

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Transportation to which was referred House Bill No.
3 740 entitled “An act relating to transportation improvement fees” respectfully
4 reports that it has considered the same and recommends that the bill be
5 amended by striking out all after the enacting clause and inserting in lieu
6 thereof the following:

7 Sec. 1. FINDINGS AND INTENT

8 (a) The General Assembly finds that:

9 (1) To issue a land use permit under 10 V.S.A. chapter 151 (Act 250), a
10 District Commission must make required findings, including that the proposed
11 development and subdivision does not cause unreasonable traffic congestion or
12 unsafe traffic conditions and does not materially interfere with or jeopardize
13 the function, safety, and efficiency of Vermont’s public highway and
14 transportation systems.

15 (2) To ensure that the development or subdivision meets the statutory
16 requirements related to transportation impacts, District Commissions often
17 require physical improvements or other measures to mitigate those impacts.

18 (3) Because the District Commissions address mitigation on a
19 case-by-case basis, the obligation to mitigate transportation impacts often falls
20 on the development or subdivision whose traffic impacts cause existing traffic
21 conditions to become unsafe or unreasonably congested.

1 (4) This approach, often referred to as “last-one-in,” can require an
2 applicant to bear the entire burden of installing mitigation measures that
3 benefit not only the applicant’s project, but existing and future developments
4 or subdivisions, as well as regional and statewide through traffic. The
5 potential for this outcome is high in areas that are already developed and
6 experiencing significant traffic volumes.

7 (5) Physical improvements to mitigate transportation impacts can be
8 costly and exceed the cost of a proposed development and subdivision,
9 particularly if the proposal is a small project in an already developed area.

10 (b) In enacting this legislation, the General Assembly intends:

11 (1) to establish an alternative to the “last-one-in” approach that enables
12 the costs to mitigate transportation impacts to be allocated proportionally
13 among the State and the land use projects that have traffic impact and that will
14 benefit from the mitigation;

15 (2) to foster in-fill development, further Vermont’s planning goals set
16 forth in 24 V.S.A § 4302, and encourage economic growth by creating a
17 mechanism to apportion the cost of new transportation infrastructure in already
18 developed areas; and

19 (3) to encourage planning for the establishment of transportation
20 improvement districts in which the costs of transportation infrastructure are
21 allocated proportionally and thereby to support economic growth, the

1 construction of needed transportation improvements, and Vermont’s planning
2 goals.

3 Sec. 2. 10 V.S.A. chapter 151, subchapter 5 is added to read:

4 Subchapter 5. Transportation **Impact** Fees

5 § 6101. PURPOSE

6 The purpose of this subchapter is to provide a mechanism to allocate the
7 costs to mitigate the impacts of land use projects to the transportation system in
8 a manner that is equitable and that supports the planning goals of 24 V.S.A.
9 § 4302.

10 § 6102. DEFINITIONS

11 As used in this subchapter:

12 (1) “Agency” means the Agency of Transportation.

13 (2) “Capacity” means each of the following:

14 (A) the number of vehicles per hour accommodated by transportation
15 infrastructure;

16 (B) the ability of transportation infrastructure to provide connectivity
17 for pedestrians and cyclists; and

18 (C) the number of people that can be accommodated by bus at levels
19 of service specified for each mode of travel.

1 (3) “Capital Transportation Program” means the multiyear
2 transportation program under 19 V.S.A § 10g as established each year by the
3 General Assembly.

4 (4) “Capital transportation project” means:

5 (A) a physical improvement to the State transportation system or to a
6 municipal highway, right-of-way, or transportation facility; and

7 (B) a study or survey requested or commissioned by a District
8 Commission or the Agency relating to any physical improvement of one or
9 more of the following:

10 (i) the State transportation system; and

11 (ii) a municipal highway, right-of-way, or transportation
12 improvement or facility.

13 (5) “District Commission” shall have the same meaning as under section
14 6001 of this title except that the term also shall include the Board in exercising
15 its authority to make findings of fact and conclusions of law.

16 (6) “Land use project” means any activity requiring a permit under this
17 chapter or 19 V.S.A. § 1111.

18 (7) “Municipality” means a city, town, incorporated village or
19 unorganized town or gore.

1 (8) “Pass-by trips” means traffic that is present on a roadway
2 adjacent to a land use project for reasons other than accessing the project
3 and that enters the project.

4 (9) “Regional planning commission” shall have the same meaning as under
5 24 V.S.A. § 4303.

