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Payson May Scrap Some Impact Fees

State rules could force town to drop fees used for parks, Blue Ridge pipeline

By **Alexis Bechman**

As of Tuesday, March 4, 2014

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Payson in April will seek public input on impact fees charged to builders to pay for water, parks, fire, police and streets.

Mayor Kenny Evans said the council may well keep only one or two of the fees in place in response to burdensome new state regulations.

The town started the arduous process of evaluating its impact fees in November after the Legislature passed a thicket of new regulations on how towns use those fees, which pay for added roads, park benches and water lines among other things.

Payson charges some \$10,000 in impact fees on a new home, including a \$7,500 fee to help pay for the Blue

Ridge pipeline. Previously, towns had wide latitude on how they spent such impact fees, but the Legislature has stripped that authority from them. Towns must now detail exactly how they plan to spend every penny they collect — and refund the fees if they don't complete those particular projects.

Payson Finance Director Hope Cribb laid out what this means in a presentation she dubbed "The Accounting Reality."

She said keeping track of all the fees collected and spent will take a lot of record keeping. The town will have to set up databases on every fee it collects and every person that pays that fee. If the council keeps all five impact fees, it must track each fee separately. The impact fees apply to new homes and businesses, not existing homeowners.

For example, if a developer pays five different impact fees on 100 homes, that will generate 500 records. "It is rather an extensive database," Cribb said.

Based on the town's land use assumptions and the infrastructure improvement plan, fees would go toward specific improvement projects. But the town must account for the contributions for each house separately. If a project ends up costing 10 percent less than planned, for example, the town would refund the savings by issuing checks to the owner of each parcel. If the parcel were sold, the refund would go to the new owner, not the person who paid the fee.

The town would issue a refund only if someone came in and requested it. But without a time limit on seeking a refund, the town would have to maintain the records indefinitely.

Town Attorney Tim Wright explained it like this: Assume a builder in 2015 pays impact fees for public safety, parks and recreation, water and streets. Then in 2035, the then-owner comes down to town hall and asks for a refund. Town officials must go through the database to track how it spent the fee 20 years ago. If it couldn't link the money paid to a particular, completed project — the town would have to pay back that fee with interest.

In addition, the Legislature now requires the town to produce and post on its Web site an annual report on all impact fees and activity during the year and hire a private auditor to review the program every two years.

Cribb said the cost of record keeping, bank fees and the audit could outweigh revenues received from impact fees.

In the last eight years, the town collected \$578,300 from street impact fees, \$517,600 for parks and recreation and \$2 million for water. In the six years the town has assessed a public safety impact fee, it has collected \$130,400.

Town Manager Debra Galbraith said the new rules require the town to earmark any money collected for a specific project. "We can't use it all over town like we used to," she said.

Councilor Ed Blair said the new rules are quite restrictive.

"Somebody up there doesn't want us to have impact fees," he said.

Wright said some cities and towns have abandoned impact fees altogether.

That is "because it is so cumbersome and that was the intent," Blair said. "This irritates me no end."

The council will review its impact fees April 3 during a public hearing.

It will decide which impact fees to keep, if any, in May. The new fees would then take effect Aug. 1. Evans said the council will consider all five fees, but that doesn't mean it will adopt them.

Council meets today

4 p.m. — Council will first review and prioritize major projects. Then it will review a proposed overhaul of the wildlands code designed to prevent wildfires from burning from the forest into town. The council also scheduled a meeting for 5:30, but as of Monday had nothing on that agenda.

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Comments

 **Pat Randall** 2 days ago 0

It's about time the town has to go by some rules and better accounting. It is no wonder building is down with all the impact fees and charges they come up with and spending it where they please. Time for a watch dog and I am sure there are employees to handle it, no need to hire consultants and more book keepers.

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 **Meria Heller** 1 day, 22 hours ago 0

watchdog- good idea. Lessening impact fees for developers? Not so good. Why should the taxpaying homeowner/business have to foot the bill for improvements for builders/developers?

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