

Impact Fees

This page provides a general overview of impact fees for cities and counties in Washington State, including information on how they may be used and sample documents from selected jurisdictions.

What Are Impact Fees?

Impact fees are one-time charges assessed by a local government against a new development project to help pay for new or expanded public facilities that will directly address the increased demand for services created by that development.

What Can Impact Fees Be Used For?

RCW 82.02.050 - .110 and WAC 365-196-850 authorize counties, cities, and towns planning under the Growth Management Act (GMA) to impose impact fees for:

- Public streets and roads
- Publicly owned parks, open space, and recreation facilities
- School facilities
- Fire protection facilities

These impact fees may only be imposed for "system improvements" - public capital facilities in a local government's capital facilities plan that are designed to provide service to the community at large (not private facilities), are reasonably related to the new development, and will benefit the new development (WAC 365-196-850).

Impact fees cannot exceed a proportionate share of the cost of the system improvements, and municipalities must have additional funding sources and may not rely solely on impact fees to fund the improvements (RCW 82.02.050).

Impact fees may not be used to correct existing deficiencies. For instance, a school district may use the impact fees from a development to pay for construction of new classrooms at specific schools to accommodate the increased enrollment anticipated from that specific development. But the district *may not* use the impact fees to build new classrooms to reduce overcrowding caused by existing residents.

An impact fee ordinance, however, "may provide for the imposition of an impact fee for system improvement costs previously incurred by a county, city, or town to the extent that new growth and development will be served by the previously constructed improvements provided such fee shall not be imposed to make up for any

system improvement deficiencies" ([RCW 82.02.060\(8\)](#)). For example, if a public works maintenance facility was designed and constructed to address both existing deficiencies (say, 60%) and future growth needs (say, 40%), impact fees could be used to pay for up to 40% of the debt service on the bond issued for that facility.

Transportation Impact Fees

Transportation impact fees must be used for "public streets and roads" that are addressed by a capital facilities plan element of a comprehensive plan adopted under the GMA ([RCW 82.02.050\(4\)](#) and [RCW 82.02.090\(7\)](#)).

It is unclear whether state law allows these impact fees to be used to fund multimodal improvements, but such use is probably acceptable as long as the improvement is within the street right-of-way - such as bus lanes, sidewalks, or bike lanes - and there is a strong transportation-related justification. However, it is doubtful that impact fees could pay for buses, vanpool vehicles, recreational trails, or other projects outside the right-of-way.

Since impact fees are restricted to capital facilities, they cannot be used to fund transportation studies or operating and maintenance costs.

Bellingham has compiled a [comparison of 2017-18 transportation impact fee base rates in Western Washington](#).

Note: This information only applies to transportation impact fees authorized by [RCW 82.02.050](#) - .110 and [WAC 365-196-850](#) for jurisdictions planning under GMA. Separate legislation (the Local Transportation Act, [chapter 39.92 RCW](#), whose initial passage predated GMA by two years) authorizes all counties, cities, towns, and [transportation benefit districts](#) across the state - including those not planning under GMA - to impose transportation impact fees, but MRSC is not aware of any jurisdictions that currently do so under that authority.

Park Impact Fees

Park impact fees must be used for "publicly owned parks, open space, and recreation facilities" that are addressed by a capital facilities plan element of a comprehensive plan adopted under the GMA ([RCW 82.02.050\(4\)](#) and [RCW 82.02.090\(7\)](#)).

Most cities and counties in Washington only charge park impact fees to residential construction or the residential portion of a mixed use building or development, but a few also charge commercial or industrial developments, since employees (and not just residents) can directly benefit from nearby parks and recreational facilities. (See Tukwila's example in the [sample documents section](#).)

School Impact Fees

School impact fees must be used for "school facilities" that are addressed by a capital facilities plan element of a comprehensive plan adopted under the GMA ([RCW 82.02.050\(4\)](#) and [RCW 82.02.090\(7\)](#)). Typically, school impact fees apply only to residential construction or the residential portion of a mixed use building or development.

