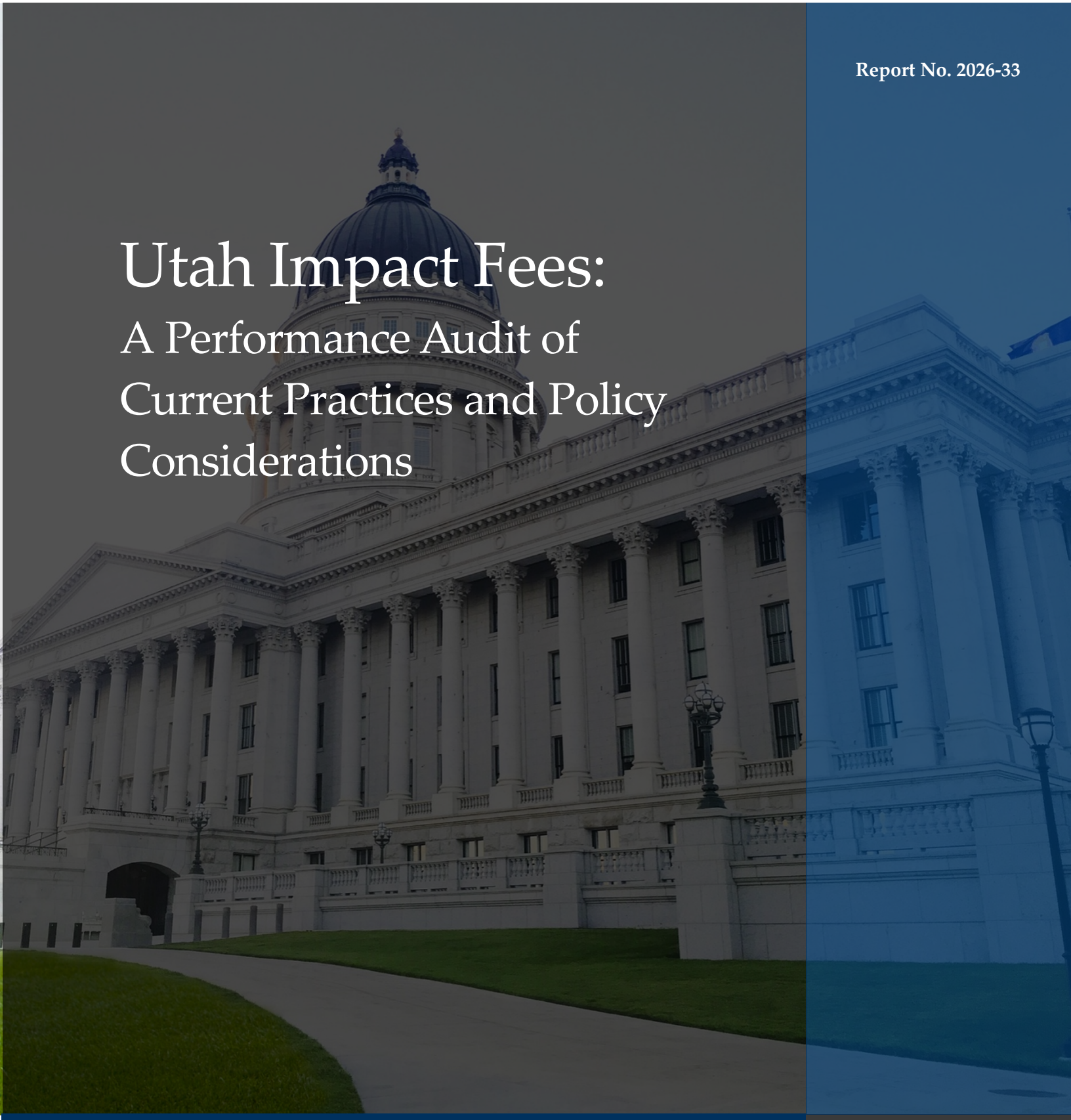
Report No. 2026-33

Utah Impact Fees:

A Performance Audit of Current Practices and Policy Considerations



Office of the Legislative Auditor General

Report to the **UTAH LEGISLATURE**

LEGISLATIVE AUDITOR GENERAL



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October 20, 2026

TO: THE UTAH STATE LEGISLATURE

Transmitted herewith is our report:

"Utah Impact Fees: A Performance Audit of Current Practices and Policy Considerations" (Report #2026-33).

An audit summary is found at the front of the report. The scope and objectives of the audit are included in the audit summary. In addition, each chapter has a corresponding chapter summary found at its beginning.

Utah Code 36-12-15.3(2) requires the Office of the Legislative Auditor General to designate an audited entity's chief officer. We worked with several entities and provide recommendations to the following two offices. The designated chief officer for each entity is:

State Auditor Tina Cannon, Office of the State Auditor	Ombudsman Jordan Cullimore, Office of the Property Rights Ombudsman

They have been notified that they must comply with the audit response and reporting requirements as outlined in this section of ***Utah Code***.

We will be happy to meet with appropriate legislative committees, individual legislators, and other state officials to discuss any item contained in the report in order to facilitate the implementation of the recommendations.

Sincerely,

Kade Minchey

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Auditor General
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LEGISLATIVE AUDITOR GENERAL

AUDIT SUMMARY

REPORT 2026-33 | OCTOBER 2026

Office of the Legislative Auditor General | Kade R. Minchey, Auditor General

PERFORMANCE AUDIT

UTAH IMPACT FEES: CURRENT PRACTICES & POLICY CONSIDERATIONS

AUDIT REQUEST

The Legislative Audit Subcommittee requested a review of Utah's impact fee practices and policies to better understand how impact fees are assessed and used by local governments. Specific concerns included whether impact fees are being used fairly, whether local governments are complying with current statute, and the role impact fees play in housing affordability.

BACKGROUND

Impact fees are assessed to new development to help fund infrastructure needed to serve growth. Utah's Impact Fees Act requires local governments to justify these fees through planning documents intended to ensure that new development pays its proportionate share of growth-related infrastructure costs. This audit reviewed local government practices, state support and oversight, and policy considerations related to service areas, transparency, compliance, and housing affordability.

KEY FINDINGS

- **1.1** Service Area Decisions Involve Tradeoffs Between Fair and Practical Implementation.
- **1.2** Aging Impact Fee Studies Increase the Risk of Unfair Cost Burdens.
- **1.3** Increased Transparency Could Better Link Impact Fees to Infrastructure Benefits.
- **2.1** The Impact Fee Model to Support Local Government Should Be Better Optimized.
- **3.2** Data Showed No Statistical Relationship Between Impact Fees and the Final Price of a Home.

KEY RECOMMENDATIONS

- **1.1** The Legislature should consider a menu of options while considering the governance, accountability, and effectiveness of service areas as they relate to impact fees.
- **1.2** The Legislature should consider establishing a regular update cycle for impact fee facility plans and impact fee analyses.
- **1.3** The Office of the State Auditor should continue to improve oversight to ensure annual impact fee reports consistently provide information on collections and planned spending.
- **2.1** The Office of the Property Rights Ombudsman should collaborate with other state and local entities to develop robust impact fee training and resources.
- **2.4** The Legislature should consider amending ***Utah Code*** to expand and clarify the reporting duties of the Office of the State Auditor.
- **2.5** The Legislature should consider if it wishes to address the policy options in this chapter to further clarify the Impact Fees Act.

REPORT SUMMARY

Utah's Impact Fee Policies and Practices Could Be Strengthened

Utah's Impact Fees Act is intended to ensure that new development pays its proportionate share of growth-related infrastructure costs. We identified opportunities to strengthen several aspects of the system, including service area policies, aging impact fee studies, and transparency. Many impact fee studies in our review had not been updated for several years, increasing the risk that fees no longer reflect current growth patterns, infrastructure needs, and construction costs.

Greater transparency and more current impact fee studies could improve accountability and strengthen the connection between impact fees and the infrastructure they are intended to fund.

Impact Fees Vary Significantly, but Do Not Appear to Drive Home Prices

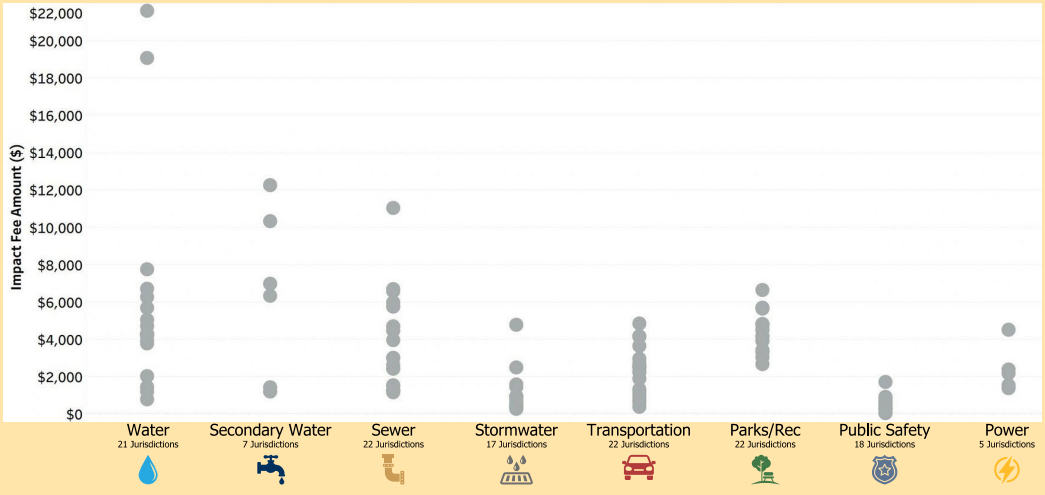
Impact fees vary considerably among Utah communities because infrastructure needs, growth patterns, and development demands differ from city to city. Our review found substantial differences in the fees charged for both residential and commercial development, with some similar projects paying dramatically different amounts depending on location.

Despite these differences, the housing affordability analysis found no statistically significant relationship between impact fees and the final sale price of a home. Instead, the analysis suggests that other market conditions play a larger role in housing affordability.

Impact Fee Amounts Vary Considerably by Service Type and City

Each dot represents the impact fee charged by a Utah jurisdiction for a specific service category

Fee amounts differ substantially, particularly for water and wastewater services, while public safety and some utility-related fees tend to be lower and more consistent.



Source: OLAG generated using local government impact fee data. Jurisdiction count reflects the number of cities, service areas, and special service districts that have different impact fee amounts.

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What Utah's Impact Fee System Is Doing Well

Utah's Impact Fees Act provides a detailed framework intended to balance the interests of local governments, developers, and communities. Some local governments successfully use impact fees to fund infrastructure needed to serve new growth and appeared to assess fees fairly and in compliance with state law. State entities like the Office of the State Auditor and the Office of the Property Rights Ombudsman also play an important role in supporting the system. They have taken steps to improve reporting consistency and transparency, while also providing legal guidance, reporting, and dispute-resolution services related to impact fees and land-use issues. Together, these efforts help promote accountability, transparency, and the fair administration of impact fees.

How This Report Supports Improvement

Although Utah's impact fee system generally operates well, this report identifies opportunities to strengthen fairness, accountability, transparency, and state-level support. These opportunities include evaluating service-area policies, keeping impact fee studies current, improving public access to information, strengthening reporting oversight, and expanding training and legal guidance for local governments. The report also provides policymakers with information about differences in impact fee amounts and finds no statistically significant relationship between impact fees and final home sale prices. Collectively, these improvements can help ensure impact fees remain proportionate, defensible, and aligned with growth-related infrastructure needs.

Introduction

In Utah, many local government entities successfully use impact fees (fees) to fund infrastructure projects resulting from new development.[1] Various U.S. Supreme Court rulings, court cases, and Utah's Impact Fees Act[2] (act) establish the appropriate use of impact fees. Among other public facilities, fees can be used for:

- Water systems
- Sewer infrastructure
- Stormwater drainage
- Parks and trails
- Public safety facilities
- Roadway or transportation infrastructure

The Legislative Audit Subcommittee prioritized this audit to determine if these fees are fairly used and whether they influence Utah's housing affordability.

We found that the act, in many ways, provides appropriate direction on how governments should administer, account for, and expend these funds. It further outlines governmental duties to ensure fair, accountable, and transparent practices. However, we found there are still conflicts resulting from various legal interpretations and statutory ambiguity. We also identified several instances of noncompliance with ***Utah Code***. Therefore, state and local entities can improve their practices and the Legislature can consider providing further clarity and guidance regarding impact fees.

Two Foundation Principles Guide Impact Fee Use

Impact fees must statutorily and legally adhere to the following principles:[3, 4]

- ***Essential Nexus*** – Governments must identify the *relationship* between an impact fee and a legitimate government interest. Identifying this relationship ensures that governments don't exact these fees without justification. This will be discussed in greater detail in Chapter 1.

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[1] ***Utah Code*** 11-36a-102 states these fees are not a tax, special assessment, permit, or hookup fee.

[2] ***Utah Code*** 11-36a-101.

[3] See U.S. Supreme Court cases Nollan v. California Coastal Commission (1987) and Dolan v. City of Tigard (1994) and Utah Supreme Court cases Call v. City of West Jordan (1979) and Banberry Development v. South Jordan (1981).

[4] For a more in-depth summary of these and other Utah-specific court cases, refer to the Utah Land Use Institute report titled *Impact Fees* (October 2023).

- ***Rough Proportionality*** – Governments must demonstrate that the fee they charge is roughly proportionate to the impact of the proposed development activity. Chapters 1 and 3 outline how impact fee calculations and practices affect developer costs and housing affordability.

Figure 1 illustrates Utah's process for meeting these requirements.[5]

Figure 1 *Utah Code* Requires Local Governments to Follow Specific Practices for Impact Fees. Once the fee is paid, developers can proceed with their development, while local governments use the funds on infrastructure to facilitate the new growth.



Source: Auditor generated with the assistance of artificial intelligence. Auditors validated all information.

