



# CITY OF GREENLEAF

20523 North Whittier Drive  
Greenleaf, Idaho 83626



*"We believe the most effective, responsible, responsive government is government closest to the people, and the sovereignty of the state must be protected. That government is best that governs least."*

**- Idaho Republican Party Platform Preamble**

*"But we have to pass the bill so that you can find out what is in it – away from the fog of the controversy."*

**- Nancy Pelosi, March 2010**

Zach Hauge, Chief of Staff  
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P.O. Box 83720  
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*Via U.S.P.S. and e-mail (zach.hauge@gov.idaho.gov)*

09 August 2021

RE: HOUSE BILL 389

Dear Governor Little,

The City of Greenleaf urgently calls to your attention difficult decisions we now face as we balance the needs of public safety and infrastructure against the current demand for new housing. As will be shown below, one immediate and direct result of the enactment of House Bill 389 is that new development will be unable to pay its own way and limiting new development hinders needed economic development. This bill disproportionately affects smaller cities with smaller populations, lower taxable values, and smaller property tax budgets.

The purported need for House Bill 389, and its predecessor bills considered and rejected during the 2020 and 2021 legislative sessions, was justified by its sponsors based upon at least two demonstrably false premises: first, that City governments and the budgets they adopt are "out of control,"<sup>1</sup> and second, that state government intervention was required to "reign in" these local governments.<sup>2</sup> Worse, the sponsors of this legislation used the intellectually

<sup>1</sup> Rep. Mike Moyle, KTVB interview, Feb. 13, 2020.

<sup>2</sup> Rep. Mike Moyle, Meridian, Idaho town hall meeting, Aug. 20, 2019.





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dishonest tactic of “poisoning the well” to preemptively dismiss objections without fully considering their merits.

Regardless of the rhetoric surrounding this hastily drafted and ill-conceived legislation, its real-world consequences are not now controversial, and are provided here, well “away from the fog of the controversy,” and for your consideration with the hope you will use your leadership to encourage the legislature to repeal this disastrous law.

The City of Greenleaf has a current net taxable value of 52 million dollars and currently has 297 dwellings, and buildable platted lot capacity for an additional 29 dwellings. Greenleaf contracts with the City of Wilder for police protection, at an annual cost of \$35,000 to serve these residents. In addition, Greenleaf recently completed DEQ and EPA mandated sewer treatment plant upgrades, using revenue bonds and USDA loans that depend on user revenue for repayment. Part of that repayment structure is based upon the City’s future growth, with anticipated increases in users and user fee revenue pledged to make higher payments later in the life of the loan as growth occurs.

A developer recently approached the City with a proposal to annex property to be developed into a 110-unit subdivision of affordable single-family dwellings. This would increase the City’s number of residential dwellings by 37%, and the City’s taxable value by more than 38 million dollars.

In prior years, growth from annexation and new development was accompanied by a reliable source of property tax revenue sufficient to ensure growth paid its own way and did not imperil public safety by burdening existing residents with reductions in service. Thus, a 37% increase in dwellings, creating a 37% increase in demand for police protection, would have provided sufficient property tax revenue to fund the necessary increases in police protection to keep Greenleaf’s citizens safe.

Under the provisions of H 389, however, the City’s total property tax budget can grow no more than **8%**, (3% overall and 5% from annexation and new construction) and the City is only allowed to use 90% of the value of new construction and annexation in computing net taxable value. For example, if the





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City were to approve an annexation and construction of 110 new homes valued at \$350,000 each, then as a result of HB 389's arbitrary limits, over the course of three years, the City will have been forced to forego over \$215,000 in tax revenue. Current homeowners would be deprived of the level of police protection they once enjoyed, and in a bizarre twist, current homeowners will also be deprived of the benefit of the increased total city valuation that can lower levy rates, because the new taxable value is now limited to 90%.

HB 389's arbitrary 8% budget and 90% value limits force cities like Greenleaf into an unpleasant dilemma: either deny badly needed and affordable housing because it cannot pay its way for police protection and other property tax funded services, or approve it and accept reductions in police protection for the City's residents, both current and new. Compounding this problem is the recent onset of high inflation nationwide, which will further diminish the City's ability to furnish vital services.

Worse for Greenleaf, this new housing growth is essential for funding the loan payments for the sewer plant repairs. With the 5% new construction budget growth limits, the City can now only afford to allow **seven (7)** new construction dwellings while maintaining the current level of services for our city. The wastewater enterprise fund is thus deprived of 103 new badly needed connections, leaving the existing customers to face steep future rate increases that would have been funded by those new connections.

Far from being "out of control," as Rep. Moyle characterizes local governments and their budgets, the City of Greenleaf is directly accountable to its taxpaying citizens, with whom I, my councilmembers, and staff interact on a daily basis. Were our budget to be bloated or wasteful, we would be the first to hear of it, either over coffee, from public input at our monthly city council meetings, or at our statutorily required budget hearing, notice of which is provided to property owners when they receive their tax assessment notice (also required by statute). We would ask you who you think is in a better position to decide the budgetary limits of our City - our "closest to the people" local government and the citizens we serve, or a top-down dictate created by a hastily assembled legislative committee operating with no notice and severely limited citizen input? Indeed, "out-of-control" more accurately describes the legislature during this past

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session, wielding the heavy hand of big State government from afar, governing more rather than less, by substituting its judgment for those who are closest to the people.

We understand that you were faced with a Hobson's choice in signing this legislation at the 11<sup>th</sup> hour of the session, relying in part on false representations that it provided property tax relief. With your signature on the legislation giving you some skin in the game, we hope our providing a real life and current example of its actual effects will assist you in demanding its immediate repeal during the next legislative session, whether special or regular.

Brad Holton  
Mayor  
City of Greenleaf

Ryan Schnuerle  
Council Seat #1, Council President  
City of Greenleaf

Rob Fisher  
Council Seat #2  
City of Greenleaf

Kurt Kopadt  
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Deputy Chief of Staff and Director of Intergovernmental Affairs  
Sen. Mark Harris  
Sen. Jim Rice  
Rep. Scott Bedke  
Rep. Mike Moyle  
Idaho Legislators, District #9-13  
Canyon County Assessor, Clerk, and Commissioners  
Cities of Caldwell, Melba, Middleton, Nampa, Notus, Parma, Star & Wilder  
Association of Idaho Cities  
Idaho Association of General Contractors  
Building Contractors Association of Southwestern Idaho  
Treasure Valley Partnership