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## Local Government Committee

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### ESSB 6413

**Brief Description:** Modifying impact fee provisions.

**Sponsors:** Senate Committee on Land Use & Planning (originally sponsored by Senators Mulliken, T. Sheldon, Swecker, Rasmussen, Esser, Hargrove, Murray and Stevens).

#### Brief Summary of Engrossed Substitute Bill

- Adds identical provisions to both the excise tax code and to state environmental policy statutes requiring that impact fees for residential construction be collected by the local governmental authority either: a) at the time of final inspection of the residence; or b) at time of issuance of the certificate of occupancy.
- Requires that the impact fees be paid before the final inspection of the residence takes place or the certificate of occupancy is issued.
- Allows a local government to impose a lien upon the property in the event the impact fee is not paid within 30 days of the date it is due.
- Allows a county, city, or town to require the property owner to enter into a surety agreement in which the property owner promises to pay impact fees in accordance with statutory requirements.

**Hearing Date:** 3/3/04

**Staff:** Thamas Osborn (786-7129).

#### **Background:**

Impact fees generally. Under chapter 82.02 RCW (the excise tax code), 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.

Environmental impact fees. The State Environmental Policy Act of 1971 (chapter 43.21C RCW) also allows local governments to assess impact fees for the costs associated with the mitigation of specific adverse environmental impacts that may result from a development.

**Summary of Bill:**

Impact fees for residential construction that are collectible under the excise tax code (chapter 82.02 RCW) or the state environmental policy act (chapter 43.21C RCW) shall only be collected either: a) at the time of the final inspection of the residence; or b) at the time the certificate of occupancy is issued. However, the requisite impact fees must be paid before the final inspection of the residence takes place or the certificate of occupancy is issued.

A local government may impose a lien upon the property in the event the impact fee is not paid within 30 days of the date it is due.

A county, city, or town may require the property owner to enter into a surety agreement in which the property owner promises to pay impact fees in accordance with statutory requirements.

"Residential construction" is defined to mean construction of single-family dwellings, duplexes, apartments, condominiums, and other residential structures.

The entire act is null and void if any section of the act is vetoed by the governor.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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