

# The Daily Courier

Tuesday, March 16, 2010

## State impact-fee moratorium could affect local builders

By [Cindy Barks](#)

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PRESCOTT - About 30 local homebuilders likely will be getting a refund check soon from the [City of Prescott](#), thanks to a state moratorium on impact fee increases.

City officials reported Tuesday that the moratorium on impact fee increases that the [Arizona State Legislature](#) approved in August 2009 would affect the increased fees that the city began collecting in July 2009 for water and wastewater. The state made the moratorium retroactive to June 29, 2009, and the law became effective this past November.

While the [Prescott City Council](#) has yet to vote on the ordinance that would make the refunds official, City Attorney Gary Kidd has advised the council that the city must observe the moratorium until either the expiration of the two-year state law, or until the state amends the law.

And that means that homebuilders who received a building permit from the city in the interim likely will be entitled to the difference between the newly increased water and sewer impact fees and the previous fees.

In all, the city estimates that the refunds will total \$70,652, and will affect about 30 people who built under the new water and sewer fees.

As an example, city Permit Technician Vickie Lewis pointed out that a recent homebuilder paid \$14,076 in impact fees to the city. Under the pre-June 2009 rate, she said, the fees would have been \$11,845.

If the council does approve the ordinance at its March 23 meeting, that homebuilder would receive a refund of \$2,230 from the city. The bulk of the refund - about \$1,700 - would be for the new sewer fees that the city imposed, while the remainder would be for water.

While the refund amounts would vary because of the number of bathrooms and plumbing fixtures in the home, Lewis said the \$2,230 amount is an average figure for the refunds.

Still in question is what would happen to the impact fee refund after the homebuilder receives it.

Councilwoman Mary Ann Suttles asked about whether the homeowner would be entitled to receive the refund pertaining to his home. "Is it our concern whether (the builder) gets those fees to the home owner?" Suttles asked.

City Regional Programs Director Craig McConnell said the city would be obligated to refund the money to the person who took out the building permit. After that, he said, any agreement about the refund "is really between those two (the builder and the owner).

But Yavapai County Contractors Association Sandy Griffis suggested that most contractors would opt to refund the money to the person who owns the home. "I would find it totally embarrassing if there was a contractor out there who didn't want to refund those fees," Griffis told the council.

McConnell explained that impact fees are "one-time charges paid by new construction" to help the city pay for new growth-related infrastructure needs.

Because of the moratorium, the city will have to adjust its water and sewer capital improvement plan, McConnell said, noting that the city likely would "have to defer some projects."

Even so, he noted that because of the recent slow-down in new building, the infrastructure needs are not as urgent.

"We should be fair and candid about this - it's not going to have a major impact," McConnell said.

And because the city has anticipated the possibility of the moratorium taking effect since this past summer, McConnell added that refunding the money would not be overly complicated.

"The city has been keeping track of this, so it's not a monumental task," he said.

The council will vote on the ordinance at its March 23 meeting.

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