

# HOUSE BILL REPORT

## HB 1975

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**As Reported by House Committee On:**  
Local Government & Housing

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

**Brief Description:** Concerning school impact fees.

**Sponsors:** Representatives Santos and Williams.

**Brief History:**

**Committee Activity:**

Local Government & Housing: 2/16/09, 2/18/09 [DP].

**Brief Summary of Bill**

- Specifies that school impact fees must be spent within 10 years of receipt, rather than six years.
- Requires the Office of the Superintendent of Public Instruction to develop criteria for extending the use of impact fees collected for school facilities from six to ten years.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING

**Majority Report:** Do pass. Signed by 8 members: Representatives Simpson, Chair; Nelson, Vice Chair; Cox, Assistant Ranking Minority Member; Miloscia, Springer, Upthegrove, White and Williams.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Angel, Ranking Minority Member; Short.

**Staff:** Sara del Moral (786-7291) and Thamas Osborn (786-7129)

**Background:**

Comprehensive Planning Under the Growth Management Act.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The Growth Management Act (GMA or Act) directs each jurisdiction planning under the Act to adopt a comprehensive land use plan, which is a generalized, coordinated land use policy statement of the governing body. Comprehensive plans must include specified planning elements, including a capital facilities plan. Each planning jurisdiction (jurisdiction) must also adopt development regulations that implement and conform with its comprehensive plan.

### Impact Fees.

Jurisdictions may impose impact fees on development activity to help finance public facilities. Developers must pay impact fees as a condition of development approval. In determining strategies to finance system improvements, a local government must balance financing between impact fees and other public funds.

Jurisdictions must ensure that impact fees:

- are used only for system improvements that are reasonably related to a development's impact on public facilities;
- do not exceed a proportionate share of the cost of system improvements made necessary by a development; and
- are used for system improvements that reasonably benefit a development.

A number of provisions for local ordinances regarding impact fees are specified under state law. Among these is a requirement for an impact fee schedule for each type of development activity specifying the value of the impact fee imposed for each type of system improvement. The schedule must be based upon a formula or another calculation method.

Only certain types of capital facilities owned or operated by government entities may receive funding from impact fees. Such facilities are limited to the following:

- public streets and roads;
- publicly owned parks, open spaces, and recreation facilities;
- school facilities; and
- certain fire protection facilities.

### Limitations on Impact Fees.

A jurisdiction must:

- specifically earmark impact fees and retain them in interest-bearing accounts, establishing a separate account for each type of facility receiving fees;
- report annually on each account;
- expend fees only in conformance with the capital facilities plan element of the comprehensive plan; and
- expend or encumber fees within six years of receipt, unless there is an extraordinary and compelling reason to hold them longer.

In the event a jurisdiction holds fees for more than six years, it must identify the reasons for doing so in the written findings of its governing body.

Each jurisdiction must provide an administrative appeals process for applicants wishing to appeal an impact fee. A jurisdiction may also provide for the resolution of such disputes by arbitration.

The Office of the Superintendent of Public Instruction.

The Office of the Superintendent of Public Instruction (OSPI) is the primary agency charged with overseeing K-12 education in Washington. The OSPI works with the state's 295 school districts to administer basic education programs and implement education reform on behalf of more than one million public school students.

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**Summary of Bill:**

School facility impact fees must be expended or encumbered for a permissible use within 10 years of receipt. If extraordinary or compelling reasons exist, and if the governing body of the local government identifies these reasons in written findings, the collected fees may be held longer than 10 years.

The OSPI must develop criteria for extending the use of impact fees collected for school facilities from six to 10 years. These extensions must require an evaluation for each school board of the appropriateness of the extension.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Staff Summary of Public Testimony:**

(In support) This bill is in response to recommendations from the Joint Legislative Task Force on School Construction Funding. Schools lack funds for building and remodeling, and many districts are desperate. This is a simple way to deliver a tool to help schools and offer them flexibility. Planning school construction and remodeling is complex and takes at least four years if there are no snags in the process. If there are problems, it can take years longer. This bill allows school districts adequate time to put together all the components of this process more effectively. Small districts have a hard time getting enough money together for a project within six years. An extension of this time period is vital for these districts. This bill has no fiscal impact.

(Opposed) Six years is enough time to hold fees. The purpose of impact fees is to offset the cost of development. Homebuyers, who ultimately pay the fees, will not enjoy the benefits

of these fees if the time limit is 10 years because the average home occupancy is only seven years.

**Persons Testifying:** (In support) Representative Santos, prime sponsor; Bill Adamo, Puget Sound School Coalition; and Mitch Denning, Alliance of Education Association.

(Opposed) Timothy Harris, Building Industry Association of Washington.

**Persons Signed In To Testify But Not Testifying:** None.