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FISCAL IMPACT REPORT

ORIGINAL DATE 2/10/09

SPONSOR E. Griego LAST UPDATED _____ HB _____

SHORT TITLE Payment of Impact Fees for Schools SB 367

ANALYST Varela

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	None		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Public Education (PED)

Public School Facility Authority (PSFA)

SUMMARY

Synopsis of Bill

Senate Bill 367 removes schools from the list of items not payable by impact fees. Thus, impact fees can be used to pay for specified costs of constructing capital improvements of schools allowed by Section 5-8-4 NMSA 1978. The bill would allow municipalities and counties to use developer's impact fees to build infrastructure for school facilities necessitated or attributable to the new development.

FISCAL IMPLICATIONS

According to PED, additional revenues are often needed to fund capital improvements, which are necessary to accommodate growth. Enacting Senate Bill 367 may relieve the state and many school districts from unexpected expenditures due to growth. Part of the burden and responsibility will be shifted to the developers or builders of the new development. The unintended consequence may also result in higher cost of housing for consumers.

Public School Facility Authority listed an example in their analysis. In school year 2005-2006, Albuquerque Public School district paid approximately \$2 million in impact fees. The city of Albuquerque has since waived impact fees for all high growth areas. In the 2007-2008 school

year, the Albuquerque Public School district paid between \$600 and \$700 thousand in impact fees, not including the west side (high growth) which is exempt from the fees. The bill would allow schools to have some cost saving by dictating lower construction costs.

Impact fees would provide funding on a per unit basis, ensuring that new development is helping pay for school facilities in areas it directly impacts. Current per unit basis is \$2,425 per single family detached housing and \$1,455 per multi family.

SIGNIFICANT ISSUES

PED states that impact fees are financial contributions imposed by the municipalities on developers to pay for capital improvements within the community in order to accommodate a new development. Impact fees should be reasonable and assessed only for improvements that are a direct consequence of the development. The fees should be limited to a proportionate share required to serve the new development. This bill could assist school districts in generating revenue for funding or recouping costs of facility expansions necessitated by and attributable to new development.

Enacting Senate Bill 367 may result in schools being able to benefit from imposed impact fees for capital improvements if they are directly affected by new development in the community. It appears that this bill could redirect funding away from city infrastructure uses and may shift costs away from cities and counties and toward schools. This may impact the standards-based process for school construction in place statewide.

TECHNICAL ISSUES

PSFA has provided the following definitions:

Impact Fee -- a charge or assessment imposed by a municipality or county on new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development. This does not include utility hook-up fees, right of way or easement, on site water distribution, waste water collection or drainage facilities or streets, sidewalks or curbs. Impact fees are paid for by the various districts.

Development Fee – a charge or assessment imposed by a municipality or county on new development in order to generate revenue for funding or recouping the costs for capital improvements or facility expansions necessitated by and attributable to the new development. This fee does include utility hook-ups fees, rights of way or easement on site waste water collection or drainage facilities or streets, sidewalks or curbs. Development fees are paid for by the developer.

OTHER SUBSTANTIVE ISSUES

The city of Albuquerque, in conjunction with APS, charges developers a facility fee per building permit that is applied to construction and maintenance of school facilities. The City and APS do not consider these payments impact fees but they are similar.