



March 3, 2024

SUMMARY OF BILL: Establishes the *Residential Infrastructure Development Act of 2024*. Authorizes municipalities, counties, and metropolitan governments (municipalities) to establish infrastructure development districts (IDD) within a municipality or across multiple municipalities for the purpose of establishing an alternative method to fund and finance capital infrastructure through the levy and collection of special assessments and the issuance of bonds.

FISCAL IMPACT:

Other Fiscal Impact – A precise impact to local government revenue and expenditures cannot be estimated, but such impacts are considered permissive.

Assumptions:

- The proposed legislation authorizes local governing bodies (LGBs) to create IDD by passage of a resolution by majority vote.
- An IDD may be established across multiple municipalities, requiring a majority vote of each municipality.
- An IDD is initiated by the filing of a petition with a municipality's clerk and must be signed by:
 - The developer;
 - The majority of the owners of real property in the district having an assessed value of not less than two-thirds of the assessed value of all the real property proposed to be included in the district; and
 - The owners of each parcel of property within the district which is, at the time of the filing of the petition, being assessed as residential property.
- The petition must set forth:
 - Each municipality in the IDD;
 - The boundaries of the district or territory to be included in the IDD;
 - Each parcel in the IDD;
 - A site development plan;
 - The infrastructure required and the cost of such, along with an estimate of the cost of the entire development; and
 - The proposed rate of levy of the special assessment to be imposed.
- An LGB will hold a public hearing between 30 and 45 days of receiving the petition and if an IDD must be approved by multiple municipalities, a joint public hearing may be held.

- Public notice of the hearing must be posted at least 14 days before the public hearing, and must contain a summary of the petition.
- The notice must be:
 - Posted in a location where a member of the community may become aware;
 - Posted on the municipality’s website, if the municipality has a website; and
 - Mailed to each property owner within the proposed IDD at the address shown in the records of the property assessor’s office.
- Mailing requirements to property owners will result in a permissive increase in local government expenditures; however, the number of proposed IDD’s and property owners within the proposed IDD’s cannot be precisely estimated.
- Public hearings to consider petitions will be conducted during regularly scheduled LGB meetings, resulting in no significant increase in local government expenditures. Should a joint public hearing be held, there may be permissive local expenditures for an LGB.
- An IDD must be composed of not less than five acres or have a capital cost of at least \$5,000,000, and use at a minimum one-half the area in the IDD for residential development.
- The proposed legislation authorizes municipalities to:
 - Levy assessments;
 - Borrow money and issue bonds, notes, or other obligations for purposes of paying infrastructure costs;
 - Pledge payment on principal, premium, and interest on the bonds, notes, or other obligations;
 - Delegate the authority to issue revenue bonds to an industrial development corporation incorporated by the municipality and a public building authority;
 - Refund and refinance bonds or other obligations; and
 - Make the proceeds of bonds available to developers.
- Upon the filing of a petition and the adoption of an establishment resolution, municipalities may levy assessments on all properties located within the IDD, resulting in an increase in local government revenue.
- For IDD’s spanning multiple municipalities, only one municipality may levy an assessment on a property.
- The rate of each special assessment will depend on the estimated costs of the infrastructure and other permitted costs being assessed.
- Government-owned property is not subject to a special assessment without the approval of the applicable governing body. It is assumed most governmental entities will not consent to the levy of a special assessment; any impact to local government revenue and expenditures is estimated to be not significant.
- Assessment revenue must be applied to the cost of all expenses of making public improvements within the IDD, including the following:
 - Infrastructure costs;
 - Payment of the principal, premium, and interest on any bonds, notes, or other debt obligations issued for the purpose of the IDD; and
 - Administrative costs, of which five percent of the total assessment may be set aside.
- An assessment, any interest on the assessment, and the costs of the collection of the assessment constitutes a lien on the property upon which the assessment is levied.

- Municipalities are authorized to impose interest of one percent per month and a one percent per month penalty on delinquent assessments, which may result in an increase in local revenue; however, due to the unknown number of delinquencies that would occur, a precise increase in local government revenue cannot be determined.
- Each IDD must be dissolved by the LGB immediately upon:
 - Written petition filed by the owners of either 75 percent of the assessed value of the property in the district or 50 percent of the owners of record within the district; or
 - The payment and discharge of all obligations payable solely from the special assessment revenues levied; provided that dissolution must not occur prior to the payment in full and discharge of such debt obligations.
- The proposed legislation will result in permissive expenditures for any municipality that elects to establish an IDD. However, such municipality may also incur cost savings as infrastructure expenses would be paid by special assessments of property owners within the IDD.
- Additionally, the proposed language caps the portion of special assessment revenue that may be allocated to the municipality for the administrative costs of the IDD. It is not known if the portion allocated to a municipality will cover the full cost of administrative duties.
- The fiscal impact of the proposed legislation is dependent on the number of municipalities that establish an IDD, the specific parameters of such development plans, the rate of special assessment levied, the number of property owners to which the assessment is levied, and the amount of such assessment collected.
- Due to a number of unknown factors, a permissive impact to local government revenue and expenditures cannot be precisely estimated.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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