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OPINION

Tuesday, Nov. 09, 2010

Don't buy developers' line

By Jim Mallow

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Ever since the impact fee was adopted, I have read the rhetoric of half truths and misleading conclusions proffered by the development community as to why this fee is a bad thing.

For years, all across this country, impact fees have been assessed on new development; and these fees have been successful in allowing for growth while at the same time lessening the burden on individual taxpayers who have historically had to foot the bill for public services such as access roads, sewer and water tie-ins and the added need to provide additional public services such as police and fire to these new developments. If a system of impact fees isn't in place, the individual taxpayer has to pay increased property taxes for such amenities.

Too often local governments, faced with the problem of generating new revenues to pay for needed services, look to increased development as a source for that new revenue. Along the way, these officials have been sold a bill of goods by developers that their new projects will, in fact, generate those new dollars in property taxes that new occupants will pay.



The major fallacy of this new development equals new revenue is the hidden costs of that development. The taxes paid by people who move into these developments do not offset the increased cost of services to those developments that local government must assume.

An economic study, for example, for 11 southern New England towns concluded that for every dollar of new revenue generated from a new residential development means, that local government charged with providing new and expanded services spent an average of \$1.14.

Impact fees paid by developers and new residents who move into those developments serve to ensure that the folks who already live there don't have to bear the added tax burden.

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The next time a developer complains about having to pay a relatively small impact fee when compared to their overall investment and revenue potential, you as an existing property taxpayer might suggest, better them than me.

There is no question that because of the overall economic downturn developers as well as the rest of society are hurting economically. Under those circumstances, it might be wise public policy to provide some temporary relief to this fee; but it is not sound public policy to eliminate or even reduce these fees on a permanent basis.

The developer makes an investment and gets a substantial and well-deserved return on that investment. As part and parcel of that economic model, they should also be responsible for funding the hidden costs of their venture, e.g. the increased costs to local government for the services that they will have to absorb.

The writer lives in Pawleys Island.

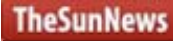
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Daniel R. Levitan 11/09/2010 10:34 AM

Sorry to disagree but impact fees serve only to increase the cost of new development and burden new users and purchasers of these properties unfairly while tending to decrease development activity which is an essential component of a healthy economy.

Just because they have been enacted in other areas does not make them right or proper.

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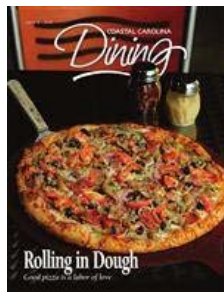
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