

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 84th General Assembly
3 Regular Session, 2003
4

A Bill

SENATE BILL 620

5 By: Senators Bisbee, J. Jeffress
6 By: Representatives Ledbetter, Jackson, Anderson
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For An Act To Be Entitled

9
10 AN ACT TO AMEND ARKANSAS CODE TITLE 14, CHAPTER
11 54, SUBCHAPTER 1 TO ADD AN ADDITIONAL SECTION TO
12 AUTHORIZE THE ASSESSMENT AND COLLECTION OF
13 DEVELOPMENT IMPACT FEES BY MUNICIPALITIES AND
14 MUNICIPAL SERVICE AGENCIES; AND FOR OTHER
15 PURPOSES.
16
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Subtitle

18
19 TO AUTHORIZE THE ASSESSMENT AND
20 COLLECTION OF DEVELOPMENT IMPACT FEES BY
21 MUNICIPALITIES AND MUNICIPAL SERVICE
22 AGENCIES.
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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27 SECTION 1. Arkansas Code Title 14, Chapter 54, Subchapter 1 is amended
28 to add an additional section to read as follows:

29 14-54-109. Development impact fees.

30 (a) As used in this section:

31 (1) "Capital plan" means a description of new public facilities
32 or of new capital improvements to existing public facilities or of previous
33 capital improvements to public facilities that continue to provide capacity
34 available for new development that includes cost estimates, anticipated dates
35 of completed construction, and capacity available to serve new development;

36 (2) "Development" means any residential, multi-family,



1 commercial, or industrial improvement to lands within the municipality or
 2 within the municipal service agency's area of service;

3 (3) "Development impact fee" means:

4 (A) A fee or charge imposed by the municipality or by a
 5 municipal service agency upon or against a new development in order to
 6 generate revenue for funding or for recouping expenditures of the
 7 municipality or municipal service agency that are necessitated by and
 8 attributable to the use and occupancy of new development; and

9 (B) Shall not include any ad valorem real property taxes,
 10 any special assessments for an improvement district, any utility hookup fees
 11 or access fees, or any fees for filing development plats or plans, for
 12 building permits or for construction permits assessed by a municipality or a
 13 municipal service that are approximately equal to the cost of the plat, plan,
 14 or permit review process to the municipality or the municipal service agency;

15 (4) "Municipality" means a city of the first class, city of the
 16 second class, or an incorporated town;

17 (5) "Municipal service agency" means:

18 (A) Any department, commission, utility or agency of a
 19 municipality, including any municipally-owned or controlled corporation;

20 (B) Any municipal improvement district, consolidated
 21 public or municipal utility system improvement district, or municipally-owned
 22 nonprofit corporation that owns or operates any utility service;

23 (C) Any municipal water department, waterworks or joint
 24 waterworks, or a consolidated waterworks system operating under §§ 25-20-301
 25 through 25-20-323;

26 (D) Any municipal wastewater utility or department;

27 (E) Any municipal public facilities board; or

28 (F) Any of these municipal entities operating with another
 29 similar entity under a interlocal agreement in accordance with §§ 25-20-101
 30 through 25-20-108 or §§ 25-20-201 through 25-20-207;

31 (6) "Ordinance" means an municipal impact fee ordinance of
 32 municipality or an authorizing rate resolution by a board of commissioners of
 33 a consolidated waterworks system authorized to set rates for its customers
 34 under the Consolidated Waterworks Authorization Act;

35 (7) "Public facilities" means publicly-owned facilities that are
 36 one (1) or more of the following systems, or a portion of those systems:

1 (A) Water supply, treatment, and distribution, for either
2 domestic water or for suppression of fires;

3 (B) Wastewater treatment and sanitary sewerage;

4 (C) Stormwater drainage;

5 (D) Roads, streets, sidewalks, highways and public
6 transportation;

7 (E) Library;

8 (F) Parks, open space, and recreation areas;

9 (G) Police or public safety;

10 (H) Fire protection; and

11 (I) Ambulance or emergency medical transportation and
12 response.

13 (b) A municipality or a municipal service agency may assess, by
14 ordinance, a development impact fee to offset costs to the municipality or to
15 a municipal service agency that are associated with providing necessary
16 public facilities to new development.

17 (c)(1) A municipality or municipal service agency may assess, collect,
18 and expend development impact fees only for the planning, design and
19 construction of new public facilities or of capital improvements to existing
20 public facilities that expand its capacity or for the recoupment of prior
21 capital improvements to public facilities that created capacity that is
22 available to serve new development.

23 (2) The development impact fee may be pledged to the payment of
24 bonds issued by the municipality or municipal service agency to finance
25 capital improvements or public facilities for which the development impact
26 fee may be imposed.

