



Local officials, legislators at odds over impact fee alternative

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Local officials and at least three legislators from the area are at odds again, this time over a plan to pay for capital projects that's being sold as an alternative to impact fees.

The plan, which the House approved Thursday, lets local governments create special tax districts -- with the property owners' consent -- in which the property owners would pay a special assessment earmarked for paying off debt for specific capital projects that serve the property, such as new schools or roads. The local government could abolish the district after the debt is paid off.

The South Carolina Association of Realtors has been pushing the plan for months as an alternative to impact fees. Typical construction in jurisdictions that have adopted impact fee ordinances, such as Beaufort County, is subject to fixed impact fees that pay for fire protection, library, park and road infrastructure, though state law prohibits the collection of school impact fees.

The Senate and the governor must approve the bill before it becomes law.

Local officials at a Beaufort County Council Legislative Affairs Committee meeting this week criticized the plan. Port Royal town manager Van Willis and County Councilman D. Paul Sommerville described it as a "smokescreen" that distracts attention away from a fight to allow school impact fees.

"Let's call a spade a spade," Sommerville said, adding that the plan only benefits home builders and Realtors associations.

The Beaufort County Board of Education also passed a resolution opposing the plan for that reason, said board member George Wilson.

On Tuesday, Rep. Bill Herbkersman, R-Bluffton, joined Rep. Richard Chalk, R-Hilton Head Island, as a cosponsor of the bill. As of Thursday, the list was 44 names long, about a third of the House.

"They're saying it's a smokescreen, but it is a school impact fee," Chalk said Tuesday. "It allows those same people to pay for those things, including those impact fees, plus pay off bonds over time."

Chalk, a Realtor and an inactive commercial real estate agent, said this plan is more palatable to House legislators than school impact fees because impact fees inflate the cost of homes, thereby limiting affordability and artificially raising property taxes. Existing impact fees vary from jurisdiction to jurisdiction, ranging from \$1,509 per house in the Sheldon/Lobeco/Yemassee area up to \$5,482 in the Bluffton/Okatie area.

The bill doesn't negate existing impact fees or require anything extra of local governments, Chalk said. It would just create another tool for local governments to make development pay its own way.

Willis said the fact that property owners must opt in means very few will. If anyone does, County Councilman Jerry Stewart said the plan demands an overly cumbersome amount of paperwork and bureaucracy to keep tabs on the special districts, taxation and debt levels.

Chalk countered that individual homeowners probably wouldn't opt in, but that it could be an effective tool for officials during development agreement negotiations, which are handled on a case-by-case basis and are common with large developments. Computers would make the tracking process easy, Chalk added.

Sen. Catherine Ceips, R-Beaufort, is the primary sponsor of a similar Senate version of the bill that is in committee.