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Town Council may take a new look at impact fees assessed builders

By [GERRY GOLDSTEIN, Valley Breeze & Observer Correspondent](#)

SMITHFIELD - The Town Council has decided to look into whether the "impact fee" charged builders for each house they construct, \$8,573, is too high.

The suggestion came at the council's Oct. 22 meeting from Democratic Councilman Bernard Hawkins, who said he has been contacted by some builders who are seeking to have the fee reduced.

The cost is passed on to the home buyer, Hawkins said.

Hawkins said it has also been suggested that a separate impact fee - set at perhaps one-quarter of one percent of the sale price - be assessed on all residential, commercial and industrial buildings in town when they are sold.

He said that with the annual value of property sold in town in the millions of dollars, a percentage-based impact fee at point of sale would raise much more revenue than does the flat fee on new residential units, especially because home building here has been slow.

According to Town Solicitor Edmund L. Alves Jr., the existing impact fee, assessed to reflect a newly built home's effect on schools and other public services, was first instituted in 2001 at \$2,700 per structure.

After a study in 2005, he said, the fees were raised to their present level.

The idea of assessing existing structures when they are sold did not sit well with Republican Council President Alberto LaGreca Jr., who said, "I would be hesitant to charge another tax on the sale of someone's property."

LaGreca said that homeowners who sell have already helped pay for the services they have received through their property taxes.

According to Hawkins, the existing flat-fee charged for new houses is unfair, since high-end homes are assessed the same amount as more modest dwellings.

However, Republican Councilwoman Maxine Cavanagh said houses with an identical number of bedrooms have similar community impacts regardless of any disparity in their value.

She said that since the impact assessment has not been reviewed in eight years, she is not opposed to taking a new look at it.

The council agreed to have Town Manager Dennis Finlay gather information on how the current fee system is working, and how much revenue it generates, before proceeding further on any requests for changes.