



Impact fee refund program draws few companies

By NANCY HICKS / Lincoln Journal Star | Posted: Monday, May 14, 2012 7:00 am

In eight years, just six companies have applied to take advantage of a special incentive program tied to the city's impact fee system.

But quality, not quantity, was the goal of the program, intended to help attract decent new jobs to the city.

The special tax refund program, created in 2004, allows qualifying companies that create and maintain new jobs with better-than-average pay to get a refund on part or all of their arterial impact fees.

"We were brutally conservative," said Dan Marvin, former Planning Commission member and City Council member, who helped develop the program.

The committee looked at what drove revenue to the city, not to the county or state, using a sophisticated computer model that looked at the impact on property tax revenue.

The qualifications are high.

Companies have to get 50 percent or more of their revenue from outside the county. So the program isn't open to local retailers such as grocery stores or clothing stores.

The company has to create new jobs, and the median wage for all new employees has to be at least 10 percent above a certain benchmark.

This year, to qualify, the annual salary would have to be \$38,775.

Companies that spend money on a new or bigger building but don't create any new jobs don't qualify.

The program is aimed at companies that are generating new revenue for the city, said Jason Smith, vice president for the Lincoln Partnership for Economic Development.

These are jobs that expand the economic pot, Marvin said.

At the time the program was created, there were few cities refunding any impact fee money, based on a survey done by the committee at the time.

Some were adamantly opposed to opening that door.

"We absolutely, positively do not grant waivers on any fees for economic development incentive purposes. This would be a precedent that would never stop," said a Memphis, Tenn., city employee in responding to a Lincoln survey.

Companies pay the arterial impact fee when they expand or build new buildings to help cover the cost of new or wider roads that are necessary when a community grows.

The incentive program refunds all or part of that fee for those qualifying companies.

The five companies remaining in the impact fee refund program paid in \$488,073 in arterial impact fees, about 2 percent of the total \$22.58 million in arterial impact fee payments made in the past nine years.

Getting a reimbursement is a protracted process.

Companies have two years to get the project built and create the new jobs. They have to maintain the jobs for another three years, said Mike Lang, economic development coordinator for the mayor.

"We don't want a flash in the pan, because ultimately this is taxpayers' money," he said.

"We want to make a wise investment on behalf of the city."