Among other statutory requirements, local government entities must document:

- Existing capacity and anticipated impacts of new development
- Current and anticipated levels of service
- Costs that justify the fee[6]

These studies, the impact fees facilities plan (IFFP) and impact fees analysis (IFA), are generally required for government entities and are often closely scrutinized by both governments and developers.[7] We too acknowledge the

[5] ***Utah Code*** 11-36a-201 allows cities, counties, special districts, and a few other entities to assess impact fees. This audit focused on city, county, and special district practices.

[6] Not all entities choose to use impact fees, including one of the state's largest cities. The Utah Association of Counties reports that only two counties currently charge impact fees, which they say is due to their unique circumstances and development trends.

[7] While ***Utah Code*** 11-36a allows exceptions for smaller entities to report an IFFP, statute requires all entities to produce an IFA study and assumptions.

importance of these studies and will discuss them in greater detail throughout this report.

Over Time the Legislature Has Bolstered Impact Fee Requirements When Concerns Arise

Based on our review of statutes in western states, we believe Utah's act is detailed and strives to balance government and developer rights and interests. This balance can be difficult, so the Legislature has made several revisions to the act over the years to account for this. Some of these changes include the Legislature's expansion of entities that can charge impact fees, the services and facilities on which fees can be used, and transparency and reporting requirements. See Appendix A for a summary of legislative changes to the act.

To further identify how impact fees are operating, the Legislature has directed the Office of the Legislative Auditor General (OLAG) to conduct three audits covering this topic over the last 20 years (including this report). Below is a summary of our two prior reports:

2006 Report – The audit found city practices varied widely and OLAG questioned cities' accountability of these funds. The report identified the need for clearer tracking requirements, which the Legislature imposed in this same year.[8]

2009 Report – The audit reported that most cities track but do not report all the required data and that cities had adopted their own practices. As a result, the Office of the State Auditor (OSA) determined to improve its reporting oversight and training to cities.[9]

The Legislature requested this audit to review several impact fee questions, including the following:

- How much are impact fees influencing the cost of housing?
- Are impact fees too high, and are calculations based on actual costs?
- Are impact fees fairly used and in compliance with current statute?
- Are impact fee practices transparent and justified?
- Are service areas too broad?

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[8] See *Limited Survey of Local Government Compliance with Impact Fees Act* (Report No. 2006-05) at https://pf.utleg.gov/olag/reports/audits/2006/bc07f585-05ad-44ed-9175-418c91213e63/2006-05_RPT.pdf

[9] See *A Limited Review of Cities' Compliance with Impact Fee Statute* (Report No. 2009-05) at https://pf.utleg.gov/olag/reports/audits/2009/625c8c3d-076a-4002-8a64-b9ab3f7b61f9/2009-05_RPT.pdf

While more work may be needed to address all concerns, this report assists in answering many of these questions. Chapter 3 demonstrates that fees for the same services differ substantially across cities. It also provides information on the size of certain impact fees. For example, one residential impact fee reached over $43,000. ***Utah Code*** requires some process uniformity, but we found that practices vary widely, from entity-to entity. While Chapter 2 notes some individual compliance concerns, we didn't find any systemic issues across our sample of local government entities that would imply that fees haven't been based on actual costs.

The Legislature has options to potentially address some questions raised in this report. It may wish to maintain the status quo; from our perspective, the system would still operate well. However, there are policy options and practices the Legislature could consider to further strengthen accountability, transparency, and clarity within the state moving forward.

The Legislature Should Consider Whether Current Practices Meet Fundamental Impact Fee Principles

BACKGROUND

Utah impact fees are intended to ensure that growth pays its proportionate share of infrastructure costs. This chapter examines three areas that affect that goal: service areas, aging impact fee studies, and transparency. It also explores policy options the Legislature may wish to consider.

FINDING 1.1
Service Area Decisions Involve Tradeoffs Between Fair and Practical Implementation

RECOMMENDATION 1.1
The Legislature should consider a menu of options while considering the governance, accountability, and effectiveness of service areas as they relate to impact fees. Doing so will address concerns about the nexus between development and the facilities it funds, equity in how costs are allocated across communities, and administrative complexity and implementation costs.

FINDING 1.2
Aging Impact Fee Studies Increase the Risk of Unfair Cost Burdens

RECOMMENDATION 1.2
The Legislature should consider establishing a regular update cycle for impact fee facility plans and impact fee analyses. These periodic reviews will help ensure that impact fees reflect current conditions, reduce the risk of shifting cost burdens, and provide greater confidence that fee revenues are sufficient to fund planned growth-related infrastructure.

FINDING 1.3
Increased Transparency Could Better Link Impact Fees to Infrastructure Benefits

RECOMMENDATION 1.3
The Office of the State Auditor should continue to improve oversight to ensure annual impact fee reports consistently provide project-level information on collections, expenditures, and planned spending. Improved oversight should increase transparency, strengthen accountability, and provide policymakers and the public with better information about how impact fee revenues are being used.

RECOMMENDATION 1.4
The Office of the State Auditor should improve public access to impact fee information by increasing transparency to help stakeholders better understand how impact fee collections are being used to fund growth-related infrastructure. Improving public access should help stakeholders assess whether impact fees maintain a clear connection between fee collections and the infrastructure they fund.

RECOMMENDATION 1.5
The Legislature should consider revising statute to require public entities to post the impact fee facilities plan and the impact fee analysis on their website or another public website. Doing so would make these studies more accessible and transparent and could facilitate improved collaboration between government and developers.

CONCLUSION

Service areas, current impact fee studies, and transparent reporting can help strengthen the connection between impact fees and the infrastructure they fund. The Legislature may wish to consider options that balance compliance, transparency, and administrative practicality. Doing so could help ensure fees remain aligned with growth-related infrastructure needs.



Chapter 1
The Legislature Should Consider Whether Current Practices Meet Fundamental Impact Fee Principles

Our review of local governments found impact fee practices that may unfairly shift the cost burden to others. The Legislature could reexamine impact fee policy to add further balance and clarity. To aid the Legislature in this decision, we conducted an in-depth review of nine local government entities. We also reviewed other state statutes and practices, along with the operations of state entities that support local governments' land use efforts and costs. This chapter seeks to inform the following questions:

Our review of local governments found impact fee practices that may unfairly shift the cost burden to others. The Legislature has policy options that could add further balance and clarity.

- Should the Legislature require local governments to establish smaller service areas as one method to better establish the link (nexus) between growth and government needs?
- Do aging impact fee studies unfairly shift the cost burden among local governments, developers, or other rate payers, presently or in the future?
- Can increased transparency improve collaboration and trust between local governments and developers?

Through our analysis, we found that service areas can more clearly identify connections between projects and fees charged but can also be difficult to administer and can be less geographically clear than they may appear. We also found that many impact fee studies had not been updated for several years and that reporting data has historically lacked consistency and transparency. Together, these findings highlight opportunities for policymakers to improve accountability, transparency, and the connection between impact fees and the infrastructure they fund while balancing administrative costs and complexity.

1.1 Service Area Decisions Involve Tradeoffs Between Fair and Practical Implementation

The Legislature could determine whether the benefits of more defined service areas outweigh the associated administrative burden and complexities. For

A service area is a geographic boundary that directly links the collection of impact fees to the infrastructure that serves that area.

example, our analysis found that while some facilities might justifiably benefit residents citywide, others appear to support the impacts of a more localized population. Requiring more service areas may also require more studies and staff tracking. Therefore, determining the appropriate geographic area for impact fee collection and expenditure could be significantly more challenging than initially expected.

A service area is a geographic boundary that directly links the collection of impact fees to the facilities and infrastructure that serve that area. ***Utah Code*** requires public entities to establish one or more service areas within which impact fees will be imposed.[10] Most of the local entities in our sample have defined their entire city, county, or region as one service area.[11] There are no recognized best practices for service areas, so we highlight key considerations, tradeoffs, and policy options for the Legislature to consider.

Stakeholders Can Make Convincing Arguments Both in Support Of and Against Service Areas

Creating targeted service areas could help establish a clearer nexus (or link) between fee payers and the infrastructure funded by their fees. However, creating additional service areas could also increase administrative complexity, require separate analyses and accounting, and potentially create more questions.

Service areas could help document a clearer nexus (link) between fee payers and the infrastructure funded by these fees.

Service Areas May More Easily Demonstrate Nexus. Statute requires local entities to demonstrate that

- Growth creates a need for additional infrastructure
- New development pays only its fair share[12]

Service areas help demonstrate that entities have considered both nexus components.[13] This is shown and discussed in Figure 1.1.

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[10] ***Utah Code*** 11-36a-402(1)(a).

[11] Our sample review of local government practices included five cities from different counties that represent both infill (existing) and greenfield (open space) development, two counties, and two special districts that offer either culinary or public safety services.

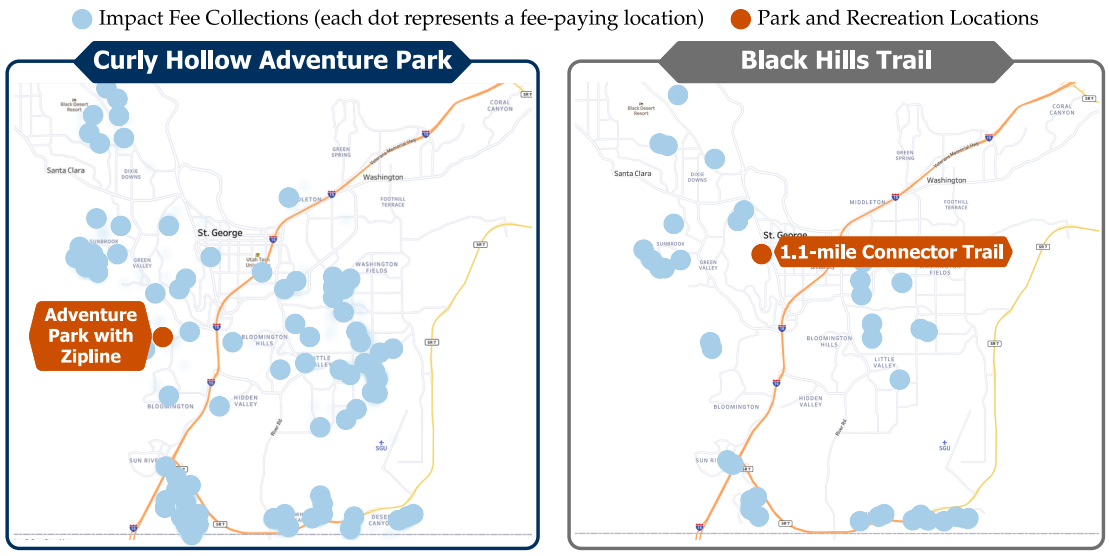
[12] ***Utah Code*** 11-36a-304.

[13] The Utah Impact Fees Act refers to "sound planning or engineering principles" to help local governments establish what their service area or areas should be (***Utah Code*** 11-36a-102(20)(a)). For example, Spokane, Washington, and Tucson, Arizona rely on varying analytical approaches such as trip generation or growth rate to establish service area boundaries.

Smaller Service Areas Could Increase Administrative Complexity. Statute requires local entities to establish a separate interest-bearing ledger account for each type of public facility for which an impact fee is collected. In practice, this means that if a city had three service areas with seven impact fee categories each, this could result in 21 distinct impact fee funds.

Moreover, service areas may not always be as straight forward as they first appear. For instance, Figure 1.1 illustrates the complex policy option that service areas present. We analyzed the impact fee collection and expenditure (or planned expenditure) data for two different park projects in the same city. These two park projects demonstrate the difficulty entities could experience in creating smaller service areas. The figure also highlights some tradeoffs and considerations that stakeholders should study when evaluating regional and local benefits.

Figure 1.1 Mapping Impact Fee Collections and Projects Shows the Complexities of Requiring More Defined Service Areas. The map on the left shows impact fee collections (blue dots) for an adventure park (orange dot) that will be equipped with a zipline, obstacle course, waterfall and river splash pad, and four pickle ball courts, among other amenities. The map on the right is a connector trail (orange dot) comprised of 1.1 miles of pavement.



Source: OLAG generated using local government data reported to the Office of the State Auditor.

Regional Draw (Left)

Why would fee-payers in the southeast part of the city pay for a park in the west half of the city?

This will be the city's only park with a zipline, obstacle course, a waterfall, river splash pad, and pickleball courts. Because these amenities are unique, it is reasonable to conclude that residents in the southeast area will travel to use these amenities.

Local Draw (Right)

Why wouldn't those same residents pay for a connector trail in the northwest part of the city?

This is a 1.1-mile connector trail. Because similar trails already exist in the southeast neighborhoods, it is reasonable to conclude that residents in this area are unlikely to drive 14 miles to use this specific trail. Naturally, the service area for this amenity is much smaller and likely benefits those that are local.

Why This Matters

Different parks and amenities attract users from different areas around the city, making it difficult for a single citywide service area to fairly link fees to benefits. Although smaller, project-specific service areas could improve that alignment, they would require local governments to conduct separate analyses and maintain separate accounting for each type of amenity, increasing administrative burden.

These examples raise the question of whether cities would need multiple service areas to account for different types of park projects. Further, while these examples are specific to parks, we believe they have bearing on other services for which local governments charge impact fees. More specifically, although governments can justifiably use citywide fees to fund some projects resulting from growth, other projects may not be as easily justified.

Service areas could also increase the administrative burden by requiring separate analyses and accounting.

The Legislature Could Consider Options to Address Potential Questions

Compared to Utah, other states demonstrate a range of approaches for addressing service area policy questions. These options include:

Option 1: Status Quo. The Legislature could decide that the question about increasing the number of service areas doesn't currently need to be addressed. Utah's statute is already more detailed than other states. The Legislature may decide to first enact some other solutions (including more frequent impact fee plans and increased transparency) to decide if additional actions are necessary.

