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PLAIN SPEAK: What are impact fees, and why are they used?

BY MALCOLM NODEN | STORY UPDATED AT 4:44 PM ON FRIDAY, JUL. 24, 2009

Recently, there has been a discussion in Nassau County about impact fees. Government officials and county c have made public statements on the subject, and several community leaders and developers also have weighe seems like a good time to explain what they are, how and why we use them, and what economic impact they pace of development and the financing of new infrastructure.

Collected by local governments from developers of new or proposed developments, impact fees help pay for p public service costs incurred. They typically are assessed on new developments to help fund the construction site capital improvements such as road widening or new street lights. Impact fees reduce the economic burde governments trying to deal with the effects of population growth.

Impact fees became widely accepted in the '50s and '60s and were first used to help fund capital recovery fee sewer facilities. In the '70s, with the decline of available federal and state grants for local governments, their and expanded to include roads, parks, schools and other public services. Impact fees became a commonly use approach for services in the '80s, and began to include municipal facilities such as fire, police, and libraries.

After their legal use was approved in Florida and California court cases, many other states enacted laws. Impa become the most important method in infrastructure financing, and an essential part of local governments' me infrastructure and public services.

In most cases, impact fees are assessed against new developments. When a new neighborhood or commercial development is constructed, for instance, the developer ma to pay the fee for new infrastructure or a new fire station in the area to meet the demand the new development causes.

Impact fees are seen as a regulation tool, but at the same time their revenue-raising purpose can be seen as a tax. The use of them is not universally accepted. However, recognize and allow the use of impact fees as a way to regulate land use.

The tricky economic question is whether impact fees affect the desirability of an area in the eyes of private developers. States, communities and citizens have opposing vi time to time, opponents have used the phrase, "welcome to our town kiss of death tax."

Impact fees may serve as a de facto tax, which can result in slowing or ending development in an area, causing diversion of private development investment to places wit fees or lower rates, and they may even reduce job growth. The use of the impact fee on developers may also cause higher real estate prices because developers can pass buyers by charging more to recover the fees.

Who should pay for expansion? That's the big question regarding impact fees. Is it the developer? The existing community? Or shared in some equitable manner by both?

This question is not new. In fourth century B.C., the Greek playwright Aristophanes railed against those who built new homes in Athens and demanded more public works communities, but were unwilling to assume the duties of Greek citizenship.

"This is what extremely grieves us, that a man who never fought should contrive our fees to pilfer, one who for his native land never to this day had oar, or lance or bliste Aristophanes said.

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