TRANSPORTATION IMPACT FEE


Shadow Creek Ranch, Pearland, Texas

Description

A transportation impact fee is charged by the local municipality to new development projects. This fee is used to pay for capital improvements needed as a result of the new development. Impact fees are usually found in the form of one-time fees charged to the developers or to new residents to help raise revenue for transportation projects. The fee attempts to repay a portion of the costs local entities encounter providing the facilities needed to service the new development. The general purpose of impact fees is to shift the burden of financing new infrastructure from the community at large to owners of developable land, developers, or buyers of new homes.

How Will This Help?

Who: Local
Cost to Collect: Moderate
Sustainability:●○○○○
Reliability:●●●●○
Implementation: Easy

Ensure new development is "paying its own way." – In recent years, many Texas communities experienced significant population growth. Local officials in these communities often claim deteriorating roadway infrastructure and dwindling revenues are a result of the strain caused by this new growth. Consequentially, tax payers in the community are left "picking up the tab" for the ensuing infrastructure improvements. Transportation impact fees would help ensure that developers of that land would be responsible for paying for some of those improvements.

Provide additional funds for transportation – Creating transportation impact fees would provide funds to counter the cost of servicing new developments with adequate access.

Help funds keep pace with rising highway construction costs – Since 1991, roadway construction costs have almost doubled. Creating transportation impact fees would reduce the amount of existing transportation funds needed to create sufficient access to new developments.

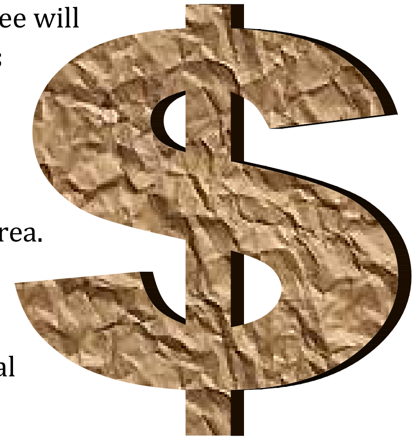
Reduce need for borrowing – Texas has increasingly turned to debt mechanisms such as bonds as a way to finance transportation improvements. Texas could help slow a growing trend of using the "credit card" to pay for roadway projects by allowing for the use of transportation impact fees.

Beneficial to smaller or rapidly growing communities – In smaller communities, the revenue required to support new development may not be available. The use of impact fees enables the development to proceed even when the local government cannot pay for the necessary infrastructure immediately. Impact fees can be a viable means to finance the variety of service needs created by growth.

What's the Down-Side?

- **General opposition to fee increases –** The legislature and public have recently been opposed to tax or fee increases.

- **Additional fees may dissuade new businesses –** A traffic impact fee will only apply to developments within a local entity's jurisdiction. This additional fee may detract new developments and slow economic growth.



- **Revenues are economically driven –** The amount of revenue created is dependent upon the amount of new development in the area. If economic growth slows, the revenues will decrease.
- **Could increase land prices –** This fee could result in developers passing the cost of the fee on to the buyers, driving up the cost of real estate.
- **Does not provide for a stable stream of revenue –** Most impact fees are one-time levies which help pay for the immediate infrastructure needs of new development. These one-time fees do not cover future costs of maintenance or repair.

Implementation Issues

- Moderate cost to implement.
- Texas Local Government Code requires the local municipality to follow a rigorous set of procedures to implement impact fees.
- Fee schedule is proportional to the development's impact.
- Voters/users would need to be educated regarding the costs and benefits.

Did You Know?

- Florida's Broward County assessed the first impact fee in 1977.
- Currently 36 states allow for Traffic Impact Fees.
- Texas Impact Fees are discussed in chapter 395 of the Local Government Code.