

## Senate Bill 768: A Bad Deal for Taxpayers Talking Points - January 30, 2008

Senate Bill 768 survived the Committee on Local Government by being sent to the Senate Finance Committee. Patroned by Senator Watkins of Chesterfield County, the bill **would drastically shift the burden of past and future growth on to existing Virginia taxpayers in four ways:**

- **SB 768 would end the proffer system**, which is how developers make contributions for rezonings, and replace it with very low impact fees. The impact fees would be capped at \$5,000 for most of Virginia and \$8,000 in Northern Virginia.
- **Impact fees would not be paid until building permits are issued**, requiring taxpayers to spend tax dollars upfront in order to prepare necessary infrastructure.
- **The bill will either include an increase in the home seller's Grantors Tax or lead to general property tax increases on every homeowner** to make up for money not being contributed by builders for infrastructure costs.
  - The Grantors Tax increase of up to 20cents/\$100 would apply outside Northern Virginia and Hampton Roads, areas which are already subject to a 40 cents/\$100 fee from last year's transportation tax increase. Senator Watkins estimated the grantors tax as 40% of the revenue in the bill. That's just the beginning of the funds being extracted from the taxpayers.
  - The Grantors Tax was taken out of the bill in Senate Local Government Committee. It may or may not be reinserted by the Senate Finance Committee.
  - Even if the Grantors Tax is removed, the property tax burden would still have to increase to cover infrastructure needs no longer being paid for by the builders.
- **Reduced developer contributions to transportation needs mean that state taxes must pay an even higher share of transportation costs**, even after last year's tax and fee increases.

### More Problems with SB 768:

- The bill eliminates developer cash contributions for parks, trails, libraries, stormwater and affordable housing. It eliminates any off-site, in-kind contributions (the only off-site in-kind proffer allowed is transportation, but only by commercial developers, not residential).
- The bill will push growth into rural areas where the new impact fees would not apply.
- The fees will NOT apply to previously approved subdivisions and site plans – meaning the bill will not address the most outdated zoning.
- The fees are too complex to administer. Numerous loopholes could reduce the fees paid to almost nothing.
- Local governments need time to estimate the impact of this bill to their finances and the state needs time to estimate the impact on transportation costs.

### Virginia Voters Want Better Management of Growth

The 2007 elections were all about growth and its costs in at least a dozen counties. Go to [www.valcv.org](http://www.valcv.org) to learn more about last year's election. Concern about growth also played a prominent role in the 2005 Governor's election.

**Study Needed:** Achieving a fair and balanced approach to funding infrastructure, whether through changes in the proffer system or a system of impact fees, will take time and study. A 30-year old system should not be swept away. What's needed is to have everyone at the table as part of an in-depth state and local analysis of the costs of growth, tax implications, and funding alternatives.



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