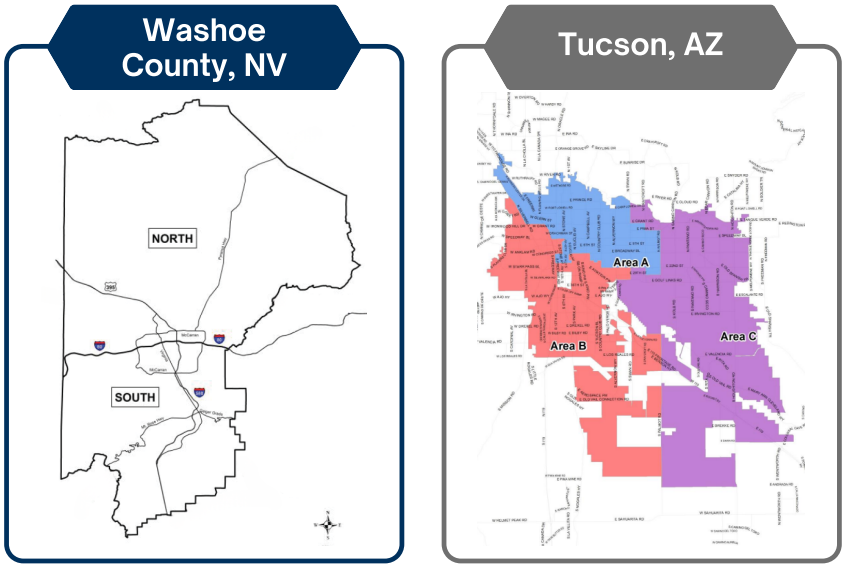
Option 2: Require Service Areas for Specific Types of Infrastructure. We looked at twelve cities from surrounding states. Of those, six had service areas for parks and eight had service areas for streets or transportation. Service areas were less commonly used for public safety, culinary water, storm drain, and sewer/wastewater services. In fact, we only identified two cities that maintain service areas for all services. The reality is that different facilities serve different geographic areas. A neighborhood park may primarily benefit nearby residents, while a major recreation complex or a regional transportation network may serve an entire community. As a result, the appropriate service area for one type of facility may not be appropriate for another.



Cities from surrounding states most commonly establish service areas for parks and transportation facilities.

For example, Tucson, Arizona, and Washoe County, Nevada, both use service areas to determine impact fees for different types of infrastructure. Of the 16 cities we reviewed for the housing affordability analysis in Chapter 3, only one city had established multiple service areas for impact fees. However, that city spent revenues on projects outside those areas, thereby undermining their primary purpose.

Figure 1.2 We Highlight Two Local Governments in Surrounding States that Use Service Areas. Washoe County, Nevada uses two service areas to assess road impact fees. Tucson, Arizona assesses parks and streets* impact fees within designated service areas, while police and fire services are funded through citywide impact fees.



*Source: Tucson, Arizona Infrastructure Improvements Plan 3/2/2020 and the Washoe County, Nevada Regional Road Impact Fees website. *Tucson's street impact fees also have a citywide component.*

This option allows flexibility and potentially more reasonable expectations of local governments.

Option 3: Require Service Areas Based on Geographic Size or Population. ***Utah Code*** requires service areas broadly but doesn't provide any further guidance related to geography or population.[14] Texas and Nevada require service areas in different ways. Nevada state statute uses county and city populations to define service areas citing that more than one service area is required "…unless the local government is a city whose population is less than 15,000 or a county whose population is less than 15,000." Alternatively, Texas establishes a geographic limit on roadway facility service areas, restricting them to be no more than six miles in size. In Utah, this could look like requiring more specific service areas for cities of the first or second class, but not smaller cities and towns. The Legislature could also decide to require service areas for local governments over a certain geographic size.

Option 4: Require Service Areas for All Fees. Although we found three cities that broadly applied service areas to all impact fee categories, we did not identify any other states that require this approach statewide. Nevertheless, this is still an option available to the Legislature. Some entities have worked to balance the

[14] ***Utah Code*** 11-36a-102(20).

administrative burden on local governments by allowing an administrative charge with impact fees. For example, Tucson, Arizona charges a $50 administrative impact fee with every permit. Similarly, Boise reports dedicating one percent of total impact fee revenue collections to cover administrative costs.[15]

The appropriate use of service areas by a local entity is ultimately a policy decision for the Legislature.

Option 5: A Hybrid Mix of the Options. Finally, the Legislature could choose to use any mix of options one through four. Any combination of these options could be adjusted to create a system that fits the needs of the state of Utah and its citizens.

The appropriate use of service areas by a local entity is ultimately a policy decision that requires balancing geographic nexus, fairness to fee payers and existing citizens, and administrative feasibility. The Legislature may wish to consider whether additional direction is warranted and, if so, which of the approaches best aligns with Utah's impact fee objectives.

RECOMMENDATION 1.1

The Legislature should consider a menu of options while considering the governance, accountability, and effectiveness of service areas as they relate to impact fees. Doing so will address concerns about the nexus between development and the facilities it funds, equity in how costs are allocated across communities, and administrative complexity and implementation costs.

1.2 Aging Impact Fee Studies Increase the Risk of Unfair Cost Burdens

Outdated IFFPs and IFAs can weaken the accuracy, proportionality, transparency, and defensibility of impact fees. Aging studies also shift cost burdens, fund projects that never materialize, increase fee and project costs, or lead to a reduction in public confidence. We reviewed 41 impact fee studies in a sample of nine local government entities and found these studies ranged from less than 1 to 27 years old. Surrounding states require and Utah's Office of the Property Rights Ombudsman (OPRO) addresses the idea of refreshing these studies every two to five years. We acknowledge the increased cost more frequent studies may

Surrounding states require refreshing impact fee studies every two to five years.

[15] It is unclear if local governments in Utah can use impact fees for administrative costs. This is addressed briefly in Chapter 2.

have on local governments and recommend that the Legislature consider whether to change statute to direct entities of all sizes on how often they should update their fee studies.

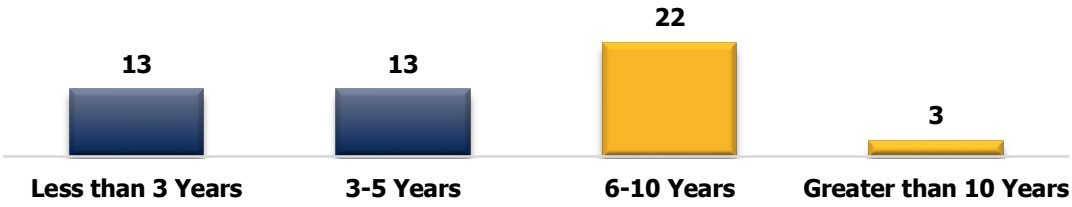
Impact Fee Studies Are Required to Capture Current and Future Conditions and Costs

Before local government entities can charge an impact fee, statute requires them to prepare an impact fee facilities plan (IFFP) and an impact fee analysis (IFA).[16] Together, these impact fee studies are required to

- Identify the existing level of service
- Establish a proposed level of service
- Identify any excess capacity in existing facilities
- Identify demands placed on existing public facilities by new development
- Identify the means by which the entity will meet those growth demands

These studies are based on projections of future growth, infrastructure needs and costs. Since these assumptions may change over time, regular updates help ensure impact fees remain accurate and proportionate.

Figure 1.3 Roughly Half of All Impact Fee Studies We Reviewed Had Not Been Updated Within the Past Five Years. We reviewed 41 impact fee studies in a sample of nine local government entities and found that impact fee studies ranged between 1 to 27 years old. Nearly 50% of impact fee studies were older than 5 years (yellow). Additionally, one county charging impact fees did not have the required impact fee studies.



Source: Auditor generated using impact fee study data.
**Ten entities combined their IFFPs and IFAs into a single document. Because these are distinct planning documents under statute, we treated each combined document as two separate documents for the purpose of this analysis.*

Practices in Utah and guidance from surrounding states supports regular updates to impact fee studies. For example:

[16] ***Utah Code*** 11-36a-301 and 11-36a-303. Note: a local political subdivision serving a population of less than 5,000 and charging less than $250,000 annually need not comply with the formal IFFP requirement.

- **The Office of the Property Rights Ombudsman (OPRO).** In an advisory opinion OPRO highlights that a fast-growing city updates its studies "every 2-3 years" to properly account for its growth.
- **Surrounding states** require impact fee studies to be reviewed or updated every three to five years, including Arizona (5 years), Idaho (5), Nevada (3), and New Mexico (5).

In summary, impact fee studies help local governments estimate how much new development should contribute toward future infrastructure. But as growth patterns, infrastructure needs, and construction costs change over time, older studies become less accurate. This can cause some development to pay too much or too little, shift costs for others to bear, reduce transparency, and lead to large fee increases when studies are finally updated. Because keeping studies current helps ensure fees remain fair and accurate, the Legislature may wish to consider requiring regular updates.

Keeping studies current helps ensure that fees remain fair and accurate.

Local Governments May Be Shifting Costs With Infrequent Plan Updates

Our analysis identified several ways outdated IFFPs and IFAs could weaken the accuracy, proportionality, transparency, and defensibility of impact fees.

1. **Outdated Plans Can Weaken Fee Justification by Funding Projects That Are No Longer a Priority**. As projects are delayed, abandoned, or no longer prioritized, the impact fees collected for those projects may weaken the justification for the fee and become less defensible.

   ***Example**: From 2007 to 2017, a service district collected fees for a pipeline project that was never constructed. In this case, the dispute ultimately led to litigation and a $10 million settlement. This example shows how nexus (the relationship between new development and the need for additional infrastructure) becomes less certain when fee revenues that are tied to a project that is substantially delayed or doesn't materialize.*

2. **Outdated Plans Reduce the Accuracy of Demand Forecasts**. IFFPs and IFAs rely on inputs and assumptions, including the pace and location of future growth at a given time. When plans are not updated and growth or costs exceed expectations, future development bears much of the burden of replacing the capacity that was consumed by earlier development.

   ***Example:** In 2018, one city determined its marina had sufficient capacity to serve its residents through 2028. However, growth exceeded projections by nearly*

30,000 people, prompting the construction of a new $24 million marina. This example shows how aging plans may rely on inaccurate growth assumptions.

3. **Outdated Plans Introduce Proportionality Concerns**. Construction costs, land values, and facility costs can change significantly over time. Flat fees that remain unchanged over an extended period undercharge new development relative to its proportionate share of system costs.

   Example: *In 2018, a city purchased a water tank while also anticipating the need for a second additional tank in the future. By 2022, construction costs had more than doubled. Because impact fees had not been updated to reflect the higher costs, fee revenue was insufficient to fund the project, and the city reported having to cover the shortfall using other revenue sources.*

4. **Outdated Plans Reduce Transparency and Public Confidence.** Aging plans make it difficult for residents and developers to understand why fees are being charged and how they will be spent. This may reduce confidence that fees are based on current infrastructure needs.

   Example: *Outdated plans can reduce transparency and public confidence. For example, one city collected $6.2M for park projects not included in its impact fee studies.*

For policymakers, the fundamental issue is that outdated IFFPs and IFAs increase the risk that fees no longer reflect current growth, infrastructure needs, or costs. Furthermore, older studies make it hard to justify charging the fees because the assumptions used to support them may no longer match current conditions.

While these examples illustrate the importance of keeping impact fee studies current, regularly updating IFFPs and IFAs can be costly. As a result, the Legislature may wish to consider statutory update requirements that best reflect the level of risk it is willing to accept. Two cities estimate the cost of these updates to be between $35,000 to $80,000 depending on the number of services and the scope of the update. Given the administrative burden and the cost of more frequent updates, the Legislature may wish to consider adopting different update requirements based on entity size. Current statute already provides flexibility for smaller entities by exempting IFFP requirements for those that serve fewer than 5,000 people and collect less than $250,000 in

The cost to update impact fee studies is estimated to be between $35,000 and $80,000 depending on the number of services and the scope of the update.

impact fee revenues annually.[17] The Legislature could apply this principle more broadly by considering city or county classes to allow smaller, slower-growing communities to update their IFFPs and IFAs less frequently than larger, faster-growing entities.

We conclude that as growth patterns, infrastructure needs, and costs change over time, older studies may no longer accurately reflect current conditions. The Legislature may wish to require periodic updates to impact fee studies to help ensure that collected fees remain aligned with the projects they were intended to fund and retain their intended purchasing power over time.

RECOMMENDATION 1.2

The Legislature should consider establishing a regular update cycle for impact fee facility plans and impact fee analyses. These periodic reviews will help ensure that impact fees reflect current conditions, reduce the risk of shifting cost burdens, and provide greater confidence that fee revenues are sufficient to fund planned growth-related infrastructure.

1.3 Increased Transparency Could Better Link Impact Fees to Infrastructure Benefits

Greater transparency could also strengthen the connection between impact fees and the infrastructure they are intended to fund. The Legislature and the Office of the State Auditor (OSA) have taken steps to improve transparency, including statutory changes in 2017 and updated reporting requirements in 2024.[18] Although cities are required to annually report impact fee collections and expenses to OSA, the information has not been fully uniform or useful until OSA strengthened standardized reporting requirements in 2024. More transparency and data visibility could allow developers to better understand how entities plan to use impact fee revenues, potentially reducing conflicts or disagreements over fees.

The Legislature and OSA have taken steps to improve transparency.