6 (10) “Secretary” means the Secretary of Transportation or designee.

7 (11) “State transportation system” means the highways, rights-of-way,
8 and transportation facilities under the jurisdiction of the Agency or any other
9 agency of the State and does not include highways, rights-of-way, and
10 transportation facilities under the jurisdiction of a municipality.

11 (12) “Transportation Demand Management “ or “TDM” means
12 measures that reduce vehicle trips or redistribute vehicle trips to non-peak
13 times or other areas. Examples include telecommuting, incentives to carpool
14 or ride public transit, and staggered work shifts.

15 (13) “Transportation **impact** fee” means a fee that is assessed to a land
16 use project as a condition of a permit issued under this chapter or a State
17 highway access permit under 19 V.S.A. § 1111 and is used to support any
18 portion of the costs of a completed or planned capital transportation project
19 that will benefit or is attributable to the land use project.

20 (14) “Transportation Improvement District” or “TID” means a discrete
21 geographic area that includes and will benefit from one or more capital
22 transportation projects included in the Capital Transportation Program and for

1 which the Agency has established a transportation impact fee under this
2 subchapter.

3 (15) “Vehicle trips” means the number of trips by motorized
4 conveyance generated by a proposed land use project measured at a specific
5 place and for a specific duration. The ownership of and number of persons
6 within the conveyance shall be irrelevant.

7 § 6103. AUTHORITY

8 A District Commission **and** the Agency may assess a transportation impact
9 fee in accordance with this subchapter.

10 § 6104. TRANSPORTATION IMPACT FEE; DISTRICT COMMISSION

11 (a) A District Commission may require payment of a transportation impact
12 fee in accordance with section 6106 of this title to fund, in whole or in part,
13 capital improvements that are necessary to mitigate the transportation impacts
14 of a proposed development or subdivision or that benefit the proposed
15 development or subdivision. The Agency shall review the application and
16 recommend to the District Commission whether to require mitigation of the
17 transportation impacts of the development or subdivision. The District
18 Commission may require an applicant to pay the entire cost of a capital
19 transportation project **and may provide for reimbursement of the applicant**
20 **by developments and subdivisions subsequently receiving permits or**

1 **amended permits under this chapter that benefit from the capital**
2 **transportation project.**

3 (b) A District Commission may require an applicant for a development or
4 subdivision within a TID to pay the transportation impact fee established by
5 the Secretary if the Commission determines that the fee will fund, in whole or
6 in part, improvements to mitigate transportation impacts of the development or
7 subdivision.

8 (c) The authority granted to the District Commissions under this subchapter
9 is in addition to their other authority.

10 **§ 6105. TRANSPORTATION IMPROVEMENT DISTRICT AND FEE;**

11 **AGENCY OF TRANSPORTATION**

12 (a) The Secretary may establish a TID and transportation impact fee in
13 accordance with this section and section 6106 of this title if one or more capital
14 transportation projects in the most recent Capital Transportation Program will
15 provide capacity that benefits one or more future land use projects within a
16 discrete geographic area or will provide capacity for future land use projects
17 identified by a regional planning commission or municipality within a discrete
18 geographic area.

19 (b) To establish a TID and transportation impact fee, the Secretary shall
20 cause the Agency to issue a proposed TID and transportation impact fee.

1 (1) In preparing the proposal, the Agency shall consult with each
2 regional planning commission, municipality, and the public in which the TID
3 will be located on the geographic extent of the TID, the land use assumptions
4 to be used, the performance standards and the consistency of the proposal with
5 each applicable municipal and regional plan.

6 (2) The Agency shall prepare a transportation infrastructure plan for the
7 capital transportation project that identifies highway, transit, bicycle, and
8 pedestrian infrastructure needs of a proposed TID. The Agency's proposal
9 shall identify the recommended geographic extent of the TID, the proposed
10 performance standards within the TID, and the proposed transportation impact
11 fee in accordance with section 6106 of this title.

12 (A) The infrastructure plan shall follow generally accepted planning
13 and engineering standards.

14 (B) The performance standard for a TID shall be suitable for the area
15 in which the TID is located.

16 (C) OPTION 1: The proposed fee shall reflect a reasonable
17 relationship between the needs that the transportation infrastructure plan
18 is designed to meet and the benefits that will be provided or the impacts
19 attributable to the proposed land use projects to which the fee will be
20 assessed.

