

Mount Pleasant considers cutting impact fees in half to spark development



Town administrator Mac Burdette suggested the idea as a way to stimulate development activity and boost other revenues. Members of a town committee asked for input from developers before endorsing or rejecting the proposal.

By Ashley Fletcher Frampton
aframpton@scbiznews.com

Published March 2, 2009

Mount Pleasant town officials are considering cutting impact fees in half for 12 months to stimulate development.

Town administrator Mac Burdette suggested the idea today at a meeting of the Economic Development Committee. Members of the committee asked for more information before endorsing or rejecting the idea.

The fees, charged to new development to help pay for infrastructure and services, have generated revenues in the millions of dollars in recent years, Burdette said. This fiscal year they might bring in \$400,000.

“That shows the state of the development industry,” Burdette said.

Burdette said the next fiscal year, which begins in July, will probably continue to be slow in terms of development activity. The roughly \$200,000 the town would lose by cutting impact fees in half would not be a significant loss to the town, but the move could boost other revenues such as sales tax and property tax if it were to stimulate building activity, he said.

It might also prevent other revenue sources from declining, Burdette said, pointing to business

license revenues as a particular concern. A third of the town's business license fees are related to the construction industry.

"Obviously the construction industry is in such a recession and depressed state that next year we're going to start seeing (a decline) in business licenses," he said.

Burdette compared the one-year reduction to a business putting merchandise on sale. It could keep income flowing, even if at a lower profit margin.

"Frankly, I couldn't disagree more," said Councilman Joe Bustos.

Bustos said he disliked the idea of Mount Pleasant being on sale. He said the town should think carefully before implementing "fire sale" policies.

Bustos said any reduction in fees that the town makes should help residents. Repealing recent increases in town franchise fees and storm water fees should come before help for the construction industry, he said.

Other members of the committee were less critical of the idea but wanted input from developers on whether the fee reduction would actually prompt new construction. They asked for that input before moving forward.

Impact fee rates depend on the size and type of development. For a new commercial building, Burdette said impact fees could be as high as \$150,000.

Burdette said state law does not prohibit lowering impact fees. The town depends on transportation impact fees for debt service payments, but the town has enough money in reserve to cover those payments for the year that the fee would be reduced, he said.



Print