



HOUSE BILL 406: Repeal Orange County Impact Fees.

2017-2018 General Assembly

Committee:	Senate Rules and Operations of the Senate	Date:	June 14, 2017
Introduced by:	Rep. Stevens	Prepared by:	Cindy Avrette Staff Attorney
Analysis of:	Second Edition		

OVERVIEW: House Bill 406 would repeal a portion of 3 local acts granting Orange County authority to impose impact fees.

CURRENT LAW: Title VI of Chapter 460 of the Session Laws of 1987, as amended by Chapter 324 of the Session Laws of 1991 and Part 4 of Chapter 642 of the Session Laws of 1993 authorize Orange County to provide by ordinance:

"for a system of impact fees to be paid by developers to help defray the costs to the County of constructing certain capital improvements, the need for which is created in substantial part by the new development that takes place within the County...the term capital improvements includes the acquisition of land for open space and greenways, capital improvements to public streets, schools, bridges, sidewalks, bikeways, on and off street surface water drainage ditches, pipes, culverts, other drainage facilities, water and sewer facilities and public recreation facilities."

Pursuant to this authority, Orange County has enacted an ordinance providing for impact fees on new residential dwelling units, to be used for capital costs of school facilities.

BILL ANALYSIS: House Bill 406 would repeal a portion of 3 local acts granting Orange County authority to impose impact fees.¹

EFFECTIVE DATE: House Bill 406 would be effective when it becomes law.

BACKGROUND: Impact fees are charges imposed on new development to cover part of the cost of new government infrastructure necessitated by the development. These fees require the developer to pay a substantial capital fee upon the issuance of a permit. From 1985 through 1993, the General Assembly authorized three counties² and 22 municipalities³ to impose impact fees. The fees are established by ordinance and generally placed into a separate fund to be expended only on the type of capital improvements for which the fee was established. Each local authorizing act stipulates the types of capital improvements that may be funded from the fee. The most common capital improvements are those associated with utilities and streets. Several authorizations include a broader list of capital improvements, such as parks, bikeways, and community service facilities. A few authorizations include schools.⁴

Giles Perry with the Legislative Analysis Division substantially contributed to this summary.

¹ Orange County generated approximately \$2.8 million each of the last two years from its impact fee.

² Catawba, Chatham, and Orange counties.

³ Benson, Carrboro, Cary, Chapel Hill, Dunn, Durham, Garner, Hickory, Kill Devil Hills, Kitty Hawk, Knightdale, Manteo, Nags Head, Pittsboro, Raleigh, Rolesville, Southern Pines, Southern Shores, Wake Forest, Wendell, and Zebulon.

⁴ Chatham and Orange counties; Pittsboro and Wake Forest.

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