1 OPTION 2: The proposed fee shall reflect a rational nexus between
2 the needs that the transportation infrastructure plan is designed to meet
3 and the benefits that will be provided or the impacts attributable to the
4 proposed land use projects to which the fee will be assessed and shall be
5 roughly proportional to those benefits or impacts.

6 (3) On issuance of the proposal, the Agency shall provide notice of a
7 public hearing on the proposal before the Secretary. The notice shall include
8 the date and location of the hearing, a description of the TID including the
9 transportation infrastructure project or projects, the TID's geographic extent,
10 and the proposed transportation impact fee. The Agency shall provide the
11 notice to each property owner within the TID, the municipal legislative body
12 and municipal and regional planning commissions for the area in which the
13 TID is located, and shall publish the notice on its web page and in a newspaper
14 of general circulation in the geographic area of the TID. The date of the public
15 hearing shall be not less than 30 days after issuance and publication of the
16 notice.

17 (4) The Secretary shall hold a public hearing and take testimony on the
18 Agency's proposal. The Secretary shall provide an opportunity for members
19 of the public and affected property owners to testify.

20 (5) After completing the public hearing, the Secretary may approve,
21 approve with revisions, or deny the Agency's proposal. The Secretary's

1 approval shall establish the proposed TID and transportation impact fee, with
2 any revisions required by the Secretary.

3 (c) The Secretary shall consider the following to establish the boundaries of
4 a TID:

5 (1) the existing and planned pattern of development as set forth in the
6 municipal or regional plans;

7 (2) the future land use projects to be served by the capital transportation
8 projects that the TID will fund; and

9 (3) each land use project having transportation impacts that are
10 mitigated by a capital transportation project to serve the TID.

11 (d) The Agency may assess a transportation impact fee to each land use
12 project within a TID for which a State highway access permit is required under
13 19 V.S.A. § 1111. This subsection shall not apply to a development or
14 subdivision requiring a permit under section 6081 of this title.

15 (e) The TID and transportation impact fee shall expire after the Secretary
16 determines that the associated capital transportation project or projects no
17 longer meet the approved performance standards.

18 § 6106. TRANSPORTATION IMPACT FEE; FORMULA

19 (a) When assessing a transportation impact fee to a land use project, the
20 Secretary shall apply a formula that reflects the performance standards for the
21 TID, and the District Commission shall apply a formula that reflects those

1 performance standards or the mitigation that the Commission determines is
2 required to address the transportation impacts of the development or
3 subdivision. In either case, the formula shall account for each of the following:

4 (1) the vehicle trips generated by the land use project estimated pursuant
5 to a generally accepted methodology;

6 (2) the capital costs of highway infrastructure, pedestrian and bicycle
7 facilities, public transportation, and other transportation infrastructure that
8 benefit or mitigate the transportation impacts of the land use project;

9 (3) conditions not attributable to the transportation impacts of the land
10 use project including forecasted growth in background traffic and existing
11 infrastructure and capacity deficiencies;

12 (4) the proportional share of the capital costs of transportation
13 infrastructure that provides benefit to or is attributable to the transportation
14 impacts of the land use project and determined pursuant to a reasonably
15 accepted methodology; and

16 (5) other funding sources available to finance the capital transportation
17 project.

18 (b) When determining a transportation impact fee under this section for a
19 land use project, the Secretary or the District Commission may adjust the result
20 of the formula to account for one or more of the following:

1 (1) a traffic allocation, if any, set for the land use project by a prior
2 permit;

3 (2) the net change in vehicle trip generation of a proposed land use
4 project considering pass-by-trips and the amount of traffic already
5 generated by the tract of land on which the land use project is to be
6 located;

7 (3) municipal traffic impact fees paid by the applicant to the extent that
8 those fees fund improvements on which the transportation impact fee is based;

9 (4) the fair market value of dedications of land, interests in land or
10 transportation infrastructure improvements provided by the developer to
11 mitigate offsite traffic impacts also being addressed by the capital
12 transportation project which the fee is designed to support;

13 (5) TDM programs offered by the applicant that reduce vehicle
14 trips; and

15 (6) the siting of a proposed land use project in a downtown, village
16 center, new town center, growth center, Vermont neighborhood, or
17 neighborhood development area designated under 24 V.S.A. chapter 76A.

18 (c) A transportation impact fee for one or more capital transportation
19 projects in a TID shall not exceed the portion of the cost of each capital
20 transportation project that is required to mitigate the transportation impacts of

1 the land use project and shall not include costs attributable to the operation,
2 administration, or maintenance of the capital transportation project.

