

STATE OF COLORADO

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John W. Hickenlooper
Governor

June 6, 2014

The Honorable Colorado House of Representatives
Sixty-ninth General Assembly
State Capitol Building
Denver, Colorado 80203

Dear Colleagues:

This is to inform you that at 4:29 p.m. today, I vetoed House Bill 14-1375, "Concerning Modifications to Statutory Provisions Governing Urban Redevelopment to Promote the Equitable Financial Contribution Among Affected Public Bodies in Connection with the Tax Increment Financing of Urban Redevelopment Projects." This letter sets forth my reasons for vetoing the legislation. The bill and this letter are being filed today with the Secretary of State in accordance with Article IV, Section 11 of the Colorado Constitution.

After considering the views of proponents and opponents of the legislation, we came to understand that both sides have legitimate arguments. As Governor, I understand that we seek a balance to address the concerns of all sides while also maintaining the viability of mechanisms such as tax increment financing to address blight and encourage responsible development that supports business and creates jobs. Urban renewal authorities and tax increment financing are important tools that have facilitated transformative projects and stimulated employment opportunities across the state.

We believe, however, that counties and affected local governments are entitled to a greater say in the urban renewal process, and that widening the tax base for urban renewal projects is an important goal. We support HB 14-1375's provisions that increase this transparency by giving counties a seat on urban renewal boards, ensuring that affected local governments are able to participate in the redevelopment process, and clarifying that remaining increment revenues should be distributed pro rata following repayment of bonds and other outstanding obligations.

Unfortunately, HB 14-1375 goes a step too far. The bill's provision that mandates the percentage of allocated property tax increment not exceed the percentage of allocated municipal sales tax increment does not account for the complexity and variety of urban renewal projects. We understand the concerns that such inflexibility could hamstring projects that might benefit from the use of these programs. Moreover, unresolved technical issues were identified in the bill that could lead to significant financial constraints for municipalities. Each urban renewal project

is both geographically and financially unique. Land use planners, urban renewal authorities and affected communities should have flexibility to address blight in the manner that best meets each community's specific needs and goals.

We strongly encourage the affected stakeholders, along with the General Assembly, to work together to craft a bipartisan, compromise solution that better balances the concerns of all parties. A suitable compromise would establish an equitable method for widening the tax base that supports tax increment financing and increase the role and participation of counties and affected local governments in the urban renewal process; all while maintaining the flexibility to develop projects that are focused on addressing the particular needs of a given community. We stand ready to work with counties, municipalities, local governments, business leaders and land use professionals toward developing a consensus solution.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Hickenlooper". The signature is written in a cursive style with a horizontal line underneath the name.

Governor John Hickenlooper