

HOUSE BILL REPORT

HB 1793

As Reported by House Committee On: Local Government

Title: An act relating to allowing fire protection facilities to use impact fees.

Brief Description: Allowing fire protection facilities to use impact fees.

Sponsors: Representatives Simpson, P. Sullivan, Dunshee and Ericks.

Brief History:

Committee Activity:

Local Government: 2/14/05, 2/24/05 [DP].

Brief Summary of Bill

- Expands the use of impact fees for the funding of fire protection facilities that include those facilities located within a fire district.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 4 members: Representatives Simpson, Chair; Clibborn, Vice Chair; B. Sullivan and Takko.

Minority Report: Do not pass. Signed by 2 members: Representatives Schindler, Ranking Minority Member; and Ahern, Assistant Ranking Minority Member.

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.

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 proratable 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.

The types of "public facilities" which may receive funding from impact fees are limited to specified types of capital facilities owned or operated by government entities. Such public facilities are limited to the following:

- public streets and roads;
- publicly owned parks, open space, and recreation facilities;
- school facilities; and
- fire protection facilities *in jurisdictions that are not part of a fire district*.

Fire protection districts are created to provide fire and emergency services to protect life and property in locales outside of cities and towns. A fire protection district may be established through a process involving a petition by the residents of a proposed district, a public hearing, and voter approval.

Summary of Bill:

The authority of a governmental entity to use impact fees for the funding of fire protection facilities is expanded to include *all* fire protection facilities, including those located within a fire district.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Currently, the law prohibits the use of impact fees to fund fire protection districts. This bill is intended to remedy the problems which arise when a city annexes to a fire protection district which, in turn, results in the city being unable to use impact fees to fund fire services. This leaves such cities without the funding necessary to provide adequate fire protection services, since impact fees are essential if such services are to be able to cope with the demands of new development. Many cities that have annexed into local fire districts are experiencing considerable growth and are in dire need of new facilities which, due to the absence of impact fees, have no funding for them. The bill would remedy this problem by enabling such cities to use impact fees for the expansion of fire district facilities. Forty-five cities have annexed to local fire districts and should be able to use impact fees just as other cities do. Such annexations are often more efficient because they enable cities to avoid creating an entirely separate fire protection system, thus avoiding redundancies and creating economies of scale. If the bill is not passed, some cities may be forced to de-annex from their local fire district and bear the expense of creating a new city-based fire protection system.

This is inefficient and would be very expensive for the cities. The SEPA process could be used in lieu of impact fees to obtain fire protection funding, but the SEPA process is cumbersome, time consuming, and provides a less predictable source of funding than do impact fees. The current lack of impact fees has caused cities to be unable to provide the services necessary for new development, which has a direct impact on public safety. Furthermore, impact fees are tied directly to the impacts caused by new development, and are thus a more equitable source of funding than is a broad based tax levy.

Testimony Against: The bill represents a poor approach to remedying existing problems with respect to the funding of fire protection services. We need to reevaluate how local infrastructural needs are funded and should not rely on impact fees to fund these needs. Broader based funding sources need to be found. Impact fees are a major driver of the increases in housing costs. Every \$1,000 increase in average housing costs drive 20,000 potential home buyers out of the market.

Persons Testifying: (In support) Representative Simpson, prime sponsor; Dave Williams, Association of Washington Cities; Duncan Wilson, City of Covington; Larry Rabel, King County Fire District 37; Ryan Spiller, Washington Fire Commissioners Association; Mike Ryherd, American Planning Association; and Genesee Adkins, Futurewise.

(Opposed) Trent Matson, Building Industry Association of Washington.

Persons Signed In To Testify But Not Testifying: None.