

Impact fees are clearly confusing

By PAUL MATTHEWS/Guest Opinion | Posted: Saturday, February 4, 2012 12:00 am

I noted a recent letter to the editor on the general topic of county impact fees. The writer, Larry Spencer, makes a few good points but creates some confusion in his attempt to clear up "common misconceptions."

To begin with, impact fees are not an attempt to make new growth pay a "buy in" for existing services. By law, impact fees cannot be used for any purpose other than to pay for new services generated by new growth.

They cannot be used to maintain existing services or facilities. They cannot be used to improve existing services or facilities. They cannot be used to build the "wish list" of new facilities alluded to in the letter - unless those facilities are proven to be related to new growth.

I wholeheartedly agree with the writer's complaint that it is not fair for a longtime rural property owner, who has paid more than their fair share of the cost of governmental services, to be hit with an Impact Fee when finally deciding to build. The remedy, of course, is to reduce the inequitable property tax burden on the rural resident, not to eliminate the perfectly equitable Impact Fee.

Impact fees are a small, first step by conservatives to return to the day when governmental services were paid for by the end-user. For the first 150 years or so of our republic the bulk of governmental revenues were raised from user fees and consumption taxes on activities deemed socially undesirable (so called "sin" taxes). Income taxes did not exist. Property taxes were only a tiny component of the overall revenue stream. Would that we could return to the happy days before the present "tax and redistribute" sentiment prevailed!

The letter writer's best point is that many are unaware that most cities are not presently collecting county impact fees. That means new residents of those cities are getting a free ride with respect to their growth-related cost impact on, say, the jail or EMS.

In fairness, however, we should take note that the cities have raised legitimate concerns about collecting the fees. For instance, county dwellers use city services, especially the parks and recreational ones, but the cities have no reciprocal means of collecting impact fees from county projects. There have been concerns voiced about potential liabilities for collecting the fees and administrative headaches in doing so. There are reasons for the cities to go slow that do not derive from a conviction that the fees were enacted "illegally" as was alleged in the letter.

Finally, I take exception to the writer's statement that county impact fees were "never really about growth paying for itself."

Sure they were. And are.

In 2007-2008 I traveled the county listening to residents SCREAM for the commissioners to "stick" the cost of growth to all the fat cats who were streaming into the area from out of state, building their hideous "McMansions" and destroying fragile farm-to-market roads with big construction equipment and gargantuan SUV's. Heaven help the commissioner who would have voted against the fees.

Nowadays a county resident stuck paying an impact fee to construct a modest house on a long-held family property might feel insult has been added to injury. Impact fees do highlight our existing unfair and antiquated property and income tax structure. (For just one of many instances, urban charter schools do not bond, or levy, yet somehow manage to pay for their facilities entirely out of the allowance from the state for the students they are actually educating. If they can do it, why do the local school districts require such massive property tax levies?)

"They" say that nothing can be done about death or taxes. And I suppose it's true nothing can be done about physical death, but governments can reduce taxes by reducing spending and moving revenue collection methods away from property and income taxes and toward user fees - like our county impact fees.

Impact fees are reviewed annually by the county's impact fee advisory committee. That body is currently investigating how to address the problems identified in the first year of fee collection. As with all county's committees and commissions, the advisory committee meets in public. I invite the public to turn out and watch it work.

There is no sinister, illicit force behind the county impact fee program, just a good, fiscally conservative idea run up against a rotten economy and unanticipated glitches in implementation.

Paul Matthews is a rural resident of the Rathdrum area and a member of the Kootenai County Impact Fee Advisory Committee.