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March 6, 2017

The Honorable Ann Lininger, Chair
House Committee on Economic Development and Trade
900 Court St. NE, H-485
Salem, Oregon 97301

RE: Testimony on House Bill 2470

Chair Lininger,

It has been brought to our attention that on March 13th your committee will be conducting a hearing on the above referenced bill, and we would respectfully request that you accept this letter as testimony from the City of Newport in opposition to the legislation.

The City of Newport has for decades used tax increment financing available under the urban renewal statutes as a tool to reinvest in its infrastructure and civic buildings, and to engage in strategic partnerships that have improved the economic health of our community. We have accomplished this through collaboration with affected taxing entities, and it is our firm belief that the investments made have been a catalyst for development and employment that has led to more tax revenue than would otherwise have been realized had this tool been unavailable. Examples include the Oregon Coast Aquarium, a revitalized Nye Beach business district, the Newport Performing Arts Center, the Newport Visual Arts Center, and most recently the infrastructure to support the NOAA MOC-P facility and OMSI's Coastal Discovery Center. These urban renewal investments have shaped the community we live in for the better, and they are the only source of funding that we have that can be leveraged in this manner. HB 2470 could take this away.

The bill gives affected taxing districts veto power over the formation of a new urban renewal district, which could paralyze our ability to make major amendments to existing districts or to form new ones. Over the last 5 years Newport has closed a large urban renewal district and created two new, smaller districts. A second urban renewal district will be closed in 10 years. These decisions have been made as a result of collaboration with affected taxing districts, and we believe the existing state law requiring consultation and input from affected taxing districts to be sufficient.

HB 2470 further mandates that the agency board, which in Newport is the City Council, include a representative from each of taxing district. This would require that we increase the size of our urban renewal agency board from 7 individuals to at least 16 persons. We are concerned that a board of this size would be unwieldy, and that having such a large deliberative body could lead to a situation where the city would lose control over urban renewal planning. It is not that we don't value

feedback from other taxing districts. The existing statutory consultation process has provided a forum for us to make a case to them that their respective organizations will benefit from planned projects. Rather, it is that we firmly believe that cities should play a lead role in developing and implementing urban renewal projects because they typically contribute the largest tax increment and; therefore, have the most to lose if projects are unsuccessful. The larger of the two new districts that Newport recently established within its city limits is planned to run for 25 years. Over that period of time, it is projected that the City of Newport will have \$21.7 million in tax increment diverted to urban renewal projects. During this same timeframe, the Port of Newport, one of the affected taxing districts, will have a little more than \$237,000 tied up, and the Lincoln County School District will be held harmless since the funding it loses to urban renewal is backfilled by the State under the enrollment based funding formula used in Oregon. This is a huge disparity in terms of resources being dedicated to urban renewal that HB 2470 does not account for, and we believe that is unfair.

If there are concerns with how urban renewal statutes are being applied that suggest changes to the law may be needed, then we would be happy to engage in a constructive conversation about how that might be best accomplished. The urban renewal statutes limit the total assessed value within the boundaries of a city and the total acreage inside a city that can be included in an urban renewal plan. The laws further cap the maximum indebtedness for each new urban renewal plan to \$50 million (2010 dollars), and give affected taxing districts veto authority over any new plan with a proposed debt limit above that amount. These provisions were put in place to protect affected taxing districts from the financial impact that an urban renewal plan can have on their operations, and if changes are needed to address documented inequities then we would recommend the committee look at adjusting these existing safeguards as opposed to entertaining the proposed legislation.

Thank you for your time and consideration.

Sincerely,



Sandra Roumagoux, Mayor
City of Newport



Dean Sawyer, Chair
Newport Urban Renewal Agency

xc: Rep. David Gomberg
Sen. Arnie Roblan