

[https://www.idahopress.com/news/local/idaho-leaders-grapple-with-whether-to-allow-impact-fees-for-schools/article\\_54ae0a9c-5701-11ed-b95f-7b912c8eaaf4.html](https://www.idahopress.com/news/local/idaho-leaders-grapple-with-whether-to-allow-impact-fees-for-schools/article_54ae0a9c-5701-11ed-b95f-7b912c8eaaf4.html)

# Idaho Press

## Idaho leaders grapple with whether to allow impact fees for schools

- [By ERIN BANKS RUSBY erusby@idahopress.com](mailto:erusby@idahopress.com)
- Oct. 31, 2022

The last time Kuna residents passed a bond to build a new school was in 2017. Since then, the city's school district has grown by over 500 students.

It's a common story in the Treasure Valley where districts are struggling to keep pace with the space needed to accommodate an influx of residents and their school-age children. Today, the Kuna School District is in the process of [developing a bond](#) that, if passed, would fund additional construction at Swan Falls High School, construction of a new elementary school, and other projects.

But some familiar with the issue think it is time to add another tool to the toolbox of education funding: charging impact fees to new developments.

In Kuna, Superintendent Wendy Johnson estimates it would cost \$26 million to build a new, 600-student elementary school. Even being able to collect \$3 million in impact fees would help offset that cost, she said.

Many municipalities already collect and use such fees to fund entities such as law enforcement, wastewater, and transportation infrastructure. But because public school facilities are not listed as being eligible for impact fees in Idaho Code 82-67 Development Impact Fees, it would need to be amended.

The words "public schools" would need to be added to the list of facilities eligible to receive such fees, and the words "school districts" would need to be added to the list of entities that can "enter into inter-governmental agreements with cities and counties," [according to a white paper authored during the 2021 legislative session](#).

Though the changes may seem easy, it would require buy-in from stakeholders, including developers. But as the public feels squeezed by property taxes and school districts need more space but struggle to pass bonds, the idea has gained traction.

## **AGING BUILDINGS, OVERCROWDED SCHOOLS**

A survey conducted by the Idaho Legislature's Office of Performance Evaluation revealed that 60% of school administrators in the 77 districts that responded said that their [school buildings are in "poor" or "fair" condition](#), meaning they need upgrades or new schools need to be built. The report estimates upgrading all of those facilities to a "good" level [would cost \\$847 million](#).

Bonds are one of the main mechanisms for funding that districts have but require a two-thirds majority to pass. But voters might be reluctant to add

to what they feel is an already unfair tax burden. In August, voters in the Middleton and Vallivue School Districts [rejected bonds that would have funded new school construction](#).

Some districts feel reluctant to support new development because they know it will result in additional students coming into the district. Joseph Palmer, a spokesperson for the Vallivue School District, described writing letters to cities asking them to vote against developments during a public hearing for the Canyon County Comprehensive Plan in September.

"I don't say specifically 'moratorium,' but I say please deny this development," Palmer said, adding that the district is reluctant to support new development when most of its elementary schools are already over capacity.

## **KUNA SCHOOLS LEADERSHIP, LAWMAKERS, DEVELOPMENT INTERESTS WEIGH IN**

Kuna School district leaders have championed the idea of using impact fees to fund school construction and upgrades for years. Kuna School Board Trustee Joy Thomas said it is possible the best use of such fees would be for building upgrades since money generated from impact fees might not be sufficient to cover the cost of school construction.

"I think it's important for people to know that school districts are trying to be proactive, and this is just one of the ways we can be proactive in making sure that our districts don't become overcrowded so bad that we've got kids hanging out the window trying to learn," Thomas said.

Johnson said that impact fees would allow the district to bridge the gap between when housing begins to be built and when its new owners start paying property taxes.

“We’re just asking for that — that time that they’re not necessarily paying property tax, that impact is already there, but the tax isn’t going to be offset for the community members that are already here,” Johnson said.

Lawmakers said they were willing to consider allowing impact fees to go toward schools, and had varying opinions on how that money might be spent.

Allowing impact fees to go toward schools would need to be done in a way that appeases as many parties as possible, said Rep. Julie Yamamoto, who is herself a retired educator.

“There is something about (impact fees for schools) that gives people pause,” Yamamoto said, “and I suppose it’s that it always ends up being a tax shift, because you’re moving who is paying for either new construction or keeping schools in good repair — it gets paid by someone, and so it just becomes a matter of what is a fair distribution of that service and that debt.”