OSA Now Has the Data to Improve Transparency

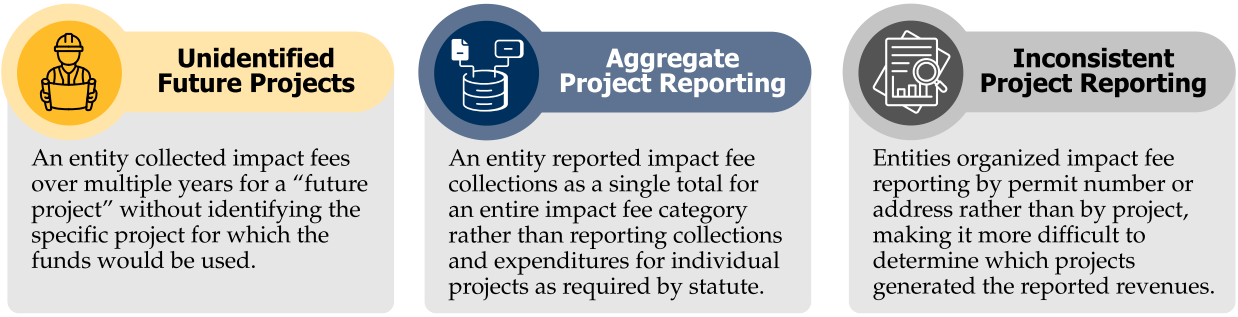
During this audit, several developers expressed concern that government entities have the authority to issue impact fees but were not outwardly transparent in showing how the fees were used. Prior to 2017, the Legislature required entities

[17] ***Utah Code*** 11-36a-301(3).

[18] ***Utah Code*** 11-36a-601.

to track impact fee collections by project. In 2017, the Legislature modified the act to strengthen local government's reporting requirements.[19]

Entities must submit annual reports to OSA within 180 days after the fiscal year ends. Although most entities in our sample have turned in these reports for each fiscal year since 2017, not all reports were in the required format. As a result, there were reporting issues that reduced the clarity and usefulness of project-level information, making it more difficult to determine how impact fee revenues were allocated and spent.

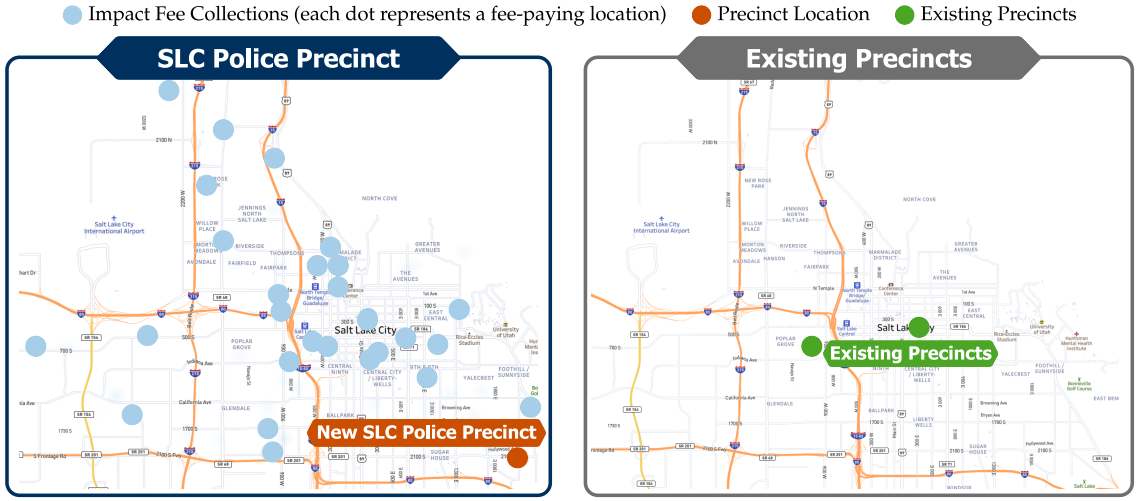


Although project-level reporting requirements took effect prior to 2017, OSA did not take significant steps to implement or monitor compliance until 2024. At that time, OSA distributed a standardized reporting template to local entities, providing clearer guidance on how to meet the statutory requirement. These reports are still not perfect; however, OSA states that it is still working on developing and improving these reports.

After OSA's reporting changes, impact fee data is reliable enough to analyze and show where collected money is to be spent.

[19] ***Utah Code*** 11-36a-601(4)(c).

Figure 1.4 OSA's Data Can Demonstrate the Proximity of Projects to Payers for Improved Government Accountability. Impact fees were collected citywide (SLC police precinct map blue dots) for a new police precinct (orange dot), with two existing precincts already located in the downtown area (existing precincts map green dots).



Source: OLAG generated using local government data reported to the Office of the State Auditor.

Regional Draw	Local Draw
Why would fee-payers across the city help fund a new policy precinct on the east side of the city?	**Should fee-payers bear the cost of a new police precinct that may primarily benefit one area of the city?**
Although the new precinct is located on the east side, police services are not limited to nearby neighborhoods. Officers, specialized units, and emergency response resources can be deployed throughout the city. Because residents citywide may benefit from these services, it may be reasonable for development fees to contribute citywide.	The new precinct may primarily improve response times and police presence for nearby neighborhoods. If most of the direct benefits accrue to residents and development in the surrounding area, a citywide service area may make it more difficult to identify a clear connection between those who pay the fee and those who benefit.

Why This Matters

As shown in Figure 1.4, impact fees for a new police precinct on the east side of the city were collected citywide, even though two existing precincts are located downtown. Whether a citywide service area is appropriate depends not only on the location of the new facility, but also on how the new precinct interacts with the existing network of police facilities including how benefits are distributed across the community. Some may view the precinct as providing citywide benefits through improved overall police capacity, while others may view its benefits as primarily accruing to nearby neighborhoods.

Ultimately, this level of detail and transparency allows for useful discussions between developers and local government about whether these projects will provide the appropriate level of service to new development. Idaho Falls provides a public facing interactive impact fee dashboard, similar to Figure 1.4.[20]

[20] Idaho Falls' dashboard can be found at:
https://experience.arcgis.com/experience/5adcef92c11c4b258b0a36f0f9d50ef2/page/Page

OSA has also recognized the opportunity for increased transparency and states that they have already started building out their reporting capacity, which could eventually include a dashboard. We're encouraged by this and recommend they continue to provide impact fee oversight and transparency. However, the Legislature may wish to clarify OSA's authority to ensure the office's oversight is consistently implemented. This is discussed further in Chapter 2.

Greater visibility could also increase accountability by emphasizing local governments' responsibility to show how fees are being collected and spent.

Greater transparency regarding where fees are collected and spent could open the dialogue about impact fees between residents, developers, and policymakers. This level of visibility would also increase accountability by emphasizing local governments' responsibility to show that impact fees are being appropriately collected and spent.

RECOMMENDATION 1.3

The Office of the State Auditor should continue to improve oversight to ensure annual impact fee reports consistently provide project-level information on collections, expenditures, and planned spending. Improved oversight should increase transparency, strengthen accountability, and provide policymakers and the public with better information about how impact fee revenues are being used.

RECOMMENDATION 1.4

The Office of the State Auditor should improve public access to impact fee information by increasing transparency to help stakeholders better understand how impact fee collections are being used to fund growth-related infrastructure. Improving public access should help stakeholders assess whether impact fees maintain a clear connection between fee collections and the infrastructure they fund.

Online Access to Impact Fee Studies Could Further Improve Transparency and Accountability

Utah Code encourages transparency by requiring impact fee studies (IFFPs and IFAs not included in a general plan) to be posted in public libraries.[21] This

[21] ***Utah Code*** 11-36a-502(1)(c).

requirement is neither convenient for the public, nor followed by local government entities.

We reviewed nine entities to assess the public accessibility of their respective impact fee studies. Only two of the nine entities were compliant with the current statutory requirement to make these documents available in a public library.



Neighboring states have already recognized the need for stronger online transparency requirements. For example:

- Arizona requires impact fee reports and related information to be posted on municipal websites, providing the public with direct access to impact fee information.
- Washington's State Auditor has also identified this as an issue and made recommendations for improved public access.

We believe studies posted online would establish a consistent statewide standard, improve public access to information, and enhance accountability.

RECOMMENDATION 1.5

The Legislature should consider revising statute to require public entities to post the impact fee facilities plan and the impact fee analysis on their website or another public website. Doing so would make these studies more accessible and transparent and could facilitate improved collaboration between government and developers.



CHAPTER 2 SUMMARY

Some Local Government Impact Fee Errors Show That More Training and Support Are Needed

BACKGROUND

This chapter examines the training, legal guidance, and reporting oversight available to support local governments in administering impact fees. It reviews whether existing state-level structures provide sufficient support for fair and compliant impact fee administration and explores policy options the Legislature may wish to consider.

FINDING 2.1
The Impact Fee Model to Support Local Government Should Be Better Optimized

RECOMMENDATION 2.1
The Office of the Property Rights Ombudsman should collaborate with other state and local entities to develop robust impact fee training and resources, then post them publicly to the Utah Land Use Academy website. Doing so should increase local government access, expertise, compliance, and uniformity for improved impact fee practices.

RECOMMENDATION 2.2
The Office of the Property Rights Ombudsman should improve its legal support to local governments and developers by focusing on its internal efficiency and effectiveness. This can be done by exploring tighter project management timelines and the use of artificial intelligence. Doing so should ensure the office provides improved timeliness and support on further requests for legal guidance.

RECOMMENDATION 2.3
The Office of the State Auditor should provide strong oversight of local government reporting and compliance. To do this, the office should continue to monitor reports of all entities required to report impact fee data. Doing so should provide more real-time training and feedback, and ensure practices are adequately uniform and compliant with ***Utah Code.***

RECOMMENDATION 2.4
The Legislature should consider amending ***Utah Code*** to expand and clarify the duties of the Office of the State Auditor. Specifically, the Legislature should consider authorizing the office to oversee the transparent external reporting of fees, exceptions to the six-year spending requirement, local governments' reporting of exceptions to statute, and ensuring better impact fee compliance. These efforts strengthen guidance to and compliance of local government entities.

FINDING 2.2
There Are Other Policies and Friction Points the Legislature Could Consider

RECOMMENDATION 2.5
The Legislature should consider if it wishes to address the policy options in this chapter to further clarify the Impact Fees Act.

CONCLUSION

Most local government entities we reviewed appear to assess impact fees fairly and in compliance with ***Utah Code.*** However, a portion of entities in our sample either expended fees incorrectly or failed to comply with other statutory requirements. Several features of the system could be better optimized through improved training, legal guidance, and reporting oversight.



Chapter 2
Some Local Government Impact Fee Errors Show that More Training and Support Are Needed

Some local government entities we reviewed appear to assess impact fees (fees) fairly and in compliance with ***Utah Code***. However, 56% of entities in our sample either expended fees incorrectly or failed to comply with other statutory requirements.[22] No single reason explains the noncompliance among the diverse cities, counties, and special districts in our sample. Instead, we conclude that several features of the system need to be better optimized. This chapter recommends increasing support through the following existing structures:



When local government doesn't administer fees correctly, it opens itself to costly litigation. For example, recent legal cases in Utah have required governments to pay millions of dollars over mistakes or mismanagement related to these fees. This chapter concludes with policy options the Legislature may wish to explore and consider.

2.1 The Impact Fee Model to Support Local Government Should Be Better Optimized

Some local government entities struggle to comply with statutory fee requirements and good practices. ***Utah Code*** outlines the conditions under which fees may be used, and we encourage local governments to better align their

[22] Our sample reviewed a total of nine cities, counties, and special districts throughout the state. The purpose of this sample was to provide an in-depth review of their practices for areas where impact fee policy might be addressed. This sample differs from the 16 cities listed in Appendix B, which highlights city impact fee amounts.

practices with these requirements. We also believe more deliberate and targeted efforts within existing state-level structures could improve compliance.

Some Local Government Impact Fee Practices Are Noncompliant with Statute and Should Be Improved

Through our review of a sample of city, county, and special district practices, and along with the work done by Office of the Property Rights Ombudsman (OPRO) and the Office of the State Auditor (OSA), we identified areas in which local governments appear to be noncompliant with fee requirements.

Ours and other offices' work found several instances of impact fee noncompliance. Local governments and state entities should improve their practices.

Figure 2.1 There Are Areas Where Local Government Isn't Following Statutory Requirements. OSA, OPRO, and OLAG all found areas of potential concern with impact fees.



Source: Auditor summary of OLAG, OPRO, and OSA observations operating in their respective professional capacities. We identified OPRO examples from several of the office's legal advisory opinions. OSA collaboratively reported some of what they've identified in working with local government entities.

When local government fails to comply with the Impact Fees Act (act), it can lead to costly litigation and financial payouts. Recent examples include:

- One special service district settled a class-action lawsuit for approximately $8.5 million after allegations that its fees lacked proportionality, were improperly reported, and funded projects outside its adopted plans.

- Another district was involved in a lawsuit that lasted 13 years. Developers claimed the district charged fees that were too high, included costs for a project that was never built, and exceeded the reasonable costs of serving new development. The case ended with a settlement, requiring the district to pay nearly $10 million in refunds to fee payers.

When local governments fail to comply with fee requirements, it can lead to costly litigation and financial payouts.

- A city agreed to refund approximately $1 million in fees and revise its fee structure when it appears the developers challenged the city's underlying support for its fees. The case highlights the risks of relying on inadequate or outdated fee studies.

We acknowledge the difficulty local government entities and developers face related to these fees. We also believe that in some cases identified in this report that better resources and support could have helped avoid these pitfalls. Therefore, the remainder of this section identifies how stakeholders within the current system can optimize training, legal guidance, and monitoring for additional support.

Impact Fee Training Efforts Have Been Incomplete and Fragmented

Some entities we spoke with did not know where to seek help with administering fees, including some of those listed in Figure 2.1. As noted, local governments assume greater risk when they make calculation errors or administer fees inequitably. There is no centralized training to help local governments operate under the same assumptions. Instead, the available training is fragmented and incomplete.

Additional training might have prevented some of the noncompliance discussed in Figure 2.1. Confusion about what the law allows can lead to lawsuits and distrust between developers and local governments. In our experience, local governments want to administer fees correctly, and additional training could help them do so.

Since 2018, the Legislature has provided funding to OPRO to train local governments about land use issues. The statute doesn't mention impact fees training requirements, but another statute requires local planning commissions to attend three hours of training each year on a variety of topics, one of which

includes these fees.[23] We weren't able to identify who was providing this training, or whether commissions have been trained. Some of the funding OPRO receives could be used to create consistent impact fee training so all local entities are operating on the same information.

