



# Planning & Economic Development

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## IMPACT FEES

### 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 capital facilities that will directly address the increased demand for services created by that development.

### LEGAL FRAMEWORK AND STATE GUIDANCE

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

- Public streets and roads, as well as bicycle and pedestrian facilities that were designed with multimodal commuting as an intended use;
- Publicly owned parks, open space, and recreation facilities;
- School facilities; and
- Fire protection facilities.

These impact fees may only be imposed for “system improvements” which are defined as public capital facilities in a local government’s capital facilities plan that provides 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 fee revenues cannot be used to help pay for a specific capital project if that project is not listed or referenced within the comprehensive plan’s capital facilities element, per [RCW 82.02.050](#)(5).

Impact fees also cannot exceed a proportionate share of the cost of the system improvements: Municipalities must have additional funding sources and may not rely solely on impact fees to fund the system improvements ([RCW 82.02.050](#)).

### WHAT CAN IMPACT FEES NOT BE USED FOR?

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.

Per [RCW 82.02.060](#)(9), an impact fee ordinance may: Provide for the imposition of an impact fee for system improvement costs previously incurred by the city 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.

For example, if a public works maintenance facility was designed and constructed to address both existing deficiencies (e.g., 60%) and future growth needs (e.g., 40%), impact fees could be used to pay for up to 40% of the debt service on the bond issued for that facility.

### POULSBO IMPACT FEES

The City of Poulsbo collects the following impact fees:

- Transportation—[Chapter 3.86](#) . The current impact fee is \$564.00/Average Daily Trip (ADT).
- Parks and Open Space—[Chapter 3.84](#). The current impact fee is \$1316.33/residential unit.

*Note: School impact fees are collected via SEPA review for residential units and are paid directly to the North Kitsap School District (current fee for single family is \$1,678.70 ).*

### WHEN IS IMPACT FEE DUE?

Impact fees are assessed based on the impact fee schedule in effect at the time a completed building permit application is filed and paid prior to building permit issuance.

Disclaimer: this handout should not be used as a substitute for codes and regulations. The applicant/property owner is responsible for compliance with all code and rule requirements, whether or not described here. Please see the City of Poulsbo Municipal Code for complete text and requirements.