School districts are responsible for expending the impact fees but are not authorized to collect the fees. As a result, school impact fees require cooperation between school districts and the cities, towns, or counties administering the impact fee program. This cooperation should take the form of an interlocal agreement (ILA) that specifically identifies each party's role.

Any exemption for school impact fees that would otherwise be distributed to a school district must first be approved by the school district (RCW 82.02.060(3)).

Fire Impact Fees

Fire impact fees must be used for "fire protection facilities" that are addressed by a capital facilities plan element of a comprehensive plan adopted under the GMA (RCW 82.02.050(4) and RCW 82.02.090(7)). Because state law provides no further statutory or administrative definitions, some jurisdictions have taken it upon themselves to define "fire protection facilities" in their own municipal codes. (See Auburn's example in the sample documents section, which includes fire engines and equipment.)

Determining Impact Fee Rates

Local governments must establish a rate schedule for each type of development activity that is subject to impact fees, specifying the fee to be imposed for each type of system improvement (RCW 82.02.060). The schedule must be based on a formula or other calculation that incorporates, among other things:

- The cost of public facilities necessitated by new development
- The cost of existing public facilities improvements
- Adjustments to the cost of the public facilities for past or future payments made or reasonably anticipated to be made by new development
- The availability of other public funding sources
- The method by which public facilities improvements were financed

These rate studies should be updated periodically to reflect changes in the cost of facilities. While local governments are not required to hold a public hearing before adopting or increasing impact fees, it may be prudent to do so, especially if the decision might be controversial.

Local governments may provide exemptions for low-income housing and other development activities with "broad public purposes" (RCW 82.02.060). Some jurisdictions reduce or waive certain types of impact fees for certain types of development, either to incentivize development or because the development places no significant burden on existing facilities.

Practice Tip: Some jurisdictions automatically adjust their impact fees by indexing them, which protects future revenues and can potentially eliminate the need for the legislative body to go through a formal rate setting process again. For instance, see:

- Federal Way Municipal Code Sec. 19.91.160 - Transportation impact fees indexed to a three-year moving average of the WSDOT Transportation Construction Cost Index. Rate study must be updated every three years, unless city determines that circumstances have not changed to warrant an update.
- Ridgefield Municipal Code Sec. 18.070.090 - Park impact fees indexed annually to Portland Consumer Price Index for first half of the year, but may only increase automatically for three consecutive years. If fees are set to automatically increase for a fourth consecutive year, city council must hold a public hearing and establish new impact fee rates. **Note that the Portland-Salem CPI index has been eliminated effective January 1, 2018.**

- West Richland Municipal Code Sec. 16.14.105 - Park impact fees indexed annually to Seattle Metropolitan Area Consumer Price Index and rounded to the nearest five dollar increment. (Similar provision for transportation.)

Please note: There have been several geographic changes to the CPI indexes beginning January 1, 2018. For more information, see our page [Consumer Price Index](#).

Collecting Impact Fees

Impact fees generally must be paid before construction begins. The money must be earmarked and retained in special interest-bearing accounts, with a separate account for every type of facility for which the fees are collected (schools, fire, etc.). Each agency that imposes impact fees must provide an annual report on each of the accounts showing the source and amount of revenues, as well as the improvements financed with the revenue ([RCW 82.02.070](#)). For information on accounting requirements for impact fees, see the [GAAP BARS Manual, section 3.6.7](#) (no equivalent section in the Cash Basis BARS Manual).

Effective September 1, 2016, [ESB 5923](#) (codified at [RCW 82.02.050](#)) required cities, towns, and counties to adopt an impact fee payment deferral system for small single-family residential developments, allowing developers to pay the fees after construction instead of beforehand. For details and examples, see [Impact Fee Payment Deferral Programs](#).

Deadline for Expending Impact Fees

Impact fees must be expended or encumbered within 10 years of receipt, unless there is an “extraordinary and compelling reason” for fees to be held longer, which must be documented in writing by the governing body ([RCW 82.02.070](#)).