OSA could also offer some aspect of the impact fee training. Statute requires OSA to provide general training on reporting procedures.[24] As we mentioned in Chapter 1, OSA has recently begun the process of ensuring better data surrounding impact fees. OSA could enhance their role in both reporting training and improving impact fee data by offering specific training on how to appropriately track and report impact fee data.

We reviewed the websites of OPRO, OSA, the Utah League of Cities and Towns (ULCT), and the Utah Land Use Academy (ULUA) and found some impact fee training and resources. However, these were inadequate. We found no cohesive training content that included examples of entities assessing fees correctly, common pitfalls or errors to avoid, guidance on fee calculations, or technical guidance on more complex issues.

Many states we reviewed, including surrounding states, don't provide strong state-level training and resources on impact fees. However, we researched information from multiple states and found three states provide examples of best practices. While we don't know how other state resources influence impact fees compliance, we noted that the following best practices:



Washington's Municipal Research and Services Center informs local government by identifying best practices among current cities. It also provides guidance for what infrastructure and facilities the fees can be used and the conditions under which to use waivers (i.e. for affordable housing).



The Texas Municipal League publishes recent statutory updates on fees that impact local governments. It also provides a good overview of when to use fee and the process local government should follow.



As a state entity, the Florida Housing Finance Corporation provides guidance on fees and affordability, highlights other state and city best practices, and references studies for further help.

[23] ***Utah Code*** 10-20-302(6). This requirement is based off city class and population.

[24] ***Utah Code*** 10-6-154(1).

Other state and national resources provide aids for how to structure rates, typical fee ranges by service, tools for designing studies, and alternative budget options.

In summary, local control is an important element of Utah's fee model and improved state-level support is needed. OPRO and ULCT both agreed more resource support and training are needed and committed to collaboratively curating it. We recommend OPRO support increased education, compliance, and uniformity for fees by improving local government training and resources.

RECOMMENDATION 2.1

The Office of the Property Rights Ombudsman should collaborate with other state and local entities to develop robust impact fee training and resources, then post them publicly to the Utah Land Use Academy website. Doing so should increase local government access, expertise, compliance, and uniformity for improved impact fee practices.

OPRO Must Find Ways to Provide Timely Legal Support to Local Governments

OPRO has advised local governments and developers many times during its nearly 30-year history, and we believe their opinions provide invaluable guidance on emerging legal issues. However, OPRO's ability to provide timely legal advice is limited and insufficient.[25] In 2006, the Legislature expanded OPRO's role to provide legal guidance, mediation, and training on various land-use and property-rights issues.[26] However, Figure 2.2 shows that the number of requests for legal support is trending upward between 2015 and 2025.

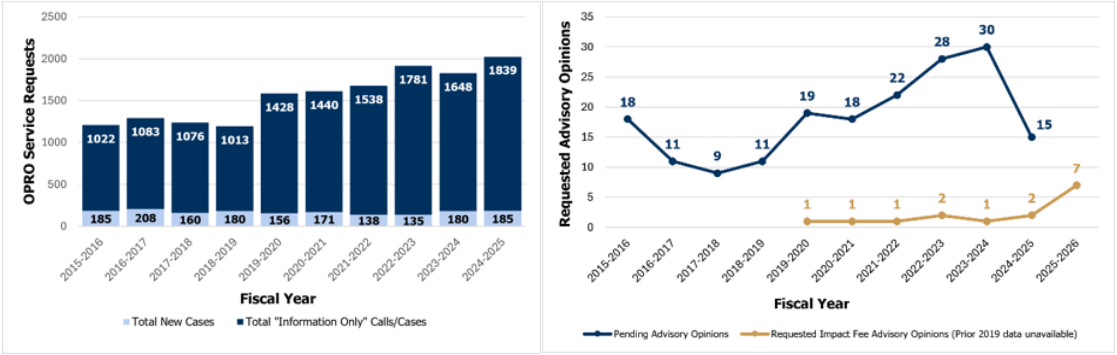
OPRO has provided legal guidance on land use issues for 30 years. Requests for their services have markedly increased, reducing their ability to provide timely support.

Among the impact fee advisory opinions requested since 2019, OPRO's time from request through investigation has increased. We observed cases in which individuals contacted the office because they needed guidance, but the guidance wasn't timely. Others told us they don't contact OPRO because they can't afford to wait.

[25] OPRO has issued 309 opinions from 2006 – 2026, 9% of which relate to impact fees.

[26] OPRO offers a unique governance role—which we couldn't find in any other state—that provides unbiased legal analysis for impact fees at a state-level.

Figure 2.2 OPRO is Experiencing an Uptick in Requests for Legal Support (Left). This includes formal and informal requests, the latter seeing an 80% increase in the last 10 years. Requests for impact fee-related advisory opinions also continues to grow, including for impact fees (right).



Source: Auditor generated with OPRO case data spanning 2015-2025. OPRO provided impact fee advisory data from 2019-2026.

Impact fees issues are not always straightforward and can be difficult to navigate.[27] Although OPRO has maintained a staff of three attorneys since 2007, the number of impact fee requests in its queue increased from one in 2019 to seven in 2025. Despite these challenges, OPRO must find ways to respond more quickly to these requests. OPRO is exploring several options to improve efficiency, including:

OPRO should continue to identify efficiencies and discuss their resources with the Legislature.

- Establishing advisory panels for simpler questions
- Offering informal opinions when cases are less fact-intensive
- Triaging opinions based on characteristics of the individual cases (including case complexity)
- Testing "human-in-the-loop" artificial intelligence and other resources

In conclusion, demand for OPRO's legal opinions is increasing, which has placed pressure on the office's existing capacity. OPRO says the greatest bottleneck is their limited resources. While this may be true, we recommend OPRO first continue to improve its internal efficiencies to provide timely support for local governments, developers, and citizens. Then OPRO can work with the Legislature to determine where additional resources are needed.

[27] OPRO told us there are several elements to consider in responding to any dispute, which include the specific details and complexities of a given case and the speed of both parties to provide information. OPRO also provides informal guidance, including on a variety of other topics and mediation.

RECOMMENDATION 2.2

The Office of the Property Rights Ombudsman should improve its legal support to local governments and developers by focusing on its internal efficiency and effectiveness. This can be done by exploring tighter project management timelines and the use of artificial intelligence. Doing so should ensure the office provides improved timeliness and support on further requests for legal guidance.

The Legislature Could Strengthen OSA's Role to Encourage Reporting Compliance

OSA's primary impact fee role has been to facilitate local government reporting, but its oversight of that reporting has been inconsistent. Reports on OSA's website continue to vary among cities and from year-to-year within the same city. In addition, some of the local government entities we interviewed didn't know where to turn for general questions on impact fees, or specific questions on reporting. Fortunately, OSA has made great efforts during the past couple years to promote uniform reporting among local governments. OSA is well-positioned to provide ongoing feedback and training on these issues and reports that it plans to do so.

While more work is needed, OSA is well-positioned and willing to provide improved oversight for impact fees compliance.

Although OSA appears to have some impact fee oversight, ***Utah Code*** doesn't fully define what that is. For example, ***Utah Code*** provides the following direction regarding OSA's role in overseeing impact fees:

***Utah Code* 11-36a-601(4)(d)**

*"A local political subdivision that collects an impact fee shall…at the end of each fiscal year, prepare a report that…**is in a format developed by the state auditor;** certified by the local political subdivision's chief financial officer; **and transmitted to the state auditor** within 180 days after the day on which the fiscal year ends."*

With new leadership OSA has taken notable steps, interpreting its statutory responsibilities to require better guidance and uniformity for impact fees.[28] We believe there are areas where OSA could provide additional oversight, but it may

[28] In 2024, OSA issued Auditor Alert 2023-02 requiring local government entities to submit their impact fee reports under a new template intended to create more uniformity across the state. OSA also requires the details of these reports to align with what is reported in each entity's audited annual financial statements.

require statutory changes so that expectations aren't left to further interpretation. For example, OSA could:

- **Monitor Six-Year Spending Requirements.** ***Utah Code*** allows local governments to keep impact fee funds for more than six years if they provide a written justification. However, statute does not specify how these justifications should be reported or who should review them.
- **Increase Visibility Through External Reporting.** As discussed in Chapter 1, public reporting on where impact fees are collected and spent could help local governments better demonstrate that their fees are justified.

The Legislature could consider clarifying statute to better establish OSA's oversight role.

Regarding this last issue, OSA expressed support for greater visibility and said this fits with their office's current efforts to publicly display local entity data. We're encouraged with the direction OSA is taking, and their willingness to provide greater oversight and transparency. We recommend OSA continue to fulfill their statutory reporting oversight responsibilities, ensuring local government is compliant in its use and reporting of impact fees.

RECOMMENDATION 2.3

The Office of the State Auditor should provide strong oversight of local government reporting and compliance. To do this, the office should continue to monitor reports of all entities required to report impact fee data. Doing so should provide more real-time training and feedback, and ensure practices are adequately uniform and compliant with ***Utah Code***.

RECOMMENDATION 2.4

The Legislature should consider amending ***Utah Code*** 11-36a to expand and clarify the reporting oversight responsibilities of the Office of the State Auditor. Specifically, the Legislature should consider authorizing the office to oversee the transparent external reporting of fees, exceptions to the six-year spending requirement, local governments' reporting of exceptions to statute, and ensuring better impact fee compliance. These efforts strengthen guidance to and compliance of local government entities.

2.2 There Are Other Policies and Friction Points the Legislature Could Consider

While reviewing impact fee practices and legal conflicts, we identified other concerns that the Legislature may wish to consider. Because stakeholders interpret the act differently and because local entities and individuals raised additional concerns, we present these examples as policy questions.

- ***Does the Legislature Want More Technical Support for Local Governments, Beyond OPRO's Legal Guidance?*** OPRO expressed that while their mandate is to provide legal guidance, they are not engineers and can't provide some requested technical guidance. At least one legal case we reviewed disagreed over the elements of a calculated fee, which were largely technical in nature. Therefore, it wasn't certain if OPRO could have provided the needed guidance. Other states use local advisory councils to bring government and development together. Utah could adopt something similar to provide guidance where needed. The Legislature could also infuse technical expertise (and more uniformity) by requiring consultants performing impact fee studies be periodically trained on Utah's statutory requirements and best practices. There are similar training efforts, such as OSA's training of CPA firms which perform financial statement audits and state-level permit officer training.
- ***Can Prior Fees Be Used on New Projects?*** A Utah district court held that fees collected under a prior study may be spent on projects added in a later-adopted facility plans (IFFPs) if they remain within the same facility type. Court documents show the court deliberated on the legislative intent and the language that was and was not enacted. Therefore, the Legislature could consider this interpretation regarding how funds may be used when the original fee purpose, justification, project, and nexus are altered.
- ***Are Homeowners' Associations (HOAs) Permitted to Assess Impact Fees?*** The director of the newly created Office of the HOA Ombudsman reported that the office is receiving many inquiries whether HOAs are an entity authorized in the act to assess and collect fees. HOAs are not currently mentioned in the act.
- ***Should Impact Fees Allow for Safety Exceptions?*** A local fire district assessed a new trade facility a $160,000 fee for its impact on the district (a similar building in another city paid an $11,300 fire impact fee). The facility was fully equipped with a fire suppression system. While there are reasonable arguments either way, the Legislature may wish to consider whether to incentivize safety or other amenities.

- ***Can Local Governments Use Impact Fee Funds on Staff?*** At least one city told us they are not permitted to use fees on personnel, while another reportedly uses them to fund its full-time staffer managing the fees.
- ***Is Further Guidance Needed on Impact Fee Methodologies and Service Standards?*** We observed some consultants use different methodologies that result in notably different impact fee amounts (often for Parks). Some also expressed a desire for more conversation on minimum and maximum state standards.

There are areas where state-level entities should better optimize their support for local governments that assess impact fees. As discussed in the Introduction, the act provides an important balance between government and developer interests and could continue to operate well under the status quo. However, we present additional policy options identified during this audit for the Legislature to consider.

RECOMMENDATION 2.5

The Legislature should consider if it wishes to address the policy options in this chapter to further clarify the Utah Impact Fees Act.

Impact Fees Costs Vary Significantly from City to City

BACKGROUND

The amount a developer will pay in impact fees depends largely on the city in which they choose to build. This chapter examines how impact fee amounts vary across jurisdictions and whether those fees are associated with housing affordability.

FINDING 3.1
Different Cities' Impact Fees Create a Different Cost Burden to Developers

NO RECOMMENDATION

FINDING 3.2
Data Showed No Statistical Relationship Between Impact Fees and the Final Price of a Home

NO RECOMMENDATION

CONCLUSION

Impact fees can vary substantially between communities, resulting in different costs for similar developments. However, the housing affordability analysis found no statistical relationship between impact fees and the final sale price of a home. The wide variation in fees reflects differing infrastructure needs, growth patterns, and development demands among Utah communities.



Chapter 3
Impact Fees Costs Vary Significantly from City to City

The amount a developer will pay in impact fees (fees) depends largely on the city in which they choose to build. In turn, these fees have no direct statistical link to the ultimate sales price of the home. The costs appear to be absorbed at the developer level before the home is sold. In our sample cities, total impact fees for a 2,000 square foot home range from $11,000 to $36,000.[29] It's difficult to say whether these fees are appropriate because of the varying city growth rate, average home prices, zoning and unit densities, and amount of established infrastructure. While it's difficult to say whether these amounts are reasonable, there are some examples where the different amounts developers pay for very similar buildings have extremely large differences. For example, one private education provider paid $379,000 in impact fees in one city and over $1.5 million in another despite having roughly the same square footage.

