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Some municipalities protest impact fee change

New state law shifts charge from builders to homebuyers

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A change in state law that makes homeowners, rather than developers, responsible for "impact fees" could slow development or force an increase in property taxes, some officials in fast-growing suburbs say.

Advertisement Critics also say that the change, which was pushed by home builders, shows what happens when lawmakers hastily approve bills sought by special interests near the end of a legislative session.

Home builders acknowledge that the changes were relatively swift, as the bill was introduced and signed into law in seven weeks.

But they say the changes in the impact fees will produce more affordable housing and reform a system that allowed local governments to impose fees years before the money was spent on roads, sewer lines or other public projects.

"I think it is wrong for municipalities to charge fees before the services have to be paid for," said state Rep. Robin Vos (R-Caledonia), a co-sponsor of the legislation.

Sen. Glenn Grothman (R-West Bend), a co-sponsor of the bill, said that he voted for it because some

communities had been abusing impact fees but that the legislation might have been rushed.

Grothman said he would be willing to review the bill in January "if we have to sand off some of the rough edges."

State law allows local governments to impose fees to respond to the impact that new developments make on their communities.

The fees can be used for roads, water and sewer service, parks, and other public services to accommodate the new developments.

People who have homes built in new subdivisions are directly affected by the changes in impact fees.

Local governments had been imposing fees as high as \$15,000 per new home on developers while projects were being planned. Under that system, a developer would pay a lump sum for all the lots in a subdivision, often years before the lots were sold.

The new legislation, which took effect last month, made a variety of changes to impact fees.

For new subdivisions, local governments must impose the fees much later in the process, when a building permit or occupancy permit is issued.

That means the money is paid piecemeal and, potentially, over a period of years.

Cedarburg blocks project

Less than two weeks after the bill became law, the Cedarburg Common Council declined to give preliminary approval to a 54-lot subdivision on the city's north side.

After that vote, Cedarburg Mayor Greg Myers issued a statement blasting the legislation, saying it favors developers over taxpayers.

"A community can't plan to make those improvements if they don't know when the cash is coming in," he said.

Some officials say other communities might respond as Cedarburg did or raise taxes on existing residents to finance projects to accommodate new development.

Municipalities are in the predicament because of the rush to pass the impact-fee legislation, said former West Bend Mayor Mike Miller.

"It happens at the end of every (legislative) session, where legislators seem like they owe people something, and they pass legislation too fast, and they realize after it's all over the damage they do," said Miller, who heads an association that represents cities and villages in Ozaukee and Washington counties.

But Vos, the Racine County lawmaker, said the changes to the impact-fee law had been discussed with home builders and local governments long before the bill was introduced.

He said that local government leaders who say the bill was rushed simply opposed the changes.

The changes should benefit people who are building homes by reducing the price of home lots, said J. Scott Mathie, government affairs director for the Waukesha-based Metropolitan Builders Association.

By not having to pay impact fees years before selling their lots, developers can charge lower prices, he said.

The new law also is touted for requiring local governments to provide regular accountings of how they spend the impact fees, forcing them to spend the fees within seven years and making the fees more transparent because they will be added to the cost of a building permit rather than included in the cost of a lot.

"This is going to give consumers more insight into fees they're paying at the local level," Mathie said. "That's healthy."

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