

**FACT SHEET - HB 09-1259 – CONCERNING THE IMPOSITION OF IMPACT FEES BY LOCAL GOVERNMENTS FOR AUTHORIZED LOCAL PURPOSES – Rep. Hullinghorst**

**This bill, as introduced, makes four changes in existing local government impact fee enabling law:**

1. It allows municipalities and counties to collect impact fees for school districts and special districts through intergovernmental agreement, encouraging regional planning and smart growth and development.

2. It changes the standard that must be established for collection of an impact fee to a “reasonable” relationship/nexus, rather than a “direct” relationship/nexus. “Reasonable nexus” is the constitutional standard and the one used by the state and other governmental entities. “Direct nexus” is a higher standard, one that is not well defined. SB 01-15, commonly referred to as the “Colorado’s Smart Growth Act” changed the “reasonable relationship” standard to a “direct relationship” standard. This change, which confused the standard for assessing impact fees by local governments, is believed to have been largely unintended and has had a chilling effect on their use.

3. It enables impact fees to be collected for “service programs”, in addition to “capital facilities”, already authorized in statute. **(Because the term “service programs” has proven to be hard to understand and define, the sponsor plans to offer an amendment in Finance Committee to remove this terminology from the bill.)**

4. At the request of the local government, authorizes the Department of Local Affairs (DOLA) to provide technical assistance to local government to facilitate the adoption and implementation of impact fees.

**WHY INTRODUCE A BILL TO INCREASE FEES IN THIS ECONOMIC CLIMATE?**

**This bill will NOT automatically increase impact fees.** It will give local governments additional tools to address long term, economic sustainability in their growth and development planning. As Colorado moves to stimulate growth in jobs and the economy with tax cuts, credits and exemptions, it cannot lose sight of the need for local governments to plan for future, sustainable growth and development. This bill will enable local governments to work with each other, and with developers, to properly plan for the additional infrastructure needed by new growth, when it does come. The goal is to defray some of the cost of the new growth so that cost will not be shifted to existing taxpayers.

**WILL THESE NEW POWERS ENCOURAGE ABUSE ON THE PART OF LOCAL GOVERNMENT?**

Since the 1920s, impact fees have been used by municipalities and counties in Colorado to provide for increased demand for infrastructure, such as roads and drainage facilities, resulting from new growth. **There is no evidence that local governments in Colorado have abused their power in this area.**