

Issue Brief: IMPACT FEES

HB 637 by Rep. DiCeglie / SB 1066 by Sen. Gruters

HB 637 further refines current law with respect to impact fees to ensure fees collected are utilized to support proportional infrastructure needs directly created by the impacts generated by new development.

Specifically, HB 637 does the following:

- Defines "infrastructure" to ensure impact fee calculations only include the true costs of infrastructure: Some local governments are using impact fees for things other than true infrastructure needs, including the costs of police uniforms, new whistles, shorts and socks. While we support our men and women "in blue," impact fees should only be utilized to support infrastructure projects such as roads, water and sewer, and schools. HB 637 ensures fees are directed to true infrastructure projects (roads, buildings, schools, etc.) by simply using the definition of "infrastructure" that is already in state statute.
- Requires that the "most recent data" for impact fee calculations are collected within the last 36-months.
- Provides more flexibility for redeeming impact fee credits: There are examples of developers providing infrastructure that surpasses the impacts generated by his or her development. In return, some local governments provide impact fee credits to developers for providing additional capacity. The "credit" given to developers for providing excess capacity reduces impact fees on future projects. However, counties and cities use zones that limit where credits can be applied, hence preventing developers from using impact fee credits that they have earned once a zone has been built-out. This language simply allows developers to move credits from one zone to another within the county or city. The credits must still be used for the same type of infrastructure.
- Ensures that impact fee increases do not apply to pending permit applications submitted before the effective date of the increase.
- Limits school impact fees to what the State allows: The state statutorily limits how much it will pay per square foot for school construction. However, when calculating the per square foot costs of a proposed impact fee, no such limit applies. Local school districts seeking funding in excess of the state mandated per square foot should seek a more broad-based funding solution rather than solely relying on the backs of new construction.
- Establishes an Impact Fee Review Committee: Local governments hire impact fee consultants purely on their ability to calculate the largest number or fee. The review board provides oversight by establishing an impact fee methodology, reviewing proposed impact fees on new developments, and providing recommendations to local governments. Further, the board reviews all proposed impact fee expenditures to ensure

BOTTOM LINE: FHBA ASKS YOU TO VOTE "YES" on HB 637!