

Impact Fee Deferral Report



Annual Report on the Impact Fee Deferral Process per RCW
43.31.980

**LOCAL GOVERNMENT DIVISION
GROWTH MANAGEMENT
SERVICES**

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REPORT TO THE LEGISLATURE

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Introduction

Authorizing Legislation

Per RCW 43.31.980, the Department of Commerce must report annually on deferral process for impact fees as follows:

- (1) Beginning December 1, 2018, and each year thereafter, the department of commerce must prepare an annual report on the impact fee deferral process established in RCW 82.02.050(3). The report must include: (a) The number of deferrals requested of and issued by counties, cities, and towns; (b) the number of deferrals that were not fully and timely paid; and (c) other information as deemed appropriate.
- (2) The report required by this section must, in accordance with RCW 43.01.036, be submitted to the appropriate committees of the house of representatives and the senate.

Commerce published its initial report in 2018. This is the third annual report.

Background

During the 2015 session, the Washington State Legislature passed Senate Bill 5923, which in part, established a deferral program for impact fees.

Local governments fully planning under the GMA can collect impact fees for fire protection facilities, parks, schools, and transportation facilities. Local governments may charge different rates for different classes of construction, such as residential, commerce and retail. Local governments may also collect impact fees on only a single type of construction. Except under specific circumstances, a local government must refund fees not expended or dedicated within 10 years of collection.

All local governments imposing an impact fee were required to establish a deferral program for impact fees by Sept. 1, 2016.

The deferral program applies to builders. A local government may generally issue deferrals for only the first 20 single-family residences built in a year by a builder. The deferral can last no longer than 18 months. At a minimum, the local government must offer builders a choice of at least one of the following options to defer collection of the impact fee payment. Deferred payments may occur upon:

- Payment of the final property inspection;
- Issuance of a certificate of occupancy or similar certificate; or
- Closing of the first sale of the property occurring after issuance of the applicable building permit.

Report Methodology

The Joint Legislative Audit and Review Committee (JLARC) collected the data for this report.

- Survey Monkey data collected between March 2020 and mid-November 2020.
- Emails sent to planning directors, permitting departments, and/or city administrators.
- A final reminder email sent to all non-respondents the second week of November 2020.

Survey Responses

JLARC sent surveys to 237 cities, towns, and counties and received responses from 180 jurisdictions for an overall response rate of 76%. Of the 103 jurisdictions that collect impact fees, 84 filled out the survey (82%).

Deferral Data

Table 1: Total Deferrals by type of impact fee

Type of Impact Fee	Deferrals Requested	Deferrals Issued	Deferrals Not Paid Fully or On Time
Fire Protection Impact Fees	13	13	0
Parks Impact Fees	584	582	0
Schools Impact Fees	522	520	0
Transportation Impact Fees	595	593	0
Total Impact Fees	1,714	1,708	0

Table 2: Fire Facility Deferrals

Local Government	Fee Collected	Deferrals Requested	Deferrals Issued	Deferrals not paid fully or on time
Enumclaw	Yes	1	1	0
Mount Vernon	Yes	8	8	0
Sedro-Woolley	Yes	4	4	0
Total		13	13	0

Table 3: Public Park Deferrals

Local Government	Fee Collected	Deferrals Requested	Deferrals Issued	Deferrals not paid fully or on time
Bellingham	Yes	2	0	0
Bonney Lake	Yes	3	3	0
Buckley	Yes	8	8	0
Carnation	Yes	7	7	0
Enumclaw	Yes	1	1	0
Ferndale	Yes	60	60	0
Kitsap	Yes	451	451	0
La Center	Yes	41	41	0
Mount Vernon	Yes	8	8	0
Sedro-Woolley	Yes	3	3	0
Total	10	584	582	0

Table 4: School Facility Deferrals

Local Government	Fee Collected	Deferrals Requested	Deferrals Issued	Deferrals not paid fully or on time
Enumclaw	Yes	1	1	0
Federal Way	Yes	5	5	0
La Center	Yes	41	41	0
Mount Vernon	Yes	8	8	0
Kitsap	Yes	451	451	0
King County	Yes	4	4	0
Sedro-Woolley	Yes	3	3	0
Total	7	522	520	0

Table 5: Transportation Deferrals

Local Government	Fee Collected	Deferrals Requested	Deferrals Issued	Deferrals not paid fully or on time
Bellingham	Yes	2	0	0
Bonney Lake	Yes	3	3	0
Buckley	Yes	8	8	0
Carnation	Yes	7	7	0
Enumclaw	Yes	1	1	0
Federal Way	Yes	5	5	0
Ferndale	Yes	60	60	0
La Center	Yes	41	41	0
Mount Vernon	Yes	8	8	0
Kitsap	Yes	451	451	0
Sedro-Woolley	Yes	3	3	0
Shelton	Yes	5	5	0
Bellevue	Yes	1	1	0
Total	12	595	593	0

Appendix A - Other Relevant Data

Local Governments planning under GMA and not imposing a fee

Airway Heights	Fife	Poulsbo
Arlington	Granite Falls	Richland
Bainbridge Island	Kenmore	SeaTac
Bellingham	Kennewick	Sequim
Bonney Lake	La Center	Shelton
Brier	Lacey	Snohomish
Buckley	Lake Stevens	Spokane
Burien	Lynnwood	Steilacoom
Carnation	Mercer Island	Sultan
Cheney	Milton	Tieton
Clark County	Monroe	University Place
Deer Park	Mountlake Terrace	Vancouver
Des Moines	Mukilteo	Wenatchee
Edgewood	Nooksack	West Richland
Edmonds	Orting	Wilkeson
Ellensburg	Kitsap	Woodinville
Everett	King County	Yacolt
Everson	Island County	
Federal Way	Pierce County	
Ferndale	Port Orchard	