

Editorial: Lawmakers should override veto of impact-fee bill

Originally published Sunday, May 26, 2013 at 4:06 AM

Gov. Jay Inslee should not have vetoed Democratic state Rep. Marko Liias's bill delaying the collection of development-impact fees

Seattle Times Editorial

GOV. Jay Inslee's veto of the impact-fee deferral bill is an unnecessary blow to Washington's homebuilders and other industries involved in the planning, supplying, selling and furnishing of housing.

Impact fees are typically used by urban counties and cities to pay for roads, schools and other public investments. In some jurisdictions they add \$5,000 or \$10,000 to the cost of a house. Generally these fees have been collected early in the process, when the builder applies for permits.

This bill, ESHB 1652, would have required that the fees be collected later, when the buyers paid for the homes or 18 months after the building permit was issued, whichever came first.

Ever since the fees were imposed in the early 1990s, builders typically paid early in the process and borrowed from a bank. Since the recession, builders say, banks have refused to finance these "soft costs," turning the fee into an upfront cash levy.

Some jurisdictions — Auburn, Kirkland, Redmond and Snohomish County, for example — have chosen to defer the fees. Others, such as Issaquah and Bellevue, have not.

The bill's prime sponsor, Rep. Marko Liias, D-Edmonds, has been a builder. He testified that the fees are "a hindrance to small builders" if they require cash up front. He said jurisdictions that allow payment later will have more projects to tax, and that making this policy apply for all jurisdictions will stimulate the economy.

It's a sensible view, and legislators agreed. Inslee was not involved in the negotiations over the bill; he simply vetoed it. But the votes on final approval, 34-14 in the Senate and 83-11 in the House, are well above the minimum needed to override the governor's veto, which legislators should do.

The reason for the governor's veto is the delay in revenue to schools. But it is only a one-time delay, for most of the money seven to nine months. Delaying the collection of impact fees will stimulate homebuilding — and that will help grow the economy, which is what candidate Inslee said he was in favor of.