Rep. Mike Moyle said he has been interested in looking at impact fees for a while. If it were made possible for impact fees to go to schools, he would like to see districts use them to pay down existing bonds and supplemental levies.

"If we're going to do impact fees, I don't want it to be used as a new 'give me' for the schools," Moyle said. "I want it to be used to pay off debt," which would provide a form of tax relief to district patrons, he said.

Sen. Scott Grow served two terms on the Meridian School District, now part of the West Ada School District. It took three tries to pass the bond to build Centennial High School, he said. He expressed interest in allowing school districts to collect impact fees, but he thought it would be a "major lift" to get a wide swath of stakeholders on board — particularly businesses and developers, he said.

Rep. Tammy Nichols said she would support letting schools use impact fees. But communities would have to be cautious about how they use such fees "because if growth slows down and your impact fees go down, are you still able to afford or pay for that expense that you were relying for impact fees on?" she asked.

If schools were allowed to collect impact fees, "there would have to be some sort of trade off to where if we allowed it, we'd have to remove something else," Nichols said.

Johnson, the Kuna School District superintendent, disagreed with this line of reasoning. For example, a city is allowed to both collect impact fees and run bonds, she said.

Nichols also would be concerned that if developers have to pass impact fees onto the home purchaser that it would make housing more expensive.

"You don't want to price people out of their homes ... you don't want to make homes less affordable by creating a lot of fees to go with them," she said.

Having to pass the fees onto consumers is one of the primary reasons developers are concerned, said Ken Burgess, who works in government affairs for the Snake River Valley Building Contractors Association and who also does government affairs and lobbying for the Idaho Building Contractors Association.

Earlier this summer, the Idaho Building Contractors Association voted to take the position of being against allowing impact fees for schools, he said. Following the passage of House Bill 389, which put an 8% budget growth cap on taxing districts in the state, many taxing entities have looked into implementing new impact fees to "make up the difference," Burgess said.

"The home builder guys are really feeling squeezed in the middle in that respect," he said. "They're not opposed to paying development impact fees, because it does make a difference on the impact of development that they put in place, and so they're okay doing that. But at some point, they just kind of feel like they're getting nicked and dined to death."

There is also concern amongst developers about exacerbating the housing crisis and pricing people out of the market, Burgess said.

Since developers can pass the cost of impact fees onto the consumer, Thomas does not believe that it should affect developers, or that passing the cost onto the consumer would price people out of the market.

"I'm not exactly sure why (developers) are against it because they can pass that cost onto the homeowner, and in the broad scheme of things, when you're paying for a \$450,000 house, you're not going to feel it too much ... it's not like it's \$50,000 or even \$10,000," she said. "It's going to be a minimal amount."

But even a relatively small increase in median home prices can price people out of the market, Burgess said. A study produced by the National Home Builder's Association estimated that a \$1,000 increase in median new home price [prices out 954 Idahoans, including 277 in the Boise Metropolitan Statistical Area](#).

## **WORKING TOWARD FUNDING SOLUTIONS**

Apart from school impact fees, lawmakers and Burgess offered other ideas for how to provide additional funding to schools.

Nichols suggested directing additional funding generated from endowment lands through industries such as mining and timber. Funds from activities on those lands already goes to schools, she said.

Burgess said he would be interested in seeing the threshold for school bond levies lowered from the current supermajority of 66% required for passage. Moyle said he would not be in support of such a move, citing the preference of the founding fathers to have a two-thirds majority to serve as protection for the minority.

It could be useful for the state to create a loan fund for districts to borrow against, Burgess said, an idea that was also [floated in a legislative committee meeting last week about school funding](#). Committee members have indicated they are open to a wide range of solutions to the school funding issue.

Burgess also suggested requiring school districts to choose from provided “bare-bones” templates for different kinds of schools to keep costs low. Perhaps the state would agree to pay for a district that chooses to build a school using such a template, but if the school wanted to go above and beyond, they would need to pass a bond, he said.

Yamamoto said it will be essential, whatever the solutions, to ensure that Idaho lawmakers do not overstep their bounds and work to preserve local control.

Doing so will require a willingness to “collaborate and see if we can’t look out for the services that the citizens need, but do it in a fiscally conservative, responsible manner, whether that be fire, police protection, whatever those service needs are,” she said.