County halts impact fees for 3 months

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Heeding the pleas of local builders, developers and economic development authorities, Marion County commissioners on Tuesday narrowly agreed to temporarily suspend the collection of transportation impact fees as a way to stimulate the economy.

The 3-2 vote applies to residential and commercial projects. Impact fees are collected to offset the public expense of providing new infrastructure needs created by new growth.

Advocates did not get all they wanted: Impacts fees will be suspended for only 90 days, retroactive to Jan. 1, instead of the year that moratorium proponents sought.

The measure passed despite concerns from at least one commissioner and staff that such a move would be ineffective — a belief grounded in recent history.

The commission's decision will create a revenue gap for future road construction of roughly $1.3 million.

That is based on an initial staff estimate for 12 months, which pegged the annual loss under a moratorium at $5 million.

The county collected $6.4 million last year in transportation impact fees, with revenues split about equally between commercial and residential projects, Transportation Department director Mounir Bouyounes said.

Per a suggestion by Commissioner Stan McClain, the county will plug that hole from a $3.4 million pot of residual revenue left over from a 1-cent local sales tax that was levied from January 2003 to December 2004.

Dueling opinions

The issue emerged after participants in an orchestrated lobbying effort — led by the Ocala-Marion County Chamber of Commerce, the Ocala-Marion County Economic Development Corp. and the Marion County Building Industry Association — appealed in December for the county to suspend the fees for a year.

Proponents said eliminating those fees would help spur business expansion and make a dent in the community's 13.9 percent unemployment rate.

Bouyounes and county Sustainable Growth manager Lucienne Gaufillet countered with a plan to suspend the fees but recoup them through the increased property tax revenue generated by the projects themselves. That money, though part of the general fund, would be dedicated to road projects.

To qualify under the staff proposal, businesses that expand or relocate to Marion County must create at least 10 jobs within a year that pay 115 percent of the average county wage; make at least $500,000 in new capital improvements including equipment and machinery; and offer a project that generates at least $25,000 in impact fees.

Bouyounes and Gaufillet felt this was preferable to an outright ban.

Bouyounes was concerned about the lost revenue for several key road projects, noting for the commission that impact fees are the primary source for new road projects and the main alternative to borrowing.

History lesson

Gaufillet noted that a similar short-term suspension enacted by the commission in summer 2008 did little to reverse a climbing unemployment rate.

In May that year commissioners slashed both residential and commercial road impact fees by two-thirds for 90 days.

That reduced the fee for a single-family home from $6,107 to less than $2,100; the charge for commercial projects vary by the size and type of project.

A consultant’s new fee schedule, which the commission had adopted that same month, kicked in on Sept. 1, 2008, thereby increasing the single-family home rate to its previous level. That was about 58 percent of the consultant’s recommended rate, and mirrored the ratio the county used for the consultant’s suggested levels for commercial fees.

While the number of housing permits jumped the first two months after the 2008 ban was passed, the numbers retracted in the third month to pre-ban levels and continued to fall.

Meanwhile, county records indicate that the reduced commercial fees have had little impact on new development or employment.

In the 15 months since the new rates took effect, the county has issued 67 permits for commercial projects. In the 15 months prior to the rate reduction, 74 permits were issued.

Thus, the current jobless figure, Gaufillet said, “tells its own story the current reduction has had in incentivizing business development.”

Commissioner Jim Payton agreed.

"I don't believe for a minute that a moratorium would do anything to improve the economic climate in Marion County," he said. "We're not going to accomplish anything."

Payton added that at the height of the building boom the commission heard the "cries and complaints" from the same interests arguing for the current moratorium that impact fees would hurt the economy, yet that "obviously did not stifle the overdevelopment of property in Marion County."

The winning argument

Commissioner McClain, however, argued vigorously for the temporary stoppage in impact fee collections.

He pointed out that builders and developers — some three dozen of whom were on hand for the nearly two-hour discussion — would not be able to access or benefit from the staff's property-tax payback program as would other businesses.

"I don't know how you exclude an industry. I don't see how that's fair," said McClain who, after some input from county budget advisers, championed a proposal to use that leftover sales tax revenue to cover the revenue shortfall created by a moratorium.

McClain then proposed a six-month ban, but that was rejected by a 3-2 vote.

Commissioner Charlie Stone subsequently suggested three months, and that prevailed when Commissioner Mike Amsden switched his vote.

There might be a question of whether McClain's idea can pass muster legally.

The ballot question the county posed to voters in November 2002 asked them to decide on a two-year, 1-cent sales that would fund "infrastructure, and state-ordered facilities for Marion County and its municipalities, including judicial, jail expansion, law enforcement, library, animal control and governmental structures, buildings, land, equipment, improvements and facilities."

County Attorney Jeff Fowler said after the meeting that he would research the issue further to determine whether the board needed to amend its existing impact-fee ordinance to reflect the decision reached Tuesday and whether the wording of the ballot question enabled the county to use the sales tax proceeds for roads.

Fowler said he believed it could be used for that purpose, given the wording.

But if it cannot, then the county would have find another way to make up the lost impact fee revenue.

The commission also told its staff to come back with another relief initiative for impact fee payers.

In other action Tuesday:

• The commission ratified County Administrator Lee Niblock's choice of Glen Fiorello as the county's new building director.

Fiorello, 60, a former county commissioner and home builder, started on Tuesday. He will make $75,000 a year in his new post, which has been filled on an interim basis since the former director, John O'Connor, resigned in February 2008.

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