

## Change in impact fees may affect taxpayers

*By Adam Tobias of the Daily Times staff*

With a couple flicks of his wrist Gov. Jim Doyle last week signed into law a bill that limits the types of public facilities that can be funded with development impact fees, which in time could have an effect on the average taxpayer, according to Watertown officials.

Senate Bill 681, which has been renamed Wisconsin Act 477, deletes two sources of impact fees - "other recreational facilities" and "other transportation facilities" - from the state-authorized list of charges that local governments can enforce on residential developments.

This change prohibits the use of impact fees paid by developers for such things as fire trucks, soccer fields, volleyball courts, basketball courts, baseball diamonds or tennis courts.

"Off the top of my head I don't think it is going to have a direct impact on the average taxpayer, but I think over time it could because things like fire trucks are now not going to be payable through impact fees," assistant city attorney Allen W. Larson said. "I think ultimately that could trickle down to where the taxpayer picks up those expenses."

The Watertown Common Council will vote tonight on the purchase and financing options for a new aerial platform ladder truck for the fire department, but Mayor John David said Wisconsin Act 477 will not alter the city's plans for the new vehicle. He added since he has been involved with the city impact fees have not been used to purchase vehicles.

David did say, however, because of the restrictions on what impact fees can be used to fund, the city will have to decide when the time comes if it is going to place equipment in newly developed parks.

"Right now that money goes for some fabulous playground equipment in the parks but that won't happen anymore and that is really unfortunate," he said. "But that is the way it is going to be."

Under Wisconsin Act 477, municipalities are also prohibited from charging impact fees in lieu of land dedication as a condition of approving a subdivision.

The bill also changes the time when a municipality can assess impact fees. Larson said in the past developers would have to pay the impact fees when they were applying for a plat or getting plat approval, but that date has been changed to within 14 days of the issuance of a building or occupancy permit.

"This can have the results of being a cost-shifting mechanism, and by that I mean what is going to happen now is the way the statute has been changed is the impact fees are assessed at the time that a building or occupancy permit is sought and that is quite a bit further down the line," Larson said. "More than likely the person that is going to pay the impact fees is going to be either the builder or the buyer."

William Malkasian, president of the Wisconsin REALTORS Association, said in a statement released last week that he applauds the recent changes to Wisconsin's Impact Fee Law (2006 Wisconsin Act 477). He said the changes will help housing costs remain affordable for Wisconsin families by requiring fees imposed upon new developments to be fair and reasonable.

Malkasian also said research shows that impact fees, collected from developers at the commencement of a project, increase the cost of a house by two to four times the amount of the fee, in part because developers must carry these finance costs for years until the project is completed.

These inflated costs, passed on to the consumer, result in many prospective buyers being locked out of the market, Malkasian said. He added for the same reasons, impact fees imposed on multifamily projects result in higher rent.

According to Assistant City Engineer Pete Thompson, the two major impact fee sources for Watertown since the mid-1990s have been park fees and sanitary sewer connection and water impact fees.

Thompson said if the park and open space plan designates a proposed park on land being developed, the developer must dedicate land for a city park. He added the ratio of land to the number of units is determined by the Park, Recreation and Forestry Commission.

If there is no park designated for the land, the developer must pay a fee of \$200 per housing unit to the city to be used to purchase parkland in other areas as necessary, Thompson said.

He added the city has also collected a recreational facility improvement fee, which has been used to purchase playground equipment or facilities for the parkland that has been dedicated or purchased. The fee is \$1,066 per housing unit.

Doyle signed Wisconsin Act 477 into law on May 30, and it takes effect with state publication, which is usually about two weeks.

"From everything I read the bill was passed because of pressure from developers," David said. "But this is not going to help keep taxes down, that's for sure."