[RCW 82.02.080](#) requires each jurisdiction to refund the impact fees, plus earned interest, to the developer if:

- The impact fee is not expended or encumbered within 10 years of collection;
- The jurisdiction ends its impact fee program and the funds have not yet been expended or encumbered; or
- The developer does not proceed with the proposed development activity and requests a refund.

Examples of Impact Fee Provisions

Below are selected examples of impact fee ordinances, codes, and rate studies from cities and counties in Washington State.

Some of these examples may not be updated yet to comply with a new state law ([ESB 5923](#), codified at [RCW 82.02.050](#)), which requires impact fee deferral programs for small single-family residential developments to be in place by September 1, 2016. For examples of impact fee deferral programs, see our page on [Impact Fee Payment Deferral Programs](#).

Rate Studies and Calculations

- Bainbridge Island Impact Fee Rate Study (2015) - Transportation
- Bellingham Comparison of Transportation Impact Fee Rates (2017) - Examines 2017-2018 transportation impact fee base rates in Western Washington, with jurisdictions near Bellingham highlighted.
- Lake Washington School District Capital Facilities Plan (2015) - Schools (see appendices)
- Renton Rate Study for Impact Fees (2011) - Transportation, parks, fire
- Sequim Impact Fee Program (2013) - Transportation
- Thurston County Impact Fee Rate Study (2012) - Parks

Impact Fees for Multiple Capital Facilities - Cities

- Redmond Municipal Code Ch. 3.10 - Highlighted in a 2008 State Auditor's Office report for using leading practices in fire and transportation impact fees, including calculating, charging, and maintaining transportation impact fees and taking into account fire impacts by land use type.
- Olympia Municipal Code Title 15 - Transportation, schools, parks - Good, consolidated format of the Impact Fee provisions, and includes a Chapter on Transportation Concurrency.

Transportation Impact Fees - Cities

- Bellingham Municipal Code Sec. 19.06.040(E) - Received the 2012 APA-PAW Award for Transportation Planning for incentivizing fewer auto trips through reduced impact fees for certain types of development. For details, see Bellingham's webpage on Transportation Impact Fees.
- Ellensburg City Code Ch. 14.04 - Any development activity in central commercial district is considered to be redevelopment (not new development), so exempt from paying transportation impact fees; 5% administrative fee; public works director makes determination about whether a particular development activity falls within a transportation impact fee exemption.
- Spokane Municipal Code Ch. 17D.075 - Lots of detail included within the code, including a "four service areas" map and impact fee project list; severability clause.

Park Impact Fees - Cities

- Bothell Municipal Code Ch. 21.08 - Broad focus on parks and recreation facility needs; includes a detailed fee schedule.
- Tukwila Municipal Code Ch. 16.28 - Charges park impact fees to new office, retail, and industrial development.
- Tumwater Municipal Code Ch. 3.52 - Includes a detailed fee schedule; impact fees are assessed for two types of service areas: regional/citywide and local.

School Impact Fees - Cities

- Vancouver Municipal Code Sec. 20.915.060 - Highlighted in a 2008 State Auditor's Office report for leading practices in school impact fees, particularly the rate schedule and calculations.
- Mukilteo Municipal Code Ch. 3.100 - Requires city council to adopt by reference the school district's capital facilities plan into the city's comprehensive plan; district's capital facilities plan must be readopted by City at least

once every two years and must meet city's requirements; impact fee calculation formulation included as Attachment A.

- [Pasco Municipal Code Ch. 3.133](#) - Credit for in-kind contributions

Fire Impact Fees - Cities

- [Auburn Municipal Code Ch. 19.06](#) – Definition of “fire protection facilities” includes fire trucks and apparatus, fire stations, furnishings, and equipment.
- [DuPont Municipal Code Ch. 26.05](#) - Mentions fire capital facilities plan and six-year capacity; includes actual fee amount in the code.

County Impact Fees

The examples listed below contain most of the provisions included in the other examples cited above, but are from various counties in Washington.