3.1 Different Cities' Impact Fees Create a Different Cost Burden to Developers

Much of the variation between the amount of impact fees charged is dependent on which cities the development is built in. Our analysis of 16 cities found that the percentage of impact fees on average single-family home's final sale price differs across cities. In one city, it's as low as 0.8%, while in others it's above 5% of a home's final sale price. There is very little criteria indicating how much is a reasonable amount of fees to charge, because of the variation in how well established a city is. Looking at individual examples of different buildings built in different cities shows extremely different charges, but we saw no evidence that any of the cities broke state statute or local code.

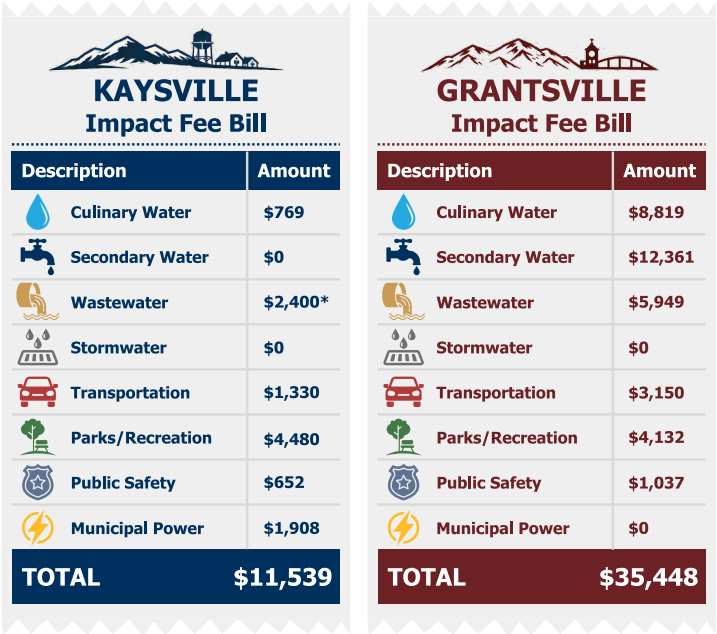
Total Impact Fees and Fees By Service-Type Vary Considerably

No two cities share the same infrastructure needs, growth patterns, project costs, or impact fee amounts. Utah's Impact Fees Act (act) requires local governments to justify impact fees through impact fee analyses that estimate the costs of

[29] Appendix B provides a detailed comparison of impact fees for all 16 sampled cities in our review. This sample of city impact fee amounts differs from the sample of nine city, county, and special districts mentioned in Chapter 2. The purpose of that sample was to provide an in-depth look of impact fee practices, beyond a review of city impact fee amounts.

serving new growth.[30] Assessing the accuracy of individual impact fee studies and calculations was outside the scope of this audit. However, our review found that these fees can differ substantially from one city to another. For example, Figure 3.1 illustrates how different each of these fees can look to developers. While it's worth noting these wide fee differences, we acknowledge that impact fees will naturally differ based on the city's age, growth's location and demands, and the specific infrastructure needs of the city.

Figure 3.1 Impact Fees Vary Widely from City-to-City. This figure compares Kaysville's impact fees (the lowest in our sample) with Grantsville's fees (the highest) to illustrate impact fee variations across different jurisdictions.



KAYSVILLE
Impact Fee Bill

Description	Amount
Culinary Water	$769
Secondary Water	$0
Wastewater	$2,400*
Stormwater	$0
Transportation	$1,330
Parks/Recreation	$4,480
Public Safety	$652
Municipal Power	$1,908
TOTAL	$11,539

GRANTSVILLE
Impact Fee Bill

Description	Amount
Culinary Water	$8,819
Secondary Water	$12,361
Wastewater	$5,949
Stormwater	$0
Transportation	$3,150
Parks/Recreation	$4,132
Public Safety	$1,037
Municipal Power	$0
TOTAL	$35,448

*Source: OLAG generated using local government impact fee data. *Indicates Special Service District*

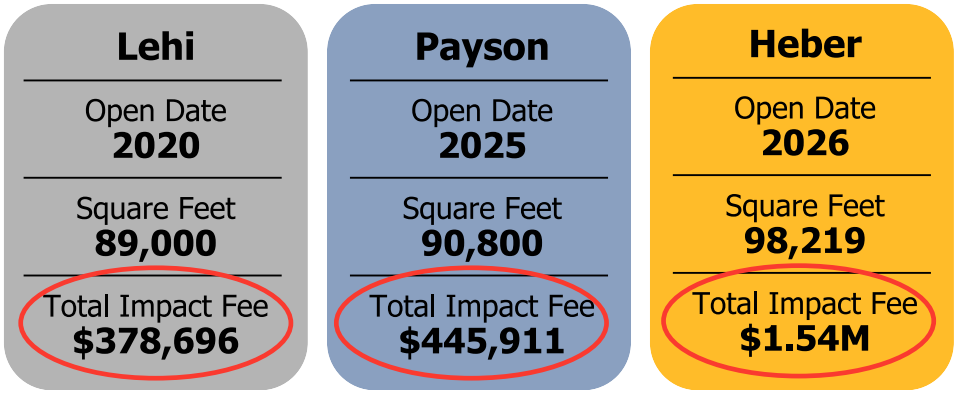
It's unclear how these differences in total fees affect developer's activities and choices and we heard several concerns that these fees are exorbitant. Though there isn't an objective standard defining what constitutes a reasonable or exorbitant impact fee, we can provide information about the variety of fees charged both on average and in specific examples, numbers by service area, and some national averages.[31]

Fees Differed by About $1.2 Million For Similar Facilities Among Three Cities. While this report addresses impact fees on residential units, some recent commercial development provides a clear example of how much impact fees can

[30] ***Utah Code*** 11-36a-302.

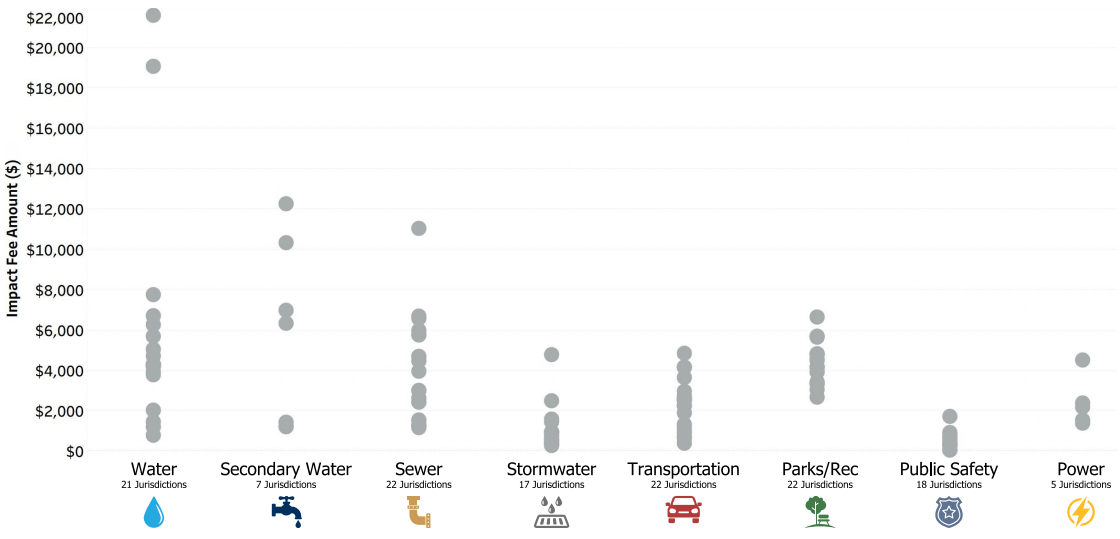
[31] Basic impact fee principles listed in the Introduction should continue to guide behavior and reduce the likelihood that fees are unjustified or exorbitant.

differ from city-to-city. An educational provider recently built three similarly sized facilities in three different Utah cities. The impact fees that local governments assessed this organization vary significantly. Fee totals ranged from approximately $379,000 to over $1.5 million per facility (one local fire district alone assessed a $160,000 fire impact fee of the $1.5 million).



Fees in Each Potential Service Area Vary Greatly from City to City. This may be explained by the unique needs and types of development (for example, greenfield vs. infill development), but it's worth noting these variations.

Figure 3.2 Impact Fee Amounts Vary Considerably by Service Type and City. Water and wastewater facilities generally have the highest fees with the greatest variation, while public safety and stormwater fees tend to be lower and more consistent.



Source: OLAG generated using local government impact fee data. Jurisdiction count reflects the number of cities, service areas, and special service districts that have different impact fee amounts.
**Some cities offer rebates for water and secondary water impact fees; however, these rebates were not applied to this analysis since they are project specific.*

Each of the dots represents a local government body that charges the specific fee. Water related fees show the broadest range.

In 2024, the National Home Builders Association (NHBA) Estimated the Average Impact Fee to Be $16,394. Half of the local entities in our sample in 2024 (11 of 22) exceeded the NHBA average. Logistical, statutory, and demographic differences between cities and states could explain this gap. Utah has been one of the fastest growing states in the nation, which naturally means greater need for growing infrastructure.

Other Market Conditions Are the Primary Drivers of Housing Affordability. Recent studies we reviewed for this analysis, including from the Kem C. Gardner Policy Institute, show other factors that influence Utah's housing affordability. These influences include infrastructure constraints, limited developable land, population growth, and rising interest rates.[32, 33] Local planning commissions that we attended further showcased the difficult balance between efforts to support development growth and the impacts that growth has on cities and their resources.

3.2 Data Showed No Statistical Relationship Between Impact Fees and the Final Price of a Home

The study we commissioned found no statistically significant relationship between the amount of impact fees charged in our sampled cities and the ultimate price of a Utah home. Housing affordability has been a priority of the Legislature, and the influence of impact fees on affordability has been an outstanding question. To determine if the cost of impact fees increases the final price of a home, our office worked with the Kem C. Gardner Policy Institute (KCG) to review the sales data for nearly 10,000 units in a sample of 16 cities.

KCG used several different models to determine if impact fees were associated with housing prices. Among other factors, the study accounted for building type, net price, zip code, and impact fees amount, and concluded the following:[34]

[32] Kem C. Gardner, *State of State's Housing Market:* 2025-2026 (2026).

[33] Unified Economic Opportunity Commission, *Housing Capacity, Infrastructure, and Market Analysis* (2024).

[34] See Appendix C for the study methodology and conclusions.

Impact Fees Study Conclusion

"Using a robust statistical analysis, the relationship between impact fees and new-home sale prices is statistically indistinguishable from zero. While the results did show that for each $1 of fee is associated with about $0.39 of sale price, the effect is too small to matter for affordability and not statistically significant."

Therefore, with the data available, the analysis found no relationship between impact fees and the final sale price. As mentioned previously, other market conditions drive Utah's housing affordability.

It's difficult to make further conclusions from the data we've reviewed. However, this report provides policy options and information the Legislature can consider to further balance costs, strengthen accountability, and provide support for local governments that choose to assess impact fees.

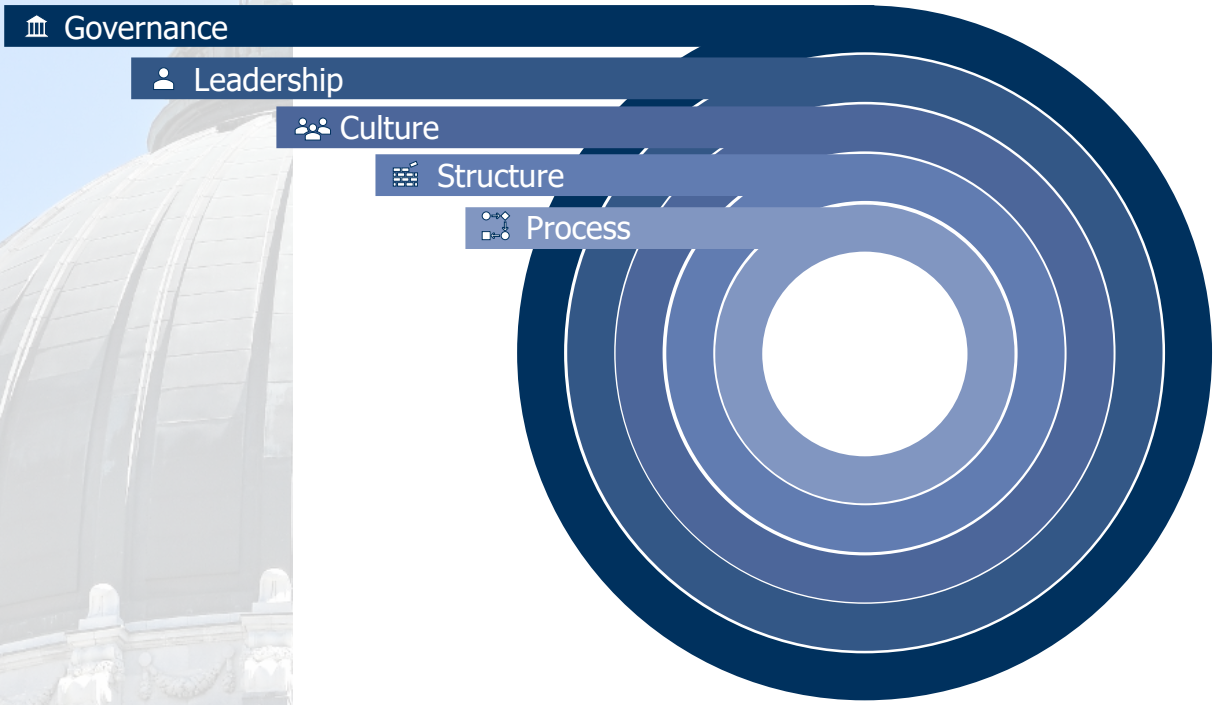




Complete List of Audit Recommendations

THE FIVE LAYERS OF CAUSE

We developed the Five Layers of Cause Framework to assist leaders in identifying the causes of organizational success and failure. To truly improve as an organization, leaders must understand the causes of major risks. Only when leaders understand these causes and their roots can they make meaningful improvements. Root causes are deeper and more fundamental.



