NOTE: As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used for other purposes.

The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR:	McSorley	DATE TYPED:	03/04/03	HB	
SHORT TITLE	Schools & Libraries as Capital Improvements			SB	650
			Padilla		

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	Indeterminate		Recurring	Local Governments

(Parenthesis () Indicate Revenue Decreases)

Relates to House Bill 630

SOURCES OF INFORMATION

LFC Files

Responses Received From
State Department of Education
Department of Finance and Administration

SUMMARY

Synopsis of Bill

Senate Bill 650 amends the Development Fees Act to include schools and libraries as payable capital improvements, i.e., to make them eligible for the use of revenues generated by impact fees. The bill expands the definition of "capital improvement" to include school buildings and essential equipment costing more than \$10.0 and having a life expectancy of 10 or more years.

Significant Issues

Impact fees are monetary assessments imposed by a municipality or a county on new development to mitigate the impact of that development on public infrastructure. Impact fees are most often used for facilities such as roads and water and wastewater systems. This bill will mean that part of the burden of funding school and library construction related to new development will be shifted to the developers.

Senate Bill 650 -- Page 2

SDE notes that impact fees should be reasonable and assessed only for improvements that are a direct consequence of new development.

FISCAL IMPLICATIONS

School districts affected by increased development in their service areas should benefit from the availability of impact fee revenue.

ADMINISTRATIVE IMPLICATIONS

SDE notes that it may need additional time to evaluate, approve and track the additional number of construction projects made available with funds generated by impact fees.

CONFLICT AND RELATIONSHIP

House Bill 630 also amends the Development Fees Act to remove schools (but not libraries) from the list of projects that cannot be funded by impact fees. This bill goes further in that it specifically lists school buildings as an eligible capital improvement.

POSSIBLE QUESTIONS

1. Will the use of impact fees for schools and libraries reduce the availability of impact fee revenue for other needed infrastructure?

LP/prr:yr