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New law will curb city's impact-fee sources

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City of Oconomowoc - A new law has city officials and planners dismayed.

Wisconsin Act 477 changed how local governments may use impact fees, and was introduced and then quickly inked by Gov. Doyle.

City Administrator Diane Gard said the new law limits and redefines how municipalities can impose impact fees and moved through the Legislature in a record 30 days.

Impact fees are charges that must be paid by developers of new homes and subdivisions to help pay for facilities such as parks, police and fire services and transportation infrastructure.

According to a survey by Ruekert-Mielke, the city's engineering firm of record, the state's highest impact fees are found locally, with residents of the Village of Lac La Belle and the Town of Summit paying \$14,000 to \$15,000 per lot for sewers.

Sarah Kitsembel, the city's finance director, said the new law is open for interpretation but that it basically requires municipalities to use all impact fees collected within seven years and prohibits the use of impact fees for recreational facilities other than parks and athletic fields, for buying vehicles and for transportation facilities other than roads.

Gard said the new law's restrictions will make it hard for municipalities to plan long term and may mean some new community development costs will shift to taxpayers.

"This new law seems to be usurping the municipalities' power to plan for the future," Gard said, adding that the city often structures loans and major capital projects over 15- to 20-year periods.

"We're disappointed the governor signed this into effect so quickly without giving people enough time to assess the impact," she said.

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Town of Summit Planner Henry Elling said town officials just completed an impact-fee study last year and had moved to set in place police and fire charges, so the new law was not as immediate a concern as other municipalities may be facing.

Elling said the real concern for the town with the new law is their "payment in lieu" of park dedication fees for all new subdivision developers.

Elling said in response, the town will now require developers to dedicate land for parks.

"It is all we can do," Elling said.

Supporters of the new law, such as members of the Metropolitan Builders Association of Milwaukee and the Wisconsin Builders Association, have come out in favor of reforms to the state's impact-fee laws.

Gard said such groups were concerned over the possible misuse of impact fees, but added that the city has been very careful in its use of the funds collected from development.

Other restrictions the new law outlines include a requirement that impact fees be paid within 14 days of issuing a building or occupancy permit instead of when subdivision plats are approved.

This could mean that impact-fee bills will be paid directly by new homeowners, who may not have been aware of them in the past because they often were paid by developers and then added to lot prices.

The new law also allows cities, villages and towns the power to impose impact fees, but restricts counties.

Also, the new law prohibits fees in lieu of parkland dedication. These fees are charged to developers who do not donate land for parks, often because the development is too small or other parkland is nearby.

And finally, the new law requires separate bank accounts for each impact fee and that municipalities issue annual reports on fees collected and their uses, and that refunds to property owners include earned interest, if unspent impact fees are refunded as required after seven years.

"This will effect how we plan a great deal, but we are in pretty good shape as far as how we use impact fees," Gard said.

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