



## PROPOSED STUDY QUESTIONS

### Impact Fee Deferral Programs

State of Washington Joint Legislative Audit and Review Committee

January 2021

#### The 2015 Legislature directed local governments to establish a payment deferral program for impact fees

ESB 5923 required local governments that impose impact fees to establish a payment deferral process by September 2016. The legislation was intended to promote economic recovery for the construction industry by reducing upfront costs for residential construction.

Prior to the legislation, applicants paid impact fees when their building permit was issued. Under deferral programs, local governments may collect fees at one of three other times during development:

- Final inspection.
- Issuance of the certificate of occupancy.
- The closing of the first sale of the property.

Local governments that collect impact fees are required to adopt and administer a deferral program. Developers may choose whether to defer impact fee payment or to pay upon issuance of the building permit. Developers may be subject to additional administrative costs for deferring impact fees.

#### JLARC and the Department of Commerce (Commerce) gather data about local government impact fee deferral programs

Statute directs JLARC and Commerce to collect data on the use and cost of deferral programs, and for Commerce to submit a report to the Legislature each December. The legislation also directed JLARC to conduct a review of the implementation of impact fee deferrals.

#### JLARC's evaluation will focus on the number, type, and costs of deferrals and how local governments administer programs

1. Between 2017 and 2019, how many deferrals did developers request and how many did local governments issue? How many were not fully or timely paid?
2. What approaches do local governments use to administer impact fee deferral programs?
  - a. Are these approaches efficient and effective in providing a local process for impact fee deferrals?
3. What costs do local governments and developers incur through deferral programs?

**Impact fees are one-time assessments charged to new residential developments.**

The fees fund new or expanded schools, roads, parks, or fire stations to support additional infrastructure demand created by the new residences. Only local governments that fully plan under the Growth Management Act may charge impact fees.

## Study Timeframe

Preliminary Report: December 2021

Proposed Final Report: January 2022

## Study Team

Team Lead	Jennifer Sulcer	(360) 786-5181	<a href="mailto:jennifer.sulcer@leg.wa.gov">jennifer.sulcer@leg.wa.gov</a>
Research Analyst	Ashley Elliott	(360) 786-5286	<a href="mailto:ashley.elliott@leg.wa.gov">ashley.elliott@leg.wa.gov</a>
Research Analyst	Melanie Stidham	(360) 786-5183	<a href="mailto:melanie.stidham@leg.wa.gov">melanie.stidham@leg.wa.gov</a>
Project Coordinator	Eric Thomas	(360) 786-5182	<a href="mailto:eric.thomas@leg.wa.gov">eric.thomas@leg.wa.gov</a>
Legislative Auditor	Keenan Konopaski	(360) 786-5187	<a href="mailto:keenan.konopaski@leg.wa.gov">keenan.konopaski@leg.wa.gov</a>

## JLARC Study Process

