HB 436** may have merit, combining these separate and disparate issues into one bill for immediate consideration is not acceptable. RAI respectfully requests you oppose this bill and hold the bill in committee.

Sincerely,

Redevelopment Association of Idaho, Inc.



Brent J. Tolman, President

cc:

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