- [Kitsap County Code Ch. 4.110](#) - Roads, parks, schools.
- [Pierce County Code Title 4A](#) - Transportation, schools, parks.
- [Thurston County Code Title 25](#) - Transportation, parks, schools, and fire
 - [Thurston County and Rochester School District ILA for School Impact Fees](#) (2013) - Identifies roles and responsibilities for collecting, distributing, and expending school impact fees.
 - [Ordinance Nos. 15340, 15463, and 15573](#) (2016-2018) - Adopting impact fee deferral system and authorizing interlocal agreements for county to collect impact fees on behalf of fire protection districts and regional fire authorities

Frequently Asked Questions

For answers to selected questions MRSC has received about impact fees, see the [Ask MRSC Archives](#).

Court Decisions

For selected court decisions affecting impact fees, see our page on [Impact Fee Court Decisions](#).

Recommended Resources

- [Impactfees.com](#) - Comprehensive website provided by national impact fee consultants Duncan Associates. Includes news, state and local links, surveys, publications, and case law - but no new information posted since 2014.

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Waivers of Fees or Standards

A number of communities have adopted exemptions, fee waivers, or fee reductions of charges normally assessed to residential development. Examples include impact fee exemptions (as authorized by RCW 82.02.060(2)), discounted building or planning fees, or reduced sewer and water connections fees. Other communities offer exemptions or reductions from certain development requirements, such as required parking spaces, or allow modification of dimensional requirements, such as setbacks and building height. Such modifications may make additional units possible or may provide flexibility that reduces construction costs.

Examples of Codes Allowing Fees to Be Waived

- **Ephrata** Municipal Code Sec. 13.04.112(g) — Allows for water connection fee waiver while Sec. 13.08.050(f) allows for sewer connection fee waiver
- **Everett** Municipal Code Sec. 16.72.070 — Offers waiver of planning fees
- **King County** Code Sec. 21A.43.080 — Provides impact fee exemption/reduction for low- or moderate-income housing.
- **Kirkland** Zoning Code Sec. 112.20(4) — Includes dimensional standards modification as well as reduced fees for road and/or park impact, and reduced fees for eligible planning, building, plumbing, mechanical, and electrical permits
- **Lakewood** Municipal Code Sec. 18A.50.760 — Reduces fees for land use and building permits
- **Port Townsend** Municipal Code Sec. 13.03.110 — Offers system-development charge deferrals
- **Puyallup** Municipal Code Sec. 17.04.080(2) — Offers waiver of building permit fees

Impact Fee Payment Deferral Programs

This page provides an overview of impact fee payment deferral programs required for cities, towns, and counties in Washington State, including examples of local ordinances and forms.

Statutory Requirements

In 2015, the state legislature enacted ESB 5923, which required counties, cities, and towns to adopt a deferral system for the collection of impact fees for new single-family detached and attached residential construction, effective September 1, 2016. Most of the legislative bill's revisions focused on RCW 82.02.050.

Upon developer request, these jurisdictions must delay payment of impact fees until the time of:

1. Final inspection;
2. Issuance of the certificate of occupancy or equivalent certification; and/or
3. The closing of the first sale of the property.

Other provisions of the new law include:

- The term of deferral is 18 months from issuance of the building permit.
- The amount of impact fees that may be deferred is determined by the fees in effect at the time the applicant applies for a deferral.
- Deferral of impact fees can be limited to the first 20 single-family residential building permits, annually, per applicant.
- An applicant seeking a deferral must grant and record a lien against the property in favor of the municipality in the amount of the deferred impact fee.
- Municipalities may collect reasonable administrative fees from applicants seeking a deferral.
- To limit the "spin-off LLC" issue, "applicant" is defined to include "an entity that controls the applicant, is controlled by the applicant, or is under common control with the applicant."
- Limited grandfathering is authorized for an existing deferral system (in effect on or before April 1, 2015), even if it does not fully match the new state requirements, as long as all impact fees are deferred.
- Municipalities and school districts are authorized to institute foreclosure proceedings if impact fees are not paid.
- The Department of Commerce must develop an annual report, beginning December 1, 2018, on the payment and collection of impact fees from school districts, counties, and cities for single-family residential construction.

