

H.740, An Act Relating to Transportation Impact Fees
Overview, Bill as Passed House with Sen. Transportation Amendment
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1. *Topic of bill:* Mechanism to allocate costs of transportation infrastructure projects to development through 10 V.S.A. chapter 151 (Act 250) and state highway access permits

2. *Background*

- Act 250 requires a permit prior to development or subdivision as defined in the Act.
- Before issuing an Act 250 permit, the District Commission (the Commission) must find that the development or subdivision will not cause unreasonable traffic congestion or unsafe traffic conditions and will not materially interfere with the function, safety, and efficiency of public facilities including highways.
- The obligation to mitigate transportation impacts often falls on the development or subdivision whose traffic impacts cause existing traffic conditions to become unsafe or unreasonably congested.
- The mitigation may benefit not only the applicant's projects but existing and future development and the state transportation system.

3. *Rationale for bill*

Proponents of the bill seek to provide the Commissions and the Agency of Transportation (AOT) with a mechanism to allocate the costs to mitigate transportation impacts among the State and the development projects that have traffic impact and will benefit from mitigation.

4. *Summary of bill*

The bill would enable the Commissions and AOT to assess transportation impact fees:

- AOT may establish transportation improvement districts (TIDs) to allocate the costs of capital transportation projects in the Capital Transportation Program to land development. AOT may allocate fees through state highway access permits unless the project is subject to Act 250.
- The District Commissions may require an Act 250 project within a TID to pay the fee established by AOT. The Commissions may require an applicant outside of a TID to pay an impact fee for a capital transportation project undertaken by a municipality. They also may require an applicant to pay the entire cost of a capital transportation project and may establish a mechanism under which subsequent permittees reimburse that applicant. They retain their existing authority, including requiring on-site mitigation.
- The bill requires that the fee be set by a formula and sets out the items that the formula must account for.
- The bill would create a Transportation Improvement District Fund into which the fees to support State capital transportation projects would be deposited. **Senate Transportation's** first proposal of amendment would clarify language passed by the House under which AOT would provide to the State Treasurer an annual accounting of each TID and associated transportation fee.
- The House bill proposes that a District Commission may require payment of a transportation impact fee to a municipality of the impacts of the development or subdivision are limited to

municipal transportation facilities. **Senate Transportation's** second proposal of amendment would require the municipality to place such a fee into a separate account, with balances carried forward from year to year. The municipality would provide the voters with an annual accounting.

- The bill proposes a 15-year period after which a permittee may obtain a refund of an unused fee. The House bill proposes that the refund include interest. **Senate Transportation's** third proposal of amendment would remove the interest requirement.
- The bill sets out procedures for creation of TIDs and for appeal of TID and transportation impact fee decisions.