

February 4, 2014

House Committee on Revenue
Chair Barnhart
Vice Chair Bailey
Vice Chair Berger



710 NW WALL
STREET
PO BOX 431
BEND, OR 97701
[541] 388-5505 TEL
[541] 385-6676 FAX
BENDOREGON.GOV

Re: Testimony on HB 4141

Dear Chair Barnhart, Vice Chairs Bailey and Berger and Committee Members,

Urban Renewal has been an effective tool for attracting economic development, revitalizing Bend's downtown, and is a critical financing tool for developing two other employment areas in Bend. Any proposed legislation exempting special taxing districts, like school districts, will dramatically and negatively impact the effectiveness of this financing tool, and is not supported by the City of Bend.

JIM CLINTON
Mayor

JODIE BARRAM
Mayor Pro Tem

VICTOR CHUDOWSKY
City Councilor

DOUG KNIGHT
City Councilor

SALLY RUSSELL
City Councilor

MARK CAPELL
City Councilor

SCOTT RAMSAY
City Councilor

ERIC KING
City Manager

In the late 1980s downtown Bend met the definition of a "blighted area" and was therefore eligible for an urban renewal program. Bend established a 236-acre Urban Renewal District in Bend's downtown in the mid-1990s. The program sought to improve the function, condition, and appearance of the downtown area, create an attractive downtown with a strong sense of character, preserve local historic landmarks, and increase downtown's role as a center for government and business activity.

The program delivered on its goals. Key developments include a mixed use building with affordable housing and accompanying parking structure, street improvements linking Minnesota Street with the Deschutes River, and façade renovations for downtown buildings. Each of the key improvements established through the plan still have a strong positive impact on the success and character of Bend's downtown. It is doubtful that these major projects would have taken place without the urban renewal plan.

The City of Bend retired the downtown urban renewal area in 2012 and put the taxes back on the books. During this time, the entire urban renewal area has increased in value providing tax benefits to all taxing districts, including the school and educational districts. A good portion of the increase in value is attributed to the projects funded through the urban renewal program.

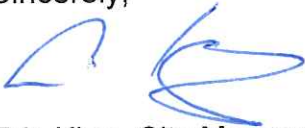
According to the County Tax Assessor, approximately 46% of each tax dollar collected in Deschutes County goes to the school district, educational service district and community college. If these districts are exempted from our urban renewal districts, this means that we will have approximately 46% less urban

renewal dollars to implement our urban renewal plans. One of Bend's operational Urban Renewal Districts located at Juniper Ridge is slated to fund necessary public infrastructure in an area containing the vast majority of Bend's vacant industrial land. Another, at the south of Bend in Murphy Crossing, also contains new commercial, industrial, mixed use, and housing to jumpstart the redevelopment of south Bend. Reducing the funding source for projects in these key employment areas will set back the City's ability to make infrastructure investments supporting job growth in Bend.

Urban renewal has been a tool used successfully in Bend and across the state to spur investment and redevelopment of blighted areas which provides jobs for our citizens as well as increasing the taxable value of such areas benefitting all taxing districts. If these specific taxing districts are removed from the program, we will have half of the working capital needed to invest in the programs that have already been adopted. Further, this concept sets a slippery slope for the entire urban renewal concept – what districts will get in line next to exempt themselves?

As a taxing district, the City of Bend fully understands the revenue challenges all districts face. Selectively removing specific districts from a successful statewide urban renewal and economic development tool is the wrong way to address those tax revenue challenges.

Sincerely,

A handwritten signature in blue ink, consisting of a stylized 'E' followed by a series of loops and a long horizontal stroke.

Eric King, City Manager