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Who should pay for growth?

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The question that doesn't seem to have an answer is again being debated at Alachua County Commission meetings - does new growth pay for itself?

With roads growing ever more crowded and money for them growing ever more scarce, some suggest the question should be reframed: It's not whether new growth pays for itself, but how much money is needed to cope with the growth.



It's an issue the County Commission will face soon when it considers increasing the impact fees charged on new development.

The increase is opposed by builders and business groups, who say it will stunt homeownership and new business. County officials and growth-management advocates believe it is necessary to help pay for road improvements needed to keep pace with new homes and businesses.

"Most people are arguing their own self-interest," said James Nicholas, a retired University of Florida professor and impact fee expert who helped Alachua County develop its program. "In many ways, it's a superfluous question. All you have to do is redefine it a little bit and it goes away. The issue is, do you have the money to do what is necessary? If you do, go ahead and do it. If you don't, raise the money."

There is no question that growth brings money. New homes and businesses in Alachua County added more than \$265 million in value to the county tax rolls for the 2006 tax year and more than \$353 million for 2007.

That may seem like a cash bonanza. But when converted into revenue for the Alachua County Commission through the tax rate, it amounted to about \$2.3 million for 2006. The added revenue for 2007 will depend on the tax rate to be set by the commission in September.

Tax data from 1996 to 2006 shows the county gleaned almost \$20.6 million from new construction. Property tax money goes into the general fund. Much of the money the county collects must be used for specific purposes, but the commission has more spending flexibility with the general fund.

Commissioner Lee Pinkoson said the data shows that growth creates more money. The problem is that the county has not spent enough of it for new roads and other needs to keep pace with growth, he added.

"Whether it's a lot of money or not, it could go a long way toward defraying the cost of new development," Pinkoson said. "Right now we are not using any general fund dollars to pay for the cost of new development. Had we used a portion of that, or the vast majority of it, it would be a significant source of revenue for the cost of new development. We grow about 2 percent every year. We should plan accordingly."

But that \$2.3 million in revenue for 2006 from new growth wouldn't even cover the cost of one mile of one new lane of roadway. County staffers estimate that at \$3.7 million including construction, right of way acquisition and engineering.

Meanwhile, the transportation impact fee that is currently in place has collected more than \$3.2 million over two years. Officials say that is not enough to cover the cost of road improvements needed for new growth.

Property taxes are the primary means of money for county government and comprise most of the general fund portion.

In the tentative 2008 budget of \$323 million, for example, more than \$102 million is from property taxes including a property tax dedicated to the Alachua County Forever land conservation program.

The next largest revenue source is from service charges, which bring in about \$48 million. They are generally fees on programs ranging from animal adoptions to building permits.

Counties also get money from the state through the collection of sales tax and other fees. Much of that is already earmarked for certain programs or is being used to pay the debt from bond issues.

Growth requires more than just new roads. It means more law enforcement, jail space, more clerks to handle more people voting in elections, more lawsuits filling the courts. County costs for goods and services are also rising and eating up tax money.

A study done for the Florida Association of Counties shows that funding for the Alachua County Sheriff's Office has grown 33 percent, or \$13.5 million, from 2000 to 2006.

County spending on roads increased 549 percent, or \$6.1 million, according to the study.

Given all of the needs, some believe the increased tax revenue brought in from new growth does not cover the demand for roads and services that it creates.

"If growth is more or less paying its own way you would expect local taxes to either be holding steady or going down. In fact just the opposite is happening throughout the state," Commissioner Mike Byerly said. "I don't think there is much debate on whether growth pays for itself. The real debate is, what do we want to do about it? Is it worth it to the public to continue to subsidize some of those costs in terms of overall economic impact? Or should we shift some of those costs back to what is causing those costs."

Charles Pattison, president of the growth watchdog group 1000 Friends of Florida, said new development is increasingly paying its way because of impact fees and other assessments.

But Pattison said that can only cover costs for new needs associated with a particular development. Meanwhile, Alachua and other counties are stuck with a backlog of crowded roads and other infrastructure ills.

"The catch is that nobody paid their fair share in the past. The reason people are so disenchanted is that Florida is paying now for not charging enough for the growth that happened in the '50s, '60s, '70s, '80s. That puts a premium on people scrutinizing new development," Pattison said.

"There are a couple of ways you can fix that. One is to raise taxes, but that doesn't seem too popular nowadays. Now the Legislature is restricting the ability to raise taxes. So where is the money going to come from to fix the problems? That is the real challenge we have.

"The problem is the 18 million of us who live (in Florida) right now."

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