

DEPARTMENT OF TAXATION

2007 Fiscal Impact Statement

1. **Patron** Robert G. Marshall
3. **Committee** House Counties, Cities and Towns
4. **Title** Residential Development; Impact Fee Assessments and Acceptance of Cash Proffers

2. **Bill Number** HB 1745

House of Origin:

Introduced
 Substitute
 Engrossed

Second House:

In Committee
 Substitute
 Enrolled

5. **Summary/Purpose:**

This bill would authorize localities to adopt ordinances for the assessment of impact fees or the acceptance of cash proffers when education, transportation, and public water or sewer infrastructure is inadequate to support a proposed residential development. The impact fees or cash proffers would equal the pro rata share of the costs of the reasonable and necessary capital improvements attributable to the proposed development. The impact fee or cash proffer for a development for senior citizen residents must exclude the cost of education and transportation, but would include the cost of public safety.

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

This bill would have no impact on state or local taxation. To the extent that localities assess impact fees or accept cash proffers, this bill would impact local revenues.

9. **Specific agency or political subdivisions affected:**

All localities.

10. **Technical amendment necessary:** No.

11. **Other comments:**

Current Law

Currently, some localities in Virginia are allowed to require developers to pay impact fees in order to pay all or part of the costs of road improvements attributable in substantial part to the new development. In addition, in certain localities, a landowner petitioning for a

zoning change may voluntarily agree to make cash proffers in order to obtain favorable zoning changes for new development.

Proposal

This bill would expand the authority of local governments by allowing them to adopt ordinances for the assessment of impact fees or the acceptance of cash proffers when education, transportation, and public water or sewer infrastructure is inadequate to support a proposed residential development. The impact fees or cash proffers would equal the pro rata share of the costs of the reasonable and necessary capital improvements attributable to the proposed development. The impact fee or cash proffer for a development for senior citizen residents must exclude the cost of education and transportation, but would include the cost of public safety.

This bill would further mandate that, prior to the enactment of an ordinance requiring the payment of impact fees, the locality have a comprehensive plan that clearly identifies the capital improvement needs. Any impact fees or cash proffers collected would be required to be used for the purpose of completing capital improvements specified in the capital improvement program.

Similar Legislation

House Bill 2796 would authorize any locality that includes within its comprehensive plan a calculation of the capital costs of public facilities necessary to serve residential uses to impose and collect impact fees on residential permits to defray the capital costs of public facilities related to the residential development.

cc : Secretary of Finance

Date: 1/16/2007 AMS
HB1745F161