

SENATE BILL REPORT

SB 5580

As Reported by Senate Committee On:
Ways & Means, February 10, 2009

Title: An act relating to the time limits of school impact fee expenditures.

Brief Description: Concerning school impact fees.

Sponsors: Senators Pridemore, Brandland, Oemig, Fraser, Shin, Ranker, Rockefeller, Kline, Hargrove, Kauffman, Jarrett, Kohl-Welles, Murray, Marr, McDermott and Tom.

Brief History:

Committee Activity: Ways & Means: 2/05/09, 2/10/09 [DP, DNP, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Fairley, Hobbs, Keiser, Kline, Kohl-Welles, McDermott, Murray, Parlette, Pridemore, Regala and Rockefeller.

Minority Report: Do not pass.

Signed by Senators Carrell and Honeyford.

Minority Report: That it be referred without recommendation.

Signed by Senators Pflug and Schoesler.

Staff: Elise Greef (786-7708)

Background: Jurisdictions that plan under the Growth Management Act (GMA) may impose impact fees on development activity as part of the financing of public facilities needed to serve new growth and development. This financing must provide a balance between impact fees and other sources of public funds and cannot rely solely on impact fees. Additionally, impact fees:

- may only be imposed for system improvements, a term defined in statute, that are reasonably related to the new development;
- may not exceed a proportionate share of the costs of system improvements; and

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- must be used for system improvements that will reasonably benefit the new development.

Impact fees may be collected and spent only for qualifying public facilities that are included within a capital facilities plan element of a comprehensive plan adopted under the GMA. "Public facilities," within the context of impact fee statutes, are the following capital facilities that are owned or operated by government entities:

- 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.

Impact fees must be expended or encumbered within six years of receipt, unless there exists an extraordinary or compelling reason for fees to be held longer than six years. Extraordinary or compelling reasons must be identified in written findings by the governing body of the county, city, or town.

Summary of Bill: Expenditure or encumbrance provisions for certain impact fees are modified. School impact fees must be expended or encumbered within ten years of receipt, rather than six years, unless there exists an extraordinary or compelling reason for fees to be held longer than ten years. Extraordinary or compelling reasons must be identified in written findings by the governing body of the county, city, or town.

The Office of the Superintendent of Public Instruction must develop criteria for extending the use of school impact fees from six to ten years. The extension also requires an evaluation of each respective school board on the appropriateness of the extension.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This bill was recommended by the Joint Legislative Task Force on School Construction Funding. The idea behind the bill is to give school districts a longer period of time to use growth management fees before they have to return them to parties who paid them. School districts say it takes ten years to plan and build a high school. If fees have to be turned back in six years or be lost, schools tend to invest more in portables and they would rather invest in more substantive buildings. Building schools takes a long time; more flexibility will allow schools to better plan facilities and use the fees more effectively. Impact fees are a very important part of schools' ability to serve students in rapidly-growing districts.

Persons Testifying: PRO: Senator Fraser, co-sponsor; Ron Zier, Office of Superintendent of Public Instruction, School Facilities; Sandi Swarthout, Puget Sound School Coalition; Mitch Denning, Alliance of Education Association, Association of Maintenance and

Operations Administrators, School Business Officials, School Nutrition Association; Marcia Fromhold, Evergreen School District.