

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF URGING	)	
AMENDMENT OF ORS 223.297, ET SEQ.	)	RESOLUTION NO. 02-3260
RELATING TO IMPACT FEES AND	)	
SYSTEM DEVELOPMENT CHARGES TO	)	Introduced by Councilor
INCLUDE FACILITIES FOR POLICE, FIRE,	)	Bill Atherton
LIBRARIES AND SCHOOLS	)	

WHEREAS, Growth can create significant fiscal impacts on the citizens and governments of the communities in the region; and

WHEREAS, ORS 223.297 to ORS 223.314, the system development charges statutes, serve to provide a uniform framework for establishing SDC's by local governments; and

WHEREAS, ORS 223.299(1)a currently excludes facilities for police, fire, libraries, and schools from the list of urban capital improvements for which local jurisdictions may collect impact fees or system development charges; and

WHEREAS, Prohibiting communities from being able to collect the full capital costs of providing for police, fire, library and school facilities is a substantial tax burden on existing residents; and

WHEREAS, Subsidy of new development can distort the balance of supply and demand and cause overproduction or overbuilding; and

WHEREAS, Allowing communities to reduce or eliminate taxpayer subsidies that mask the true costs of population growth can help communities better evaluate development decisions and better plan their communities; now, therefore,

BE IT RESOLVED

1. That ORS 223.299(1) be amended to add police, fire, library and school facilities to the list of capital improvements for which local jurisdictions may collect impact fees and system development charges.

ADOPTED by the Metro Council this \_\_\_\_ day of \_\_\_\_\_, 2002.

Not Acted Upon  
 Carl Hosticka, Presiding Officer

Approved as to Form: \_\_\_\_\_  
 Daniel B. Cooper, General Counsel

## **STAFF REPORT**

### CONSIDERATION OF RESOLUTION NO. 02-3260, FOR THE PURPOSE OF URGING AMENDMENT OF ORS 223.297, ET. SEQ. RELATING TO IMPACT FEES AND SYSTEM DEVELOPMENT CHARGES TO INCLUDE FACILITIES FOR POLICE, FIRE LIBRARIES AND SCHOOLS

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Date: December 11, 2002

Prepared by: Michael Morrissey

**Proposed Action:** Resolution 02-3260 requests state legislative action to revise state law, with regard to expanding the definition of facilities on which system development charges may be imposed by governmental units. The purpose is to allow local communities to have the ability to allocate the costs of growth to new users of facilities, rather than averaging the costs among existing users, i.e. taxing existing residents to subsidize new growth..

**Factual Background and Analysis:** State law, with regard to the imposition of system development charges by governmental units, is encoded in ORS 223.297 through 223.314, SYSTEM DEVELOPMENT CHARGES. The policy section 223.297 establishes that system development charges may only be used for capital improvements. Later sections explicitly exclude the use of systems development charges for operations and maintenance.

Resolution 02-3260 seeks to alter section 223.299 "Definitions" to add police, fire, libraries and schools to the list of allowable capital expenditures eligible for system development charges: water supply, treatment and distribution; waste water collection transmission treatment and disposal; drainage and flood control; transportation; parks and recreation.

Information published by the Homebuilders of Metropolitan Portland in April of 1998 shows system development charges for 18 of the 24 cities in Metro's jurisdiction. Charges for a 3 bedroom 2 bath home ranged from \$1,325 in Gladstone to \$9,063 in West Linn for 1997.

With regard to schools, for example, not currently eligible for system development charges, Appendix E to "Growth and its Impacts on Oregon—A report from Governor Kitzhaber's Task Force on Growth in Oregon" (1999) states, "There is plenty of evidence that the capital costs for schools (K-12) is on the order of \$10,000 to \$20,000 per pupil." Later the statement goes on to say that "Sooner or later incremental growth will use

excess capacity for other services as well: eventually it will contribute to the need for a new police or fire station, library, park... as well as other general government plant and equipment.”

**Existing Law:** ORS 223.297 through 223.314

**Budget Impact:** None for Metro’s budget relative to this resolution. Should the legislature add items eligible for system development fees as recommended in this resolution, the budget impact for local governments could significantly improve their ability to pay the capital costs of new growth..