

HB 3040 -1 STAFF MEASURE SUMMARY

House Committee On Economic Recovery and Prosperity

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Meeting Dates: 3/16

WHAT THE MEASURE DOES:

Requires the Legislative Revenue Office to conduct a study of system development charges and report the findings by September 15, 2021. Sunsets on January 2, 2022. Declares emergency, effective on passage.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Replaces the original measure. Requires the Housing and Community Services Department (Department) to study system development charges (SDCs) to determine best practices to develop affordable housing and report findings by December 31, 2021. Specifies recommendations to be included by the Department in the study, including increased fee transparency, ensuring fee payments foster development of affordable housing, methodology for setting fees, effectiveness of credits, and viability of alternative funding measures. Requires a local government that establishes an SDC to provide for a payment deferral plan based on the respective development for which the charge is being assessed. Requires the local government to publish disclosures related to its SDCs, including the cost, methodology for calculation, process and timing for collection, the capital improvement for which the charge is assessed, and estimated timeframe for completion of the capital improvement. Applies to SDCs established on or after effective date. Declares emergency, effective on passage.

BACKGROUND:

System Development Charges (SDCs) are one-time fees charged on new development, and certain types of redevelopment, to help pay for existing and planned infrastructure to serve the development. SDCs are one means available to local governments for financing growth. State law authorizes local governments (cities, counties and special districts) to assess SDCs; specifies how, when, and for what improvements they can be imposed; and provides guidelines on the calculation and modification of SDCs. Depending on the project, SDCs may increase the budget of a project.

House Bill 3040 requires the Legislative Revenue Office to conduct a study of SDCs and report the findings by September 15, 2021.