



TRANSPORTATION IMPACT FEES



More Information: tti.tamu.edu/policy/how-to-fund-transportation

Description

Local governments can charge a transportation impact fee on new development projects. This one-time fee is used to pay for road changes needed as a result of the new development. Through this fee, the developer repays a part of the taxpayer cost for providing the infrastructure needed to service the new development (such as new lanes, driveways, utility relocation, etc.).

How Will This Help?

- Benefits smaller or rapidly growing communities.** In smaller communities, the money needed to support new development may not be available. Impact fees let the development proceed even when the local government cannot pay for the necessary infrastructure immediately.
- Provides additional funds to pay some of the cost of servicing new developments with adequate access.**

- Reduces the need for borrowing.** Impact fees can be a viable means to finance the variety of service needs created by growth.

What's the Downside?

- The impact fee does not provide for a stable stream of revenue. Most impact fees are one-time fees and do not cover future costs of maintenance or repair.
- Additional fees may dissuade new developments and slow economic growth.
- Revenues are economically driven. The amount of revenue created is dependent upon the amount of new development in the area. If economic growth slows, the revenues from this fee will decrease.

WHO



COST TO COLLECT



LONGEVITY



RELIABILITY



IMPLEMENTATION



CASE STUDY



Fort Worth, Texas

In 2008, the Fort Worth City Council adopted a transportation impact fee program. Taxes collected from a flat fee for single-family residences (and varying fee amounts for non-residential development based upon square footage of the development) are used to fund the construction of roads and bridges in newly developing areas.

Florida's Broward County



assessed the first impact fee in 1977.

Currently 36 states allow for transportation impact fees.



Texas impact fees are discussed in Chapter 395 of the Local Government Code.

