

# HOUSE BILL REPORT

## SHB 1625

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**As Passed House:**

March 9, 1995

**Title:** An act relating to payment of impact fees.

**Brief Description:** Regulating payment of impact fees.

**Sponsors:** By House Committee on Government Operations (originally sponsored by Representatives Reams, Brumsickle, Casada, Morris, Hargrove, Buck, Radcliff, Benton, Grant, Talcott, Hymes, Thompson, Elliot and Huff).

**Brief History:**

**Committee Activity:**

Government Operations: 2/28/95 [DPS].

**Floor Activity:**

Passed House: 3/9/95, 70-26.

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### HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Reams, Chairman; Goldsmith, Vice Chairman; L. Thomas, Vice Chairman; Hargrove; Honeyford; Hymes; Mulliken; D. Schmidt and Van Luven.

**Minority Report:** Do not pass. Signed by 6 members: Representatives Rust, Ranking Minority Member; Scott, Assistant Ranking Minority Member; Chopp; R. Fisher; Sommers and Wolfe.

**Staff:** Steve Lundin (786-7127).

**Background:**

1. Growth Management Act.

Counties and cities planning under all of the requirements of the Growth Management Act are authorized to impose impact fees on development activity to finance the proportionate share of the cost of certain public facilities necessitated by the development activities. Impact fees may be imposed to finance: (a) Streets and roads; (b) parks and open spaces; (c) schools; and (c) city fire protection facilities.

Impact fees under the Growth Management Act are restricted by a number of factors. Among other limitations, impact fees may only be imposed for system improvements "reasonably related to the new development," shall not exceed the "proportionate share" of the costs of the facilities reasonably related to the new development, and shall be used for system improvements that will "reasonably benefit" the new development. When imposing impact fees, credit must be given for "past and future payments made or reasonably anticipated to be made by the new development."

The Growth Management Act includes concurrency requirements, which provide that public facilities necessary to support new development should be adequate to serve the development at the time the development is available for occupancy without decreasing current service levels below locally established minimum standards.

## 2. Subdivision and Platting Act.

The Subdivision and Platting Act requires counties and cities to review most proposed divisions of land. A proposed division of land shall not be approved unless the county or city makes written findings that the public interest will be served and appropriate provisions are made for various public facilities, including water supplies, sewage disposal, roads and streets, and schools. Dedication of land, provision of facilities, and payment of impact fees under the Growth Management Act are used to meet these requirements.

## 3. State Environmental Policy Act.

The State Environmental Policy Act (SEA) requires local governments and state agencies to prepare a detailed statement, or environmental impact statement, if proposed legislation or other major action may have a probable significant, adverse impact on the environment.

The determination whether a detailed statement must be prepared involves a threshold determination and use of an environmental checklist. A detailed statement inquires into a variety of matters, including environmental and public facility impacts. Some matters are categorically exempted from a threshold determination, as provided in rules adopted by the Department of Ecology. Among other classifications, the categorically exempted matters are classified as being minor new construction or minor land use decisions.

If it appears that a probable significant adverse environmental impact may result, the proposal may be altered, or its probable significant adverse impact mitigated, to remove the probable significant adverse impact. Mitigation could arise from providing facilities or paying moneys to be used to lessen the impact. If the probable significant adverse environmental impact remains then a detailed statement, or environmental impact statement, is prepared. The environmental impact statement is

limited, or scoped, to only address the matter or matters that are determined under the threshold determination process to have a probable significant adverse environmental impact.

**Summary of Bill:** Payment of an impact fee under the Growth Management Act for a type of public facility is declared to constitute full and complete compliance with concurrency requirements in the act for that facility.

Impact fees under the Growth Management Act on residential construction shall be collected at the time of home title transfer to the occupant or certificate of occupancy, or 12 months after the building permit is issued.

The flexibility of a project applicant in responding to a probable significant impact under SEPA is reduced by limiting the purposes for which impact fees could be imposed. Such fees could only be paid under SEPA to mitigate impacts on four types of public facilities for which impact fees under the Growth Management Act may be imposed, i.e., roads and streets, schools, parks and open space, and city fire protection facilities. Payment of an impact fee under SEPA constitutes full and complete compliance with the requirements of any other law relating to the provision of the same facility.

Impact fees under the Platting and Subdivision Act are limited to only the four types of public facilities for which impact fees may be imposed under the Growth Management Act, i.e., roads and streets, schools, parks and open space, and city fire protection facilities. Payment of an impact fee under the Growth Management Act or SEPA constitutes full and complete compliance with the requirements of the Platting and Subdivision Act, or any other statute for the provision of the public facility for which the fee was paid.

**Appropriation:** None.

**Fiscal Note:** New fiscal note requested on substitute bill on March 1, 1995.

**Effective Date of Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Impact fees are repressive and unfair. Collect impact fees at the latest possible time to reduce their impacts. This makes impact fees more affordable. This reduces housing costs. Concurrency requirements are as much as \$80,000 per lot, just for roads, on one of our projects.

**Testimony Against:** Let the land use commission work on this. We credit SEPA expenditures. This limits the ability to impose impact fees under SEPA and the

Platting and Subdivision Act. This eliminates impact fees for storm water and transit purposes.

**Testified:** Bill Childrus and Bill Huyette, Building Industry of Wash; Richard Davis, Wash. Research Council; Paul Parker, Wash. Assn. of Counties; Mark Fouche, city of Olympia; Scott Merriman, Wash. Environmental Council; Michael Moraff, Weyerhauser; Don Chance, Assoc. of Wash. Business; Naki Stevens, People for Puget Sound; and Roger Valdez, Wash. State School Districts Association