The five layers of cause are defined below. They are ranked from most impactful in organizational change to least. The next page identifies the layer of cause in each recommendation.

GOVERNANCE

The laws and rules that establish the organization's mission, accountability, and funding. Governance empowers the organization with the leadership and resources needed to achieve meaningful results.

LEADERSHIP

The competency and character of the leaders of the organization. Leadership is the decisive force that transforms vision into action and effort into results.

CULTURE

The collective beliefs, values, and behaviors of the organization. An organization's culture can determine employee engagement and morale, willingness to innovate, and quality of product.

STRUCTURE

The policies and standards that guide an organization's work. Structures direct the flow of work and establish what is and is not acceptable.

PROCESS

The steps taken to accomplish a task. Processes are the logistics—the capital, workflows, timing, and practices—that move work along.

Complete List of Audit Recommendations

This report made the following ten recommendations. The numbering convention assigned to each recommendation consists of its chapter followed by a period and recommendation number within that chapter.

Recommendation 1.1 (Governance)

The Legislature should consider a menu of options while considering the governance, accountability, and effectiveness of service areas as they relate to impact fees. Doing so will address concerns about the nexus between development and the facilities it funds, equity in how costs are allocated across communities, and administrative complexity and implementation costs.

Recommendation 1.2 (Structure)

The Legislature should consider establishing a regular update cycle for impact fee facility plans and impact fee analyses. These periodic reviews will help ensure that impact fees reflect current conditions, reduce the risk of shifting cost burdens, and provide greater confidence that fee revenues are sufficient to fund planned growth-related infrastructure.

Recommendation 1.3 (Structure)

The Office of the State Auditor should continue to improve oversight to ensure annual impact fee reports consistently provide project-level information on collections, expenditures, and planned spending. Improved oversight should increase transparency, strengthen accountability, and provide policymakers and the public with better information about how impact fee revenues are being used.

Recommendation 1.4 (Process)

The Office of the State Auditor should improve public access to impact fee information by increasing transparency to help stakeholders better understand how impact fee collections are being used to fund growth-related infrastructure. Improving public access should help stakeholders assess whether impact fees maintain a clear connection between fee collections and the infrastructure they fund.

Recommendation 1.5 (Structure)

The Legislature should consider revising statute to require public entities to post the impact fee facilities plan and the impact fee analysis on their website or another public website. Doing so would make these studies more accessible and transparent and could facilitate improved collaboration between government and developers.

Recommendation 2.1 (Culture)

The Office of the Property Rights Ombudsman should collaborate with other state and local entities to develop robust impact fee training and resources, then post them publicly to the Utah Land Use Academy website. Doing so should increase local government access, expertise, compliance, and uniformity for improved impact fee practices.

Recommendation 2.2 (Leadership)

The Office of the Property Rights Ombudsman should improve its legal support to local governments and developers by focusing on its internal efficiency and effectiveness. This can be done by exploring tighter project management timelines and the use of artificial intelligence. Doing so should ensure the office provides improved timeliness and support on further requests for legal guidance.

Recommendation 2.3 (Leadership)

The Office of the State Auditor should provide strong oversight of local government reporting and compliance. To do this, the office should continue to monitor reports of all entities required to report impact fee data. Doing so should provide more real-time training and feedback, and ensure practices are adequately uniform and compliant with ***Utah Code***.

Recommendation 2.4 (Governance)

The Legislature should consider amending ***Utah Code*** 11-36a to expand and clarify the reporting oversight responsibilities of the Office of the State Auditor. Specifically, the Legislature should consider authorizing the office to oversee the transparent external reporting of fees, exceptions to the six-year spending requirement, local governments' reporting of exceptions to statute, and ensuring better impact fee compliance. These efforts strengthen guidance to and compliance of local government entities.

Recommendation 2.5 (Governance)

The Legislature should consider if it wishes to address the policy options in this chapter to further clarify the Utah Impact Fees Act.



Appendices



A. Historical Changes to the Impact Fee Act



Summary of Legislative Statutes Regarding Impact Fees

1995 (SB1004)
Impact Fees Act Enacted
Established authority for local governments to impose impact fees and set requirements governing fee calculation, collection, expenditure, and refunds.

2002 (HB184)
Private Water Entities Authorized to Impose Impact Fees
Allowed certain private water companies to impose limited impact fees subject to the Impact Fees Act's requirements.

2006 (SB268)
Property Rights Ombudsman Act Enacted
Authorized the Office of the Property Rights Ombudsman within the Department of Commerce to provide independent dispute resolution, advisory opinions, and expertise on property rights, land use, and eminent domain matters.

2009 (HB274)
Impact Fee Planning and Analysis Requirements Revised
Expanded requirements for capital facilities plans and impact fee analyses, revised impact fee appeal procedures, and clarified eligible expenditures and fee exemptions.

2011 (SB146)
Impact Fees Act Recodification
Reorganized the Impact Fees Act into Chapter 36a of Title 11 and adjusted provisions governing impact fee planning, enactment, expenditure, notice, and appeal.

2013 (HB224)
Impact Fee Administration Requirements Revised
Required local governments to define and justify levels of service, expanded impact fee planning and analysis requirements, and revised appeal procedures.

2013 (HB200)
Technical Amendment
Made technical corrections and clarified statutory language without significant policy changes.

2014 (HB419)
Charter School Amendments
Updated the Impact Fees Act and related land-use-statute provisions to reflect changes in charter school governance and the use of charter school authorizers.

2017 (HB232)
Technical Amendment
Made technical corrections and clarified statutory language without significant policy changes.

2018 (HB142)
Public Facilities Definition Revised
Modified statutory definitions to determine which facilities may be funded through impact fees.

2018 (HB250)
Expanded Challenge Procedures
Expanded impact fee challenge provisions and amended Property Rights Ombudsman funding and statutory responsibilities.

2018 (SB12)
Technical Amendment
Updated charter school and public education references as part of the public education code recodification.

2021 (HB27)
Technical Recodification
Revised impact fee notice references and procedures to conform with changes to Utah's public notice statutes.

2021 (HB63)
Calculation and Overhead Revisions
Updated impact fee calculation requirements, including provisions related to overhead costs.

2021 (SB182)
Conforming Amendments Adopted
Updated statutory references governing impact fee public notices on the Utah Public Notice Website.

2022 (HB438)
Additional Entity Authoritized to Impose Impact Fees
Extended Impact Fees Act provisions to the Point of the Mountain State Land Authority.

2023 (HB77)
Technical Amendment
Replaced references to local districts with special districts and updated provisions to ensure the Impact Fees Act remains consistent with special districts.

2023 (SB43)
Public Notice Requirements Updated
Expanded public notice requirements by requiring notices for proposed impact fees plans, analyses, and enactments to be posted on government websites, when available.

2025 (SB1008)
Technical Amendment
Updated statutory references associated with Municipal Land Use, Development, and Management Act recodification.

B. Sampled City Impact Fees



The data in this appendix shows a side-by-side comparison of city impact fees by service-type for residential units. We collected impact fee facility plans (IFFPs) and impact fee analyses (IFAs) from each city (including any special districts serving its residents) in our sample.[35,36] These cities were selected based on their higher-than-average growth, location, and type of development.[37] City names are replaced with City A, City B, City C, etc. with any related service areas or districts labeled City A.1, City A.2, City A.3, etc.

City	Culinary Water	Municipal Power	Parks	Public Safety	Secondary Water	Stormwater	Transportation	Wastewater	Impact Fee Total
City A.1	$6,644*		$6,727	$263	$9,530*	$4,769*	$3,623	$7,208*	**$38,764**
City B	$8,819		$4,132	$1,037	$12,361		$3,150	$5,949	**$35,448**
City C	$21,816*	$3,035	$4,800	$416		$949	$2,941	$1,135	**$35,092**
City D	$4,602		$3,918	$306	$14,382		$704	$11,016*	**$34,928**
City E	$19,262*	$4,809	$4,525	$415		$781	$2,188	$1,516	**$33,496**
City A.2	$4,199		$6,727	$263	$1,177		$5,640	$5,732*	**$23,738**
City F	$7,622	$1,750	$3,105	$648		$1,709	$1,293	$4,450	**$20,577**
City G.1	$4,283		$3,690	$42		$2,470	$4,853	$4,665	**$20,003**
City G.2	$4,283		$3,690	$42		$282	$4,853	$6,553*	**$19,703**
City H	$2,019		$5,627	$467	$8,339	$517	$1,016	$1,490	**$19,475**
City I	$4,263		$6,616	$1,688		$1,710	$2,404	$2,400*	**$19,081**
City J	$1,426		$4,234	$355	$6,306	$614	$2,653	$3,270*	**$18,860**
City G.3	$4,283		$3,690	$42		$566	$4,853	$4,665	**$18,099**
City K	$5,577		$5,173	$230		$1,963	$429	$4,300	**$17,672**
City L.1	$6,256*		$5,260			$917	$2,814	$1,250*	**$16,497**
City M	$1,194	$2,554	$2,773	$296	$1,402	$348	$1,163	$6,665*	**$16,396**
City N	$5,274		$3,551	$750		$522	$2,707	$3,270*	**$16,075**
City L.2	$5,030*		$5,260			$917	$2,814	$1,250*	**$15,271**
City L.3	$3,898*		$5,260			$917	$2,814	$1,250*	**$14,139**
City O	$3,773*		$4,936	$1,038			$775	$2,604*	**$13,126**
City P	$769	$1,908	$4,480	$652			$1,330	$2,400*	**$11,539**
City L.4			$5,260			$917	$2,814	$1,250*	**$10,241**

Source: OLAG generated using local government impact fee data. Fee amounts are based on a 2,000 square foot single family home and are rounded to the nearest dollar.
**Indicates Special Districts or Special Service Districts.*

[35] This sample of city impact fee amounts differs from the sample of nine city, county, and special districts mentioned in Chapter 2. The purpose of that sample was to provide an anonymous in-depth look of impact fee practices, beyond a review of public city impact fee amounts.

[36] For this sample, cities generally provided impact fee data from 2023 to 2025. OLAG independently gathered all 2026 impact fee data in this Appendix from the most recent, publicly available impact fee studies or schedules. This comparison does not include commercial impact fees.

[37] One of the largest cities in the state was also selected as a part of this sample; however, they indicated that they do not charge impact fees.



C. Impact Fees and Affordability Study



Technical Memo

Kem C. Gardner POLICY INSTITUTE
THE UNIVERSITY OF UTAH
DAVID ECCLES SCHOOL OF BUSINESS

To: Kade Minchey, Legislative Auditor General,
The Office of the Legislative Auditor General

From: Dejan Eskic, Senior Research Fellow,
The Kem C. Gardner Policy Institute

Date: 9/18/2026

Subject: Development Impact Fees and Housing Prices

The purpose of this analysis was to provide insights into the relationship between development impact fees (DIFs) and housing prices in Utah. To complete this analysis, the Office of the Legislative Auditor General (OLAG), with assistance from the Kem C. Garnder Policy Institute developed building size typologies of hypothetical home sizes consisting of single-family detached, and townhomes. These various building types and home sizes were sent to sample cities to collect DIF data from use consistently across 16 different Utah cities. They key findings are as follows:

- Development Impact Fees, on average, account for 2.7% of a single-family home's price and 3.0% of a townhome's prices.

- Using a robust statistical analysis, the relationship between impact fees and new-home sale prices is statistically indistinguishable from zero. While the results did show that for each $1 of fee is associated with about $0.39 of sale price, the effect is too small to matter for affordability and not statistically significant.

- The analysis does not find that impact fees raise new-home prices. It is also not precise enough to rule out modest pass-through in either direction since fee changes from 2023 to 2026 were only concentrated in a few cities.

- Of the sample fees collected by OLAG, fees increase about 15% in three years, in steps. The median single-family fee went from $16,575 in 2023 to $19,081 in 2026 (nominal).

- Water drives the high end. The five highest fee areas all exceed $33,000, and water-related fees (culinary, secondary) make up 42% to 67% of their totals.

- Most schedules ignore home size. Twelve of the 22 fee areas charge a 1,500 sf home the same as a 3,000 sf home, so the smaller home pays twice as much per square foot.

Cost of Constructing a Home in Utah

To understand the role of impact fees, it was important to understand the overall construction categories for both single-family and townhomes. For many years, the National Association of Homebuilders (NAHB) has employed a Cost of Constructing a Home survey to understand how different elements such as, land, building fees, financing, building materials, labor, sales commission, overhead, and gross profit are allocated in relation to a price of a new home. Using the 2024 NAHB survey as a template, the cost shares for each category were adjusted for Utah by surveying four homebuilders. The surveys were collected for a 2,500 sq. ft. single-family detached and 1,800 sq. ft. townhome. Builders were asked to weigh in on the range of category costs their shares as reflected in the final sales price. Builders were not necessarily asked to provide their company's exact costs and allocations.

As presented in table 1, DIFs (row C) on average account for 2.7% of a single-family home's price and 3.0% of a townhome's prices. Land and land improvements (row A and B) account for 24% of a single-family home's sales price and 20% of a townhomes price. The largest share of the cost is born by building materials and construction labor (row E and F), together they account for roughly half the price of both home types. Overhead expenses (row J), account for approximately 6.4% for both home types and gross profit (row K) represents approximately 7.8% of the sales price.