Sample Ordinances

- [Buckley Ordinance No. 02-16](#) (2016)
- [Mercer Island City Code Sec. 19.17.080](#) (schools), [Sec. 19.18.060](#) (parks), and [Sec. 19.19.060](#) (transportation) – Impact fee ordinances adopted in 2015-2016.
- [Olympia Municipal Code Sec. 15.04.040\(H\)](#) – Pre-dates the 2015 legislation, but the city has reviewed the ordinance and concluded that it complies with the new law
- [Sequim Ordinance No. 2015-16](#) (2015)
- [Shoreline Ordinance No. 718](#) (2015)

Sample Forms

Below are examples of impact fee deferral forms. If you or your jurisdiction have additional examples you would like to share with us that differ from the ones below, please contact [Steve Butler](#).

- [Enumclaw Impact Fee Deferral Application](#) (2017) – Includes description of the deferral process, as well as lien agreement and release of lien
- [Mercer Island Impact Fee Deferral Application Form](#) (2016) – Includes description of the deferral process, as well as lien agreement and release of lien
- [Mountlake Terrace Impact Fee Deferral Application](#) (2016)
- [Sammamish Declaration for Assessment and Collection of Impact Fees](#) (2016) – Form for applicants to select when they will pay impact fees. Includes a matrix explaining the three options for “platted” and “nonplatted” development: deferral, payment upon application, or payment upon issuance.
- [Woodinville Impact Fee Deferral Application](#) (2016) – Includes description of the deferral process, as well as lien agreement

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Search Results

Can't find what you're looking for? See [MRSC's search tips!](#)

Results for "Impact Fees" within Inquiries

Displaying 1 - 20 of about 30 results.

May impact fees be used to fund a community center or a library?

A community center would fall within the definition of "recreation facilities" in RCW 82.02.090 (7) and would thus be a public facility for which **impact fees** could be collected and spent. **Impact fees** are collected only for new development that takes place following the adopti...

Inquiries

Can transportation impact fees be used to fund the transportation impact fee study update for the same area?

Transportation **impact fee** money cannot be used for a study update. RCW 82.02.050 (4) states that **impact fees** may be "spent only for the public facilities as defined in RCW 82.02.090 which are addressed by a capital facilities plan element" The definition of "public...

Inquiries

May impact fees for water and sewer be imposed under the Growth Management Act?

No; GMA-authorized **impact fees** do not provide for water and sewer facilities. (See Types of **Impact Fees** and Other Sources of Public Facility Funding Authorized by Washington Statutes .) For more information on this topic, see MRSC's Web page on **impact fees** .

Inquiries

What is the effect of impact fees on general business activity?

All things being equal, businesses may choose to locate in a community without **impact fees** in preference to one that has **impact fees**. However, there are many other factors in a location decision. For instance, some cities attribute their success in attracting major new employe...

Inquiries

Have any other cities recently reduced or deferred transportation impact fees?

The following cities have deferred or reduced transportation/traffic **impact fees** within the last few years: Auburn Municipal Code, Sec. 19.04.070(A) - Temporary exemptions from transportation **impact fees** in certain downtown areas Burlington - Ordinance No. 1758 -...

Inquiries

May the rate for **impact fees** authorized by the Growth Management Act (GMA) be equal to the full cost of new facilities needed to serve ne...

No. **Impact fees** cannot be used to cover the full cost of new facilities. The statute authorizing **impact fees** under GMA is RCW 82.02.050 , which provides as follows: Counties, cities and towns that are required or choose to plan under RCW 36.70A.040 are authorized to im...

Inquiries

May transportation **impact fees** be used to fund pedestrian and bicycle facilities?

The Growth Management Act states that **impact fees** can be used for public facilities, including public streets and roads (RCW 82.02.050 (4) and RCW 82.02.090 (7)). MRSC has stated that it is likely that "streets and roads" could be interpreted to include wide shoulders, bicyc...

