

Bill,

Thank you for the opportunity to respond to John Austin's assertions regarding the Urban Renewal information that we have posted on the Assessor's Web page. Keep in mind that our illustrations are intended to provide an objective source for clear information regarding how Urban Renewal districts function. We don't intend to take sides on this issue. John has been a friend and associate for a long time, but I'm afraid that I must disagree with him on this matter.

First, we do agree with the three points regarding how new development is treated within an urban renewal revenue allocation area. Prior to Senator Hammond's legislation, underlying taxing districts were allowed to claim the new development value within urban renewal districts and could increase their budgets accordingly even though they would not receive any tax revenue from that new development. We disagreed with that procedure and assisted in the change in the law. Thanks to Senator Hammond the new development value within urban renewal districts can only be counted in the underlying taxing districts after the urban renewal district is closed.

John misunderstood Alan Dornfest's comment regarding the new development value. Alan is correct in stating that the new development within urban renewal areas will no longer be used to increase underlying taxing district budgets. However, that does NOT mean that property owners outside urban renewal areas don't pay higher taxes due to the existence of URD's. The fact remains that in Kootenai County 7.48% of the taxable value falls within urban renewal revenue allocation areas. Based on the 2011 Assessment data that means that \$912,046,811 in assessed value is not used to support local government services. This means that all taxpayers, both within URD's and outside URD's, pay more taxes to support the underlying taxing districts, than they would if the urban renewal districts didn't exist.

The illustrations on our web site are accurate and provide a fair picture of the impacts of urban renewal. Another way to look at this is to take the percent of taxable value that falls within urban renewal districts for each district that is impacted by urban renewal and multiply that percent by your tax bill for that district. (each tax district's payment is listed on your tax bill) That is the added amount you are paying due to the existence of the urban renewal district. In the case of Kootenai County you could multiply a

hypothetical \$500 tax bill by 7.48% and you would find that the additional payment to Kootenai County is about \$37.40. Said another way, if all urban renewal districts closed everyone's tax payments to Kootenai County would decrease by 7.48%. These scenarios presume that tax district budgets remain the same.

I have sent a courtesy copy of this message to both Alan Dornfest and Steve Fiscus with the Idaho State Tax Commission, and would invite them to review our web data to see if they find anything misleading in it. We still believe that the information and illustrations are fair and reasonable. We are always looking for ways to simplify this often complex topic and would welcome any suggestions.

Thank you for the opportunity to clarify our position.

Mike McDowell, Assessor

Kootenai County, Idaho

P.O. Box 9000

451 Government Way

Coeur d'Alene, Idaho 83816-9000

208-446-1500

kcassr@kcgov.us