

Committee wants to halt development impact fees

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NEWMARKET — After an initial review of the town's impact fees, the Impact Fee Subcommittee has recommended that school and recreation impact fees be suspended and water and sewer fees be condensed into a simplified systems development fee.

An impact fee is a fee that is implemented by a local government on a new or proposed development to help assist or pay for a portion of the costs that the development may cause for public services.

"We felt that the impact fees are a very convoluted system," said Planning Board member Peter Roy. "To keep track of them is a burden to administration, and since it is very little money, it is not the best way to spend your time."

Impact fees require continuous studies relative to facilities so that a proper impact fee may be assessed. When the fees are appropriated, the monies may only be used for physical development in relation to the specific category and in proportion to the impact the development has on town facilities.

"If a development brings 30 children into the school system, a fee is paid to the school," Roy said. "So if there are 600 students overall, only one-20th of the project can be funded with impact fees."

In 2004, these fees were given a six-year time limit to be used. Otherwise they must be reimbursed.

However, many impact fees could possibly have been misapplied to projects that did not fit the requirements. Impact fees are intended to be used for physical improvements to water or school systems. BCM Planning concluded that of the \$317,848 total impact fees applied, only \$151,616, or 48 percent, were for physical improvements. Of that money used for physical improvements, \$146,515 were not used according to their designation.

"We looked and what the liability of the impact fees and how they were used," said Val Shelton, a member of the Conservation Commission. "We are trying to limit the liability."

In particular, school funds have been used for analysis or architectural and engineering studies. In the opinion of BCM Planning, these school funds cannot be used indefinitely without actual improvements being funded to the school, because without the use of impact fees for physical improvements, it would constitute improper use of funds. If this were to be the case, these funds must be reimbursed.

The water fees were originally looked at in regards to the water treatment plant. However, the fees collected to date have been spent on improvements to Main Street. While consistent with the idea of impact fees, the original intent was to serve all users. This has similarly been the case with wastewater treatment facilities fees, which were intended for 'core facilities', but were used on Main Street improvements as well.

Impact fees were instated in Newmarket in 2001, due to an analysis of the town's equalized valuation. It was found that Newmarket's value per capita was 30 to 40 percent lower than the state average and without impact fees, anticipated growth would necessitate an excessive expenditure of public funds in order to maintain adequate public capital facility standards and to promote and protect the public health, safety and welfare. The equalized valuation rate for 2010 was .999 of the state average, reflecting a jump in town valuation from \$308 million in 2001 to \$743 million in 2010.

BCM Planning's report stated that the water and sewer goals can be better realized with a system development charge that would negate the six-year holding period limitation, and would be easier and clearer to assess. The charge can be applied retroactively recoup expenses from previous improvements or for future systems that the development may require of the town.

Although the report recommended updating the school and recreation impact fees to be assessed in a more accurate manner, the Impact Fee Subcommittee has recommended that they be suspended altogether, arguing that they aren't currently necessary and that they can be reinstated when needed.

"There isn't any major building going on in the town," said Rick McMenimen of the Planning Board. "The mills are all apartments, and they will produce a minimal amount of children."

"I am always in favor of lowering the barriers for businesses to come into town," said Town Council member Philip Nazzaro.