Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Local Government & Housing Committee

SB 5548

Brief Description: Requiring project improvements, including public transportation infrastructure improvements, to be credited against the imposition of impact fees.

Sponsors: Senators Haugen, Jarrett, Fraser and Shin.

Brief Summary of Bill

- Establishes new local ordinance requirements for credits against the imposition of impact fees.

Hearing Date: 3/25/09

Staff: Ethan Moreno (786-7386)

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.

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

- public streets and roads;

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- publicly owned parks, open spaces, and recreation facilities;
- school facilities; and
- fire protection facilities in jurisdictions that are not part of a fire district.

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. Additionally, local ordinances by which impact fees are imposed must 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. Local impact fee ordinances must satisfy other requirements, including:

- providing impact fee credits for land, or improvements to or construction of system improvements for qualifying capital facilities;
- allowing the local government to adjust the standard impact fee; and
- allowing the local government to exempt low-income housing and other development activities with broad public purposes from impact fees.

Local governments that impose impact fees must satisfy administrative provisions for their retention and use. For example, impact fees receipts must be retained in separate and special interest bearing accounts, and local governments that impose impact fees must have an administrative process for fee appeals. Additionally, with some exceptions, impact fees must be expended or encumbered for a permissible use within six years of receipt.

Summary of Bill:

Local ordinances by which impact fees are imposed must provide a credit for the value of any dedication of land for, improvement to, or new construction of any project improvements, including public transportation infrastructure improvements, provided by the developer.

Appropriation: None.

Fiscal Note: Requested on March 23, 2009.

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