Inquiries

How do other cities deal with fee in lieu of park land dedication or park **impact fees** for mixed-use developments?

Please see the following: Codes that address applicability of park **impact fees** to mixed use developments: Redmond Municipal Code Sec. 3.10.080 (A)(4) and (C) Renton Municipal Code Sec. 4-1-190 (G)(4) Puyallup Municipal Code Sec. 21.20.020 Codes limiting...

Inquiries

Is it possible to use **impact fees** to fund transit improvements?

Based on RCW 82.02.050 (4), it is clear that public facilities must be included in a capital facilities plan element of a comprehensive plan before they can be paid for with Growth Management Act **impact fees**. The Growth Management Act states that **impact fees** can be used for p...

Inquiries

Do other cities use fire **impact fees** for apparatus such as fire engines?

Some jurisdictions have included fire engines and major apparatus in their capital facilities plans and define them as capital facilities in their plans or **impact fee** ordinances. If the city enacts an **impact fee** ordinance and wishes to define fire engines and other apparatus ...

Inquiries

What is the effect of **impact fees** on affordable housing?

Although **impact fees** do not alter total costs, they do affect the distribution of costs, or who pays for the facilities. Each community will need to make a policy decision about whether the cost of new infrastructure is charged directly to the new users or spread, via higher t...

Inquiries

May a city reduce **impact fees** below the amount needed to cover projected transportation system needs for new development?

Yes. First of all, a city may not require new development to pay for correction of existing deficiencies. A city may only charge new development for the portion of facilities that are needed as a result of new development. A city is not required to impose **impact fees** and the...

Inquiries

Why can't impact fees be used for maintenance?

Impact fees may only be imposed for public capital facilities (also called "system improvements") identified in a local government's capital facilities plan that are designed to provide service to the community at large, are reasonably related to a new development, and will b...

Inquiries

Must a city charge impact fees?

No. **Impact fees** are strictly optional. The Growth Management Act requires that cities plan for future growth and provide the facilities necessary for accommodating that growth. **Impact fees** provide another way for cities and counties to pay for these facilities. For more info...

Inquiries

Is it legal for cities to incorporate an annual construction cost index adjustment into their impact fee calculations?

Several cities provide for an annual cost adjustment to their **impact fees** by using a construction cost index. For example, Issaquah Municipal Code Sec. 3.72.070 (B) provides: Park **impact fee** rates shall be updated annually using the following procedures: 1. The Director...

Inquiries

May a city require impact fees for development in the urban growth area?

The city does not have authority to require **impact fees** outside the city limits but within the urban growth area, as it does not have the necessary regulatory and governmental jurisdiction. The GMA, however, does contemplate that regulation within urban growth areas be exercis...

Inquiries

What are impact fees?

Impact fees are charges assessed against newly-developing property that attempt to recover the cost incurred by a local government in providing the public facilities required to serve the new development. **Impact fees** are only used to fund facilities, such as roads, schools, a...

Inquiries

What are the county's obligations when reviewing and collecting impact fees on behalf of a school district?

The county is the agency that is authorized to impose and collect **impact fees**. As a result, it is the county's responsibility to ensure that the requirements of chapter 82.02 RCW and the county's **impact fee** regulations are met. The county should ensure that any **impact fees** ...

Inquiries

If, under RCW 82.02.060(4), a city adjusts impact fees downward in certain unusual circumstances, must it make up for the adjustment with...

The city is not required to make up for, with public funds, an adjustment from the standard **impact fee** for which the city must allow in order to ensure fairness in the imposition of such **fees**. Unlike RCW 82.02.060 (2), in which the city provides an exemption for low-income ho...

Inquiries

Would a land use application submitted just prior to the adoption of a traffic impact fee ordinance vest to the current no-fee regulation...

An applicant does not vest to traffic or transportation **impact fees**, as the applicant would with respect to the land use regulations in effect at the time of submittal of a complete land use application. As summarized well in Pavlina v. City of Vancouver , 122 Wn. App. 52...

Inquiries

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