



Please SUPPORT SB17-285 Downtown Development Fairness Act (Grantham, K. Becker & Lawrence)

PROBLEM:

Through Downtown Development Authorities (DDAs), cities use county, school district, and special district property taxes for city redevelopment projects without their permission.

SOLUTION:

Grant cities, counties, school districts and special districts the ability to negotiate how much they can invest into a downtown development project. In the absence of a locally negotiated agreement, mediation between parties occurs. The city can then 1.) adopt the mediator’s findings; 2.) pursue the project without the increment of other local government taxes or 3.) continue negotiating with the other affected local governments.

Background

A downtown development authority is an extraordinarily powerful tool that cities have to revitalize their city centers. In order to build or rehabilitate store fronts and housing in blighted areas, cities divert property taxes that would have been collected by counties, schools and special districts for up to 30 years to help pay off the bonds needed to finance the development. This is known as tax increment financing (TIF) because the development is financed out of the incremental property tax increase that is added to the pre-redevelopment tax base.

What is the problem?

Cities divert the property taxes levied by counties, schools, junior colleges and special districts without their say and with no obligation to make a similar commitment of their primary operating revenues - sales taxes (CRS 31-25-807 (3)(a)).

The current law is untenable for non-municipal local governments who bear the burden of levying the taxes and justifying their mill levies to voters but have no real power to object to the use of their taxing power for municipal redevelopment purposes.

How does SB17-285 address this inequity?

SB 285 rebalances the downtown development process in a way that makes local government communication and cooperation more desirable than unilateral decision making.

SB 285 accomplishes this goal by:

- 1.) Requiring representation for counties, special districts and schools on new downtown development authority boards to ensure that these other entities have an opportunity to hear about downtown development planning the might affect them;
- 2.) Providing for the equitable distribution of any tax increment revenues remaining after the payment of project costs.
- 3.) Requiring newly created downtown development authorities and the local government partners whose taxes could form the increment to enter an intergovernmental agreement that specifies how redevelopment costs will be allocated among the participating entities. In the absence of such an agreement, mediation occurs.

Why can't the cities and other local governments just work this out?

The overwhelming inequity that exists in the current law deprives counties, special districts and schools of the ability to offer anything that would provide municipalities incentive to restore fiscal accountability to the non-municipal taxing entities. SB 285 provides the statutory mechanism for working the fiscal issues out locally while establishing reasonable and appropriate procedures that help counties, special districts and schools be accountable to their constituents.

CCI respectfully urges you to vote YES on SB17-285

Gini Pingnot (720.255.8941) or Bill Clayton (303.884.7618)

Michael Valdez (303.887.1295)

Matt Cook (720.838.8279)