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Smyrna debates impact fee hike

Yearly increases more likely than big jump for fiscal 2007

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SMYRNA — Town Council members decided the time is not right for substantially increasing impact fees.

Instead, the council might consider a move to raise fees slightly each year depending on the rate of growth.

The town generates \$1,827 in impact fees for any new residence, compared to the maximum of \$4,205.

One option is to charge 50 percent of the maximum on parks and roads fees starting July 1, and each year, depending on the impact of new construction, the fees would go up an additional 10 percent. The council could take action on that proposal at a March 14 meeting at 7 p.m.

During a retreat in January, the council looked at ways to help pay for additional growth-related expenses such as road improvements and parks, and impact fees were the main source discussed.

An impact fee is a one-time fee paid before construction begins on a new home or business. A fee for parks is charged on new residential development in addition to fees for fire protection and roads. Commercial and industrial developments only pay the required fire and roads fees.

"I think there's a magic number that we can go to (without adversely affecting growth), but I don't know what that is," said Vice Mayor Tony Dover.

Mayor Bob Spivey agreed, saying that a fee increase is similar to a cost-of-living increase.

The roads fee is set at 36.8 percent of the maximum charge, and the parks fee is set at 49.4 percent of the maximum. Impact fees were last adjusted in 2004.

Neal Odom, an 81-year-old Smyrna resident, would rather see impact fees increased than property taxes.

"Old-timers can't afford a tax increase. We have streets with no lights and roads with no sidewalks," he said, referring to older parts of town. "I'm for new growth paying its way."

Under the current proposal, commercial development would not be affected, largely because of the

impact it has on the town's operating budget.

"That's where we're going to get a lot of our tax dollars in the next few years," said Councilman Lance Lee.

Sales tax revenue accounts for close to \$8 million of Smyrna's \$22 million 2005-2006 budget. The town expects to receive \$4.3 million from property taxes by June 30.

Upping the fees also has a downside, said Bernard James, a Realtor with Prudential Rowland Real Estate.

"Those fees will be passed on to the homeowner, unfortunately. All that does is drive up the median price of the homes in Rutherford County," he said.

In 2004 the median house value for Rutherford County was \$114,100, almost \$46,000 less than the Nashville average, and \$58,000 less than the national average, according to data from the Rutherford County Chamber of Commerce.