3 (d) An applicant may choose to fund the entire cost of a capital
4 transportation project.

5 (e) In assessing a transportation impact fee to an applicant under this
6 subchapter, the Agency or District Commission shall require the applicant to
7 pay the transportation impact fee prior to commencement of construction of the
8 applicant's land use project and shall not require the applicant to delay
9 commencement of construction of that project until construction of each
10 capital transportation project for which the fee was assessed, unless the
11 Agency or District Commission determines that the capital transportation
12 project must first be built to address a transportation safety issue caused or
13 exacerbated by the land use project.

14 § 6107. TRANSPORTATION IMPROVEMENT DISTRICT FUND

15 (a) There is created a special fund within the transportation fund known as the
16 Transportation Improvement District Fund. The Agency shall deposit into the
17 Fund each transportation impact fee it receives under this subchapter. The
18 Agency shall administer the Fund.

19 (b) Balances in the Fund shall be expended only for the purposes
20 authorized in this subchapter and shall not be used for the general obligations
21 of government. All balances in the Fund at the end of any fiscal year shall be

1 carried forward and remain within the Fund. Interest earned by the Fund shall
2 be deposited in the Fund.

3 (c) The Agency shall provide an annual accounting to the Treasurer of each
4 transportation impact fee showing the source, amount collected, and each
5 project that was funded or that will be funded with the fee.

6 § 6108. PAYMENT OF FEES

7 (a) An applicant shall pay a transportation impact fee assessed under this
8 subchapter to the Agency, except that a District Commission may direct an
9 applicant to pay a transportation impact fee to a municipality if the impacts of
10 the applicant's development or subdivision are limited to municipal highways
11 and rights-of-way or other municipal transportation facilities. The Agency
12 may require payment of a transportation impact fee prior to issuance of a State
13 highway access permit under 19 V.S.A. § 1111. A District Commission may
14 require payment of a transportation impact fee prior to issuance of a land use
15 permit under this chapter.

16 § 6109. UNSPENT FEE AMOUNTS; REFUNDS

17 **Within 15 years from the date of payment, a fee assessed under this**
18 **subchapter shall be spent on the capital transportation project or projects**
19 **in the appropriate TID or on the appropriate capital transportation**
20 **project for which the fee was paid. If the Agency or municipality to which**
21 **the fee was paid does not spend all or portion of the fee collected on the**

1 **appropriate capital transportation project or projects, the applicant or its**
2 **successors may apply to the Agency or municipality for a refund of the**
3 **proportionate share of that fee within one year of the date on which the**
4 **applicant's right to claim the refund accrued.**

5 § 6110. APPEALS

6 (a) A person aggrieved by a decision of the Secretary regarding the
7 establishment of a TID or the transportation impact fee for the TID may appeal
8 to the Civil Division of the Superior Court under Rule 74 of the Vermont Rules
9 of Civil Procedure.

10 (b) A permit issued by the Agency under 19 V.S.A. § 1111 may be
11 appealed in accordance with 19 V.S.A. § 5.

12 (c) Appeal of an act or decision of a District Commission under this
13 subchapter shall be pursuant to section 6089 of this title.

14 § 6111. RULEMAKING

15 The Board and the Agency may adopt rules to implement the provisions of
16 this subchapter.

17 Sec. 3. 19 V.S.A. § 1111(a) is amended to read:

18 (a) Permits. Permits must be obtained by anyone or any corporation
19 wishing to use as described in this section any part of the highway right-of-way
20 on either the ~~state~~ State or town system. Notwithstanding any other statutory
21 requirement, a permit shall be required for any use of any highway

1 right-of-way, consistent with the provisions of this section. In issuing a permit
2 under this section for a use of a State highway right-of-way, the Secretary may
3 require a transportation impact fee in accordance with 10 V.S.A. chapter 151,
4 subchapter 5. ~~The~~ Except for this transportation impact fee authority of the
5 Secretary, the authority given to the ~~board~~ Board, the ~~secretary~~ Secretary, and
6 the ~~attorney general~~ Attorney General under this section shall also apply to the
7 legislative bodies of towns, or their designees.

8 Sec. 4. EFFECTIVE DATE

9 This act shall take effect on July 1, 2014.

10 and that after passage the title of the bill be amended to read: “An act relating
11 to transportation impact fees”

12

13

14 (Committee vote: _____)

15

16

Representative _____

17

FOR THE COMMITTEE