

## Local impact fees above average compared to most of nation

By [WALT WILLIAMS](#) Chronicle Staff Writer

A survey released last week of communities across the nation shows that impact fees in Gallatin County communities are higher than those in many other states, although the local fees are far from the highest.

Manhattan, for instance, is considering charging up to \$10,034 per home in impact fees, about the same as those charged in the Los Angeles area. And Bozeman officials are debating raising the city's impact fees to nearly \$8,882, about \$850 more than the national average of the communities surveyed when California is excluded. California's impact fees range from \$10,000 to \$55,000 per home.

Elected leaders for adopting the impact fees argue that by assessing new construction they prevent existing residents from paying for the public service costs brought by growth.

But others, including Realtors and building industry professionals, argue that impact fees might be keeping local home prices out-of-range for many buyers.

Additionally, at least one economist says the studies conducted in the county to determine the level of fees in each community are too simplistic.

Such studies rarely look at the big picture because they fail to consider the additional tax revenue those new homeowners will generate when they go shopping or get jobs in the community, said Elliot Eisenberg, an economist for the National Association of Home Builders.

"What they are totally ignoring is all the ripple effects going on," Eisenberg said.

A recent study by his organization concluded that every \$819 in fees charged at the time of construction adds \$1,000 to the final price of a home.

The result is new homeowners carry a disproportionate burden of paying for growth impacts, he said.

But the claim that impact fees automatically inflate home prices is disputed.

"Developers always paint themselves as champions of the poor," said Clancy Mullen of Duncan Associates, the Austin-based research firm that conducted the impact fee survey.

Home prices are set by a complex picture of factors, Mullen said. Home builders will charge only what the market will bear, so whether or not they pass on the cost of the fees depends on whether buyers are willing to pay a home's asking price.

Bozeman has had impact fees for years, but four years ago the Montana Legislature rewrote state law to establish a framework for how fees could be set. The result is that communities across the area, particularly those experiencing high growth rates, have been scrambling to implement impact fees of their own.

Among those communities are Kalispell, Helena and Missoula, which already collects the fees but is debating raising its total amount to \$3,249 a home, which is less than any fees proposed in Gallatin County.

Belgrade started collecting impact fees earlier this year, charging \$9,712 per home. Three Forks now collects \$6,512 per home.

Gallatin County also is re-evaluating its fees for road and fire improvements. A recently released study

recommended charging \$3,784 per home for road impact fees in the county.

In addition, Monforton School officials will soon ask the Gallatin County Commission to give them the authority to charge up to \$8,380 per home to pay for school improvements to support a student population expected to triple in size during the next two decades.

So why are so many elected leaders supporting impact fees?

Eisenberg said it is politically easier to pass the buck onto the newcomers than the people already living in the community.

“There is an attraction to these fees because no one who owns a house can object to them because they don't pay them,” he said.

Mullen isn't convinced that impact fees are politically expedient. Just look at the big campaign contributors in local elections - more often than not, they're from the building industry.

“The homebuilders have the political power in local governments,” he said.