



Poudre School District statement regarding URA negotiations

Representatives of Poudre School District and the Fort Collins Urban Renewal Authority (FCURA) have since October 2018 been negotiating the allocation of tax revenues that may be used to help finance the Authority's proposed Urban Renewal Plan for the area of College Avenue and Drake Road in Fort Collins. The proposed plan for the intersection is the first Urban Renewal Plan for which the FCURA and PSD have attempted to negotiate an agreement governing the allocation of tax increment revenue. This is the result of a 2015 amendment to the Urban Renewal Law. Prior to that amendment, the tax increment was automatically allocated to the FCURA authority, and PSD had no say in the matter.

"PSD's mission is "Educate . . . Every Child, Every Day," said PSD Superintendent Dr. Sandra Smyser. Accordingly, the school district's negotiating position is based on the principle that District property tax revenue should be used for education-related purposes, as determined by the District operating at the direction of its publicly elected Board."

PSD Board of Education President Christophe Febvre added, "Any proposed agreement that seeks to allocate school district property tax revenue to another entity for purposes unrelated to education is not in the best interest of the District's educational mission or students."

BACKGROUND INFORMATION REGARDING URAs and TIF

Tax increment financing is a financial tool used by local governments to promote economic development and redevelopment, [according to the Government Finance Officers Association](#). FCURA policy states that, "The mission of the Urban Renewal Authority is to remedy blight, using Tax Increment Financing, to leverage private capital investment, and stimulate sustainable development and public improvement projects."

The TIF process splits tax revenue generated from properties within the TIF district into two components: base revenues and incremental revenues. The base amount of property tax revenues is determined by calculating the total amount of property tax generated by all properties within a TIF district. TIF requires a determination of that base valuation for assessment of the taxable property within an urban renewal area as of the date the urban renewal authority's plan for that area is approved. As the plan is implemented over time, the total valuation for assessment of that taxable property should exceed the base valuation by increasing amounts each year. The difference between the tax revenue calculated from the base valuation and from the total valuation for assessment in subsequent years after the plan approval date is the "tax increment." Under TIF, the tax increment that taxing authorities – think counties, special districts and school districts – would otherwise receive is allocated to the urban renewal authority to help finance its urban renewal plan.

Under the Public School Finance Act, school districts receive a specified per-pupil dollar amount of revenue multiplied by the number of pupils enrolled in the school district. This specified dollar amount is comprised of a "local share" and a "state share." The "local share" includes net property tax revenue (property tax revenue minus the tax increment allocated to an urban renewal authority), with the "state share" making up the difference between net property tax revenue and the specified dollar amount to which the school district is entitled under the Finance Act. The state share thus has the effect of



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reimbursing the school district for the tax increment that is allocated to the urban renewal authority. This is sometimes referred to as “backfilling.”

There is no guarantee that the state share will continue to backfill PSD’s tax increment that is allocated to urban renewal authorities pursuant to TIF. For example, the state share could be changed to only make up the difference between gross property tax revenue (property tax revenue that includes the tax increment allocated to an urban renewal authority) and the specified dollar amount to which the school district is entitled under the Finance Act. For this reason, Poudre School District wishes to negotiate an agreement providing that the FCURA will only receive school district tax increment revenue from the College and Drake Urban Renewal Plan so long as the school district is backfilled for that amount under the Public School Finance Act.