Talking Points
House Bill 670

Specific Comments to Amendment:

1. There is outstanding litigation that should be decided on the merits.

Eagle Fire District v. Eagle URA
North Ada Fire District v. Garden City URA

2. HB670 does not offer clarification, and in fact, creates greater ambiguity. No understanding how to implement.

The Statement of Purpose states HB670 seeks to "clarify" the withdrawal process. These amendments offer no clarification.

(d) The agency shall not deny a fire protection district's or ambulance service district's request to withdraw if there are no outstanding bonds, contractual obligations, or other indebtedness being funded by the district's revenue allocation proceeds or if the agency has sufficient revenue allocation proceeds from other sources to satisfy current outstanding bonds, contractual obligations, or other indebtedness.

- How is "being funded by the district's revenue allocation proceeds or if the agency has sufficient revenue allocation proceeds from other sources to satisfy current outstanding bonds, contractual obligations, or other indebtedness" calculated?
  - Fire/EMS revenues are pooled with revenues from the other overlapping taxing districts. The Agency receives checks that do not separate what dollar is from what taxing district. In reimbursement of an agency obligation, those pooled funds represent a pro-rata share of all sources. **All outstanding obligations are funded by fire/EMS**
    - **To understand the intent – specific mathematical examples are required.**
  - The fact an agency is saving funds for projects is fiscally responsible in a pay-as-you-go district.
  - Agencies have administrative costs and expenses – does the agency need to provide every support services agreement to fire/EMS?
  - If an agency has a reimbursement agreement, granting a withdrawal creates a liability as it means the party to be reimbursed will not be paid off as quickly.

(f) For the purposes of this subsection, "contractual obligation" means an obligation expressly set forth in a written contract or other written agreement that is executed by the parties to such contract or agreement.

- Defining contractual obligation is not the answer and does not clarify any of the issues in (d).

3. **These amendments present a significant shift in policy from a bill that was adopted in 2025; further chipping away at the tool.**
   - HB436 was specific in its intent and in the presentation of the bill – if an agency has financial obligations, it can deny the request. This recognized the seriousness of requesting withdrawal from an existing district.

Additional Policy Points (background):

- Urban Renewal Revenue Allocation Areas established prior to July 1, 2025, contemplated receipt of revenues from fire and EMS districts for the life of the revenue allocation areas. Removal of revenue sources from an existing district is a significant change, and an extraordinary remedy that should only be used to prevent irreparable harm; it is not a long-term budget solution.
- HB436 (2025) established a process for fire/EMS districts to seek withdrawal from existing revenue allocation areas, but recognized it as an extraordinary remedy where the Agency could deny the withdrawal if the Agency had existing indebtedness or other financial obligations.
- Fire/EMS districts have been hit particularly hard by budget changes and many have attempted to run levies without success. Instead of developing a real, long-term legislative budget solution, e.g. if there is a failed levy, the county can authorize a budget increase; or reduce the voter approval requirement, an immediate short-term remedy is provided by pulling value out of a revenue allocation area.
- HB670 shifts the balance between the fire/EMS districts and the Agency almost forcing a withdrawal.
- Following the adoption of HB 436, many fire/EMS districts sought withdrawal from existing revenue allocation areas. Agencies followed the process; many agencies permitted the withdrawal – those agencies with outstanding obligations that exceeded the revenue from the fire/EMS levies denied the request.
- Information supporting denial was included in the board packets where denial was considered and referenced in denial letters to the fire/EMS districts.
- Two fire districts, instead of trying to work with the urban renewal agencies elected to proceed immediately to litigation. Litigation is currently pending. This legislation is specifically intended to undermine the pending cases.
- In this process, the fire/EMS districts do not have to show specific financial need for what can only be described as “emergency funding.” No information is required to show a budget shortfall, an attempt to run an unsuccessful levy, or even whether the fire/EMS have taken the full budget capacity increases each year. There is no data showing increased service in a revenue allocation area.
- This policy of carving off revenue from a revenue allocation area discounts how agencies have indirectly supported fire/EMS for the short time revenue allocation areas are in existence:
    - Funded water line improvements to increase fire flows for fire suppression;

    - Improvements that mitigate pedestrian/cyclist and vehicle accidents;
    - Removed dilapidated buildings that were a nuisance hazard.
    - Created opportunities for new development in areas that met code and included sprinklers and other fire suppression support.
    - Participated in funding fire watercraft; vehicles; ambulance for use in the revenue allocation area

- Conclusion: HB670 makes bad policy worse and is not a long-term solution.

Conclusion – This bill significantly harms the urban renewal tool more than it provides any budget security for fire/EMS. It does not resolve future litigation, and in fact, likely increases the risk of litigation. Nothing the taxpayer likes more than two public entities fighting over money.