



Association of Oregon Redevelopment Agencies

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March 15, 2011

Co-Chairs: Holvey and Whisnant; Vice Co-Chairs: Sheehan and Smith;
and members of the Committee,

Regarding: HB 3413 - Opposition

This testimony is offered on behalf of the Association of Oregon Redevelopment Agencies in opposition to HB 3413 due to the onerous nature of its duplicative audit requirements. Other provisions of the measure requiring notice to the assessor, criminal referrals, and mandamus actions, are also duplicative of existing law.

- HB 3413 would require the Secretary of State to audit each urban renewal agency every five years. Urban renewal agencies are now audited annually. The audit is conducted according to the same standards as applied by the Secretary of State, the Government Auditing Standards.
- HB 3413 requires the Secretary of State to issue a report to each urban renewal agency, and to make all reports available for public inspection. Independent auditors currently issue reports as to their annual audit of urban renewal agencies. The audit and the report are filed each year with the Secretary of State, and are available for inspection through the Secretary of State's web site.
- HB 3413 requires the urban renewal agencies to reimburse the Secretary of State for the expenses of the audit. Urban renewal agencies already pay independent firms of certified public accountants for the cost of their audit.
- HB 3413 represents a remarkable expansion of the duties of the Secretary of State. The Secretary of State has heretofore audited state agencies, municipalities that receive money from the state, and entities that receive federal funding. Under HB 3413 the Secretary of State will now have to audit some 70 urban renewal agencies, an unanticipated volume of work that is being imposed upon the Secretary of State at the same time its Audit Division is required to meet the compliance requirements of the American Recovery and Reinvestment Act ("ARRA").
- HB 3413 requires criminal matters in the audit report to be referred to the district attorney. Existing law goes even further to require "irregularities" discovered in the urban renewal agencies' annual audit be brought to the attention of the Department of Revenue, which in an order that becomes a public record sets out the irregularities and the steps necessary for their cure. In either instance the decision as to whether or not to prosecute for a crime rests with the district attorney.

- HB 3413 permits any person to bring a mandamus action against the urban renewal district for noncriminal matters stated in the Secretary of State's audit report. This represents an unrealistic expansion of the ability to file the lawsuit, which requires as an adverse party someone with a beneficial interest at stake.
- HB 3413 requires an urban renewal agency to give notice if maximum indebtedness will be fully paid within the next year. While this provision is by itself not especially demanding, in the context of the extensive dialogue between urban renewal agencies and assessors, it is best done either in terms of sharing audited results with the assessor, or based on a calculation at the end of a fiscal year.

It is important that the Committee be aware of a unique collaboration among urban renewal stakeholders that occurred during the 2009 session (**SEE LIST BELOW). With encouragement and direction from the legislative leadership, we worked together in support of the value of urban renewal districts, but also in recognition of the need to add property value to the tax rolls in order to provide funding for services provided by the taxing districts. After a year-long process and emersion into the specifics of urban renewal, the result was the passage of a landmark piece of legislation - HB 3056.

The development and passage of HB 3056 was a difficult but satisfying effort among former adversaries that resulted in reasonable and workable limitations on urban renewal district expansion and tax revenue collection. In addition, the collaborative partners made written commitments to cooperate and communicate on future issues relating to urban renewal districts and tax increment financing. In fact, they established an Oversight Committee just for that purpose.

The group further agreed that it was appropriate to allow time for the affected jurisdictions to gain experience with the significant provisions of HB 3056 before additional changes were made to urban renewal statutes. We all agreed to indicate our opposition to urban renewal legislation proposed before 2017. AORA is here in support of that understanding, and respectfully requests that HB 3413 not move forward.

Specifically relating to HB 3413, we oppose this bill we believe adds a state mandated process that is unnecessary to protect the public or other interested parties.

Thank you for this opportunity to submit written testimony.

**Special Districts Association of Oregon (SDAO), Clackamas Fire District #1, Tualatin Valley Fire and Rescue (TVF&R), Oregon Fire Chiefs Association, Oregon School Boards Association, Oregon Fire District Directors Association, Multnomah County, Association of Oregon Redevelopment Agencies (AORA), Association of Oregon Counties (AOC), League of Oregon Cities (LOC), City of Portland, Portland Development Commission (PDC), Clackamas County