27 (3) No development impact fee shall be assessed for, or expended
28 upon, the operation or maintenance of any public facility, or for the
29 construction or improvement of public facilities, that does not create
30 additional capacity.

31 (d)(1) A municipality or a municipal service agency may assess and
32 collect impact fees only from new development and only against a particular
33 new development in reasonable proportion to the demand for additional
34 capacity in public facilities that are reasonably attributed to the use and
35 occupancy of that new development.

36 (2) The owner, resident, or tenant of a property that was

1 assessed an impact fee and paid it in full shall have the right to make
2 reasonable use of all public facilities that were financed by the impact fee.

3 (e)(1) A municipality or municipal service agency may assess, collect,
4 and expend impact fees only under a development impact fee ordinance adopted
5 and amended under this section.

6 (2) A development impact fee ordinance shall be adopted or
7 amended by the governing body of a municipality or municipal service agency
8 only after the municipality or a municipal service agency has adopted a
9 capital plan and level of service standards for all of the public facilities
10 that are to be so financed.

11 (3) The development impact fee ordinance shall contain:

12 (A) A statement of the new public facilities and capital
13 improvements to existing public facilities that are to be financed by impact
14 fees and the level of service standards included in the capital plan for the
15 public facilities that are to be financed with impact fees;

16 (B) The actual formula or formulas for assessing the
17 impact fee, which shall be consistent with the level of service standards;

18 (C) The procedure by which impact fees are to be assessed
19 and collected; and

20 (D) The procedure for refund of excess impact fees, in
21 accordance with subsection (h) of this section.

22 (f)(1) The municipality or municipal service agency shall collect the
23 development impact fee at the time and manner and from the party as
24 prescribed in the ordinance and shall collect the fee separate and apart from
25 any other charges to the development.

26 (2) A development impact fee shall be collected at either the
27 closing on the property by the owner or the issuance of a certificate of
28 occupancy by the municipality.

29 (3) The development impact fee shall be a separate charge and
30 may be paid by a buyer at closing, by the buyer's escrow agent, or by a
31 seller on behalf of the buyer.

32 (4) The development impact fee shall not be included in the sale
33 price of the property and must be a separate charge payable to the
34 municipality or the municipal service agency.

35 (5) The ordinance may include that the development impact fee
36 may be paid in installments at a reasonable interest rate for a fixed number

1 of years or that the municipality or municipal service agency may negotiate
2 agreements with the owner of the property as to the time and method of paying
3 the impact fee.

4 (g)(1) The funds collected under a development impact fee ordinance
5 shall be deposited into a special interest-bearing account.

6 (2) The interest earned on the moneys in the separate account
7 shall be credited to the special fund and the funds deposited into the
8 special account and the interest earned shall be expended only in accordance
9 with this section.

10 (3) No other revenues or funds shall be deposited into the
11 special account.

12 (h)(1) The municipality or municipal service agency shall refund the
13 portion of collected development impact fees, including the accrued interest,
14 that has not been expended on the new public facilities or capital
15 improvements to existing public facilities as specified in the ordinance
16 within the time or by the date specified for their completion.

17 (2)(A) The time or date for completion shall be the time or date
18 specified in the capital plan developed by the municipality or municipal
19 service agency as the anticipated date of completed construction and shall be
20 stated in the ordinance.

21 (B) If no completion time or date has been specified in
22 the capital plan, then the ordinance shall specify a reasonable time, ending
23 at a specific date for the completion of each new public facility and capital
24 improvement to existing public facilities.

25 (3)(A) A refund shall be paid to the present owner of the
26 property that was the subject of new development and against which the fee
27 was assessed and collected.

28 (B) Notice of the right to a refund, including the amount
29 of the refund and the procedure for applying for and receiving the refund,
30 shall be sent or served in writing to the present owners of the property not
31 later than thirty (30) days after the date which the refund becomes due.

32 (C) The sending by regular mail of the notices to all
33 present owners of record shall be sufficient to satisfy the requirement of
34 notice.

35 (4)(A) The refund shall be made on a pro rata basis, and shall
36 be paid in full not later than ninety (90) days after the date certain upon

1 which the refund becomes due.

2 (B) If the municipality or municipal service agency does
3 not pay a refund in full within the period set in this subsection to any
4 person entitled to a refund, that person shall have a cause of action against
5 the municipality for the refund or the unpaid portion in the circuit court
6 for the county in which the property is located.

7 (i)(1) Beginning January 1, 2004, a municipality or municipal service
8 agency shall collect development impact fees only if collected in compliance
9 with subsections (f), (g), and (h) of this section.

10 (2) However, this section does not invalidate any development
11 impact fee or a similar fee adopted by a municipality or municipal service
12 agency before the effective date of this section, nor does this section apply
13 to funds collected under any development impact fee or similar fee adopted
14 before the effective date of this section.

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