
Local Government Committee

HB 2337

Brief Description: Providing options for impact fee requirements.

Sponsors: Representatives Morris and Mielke.

Brief Summary of Bill

- Allows a developer to dedicate land, improve existing system improvements, or construct new system improvements in lieu of paying impact fees.
- Requires local governments imposing impact fees to develop and issue "functional specifications" for use in determining impact fee charges and to guide the development of certain system improvements.

Hearing Date: 1/22/04

Staff: Thamas Osborn (786-7129).

Background:

Counties, cities, and towns that plan under the major provisions of the Growth Management Act (GMA) are authorized to impose impact fees on development activity as part of the financing of public facilities. Impact fees are payments of money required of developers as a condition of development approval. Local governments are required to use impact fees to pay for certain public facilities that are made necessary as the result of a development and must ensure that such fees are:

- used only for system improvements that are reasonably related to the impact of the development on the use of public facilities;
- do not exceed a proportionate share of the cost of system improvements made necessary by the development; and
- are used for system improvements that reasonably benefit the new development.

Furthermore, in determining how system improvements are to be financed, a local government must provide for a balance between impact fees and other sources of public funds, and cannot rely solely on impact fees.

The local ordinance governing the imposition of impact fees must contain certain provisions and meet specified requirements. For example, subject to certain conditions, the ordinance must allow an impact fee credit for any developer that contributes to system improvements by:

- dedicating land;

- improving existing systems; or
- constructing new systems or facilities.

Local ordinances must also include a fee schedule for each type of development activity subject to impact fees, specifying the amount of the impact fee to be imposed for each type of system improvement. The schedule must be based upon a formula or other method of calculating the prorated impact fee. In determining the proportionate share of the fee to be paid by a developer, the formula or method must incorporate:

- the cost of public facilities necessitated by new development;
- an adjustment to the cost of the public facilities for past or future payments made or reasonably anticipated to be made by new development to pay for particular system improvements in the form of user fees, debt service payments, taxes, or other payments earmarked for or prorable to the particular system improvement;
- the availability of other means of funding public facility improvements;
- the cost of existing public facilities improvements; and
- the methods by which public facilities improvements were financed.

Summary of Bill:

Rather than pay an impact fee, a developer has the option of a) dedicating land, b) improving existing system improvements, or c) constructing new system improvements. If the developer chooses to improve existing system improvements or construct new system improvements, the improvements must be consistent with the "functional specifications" issued by the applicable jurisdiction.

"Functional specifications" is defined as a detailed description of system improvements or new construction of system improvements developed and issued by a local government to comply with statutory requirements. Such specifications may include, but are not limited to, detailed construction or improvement plans for public facilities.

As part of the formula used for determining the proportionate share of the impact fee that must be paid by a developer, a local jurisdiction must consider the "functional specifications" of any public facilities necessitated by a new development.

Appropriation: None.

Fiscal Note: Requested on January 22, 2004.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.