

2023 Impact Fee Deferral Report



Annual report pursuant to RCW 43.31.980

**LOCAL GOVERNMENT DIVISION
GROWTH MANAGEMENT
SERVICES**

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Report to the Legislature

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Acknowledgments

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Introduction

Authorizing legislation

Per [RCW 43.31.980](#), the Department of Commerce (Commerce) must annually report on the deferral process for impact fees as follows:

- 1) Beginning December 12, 2018, and each year thereafter, the department of commerce must prepare an annual report on the impact fee deferral process established in RCW 82.02.050(3). The report must include (a) the number of deferral requested of and issued by counties, cities, and towns; (b) the number of deferrals that were not fully and timely paid; and (c) other information as deemed appropriate.
- 2) The report required by this section must, in accordance with RCW 43.01.036, be submitted to the appropriate committees of the house of representatives and the senate.

Commerce published its first report in 2018. This is the sixth annual report.

Background

During the 2015 session, the Washington State Legislature passed [Chapter 241, Laws of 2015](#) (SB 5923), which in part established a deferral program for impact fees. Local governments fully planning under RCW 36.70A (the Growth Management Act) can collect impact fees for fire protection facilities, transportation facilities, parks and schools. Local governments can choose to charge different rates for different classes of construction, such as residential, commercial and retail. Local governments can also choose to collect impact fees on only a single type of construction. Except under specific circumstances, a local government must refund fees not expended or dedicated within 10 years of collection.

All local governments imposing impact fees were required to establish an impact fee deferral program by September 1, 2016.

The deferral program applies to builders. Local governments can allow for a minimum of 20 deferral of single-family homes built per year by a builder, and have the option to permit more. The deferral can last no longer than 18 months. At minimum, the local government must offer builders at least one of the following options to defer impact fee payment until after:

- Payment of the final property inspection
- Issuance of a certificate of occupancy or similar certificate
- Closing of the first sale of the property occurring after issuance of the applicable building permit

Report methodology

Commerce collected data for this report using SurveyMonkey in September 2023. There were 17 questions. Planning directors, permitting departments and city administrators were notified of the survey by email.

Survey responses

Commerce sent the survey to 182 counties, cities and towns. Of those, 37 responded (20.3% response rate). Twenty-six respondents required impact fees and nine reported issuing deferrals. All but four deferral requests were granted and only two communities did not have deferrals fully paid or on time.

Deferral data

Impact fee deferrals may last up to 18 months, which means the data represented in the tables below may reflect activities from different timeframes and may not align.

- **Deferrals requested** identifies the deferrals that were requested in 2022.
- **Deferrals issued** reflects deferrals that were issued from requests in 2022, requests that were made in 2021 but were not issued until 2022, and requests that were made in 2022 but were not acted on until 2023.
- **Deferrals not paid fully or on time** reflects incomplete or late payments from deferrals that were made, due to the 18-month deferral period, from 2020 through 2022.

Table 1: Total deferral by type of impact fee

Type of impact fee	Deferrals requested	Deferrals issued	Deferrals not paid fully or on time
Fire protection facility	0	0	0
Parks	501	497	2
Schools	474	470	0
Transportation	500	496	4
Total impact fees	1,475	1,463	6

Table 2: Park deferrals

Jurisdiction	Deferrals requested	Deferrals issued	Deferrals not paid fully or on time
City of Bellingham	4	0	0
City of Edgewood	4	4	0
City of Ferndale	17	17	0
Kitsap County	363	363	0
City of Olympia	6	6	2
City of Ridgefield	107	107	0
Total impact fees	501	497	2

Table 3: School deferrals

Type of impact fee	Deferrals requested	Deferrals issued	Deferrals not paid fully or on time
City of Bellingham	4	0	0
City of Edgewood	4	4	0
City of Ferndale	17	17	0
King County	4	4	0
Kitsap County	363	363	0
City of Olympia	3	3	0
City of Ridgefield	79	79	0
Total impact fees	474	470	0

Table 4: Transportation deferrals

Type of impact fee	Deferrals requested	Deferrals issued	Deferrals not paid fully or on time
City of Bellingham	4	0	0
City of Edgewood	4	4	0
City of Ferndale	17	17	0
Kitsap County	363	363	0
City of Nooksack	1	1	0
City of Olympia	5	5	3
City of Ridgefield	105	105	0
City of University Place	1	1	1
Total impact fees	500	496	4