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Editorial: Hands off impact fees

April 26, 2005

Some Florida legislators apparently want to play city or county commissioner or planner by micromanaging how local governments establish, levy and use impact fees. The proposal, as encapsulated in committee substitutes for House Bill 1173 and Senate Bill 2302, appears to be little more than developer-relief bills that could cripple local efforts to manage growth.

Fortunately, Rep. Ken Sorenson, R-Key Largo, has bottled the bill up in the House by postponing hearings on it. Sorenson opposes the measure and said his committee has become "the last line of defense for local governments."

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But Rep. Donna Clarke, R-Sarasota, said her bill is about "fairness," and noted the proposal is alive in the Senate, where it could be merged into a growth-management bill now under consideration. The only fairness Clarke possibly could be talking about is for large developers.

Hundreds of millions of dollars in impact fees are levied annually by cities, counties, schools and special districts on new construction to help pay for new roads, sewers, schools, jails, fire stations, parks, etc.

Imposing impact fees is a local decision, so there is a lack of uniformity statewide. Amounts and methods of payment and usage vary widely across the state; the only constant is that builders must pay them and recover the cost in the sale of their properties.

The inconsistencies are what worry Clarke.

There are local abuses of impact fees. Some counties, such as Indian River, sit on them, drawing interest without putting in the facilities the fees were supposed to support. Some agencies charge administrative fees for processing the impact fees, an unfortunate bureaucratic expense that drives up housing costs.

The bill seeks to mitigate these problems, but it also seeks to dictate how and where the funds may be spent. For example, fees collected within a city could not be spent outside the city, even though the impact extends across political boundaries. Fees collected in a county or special district also might not be expended within a city, even though the impact of growth would be felt in that jurisdiction.

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In another section, the bill requires that local governments allow the impact fees to be paid as part of the property taxes over 10 or 20 years. It also would allow developers to delay paying the fees until homes are sold. Now most fees are paid before a building permit is issued.

These provisions would mean local governments would not have the funds to build infrastructure until after demand was created for such services.

Other inexplicable portions of the bill would:

- bar local governments from including in their impact fees any charge to increase capacity for electric, gas, water or waste-water utilities;
- give developers credits for impact fees based on the present value of taxes to be paid in the future by a homeowner.

As Indian River and Martin counties review their impact fees, it's obvious there are inconsistencies statewide. And, yes, there are problems.

The Clarke proposal, though, is a municipal-micromanaging, developer-relief bill that, if passed, would create real problems for local governments in Florida.

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Impact fees collected on the Treasure Coast in fiscal 2004 totaled more than \$60.2 million. Among them were:

- Martin County: \$12.5 million
- Martin County schools: \$1.6 million
- Stuart: \$239,495
- St. Lucie County: \$14.5 million*
- St. Lucie County schools: \$ 9.5 million

• Port St. Lucie: \$10.2 million

• Indian River County: \$10.4 million*

• Vero Beach: \$1.1 million**

- Sebastian: \$288,963***

Notes: Fort Pierce and the Indian River County School District do not collect impact fees.

* Collects for the entire county for roads and bridges.

** Water, sewer and electric only.

*** Recreation only.

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