

# ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2023

2022 - 2023

Independence Urban Renewal  
Agency

This report fulfills the requirements, prescribed in ORS 457.460,  
for the filing of an annual report detailing the financial activity of  
an urban renewal area established in Oregon.



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## **INDEPENDENCE**

*Oregon's Story Begins Here*

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## URBAN RENEWAL AREA BACKGROUND

The Independence Urban Renewal Plan (Plan) was adopted by the City of Independence on September 25, 2001.

The frozen base assessed value ("Frozen Base") of the Urban Renewal Area is \$33,349,131. The FY 2022/2023 total assessed value is \$108,175,376. The excess value, or the value on which taxes were paid to the urban renewal agency in FY 2022/2023 was \$74,826,245.<sup>1</sup>

The Independence Urban Renewal Agency ("IURA") was established by the City of Independence in 2001 as a long-term investment strategy to fund and construct capital improvement projects in the Independence Urban Renewal Area ("Area"). The Area is approximately 293 acres, or 17.20% of the 1,703 acres within the city limits.

The IURA is a separate legal and financial entity, governed by a Board of Directors comprised of the members of the City of Independence City Council. Oregon state law allows cities to create urban renewal districts of a size not to exceed twenty-five percent (25%) of the total assessed property value within the city limits. The frozen base value of the Area when established in 2005 was \$33,349,131 and does not exceed this limit.

The entire Independence Urban Renewal Plan and Report can be found on Independence Urban Renewal Agency's website, <https://www.ci.independence.or.us/ed/urban-renewal-district>.

## FY 2022/2023 Projects

The URA has no current projects.

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<sup>1</sup>Polk County Assessor Tax FY 2022/2023 Table 4e

## FINANCIAL REPORTING

Pursuant to ORS 457.460, a detailed accounting of the financial activity related to urban renewal areas is required to be reported on an annual basis. The following financial information meets the requirements of this statute.

### Money Received

In FY 2022/2023, the Independence Urban Renewal Agency received \$1,027,502 from division of taxes.<sup>2</sup> The detailed earnings of the Independence Urban Renewal Agency can be seen in Table 1.

**Table 1. Money Received During FY 2022/2023**

#### Debt Service Fund

Division of taxes	\$ 761,233
Interest earnings	13,657
Contributions from City of Independence	<u>423,880</u>
Total	\$ 1,198,770

#### Capital Projects Fund

Division of taxes	\$ 253,744.0
Interest earnings	<u>1,352</u>
Total	\$ 255,096

Source: Independence Urban Renewal Agency Financial Statement FYE 2023

### Money Expended

Urban renewal expenditures on urban renewal activities were as shown in Table 2.

**Table 2. Expenditures During FY 2022/2023**

#### Debt Service Fund

Debt service principal	\$ 420,000
Debt service interest	<u>509,956</u>
Total	\$ 929,956

#### Capital Projects Fund

Debt service principal	\$ 268,889
Debt service interest	<u>496,611</u>
Total	\$ 765,500

Source: Independence Urban Renewal Agency Financial Statement FYE 2022

### Estimated Revenues

The estimated tax increment revenues to be received in 2023/2024 per the adopted Independence Urban Renewal Agency budget total \$1,128,985.<sup>3</sup>

<sup>2</sup> Independence Urban Renewal Agency Financial Statement FYE 2023

<sup>3</sup> The City of Independence FY 2023/2024 Urban Renewal Budget

## Adopted Budget for Current Fiscal Year, 2023/2024

Table 3 below details the budgeted receipts and expenditures for each of the respective funds of the Agency for the 2023/2024 fiscal year.

**Table 3. FY 2023/24 Urban Renewal Budget**

### Debt Service Fund

#### Resources

Beginning balance	\$	296,240
Division of taxes		665,285
Interest earnings		1,500
Contributions from City of Independence		606,415
Total	\$	1,569,440

#### Uses

Debt service	\$	1,029,032
Ending balance		540,408
Total	\$	1,569,440

### Capital Projects Fund

#### Resources

Beginning balance	\$	1,342,509
Division of taxes		463,700
Interest earnings		1,000
Total	\$	1,807,209

#### Uses

Contract services	\$	15,000
Debt service		764,220
Contingency		1,027,989
Total	\$	1,807,209

Source: City of Independence FY 2022/2023 Urban Renewal Budget spreadsheet

## Impact on Taxing Districts

The revenues foregone by local taxing districts due to urban renewal are shown in Table 4. This information is from Polk County Assessor records, Table 4a and 4e and is after losses of \$317.71 to compression and truncation.

Tax increment revenue derived from permanent rate levies results in an impact to taxing districts. These are “foregone revenues” that result in decreased property tax collections for the affected taxing districts. Tax increment revenue derived from general obligation bonds does not have the same impact on taxing districts. Instead, the general obligation bond tax rates are adjusted upwards to ensure that the full amount of annual debt service payments can be made. Thus, the foregone revenue associated with general obligation bond tax rates does not have an impact on taxing districts, but instead impacts taxpayers countywide through a slightly higher property tax rate.

Once the urban renewal area is terminated, the taxing jurisdictions receive the full permanent rate of taxes. The Central School District 13J and Willamette Education Service District are funded through the State School Fund on a per pupil allocation. There is no *direct* impact of urban renewal on their funding. The State School Fund is funded through property tax allocations, but also through other state resources.

Table 4 includes the revenue foregone to urban renewal for each taxing district as a percent of the taxing district’s total permanent rate levy collections.

**Table 4. Impact on Taxing Districts FY 2022/2023**

<b>Taxing Jurisdiction</b>	<b>Foregone revenues due to permanent levy</b>	
Polk County	\$	128,342
Willamette ESD		22,197
Chemeketa CC		46,784
Polk County Fire District #1		112,496
City of Independence		343,399
Chemeketa CC Library		6,100
Hilltop Cemetery District		8,461
Polk Soil & Water Conserv Dist		3,710
Polk County 4H & Extension		5,597
Ash Creek Water Control Dist		7,392
Central Sch. District 13J		365,345
Total	\$	1,049,823

Source: FY 2022/2023 Sal 4e Urban Renewal from Polk County Assessor

## Maximum Indebtedness

The maximum indebtedness (MI) for the Independence Urban Renewal Plan is \$17,948,950. The MI is the total amount of funds that can be spent on projects, programs, and administration in the Area over the life of the Plan. The balance expended as of June 30, 2023, is \$9,506,519.