

STATE OF COLORADO

OFFICE OF THE GOVERNOR

136 State Capitol Building
Denver, Colorado 80203
Phone (303) 866 - 2471
Fax (303) 866 - 2003



John W. Hickenlooper
Governor

May 29, 2015

The Honorable House of Representatives
Seventieth General Assembly
State Capitol
Denver, Colorado 80203

Dear Members of the House of Representatives:

Today, following more than two years of considerable thought, discussion and negotiation about urban renewal and tax increment financing (TIF), we are signing into law House Bill 15-1348, "Concerning Modifications to Statutory Provisions Governing Urban Redevelopment to Promote the Equitable Financial Contribution Among Affected Public Bodies in Connection with Urban Redevelopment Projects Allocating Tax Revenues."

Last year, we vetoed a different TIF bill, House Bill 14-1375, because it was inflexible and went a step too far. It contained a formulaic provision that did not account for the complexity and variety of urban renewal projects. In vetoing HB 14-1375, we called on the affected stakeholders, along with the General Assembly, to work together to craft a bipartisan, compromise solution that would better balance the concerns of all parties. We made clear that a suitable compromise would establish an equitable method for widening the tax base supporting TIF, increase the role and participation of counties and affected local governments, and maintain the flexibility to develop projects that are focused on addressing the particular needs of a given community.

At the beginning of this year, we worked with stakeholders and legislators to develop a compromise that could meet all of the criteria described in the veto letter. In particular, House Speaker Dickey Lee Hullinghorst was instrumental in advancing the conversation. Two TIF bills were introduced, and near the end of legislative session, members of the General Assembly and other stakeholders participated in crafting a compromise solution that became HB 15-1348, as amended. The bipartisan bill ultimately passed with more than a two-thirds support in both the Senate and the House.

We recognize that HB 15-1348 does pose a change in the development of future urban renewal projects. In doing so, HB 15-1348 accomplishes the goals we established in last year's veto letter. It increases the role of taxing jurisdictions. Its provisions will also maintain project flexibility and can appropriately be used to widen the tax base on a project-by-project basis. It establishes a participation and mediation process, involving all the jurisdictions affected by

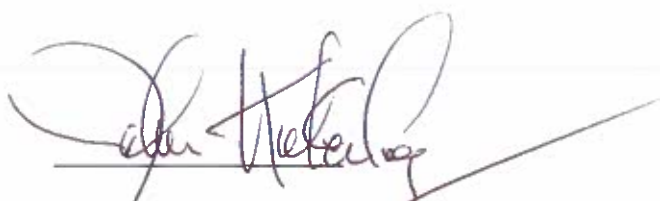
urban renewal. In the most general sense, the bill makes common sense—by ensuring that all affected taxing jurisdictions have a voice and role in urban renewal.

Following passage of HB 15-1348 we heard from stakeholders, including those that participated in crafting the compromise solution, that the bill could be interpreted to contain ambiguities that might jeopardize rights and expectations of existing urban renewal participants. Some also expressed concern that Section 4 of the bill, the applicability clause, could be interpreted to wrap in existing projects. Technical and implementation issues are bound to arise in any significant legislation that changes existing practices. Moreover, we are sensitive that participants in existing urban renewal plans should not be concerned that technical, interpretation, or implementation issues will substantially impair their existing rights or financial expectations.

To reassure existing urban renewal beneficiaries, we will work with the General Assembly at the outset of the 2016 legislative session on legislation that will help alleviate any perceived technical, implementation or interpretation issues with HB 15-1348. Working together with a commitment from General Assembly leaders, our proposal will be consistent with the intended effect of HB 15-1348: it will distinguish between urban renewal projects that are materially affected by a substantial modification (which will be described in additional detail) and those that are unaffected, for which the mediation provisions should not be invoked. Additionally, our proposal will reaffirm HB 15-1348's intent; that it is not designed to impair existing rights. Finally, together with legislative leadership, we will convene a small, technical working group of experts to advance these goals and address potential issues with HB 15-1348 as it is implemented.

As we noted last year with regard to House Bill 14-1371, which became law without signature: "We take the veto power very seriously, and view it as more than simply a last chance opportunity for a legislative do-over. The veto power should be exercised judiciously and carefully: to protect essential state interests, to guard against legislative overreach, and to protect the core rights and freedoms of all Coloradoans." HB 15-1348 is the result of over two years of open dialogue, thoughtful conversation, and a robust legislative process. It is true that HB 15-1348 will change how the urban renewal process proceeds in Colorado. However, we are confident that together with our proposal, enacted HB 15-1348 will lead to continued and healthy urban renewal development in Colorado with increased participation among those affected - all while preserving the rights and expectations of the beneficiaries of existing projects.

Sincerely,



Governor John Hickenlooper