

The flawed concepts behind county impact fees

By BOB BINGHAM/Guest opinion | Posted: Thursday, October 4, 2012 12:00 am

There are many reasons the Kootenai County impact fee program should be suspended and the collected amounts refunded to those who paid them - so many I cannot dive into them all in this brief column. I'll limit my observations to a few points and begin by stating, I have read the Idaho Code, KC Code, and the KC consultant studies regarding impact fees. I've spoken with many others and attended various meetings regarding this issue. I'll speak only to the impact fees being collected by KC and not to the various city-based impact fees.

The concepts for impact fees both statewide and in KC were based on a few politically pleasing thoughts with regards to public infrastructure;

- (1) that developers were not paying their way or their share; that new development should pay its way
- (2) that the users of these services should be required to pay for them
- (3) that this burden was from new people from "out-of-town," basically abusing us locals who were then forced to later pay for such infrastructure.

While these verbalized concepts attracted a lot of support politically, the reality is that the basis for the concepts makes for good politics, but poor decisions, poor results, and the mess we are now in. On the face value of the above points, I'd support impact fees, but after researching this topic in depth, I now do not support them and I urge my fellow citizens to not support them.

In addition, the poor communication about impact fees has led locals including myself to think that developers had not been paying for waterlines, streets and sewers when in fact new development, i.e. developers, are required to install and pay for all the physical public utilities when developing a new subdivision, lot, or business establishment. This "misunderstanding" by the public served to gain unwitting public support.

The KC impact fee program attempts to collect money for future demand on public services (known as taxing districts) such as: (1) Jail (2) Sheriff (3) Parks and waterways (4) EMS (5) Fire and (6) Highway. The reality is the impact fees are collected for future infrastructure that will be located somewhere other than the location of the new lot or new business facility. Impact fees pay for nothing now, they rather provide \$ for future new public services buildings (or other capital assets) to be built or acquired 10 to 20 years from now.

Impact fees are the new "all-the-rave" way for government officials to bring in more tax money and it is really just a new tax. Prior to 6/1/2011, not a single new unincorporated property or business owner in KC ever paid an impact fee. Not for the last 200 years. So how did 200 years of KC growth occur without impact fees?

Historically each of these public services accounted for growth by each district projecting future needs and then creating budgets that supported building the new assets when required or by floating a bond (financing) to pay for it at the time it was to be built. With this understanding we learn that everyone who built a house or a business in the unincorporated areas of the county prior to June 2011 basically did not pay for their so-called share of impacts to these six identified public services. To be sure, they have since paid higher property taxes

from building on their property, but so will each new improvement. So why does it makes sense to now charge the person who builds a new home or new business establishment?

Well it doesn't for a variety of reasons that were not considered in the conceptual outline of the impact fee regulations that we discussed above.

The first major flaw is that the owner/builder of a new home like mine is that we may never use the jail, a county park, the sheriff, EMS or fire department. This is a huge fundamental flaw in the concept for impact fees. It taxes people for their theoretical demand, without demonstrating they will ever use the county service the fee is collected for. The impact fee concept establishes a weak and perhaps unrelated correlation (not causation) to a new house or new business and taxes them using the weak correlation. Just because it's a law doesn't mean it's a good law.

The second major flaw is that it only taxes "some" of the people who will indeed use these public services. In speaking to the sheriff's office, more than half of the people in the jail were not from KC. So like a poor marksman, we are missing the target, taxing locals who may or may not use the public service, but not taxing those from out of our area. We need to find a more accurate and balanced approach that targets a greater share of the people actually using or benefiting from such services.

The third major flaw is the impact fee program failed to consider the economic losses (fewer jobs, less property tax revenues and blow to affordable housing) when growth does not occur and the current very weak economic condition. Growth is the fuel by which businesses are successful, citizens earn incomes to support our families and our children can also expect a job. We should be stimulating our economy, not hindering it. One in 10 people are without a job here in KC. When we kill growth, we kill our economy. Impact fees, the new Comp Plan and new ULUC codes collectively damage economic recovery.

The fourth major flaw and perhaps the most repulsive is that the impact fees have not been collected equally ("equitable, proportionate share and fair share" as written into our KC Code). A few (approximately 30%) who are served by these districts have paid impact fees since adopted; others (about 70%) have not. The impact fee program should never have been implemented until it was determined to apply equally and equitably to all. In fact, I and others intend to seek legal relief to get our impact fee money refunded because the program was not administered fairly and equitably as required by KC and Idaho code.

The fifth major flaw is that as adopted, a low income family putting in a \$40,000 single wide mobile home will pay the same amount in impact fees (roughly \$4,000-7,000) as a multi-million dollar three-story mansion going up right next door. For some reason, the BOCC decided to make life harder for low income folks and low income housing, less affordable. This creates another hindrance to the American dream, "to own our own home."

If we as citizens decide we need to come up with another way of funding the future growth of these public service districts other than the historical way it's always been done, we should begin with a more precise concept analysis rather than flawed correlation. I'd like to be involved and part of such a process. Technical analysis must be factored into our political decision-making process, or we will continue to end up with messes like we have now. Poor decision making is why a lot of citizens are upset and why so much discontent is brewing with county government.

For months I and others have asked the BOCC to halt the program and to refund all of the collected impact fees.

It appears personal pride within the BOCC may be getting in the way and hindering good decision making. The greatest tragedy is not making mistakes, for we all will make them; the tragedy is not admitting our mistakes and then seeking to correct them. I'll lead by saying I'm a screw-up too! I hope reason will prevail, but then again in our government, it's nearly impossible to kill even a bad program.

To learn more, I have written a synopsis of observations regarding the current KC Impact Fee ordinance. You can find it here <http://nwpoa.org/impactfees.html> located about halfway down the page, click on "bobs review-impact fees." You can email me your thoughts at test@betterdrivers.com.

Bob and Paige Bingham are Kootenai County residents who paid impact fees to build a new home.