

URBAN RENEWAL AUTHORITY

May 18, 2015

Governor John Hickenlooper
Office of the Governor
136 State Capitol Bldg.
Denver, CO 80203

Re: Veto Request HB 15-1348

Dear Governor Hickenlooper:

As the Chairman of the Colorado Springs Urban Renewal Authority, I urge you to veto HB 15-1348 that the legislators have sent to you. This HB 15-1348 will have disastrous consequences for the use of urban renewal in Colorado. HB 15-1348 would greatly impact the implementation of urban renewal plans and the use of tax increment financing that is currently being utilized in several Colorado Springs urban renewal areas. The current state statute provides ample opportunity for El Paso County and the school districts within Colorado Springs to quantify fiscal impacts that occur as a result of a proposed urban renewal project and work collaboratively with municipalities to have them addressed. In addition to the county impact reports currently required by statute, urban renewal authorities routinely collaborate with school districts to address any impact to schools located within the URA as a result of increased student enrollment and fiscal impact to bonded indebtedness.

The proposed legislation would unnecessarily lengthen the process for approving an urban renewal plan as well as critically jeopardize bond financing due to the uncertainty of the commitment of tax increments to repay the bonded indebtedness. The mandated negotiation process does not clearly define the binding nature of the arbitrator's findings. This greatly enhances the potential for protracted and expensive litigation procedures between governmental agencies.

In addition, delays and uncertainty make it difficult to obtain private bank financing for developers and jeopardizes committed companies from becoming prospective tenants. As you are aware, several financial institutions have already expressed reservations about continuing to underwrite bonds or provide private loans that are to be repaid from the property tax increment since it may be contested by the other taxing entities after the bonds have been sold as per Section 4(2) (b). In the end, this would directly impact our overall economic development efforts for Colorado.

In response to a similar bill that was vetoed in 2014, the Colorado Municipal League introduced SB 15 -135 that would have allowed Colorado counties to appoint a member to urban renewal boards and also stipulate that the disposition of unutilized TIF revenues at the end of a URA project must be returned to the other taxing entities on a pro-rata basis. This directly addressed the items that you cited in your veto of the 2014 bill. The CML bill had statewide support from municipalities and urban renewal authorities. HB 15-1348 was repeatedly amended in a haphazard fashion by the Senate Finance Committee and resulted in a very hastily prepared revision to the statute that if not vetoed will result in many legal questions and damage the ability of municipalities to remove blighted conditions that impact counties as well as cities in Colorado.

Thank you for your hard work and we appreciate your consideration of vetoing HB 15-1348 which will adversely impact the economic vitality of our state.

Regards,

Wynne Palermo

Wynne Palermo
Chairman, Colorado Springs Urban Renewal Authority

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