

John C. Watkins
10th District
Senate of Virginia

January 24, 2008

Wine and Impact Fees

This week I want to talk about two bills I have introduced in this 2008 Session.

I have, again this year, introduced a wine distribution bill. This legislation would allow farm wineries to self-distribute Virginia wines. It would remove the requirement that all Virginia wineries have to hire a wholesaler to distribute their wines. I consider this a pro small business and free enterprise piece of legislation.

I have introduced Senate Bill 768 which deals with impact fees. This legislation would eliminate cash from the current proffer system in Virginia. It would retain, but reform the non-cash proffer system. It would enact an impact fee statute for public roads, public school buildings and buildings for fire, rescue and police. One issue I hope this legislation will address is affordable housing.

In some jurisdictions the open-ended cash proffer system has invited and has, indeed, created a environment where local governing bodies are putting cash proffer options in place that exceed \$30,000 and \$40,000 per housing unit. The secondary piece of that system is that if a new development is zoned and cash proffers are imposed at any level, it gets added to the price of the piece of land and, subsequently, to the price of the housing unit. It raises the transactional price, the value, of the house with comparable sales. So it inadvertently raises the assessed value of housing in the entire neighborhood. As a result, assessments go up and real estate taxes go up.

Impact fees also add, but not as much as cash proffers. Please keep in mind that the impact fee system is broadening the base of those groups that have to pay impact fees. Many jurisdictions have “stale zoning” (old zoning) put in place prior to the imposition of cash proffers. When the developers apply for a building permit they don’t pay anything, but they add to the burden on the roads, schools and public safety. These developers are vested in their zoning. If this impact fee bill passes, they would have to pay also.

I expect that local government’s reaction to this legislation will be mixed, and the reaction will depend on how much stale zoning exists in the locality, the pressure on roads and schools that exists, and the size of cash proffers already in place. Most, but not all, homebuilders and developers support this bill because they have found themselves in the position where the depressed housing market and the economy are drying up the marketplace.

As always, I welcome your comments and opinions. Please contact me or my staff if you have questions or suggestions about any of the issues that come before the General Assembly.

John Watkins
(804) 698-7510
District10@sov.state.va.us

Please check my web site at www.senatorjohnwatkins.com