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Tax windfall

New hospital to bolster city's tax rolls

POCATELLO — Portneuf Medical Center's new \$150 million facility, which is due to be completed next year, will result in a significant addition to the city's tax rolls.

Because the hospital is now privately owned instead of county owned, it will add about \$100 million in taxable valuation to the city's tax base when it's completed, which would be about a 5 percent increase over Pocatello's current total taxable value of \$2.211 billion.

"What that basically means is they'll pay taxes so you don't have to pay as much," says Pocatello Chief Financial Officer Dave Swindell. "It's more people pulling on the oars."

Swindell, City Council members and Mayor-elect Brian Blad say they don't want to spend the money before they have it, but it's nice to know it will be there, especially since the amount of revenue the city receives from the state and other non-property tax sources has plummeted.

City Councilman Gary Moore says the extra money will enable the city to look at several possible options, including lowering the levy rate, addressing capital needs, and taking care of city employees, who have not received any significant raise or cost-of-living increase in a couple of years.

"The years I've been on the council, those have always been priorities: reduce the levy, take care of employees, and meet the city's long-term needs," Moore says. "Those are great options to have. I think the hospital project has turned out well and it's a significant deal."

Outgoing Mayor Roger Chase says he was hoping the city would be able to use some of the money to do something for the city's 600 employees, who received no cost-of-living increase in the fiscal 2010 budget and only received a 1 percent increase in 2009.

"We had an opportunity to do something for our employees, because they're going to go quite awhile without getting a pay raise," Chase says.

In addition to the extra tax dollars from the hospital, the city's largest tax increment financing district is set to expire Dec. 31, 2010, which will result in about \$85 million of taxable valuation being returned to the general tax rolls in 2012.

The debt on City Hall and the Marshall Public Library will retire in May 2011, which will free up \$521,000 per year.

Together, those developments could put Pocatello in a good financial situation in a few years, notwithstanding a major decline in non-property tax revenue. The city faces a total shortfall of \$1.57 million in fiscal 2010 in non-property tax revenues compared with 2007, including a \$700,000 decline in sales tax

revenue, a \$296,000 reduction in highway user fee funds, a forecast \$349,000 reduction in revenue from building permits, and a \$284,000 decline in general fund interest.

Despite that decline in revenue, the additional funds expected in the next few years should put the city in a good position financially barring unforeseen developments, Swindell says.

“I think there’s the potential to both lower taxes and better capitalize the city,” he says. “Events can conspire against us. Nonetheless, there are some (positive) things on the horizon.”

Blad says the city is in a good position financially compared with other cities in Idaho, and when the money becomes available the city will look at how it can best be used given the budget situation at that time.

“We’ll wait and see where it fits in the budget and what we can and can’t do with it,” Blad says. “We definitely don’t want to spend the money before we get it.”