

Impact Fee Primer

What Are Impact Fees?

Impact fees are one-time charges assessed by a local government against a new development project to help pay for new or expanded public facilities that will directly address the increased demand created by that development.

What Can Impact Fees Be Used For?

[RCW 82.02.050 - .110](#) and [WAC 365-196-850](#) authorize counties, cities, and towns planning under the [Growth Management Act \(GMA\)](#) to impose impact fees for:

- Public streets and roads
- Publicly owned parks, open space, and recreation facilities
- School facilities
- Fire protection facilities

These impact fees may only be imposed for “system improvements” - public capital facilities in a local government’s capital facilities plan that are designed to provide service to the community at large (not private facilities), are reasonably related to the new development, and will benefit the new development ([WAC 365-196-850](#)).

Impact fees cannot exceed a proportionate share of the cost of the system improvements, and municipalities must have additional funding sources and may not rely solely on impact fees to fund the improvements ([RCW 82.050.050](#)).

Determining Impact Fee Rates

Local governments must establish a rate schedule for each type of development activity that is subject to impact fees, specifying the fee to be imposed for each type of system improvement ([RCW 82.02.060](#)). The schedule must be based on a formula or other calculation that incorporates, among other things:

- The cost of public facilities necessitated by new development
- The cost of existing public facilities improvements
- Adjustments to the cost of the public facilities for past or future payments made or reasonably anticipated to be made by new development
- The availability of other public funding sources
- The method by which public facilities improvements were financed

These rate studies should be updated periodically to reflect changes in the cost of facilities. While local governments are not required to hold a public hearing before adopting or increasing impact fees, it may be prudent to do so, especially if the decision might be controversial. Local governments may provide exemptions for low-income housing and other development activities with “broad public purposes” ([RCW 82.02.060](#)). Some jurisdictions reduce or waive certain types of impact fees for certain types of development, either to incentivize development or because the development places no significant burden on existing facilities.

Want to know more? Visit the MRSC Website.

Source: <http://mrsc.org/Home/Explore-Topics/Planning/Land-Use-Administration/Impact-Fees.aspx>