



Lawmaker: Cities, builders in standoff over impact fees

by **Edythe Jensen** - Mar. 28, 2011 03:05 PM
The Arizona Republic

A contentious impact fee bill making its way through the Legislature has generated a high-stakes standoff between cities and home builders, said House Speaker Kirk Adams, a Mesa Republican.

He and other southeast Valley lawmakers are pushing for a compromise on Senate Bill 1525. They are meeting this week with Chandler Mayor Jay Tibshraeny and Mesa Mayor Scott Smith to discuss alternatives. The bill would drastically change the way impact fees are levied on construction, and city officials have said it would all but eliminate their ability to impose the fees.

Although cities are united in their opposition, state lawmakers are divided and not always along party lines. Some have said impact fees are adding too much to the cost of houses and may be harming the recession-plagued construction industry. Others say the bill would increase financial burdens for cities and their residents.

The charges, which cities base on the cost of growth-related projects like roads and fire stations, amount to \$8,532 for each new single-family home in Mesa, \$19,684 in Gilbert and \$22,079 in Chandler. Developers typically roll the cost over to the homebuyers.

"There's a game of chicken going on . . . and no true compromise," Adams said of the fight over SB1525. After years of defeating repeated attempts at impact fee reform,

cities may have gotten complacent, he said.

Rep. J.D. Mesnard, a Chandler Republican, agrees. "It was miscalculated by cities; they thought it (the legislation) wouldn't have legs, and it does."

"This is a tough issue, and I see both sides," Mesnard said. "My biggest frustration is the lack of a counter-proposal by the cities."

Tibshraeny and Chandler lobbyist Patrice Kraus dispute Mesnard's assessment, noting cities have adjusted to several modifications to impact fee laws over the years. And they said municipalities backed a recent amendment to SB1525 proposed by Rep. Steve Urie of Gilbert, but it failed. Kraus said passage of the bill would throw years of work by cities to make growth pay for itself "out the window" and shift infrastructure costs associated with growth onto existing residents in the form of higher taxes and utility rates.

The impact fee dispute was one of several issues raised recently when eight State Representatives from Tempe, Mesa, Chandler and Gilbert met with *The Arizona Republic* editorial board to talk about the

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session and its challenges.

Rep. Ben Arredondo, a Tempe Democrat who has opposed the bill, said elected city leaders need to become more visible at the Capitol if they want their positions on SB1525 to be taken seriously. "Lobbyists wait for you out in the parking lot," he said, but Arredondo said he hasn't heard from the region's mayors.

Tempe Mayor Hugh Hallman said he has been in touch with several state lawmakers, but changes to impact fee laws would not have a significant effect on his city because it's land-locked and built-out.

Tibshraeny and Gilbert Mayor John Lewis said they have been talking with representatives whose districts include their municipalities. However, Lewis said he has not joined Tibshraeny and Smith in their meetings with lawmakers because they are board members of the League of Cities and Towns and he is not.

"(Rep.) Steve Urie has been the most helpful and he has a good understand of the impact fee bill. We have a great appreciation for his efforts," Lewis said.

Urie, a former town councilman, said he is willing to look at changes to how impact fees are levied but opposes the home builders' version of the bill. Gilbert and other Valley cities have borrowed money for infrastructure and depend on impact fees to pay it back without having to raise property taxes, he said.

Another Gilbert Republican in the House, Tom Forese, has supported the homebuilders' version of the bill. Forese did not attend the editorial board meeting.

Also attending the editorial session were Representatives Eddie Ableser, a Tempe Democrat; Steve Court, a Mesa Republican; and Justin Olson, a Mesa Republican.

Court, who recently sponsored the bill for a flat state income tax rate, said he is focused on the budget and no new debt for the state but "would like to see a lot less attacking cities and counties." Ableser said he wants more accountability from the private prison system, closure of tax loopholes and more auditors to go after tax cheats.

Adams said House members of both parties have created "an atmosphere of communication and congeniality," unlike their counterparts in the state Senate. He is hopeful there will be a compromise budget and a resolution of the impact fee impasse. However, Urie said he can't predict how cities will fare in the SB1525 debate. "The vote is going to be very close," he said.

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