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### Testimony In Support of House Bill 1327

Madame Chair and Members of the Committee, thank you for the opportunity to testify on behalf of House Bill 1327.

My name is Carmen Rhodes and I'm the Executive Director of FRESC: Good Jobs and Strong Communities (formerly the Front Range Economic Strategy Center). I am also a resident of House District 2.

FRESC is a non-profit research and advocacy organization that works to promote Good Jobs and Strong Communities. Because cities across Colorado often look to Urban Renewal and Tax Increment Financing (TIF) to achieve economic development goals, my organization monitors TIF practices and has examined how well the tool works through local case studies and comparison to national best practices.

Because we believe that good government is the backbone of any strong community, we also monitor the governing practices associated with TIF deals – including transparency, community input, and public accountability.

I am not an expert on every aspect of the bill before you today. But we do support the main tenets of this bill.

First, counties are not the only taxing entities impacted by TIF diversions, so it makes a lot of sense to include other entities to get a more robust picture of the impact to our fire and water districts and also school districts when assessing the overall impact of a particular TIF deal.

Second, this bill then takes the next step and creates a pathway for taxing entities that are impacted by particular TIF deals to have a say and provide input to the plan. We support this provision as it helps ensure that these developments will pay their "fair share" of the public service needs that may be generated by the redeveloped projects. For example, if a TIF is going to help to redevelop a vacant mall and ultimately build a new and thriving neighborhood – the residents of the new neighborhood will utilize fire services and their kids will need to have access to public schools. But if all of the increment generated from the taxes (both sales

and property) is being diverted through TIF, who pays for the increased demand that may be generated by the redevelopment?

Ultimately, for fire services, this cost may be borne by other residents outside of the TIF district or the fire district may have to do more with less. For the schools, (and I freely admit that I am not an expert in school finance) the State of Colorado is obligated to backfill and pay for the costs. A 2003 national report from Good Jobs First <http://www.goodjobsfirst.org/pdf/edu.pdf>, looked in detail at how school districts all across the country are impacted by tax abatements and/or TIF and one of their key findings was that including school districts in the development plans can help to ensure that school funding is considered and protected.

Before I close, I would like to address the exemption in the bill for city and county entities. While we understand that it doesn't make a lot of sense for the city to report on the impact to the county when it is combined, this is one of the only reports required around overall impacts so we think completely eliminating it, goes in the wrong direction. We also think that while it doesn't make sense for cities to talk about impacts to counties when they are combined, it does make sense that the combined city and counties should account for costs to those other taxing districts.

While we are not a huge fan of the exemption of city counties, we support the bill overall and think it is an important piece of public policy that will make TIF deals stronger and more robust.

Thank you for your time today.

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