

SENATE BILL REPORT

SB 5923

As of February 17, 2015

Title: An act relating to promoting economic recovery in the construction industry.

Brief Description: Promoting economic recovery in the construction industry.

Sponsors: Senators Brown, Liias, Roach, Dansel, Hobbs, Warnick and Chase.

Brief History:

Committee Activity: Trade & Economic Development: 2/18/15.

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Staff: Jeff Olsen (786-7428)

Background: The Growth Management Act (GMA) is the comprehensive land use planning framework for counties and cities in Washington. GMA establishes land use designation and environmental protection requirements for all counties and cities.

Planning jurisdictions may impose impact fees on development activity as part of the financing of public facilities needed to serve new growth and development. Impact fees may be collected and spent only for qualifying public facilities that are included within a comprehensive plan.

Legislation adopted in 2013 – ESHB 1652 – obligated counties, cities, and towns to adopt deferral systems for the collection of impact fees from applicants for residential building permits through a covenant-based process, or through a process that delays payment until final inspection, certificate of occupancy, or equivalent certification. The legislation was vetoed in its entirety by the Governor on May 21, 2013.

Summary of Bill: Counties, cities, and towns that collect impact fees must adopt a system for the collection of impact fees from applicants for residential building permits that includes one or more of the following:

- a process by which an applicant for any development permit that requires payment of an impact fee must record a covenant against title to the lot or unit subject to the impact fee obligation. Covenants recorded through this process must satisfy certain requirements, including requiring payment of all impact fees at the time the building permit was issued, less a credit for paid deposits. The covenants must provide for the

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- payment of the impact fees at the time of closing or 18 or more months after the issuance of a building permit, whichever is earlier; or
- a process by which an applicant may apply for a deferral of the impact fee payment until final inspection or certificate of occupancy, or equivalent certification.

As an alternative to the deferral process, counties, cities, and towns may adopt local deferral systems if the payment timing provisions are consistent. Additionally, a county, city, or town with an impact fee deferral process on or before July 1, 2016, is exempt from the obligation to establish an impact fee deferral system if the locally adopted deferral process delays all fees and remains in effect after July 1, 2016. Lastly, in each calendar year that an applicant received a deferral, the applicant may receive deferrals for no fewer than 20 single-family residential construction building permits per jurisdiction. A county, city, or town, however, may elect to defer more than 20 of the building permits for an applicant if:

- the county, city, or town collects impact fees on behalf of the jurisdiction or jurisdictions for which the collection of impact fees would be delayed; and
- the county, city, or town and the jurisdiction or jurisdictions for which the collection of impact fees would be delayed agree to the additional deferrals.

If the collection of impact fees is delayed through a covenant-based deferral process, a final inspection or certificate of occupancy deferral process, or an authorized alternative local government deferral system, the six-year timeframe for completing improvements or strategies for complying with concurrency provisions of GMA may not begin until after the county or city receives full payment of all impact fees due.

Appropriation: None.

Fiscal Note: Requested on February 13, 2015.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2016.