Table 1: Cost of Constructing a Home, 2026, Utah

Category	Single-Family Home Size Share%	Single-Family 2,500 Sq. Ft. $/Unit	Townhome Home Size Share%	Townhome 1800 $/Unit
A-Land	12.4%	$ 93,610	9.6%	$ 45,484
B-Land improvements (grading and pre-construction)	11.7%	$ 88,185	10.5%	$ 49,845
C-Fees (permits, impact fees, etc.)	2.7%	$ 20,601	3.0%	$ 14,200
D-Financing	4.0%	$ 30,112	3.6%	$ 16,878
E-Building Materials	29.1%	$ 219,981	31.0%	$ 147,237
F-Construction Labor	19.2%	$ 145,062	20.6%	$ 97,791
G-Indirect Construction Costs (superintendent salaries, other labor, field offices)	2.8%	$ 20,813	3.2%	$ 15,135
H-Marketing/Advertising	0.6%	$ 4,373	0.8%	$ 3,826
I-Sales commissions	3.4%	$ 26,032	3.8%	$ 17,900
J-Overhead expenses (salaries, office, etc.)	6.4%	$ 48,165	6.4%	$ 30,433
K-Gross Profit	7.8%	$ 58,875	7.7%	$ 36,624
Total Sales Price		**$ 755,810**		**$ 475,353**

Source: Kem C. Gardner Policy Institute with inputs from CW Urban, Destination Homes, Ivory Homes, and HomeOwnerhsip4U Homebuilders.

While the data from table 1 is insightful, it does not clearly answer the pass-through rate of a DIF. In other words, for every $1 of DIF, prices increase by $X. An assumption can be made that the pass-through rate is simply the sum of overhead and gross profit. This approach provides a pass-through rate of 1.16 for both single-family and townhomes. The pass-through rate for each category cannot be derived from table 1 data alone. Without obtaining detailed, by each home, construction costs schedules and raw land costs (prior to horizontal construction of parcels), only assumptions can be made on the pass-through rate of each category.

To provide further granularity regarding the effect DIF have on prices, recorded sales were collected from UtahRealEstate.com for new homes built from 2023 to June 2026 for the 16 cities. The impact fee data OLAG collected were then assigned based on city, fee area, home type, and square footage and year built. Further analysis of the sample fees collected by OLAG are presented in Appendix A.

Statistical Analysis of Development Impact Fees and Housing Prices

Across three years (2023 to 2026) of Utah new-construction sales in sixteen municipalities, the relationship between impact fees and new-home sale prices is statistically indistinguishable from zero. While the results did show that for each $1 of fee is associated with about $0.39 of sale price, the effect is too small to matter for affordability and not statistically significant under any of the three inference methods. The analysis does not find that impact fees raise new-home prices. It is also not precise enough to rule out modest pass-through in either direction since fee changes from 2023 to 2026 were only concentrated in a few cities.

Additional interpretation is the difference in how DIFs are assigned versus what drives the cost of a home. DIFs are mostly assigned by unit count and home type and charged in flat dollars per unit, with modest steps by size (see Table 2). Prices are not flat. The result is a cost that falls hardest on the least expensive homes. However, construction costs are driven by the actual square footage of a home.

Table 2: Impact Fee to Price Comparison by Home Size

Home size	Median price	Median fee	Fee as share of price
Under 1,500 sq ft	$384,990	$14,434	3.6%
1,500–1,999	$437,620	$14,829	3.4%
2,000–2,499	$464,500	$14,110	2.8%
2,500–2,999	$544,900	$18,099	3.3%
3,000–3,999	$645,000	$18,099	2.8%
4,000 or more	$954,950	$17,329	1.8%

Source: Kem C. Gardner Policy Institute analysis of UtahRealEstate.com and Impact Fee Survey data collected by OLAG.

The data for this analysis started with 10,739 closed MLS sales of new homes in sixteen Utah municipalities, built between 2023 and mid-2026 and sold in the year of construction or the year after. After trimming the top and bottom one percent of prices and removing records with implausible structural values, 9,933 sales remained. The models use the 9,674 of those that have a valid Census block group and at least one comparable sale in each comparison group.

Each home carries the actual impact fee its city charged for that service area, product type, and home-size tier in its construction year. Fees range from $4,305 in Salt Lake City to $47,521 in Park City. The fee assignment is internally consistent: every fee cell maps to a single fee, and the fee year matches the construction year on all 10,739 records. Kaysville, Riverton and St. George did not change any fee schedule during the period, so they contribute comparison cases rather than fee changes.

Impact fees are not assigned at random, so a simple comparison of high-fee and low-fee cities would mostly measure the difference between those places. The model avoids that by comparing homes that face the same fee schedule and differ only in the year they were built, which is the year that determines the fee they paid. In effect, the estimate answers a narrow question: when a city raised the fee on a particular type and size of home from one year to the next, did the price of those homes rise?

To make that comparison fair, the model holds four things constant. The table describes each one in plain terms.

What is held constant	In plain terms	What it rules out
Fee schedule (the fee path)	Cities set fees by service area, housing type, and home size. A fee path is one of those categories, such as single-family homes of a given size tier in one service area.	Comparing a townhome with a single-family home that pays a different fee by design. The estimate comes from changes to the same schedule over time.
Neighborhood (Census block group)	A block group is a small neighborhood, typically 600 to 3,000 people.	Mistaking location value for a fee effect. Schools, commute, views, and land prices stay constant within a block group.
Construction year	The year the home was built, which also sets the fee schedule it faced.	Anything shared by all homes built in the same year, such as construction cost inflation, interest rates, and supply conditions.
Sale year	The year the home sold.	Market-wide price swings, so a 2023 sale is not compared with a 2026 sale as if the market were unchanged.
Home characteristics	Square footage and lot size and their bedrooms, bathrooms, garage spaces, stories, and pool, allowed to matter differently for single-family homes, townhomes, and condominiums.	Larger or better-equipped homes costing more for reasons unrelated to fees. This is a constant-quality comparison.

The model compares within 78 fee schedules, 158 neighborhoods, 4 construction years, and 4 sale years.

The analysis does not observe the homebuilder, the subdivision, the floor plan or finish grade. These would be the most important variables to obtain to improve on this analysis. However, that would involve obtaining this data, in detail, from all homebuilders. Additionally, to further isolate detail construction category pass-through rates, lot purchase prices for each home is needed. Builders can purchase raw, undeveloped land years before any construction begins and often their profit margins are heavily influenced by raw land prices. Simply put, having leeway in the land prices allows builders to absorb any price escalation experienced elsewhere in the construction process.

The analysis ran seven different ways. The first version compares homes only on their physical features. Each of the next three adds one more layer of like-with-like comparison: the neighborhood, then the timing of construction and sale, and then the fee schedule itself. The last four keep that structure and change how local housing markets are handled, ending with the stricter setup used in earlier drafts of this memo. Every version uses the same 9,674 sales and asks the same question: when the impact fee is higher, is the sale price higher?

The simple interpretation of all seven model version is presented in table 3 and table 4 is intended for a more technical audience. None of the seven versions can tell the fee's effect apart from zero. That holds whether the comparison is loose or strict, and whether market conditions are handled by year, by quarter, by county, or by city. The best way to interpret table 3 results is as follows:

- **Price change per $1 of fee:** how much more buyers paid for each additional dollar of impact fee. A value of $1.00 would mean the entire fee showed up in the price, and $0 would mean none of it did.
- **Likely range:** the span within which the true answer most likely falls with a 95% confidence.
- **Could the effect be zero?** This asks whether chance alone could explain the result. When the likely range includes zero, the answer is yes, and the estimate cannot be told apart from no effect at all.

Table 3: The DIFs Results by Fixed Effects, Simple Version

Version	What it compares	Price change per $1 of fee	Likely range	Could the effect be zero?
1. Home features only	Homes of similar size, lot, bedrooms, bathrooms, garage, stories, and pool	+$2.40	−$8.82 to +$13.63	Yes
2. Add neighborhood	Also compares homes within the same small neighborhood	+$1.11	−$3.88 to +$6.10	Yes
3. Add timing	Also accounts for the year each home was built and the year it sold	−$1.01	−$4.88 to +$2.87	Yes
4. Add fee schedule (preferred)	**Also compares only homes on the same fee schedule**	**+$0.39**	**−$4.49 to +$5.27**	**Yes**
5. Quarter instead of year	Same as version 4, using the quarter of sale instead of the year	+$0.42	−$4.41 to +$5.26	Yes
6. Add county trends	Lets each county's housing market rise or fall on its own	+$0.63	−$5.55 to +$6.82	Yes
7. Add city trends	Lets each city's housing market rise or fall on its own	+$1.28	−$9.98 to +$12.54	Yes

The numbers move around, and that is expected. The estimate ranges from −$1.01 to +$3.42 across the seven versions. Each version compares a slightly different set of homes, and when an effect is small and the data contain a limited number of fee changes, estimates bounce from one setup to the next. What matters is that every range overlaps the others and every range includes zero. No version points to a clearly positive or clearly negative effect.

Why version 4 is the preferred comparison? It holds constant the three things most likely to be mistaken for a fee effect: the home itself, its neighborhood, and the market conditions when it was built and sold. It then compares only homes on the same fee schedule, so the estimate comes from cities changing a fee over time, not from the built-in difference between a townhome's fee and a single-family home. Additionally, it does all of that while keeping enough fee changes in the data to measure something.

Versions 6 and 7 addresses the assumption if specific cities that were raising fees were also the cities where prices were increasing or decreasing, which could then masquerade that price swing as a fee effect. Versions 6 and 7 let each county's or each city's market follow its own path. The estimate stays small (+$0.63 and +$1.28 per $1), and the ranges widen because less variation is left to work with, but the conclusion does not change.

Table 4: Sensitivity of the impact-fee coefficient to fixed effects

	(1) *Homes only*	(2) *+ location*	(3) *+ timing*	(4) ***Preferred***	(5) *Sale quarter*	(6) *+ county trend*	(7) *+ city trend*
Price change per $1 of fee	+2.40	+1.11	−1.01	**+0.39**	+0.42	+0.63	+1.28
p-value (small-sample)	0.62	0.52	0.52	0.80	0.78	0.76	0.70
Home characteristics	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Neighborhood (block group)	No	Yes	Yes	Yes	Yes	Yes	Yes
Construction year	No	No	Yes	Yes	Yes	Yes	Yes
Sale year	No	No	Yes	Yes	—	—	—
Sale quarter	No	No	No	No	Yes	No	No
Fee schedule (fee path)	No	No	No	Yes	Yes	Yes	Yes
County market trend	No	No	No	No	No	Yes	No
City market trend	No	No	No	No	No	No	Yes
City-ZIP quarterly market	No	No	No	No	No	No	No
Sales	9,674	9,674	9,674	9,674	9,674	9,674	9,674
Cities	16	16	16	16	16	16	16

Note: *p*-values less than 0.05 indicate statistical significance.

Appendix A
Summary of Impact Fee Data Collected by OLAG

The analysis uses the adopted impact fee schedules of 16 cities for 2023 through 2026, in nominal dollars per dwelling unit. Thirteen cities have one citywide schedule. Eagle Mountain (3), West Haven (4) and Heber City (2) have multiple fee areas, which gives 22 fee areas in total.

Each schedule is priced for six prototype homes: single-family at 1,500, 2,000 and 3,000 sf, and townhomes at 750, 1,000 and 1,500 sf. Nine fee types are tracked.

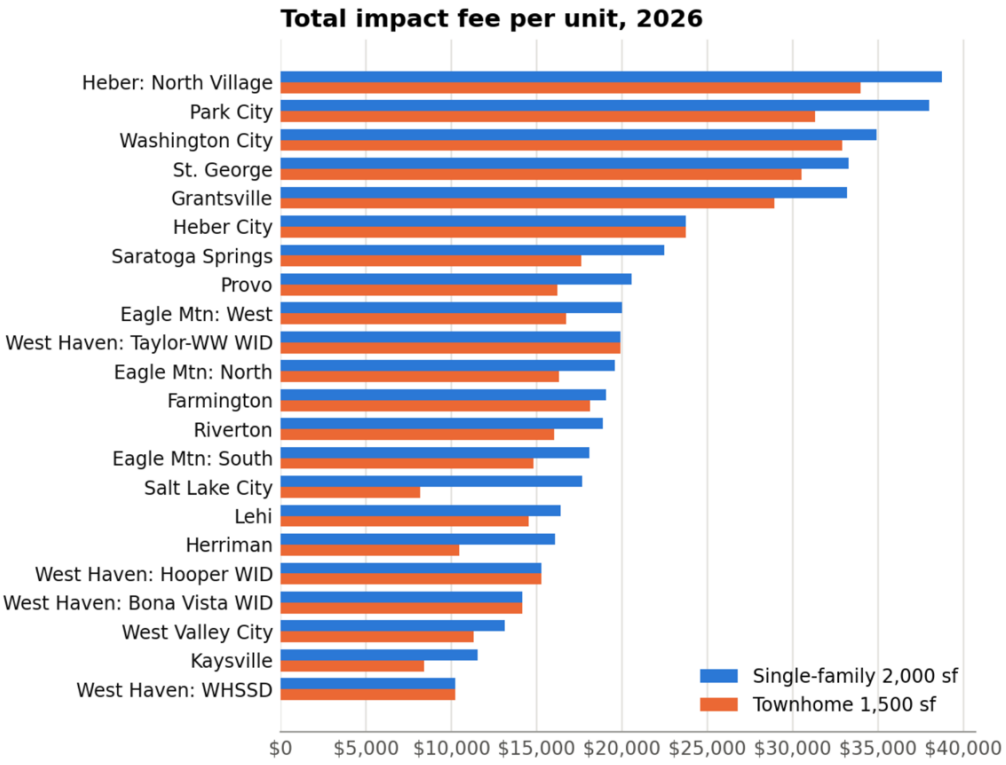
Impact fees on a new 2,000 sf single-family home range from $10,231 to $38,764 across 22 fee areas in 16 Utah cities, a 3.8x spread. The median is $19,323. For a 1,500 sf townhome the range is $8,142 to $33,999, with a median of $16,246.

- **Water drives the high end.** The five highest fee areas all exceed $33,000, and water-related fees (culinary, secondary) make up 42% to 67% of their totals. The median fee area is at 32%.
- **Fees rose about 15% in three years, in steps.** The median single-family fee went from $16,575 in 2023 to $19,081 in 2026 (nominal). Fifteen of 21 fee areas raised fees, three held flat and three cut them. Most changes arrive as a single jump in one year.
- **Parks, culinary water and sewer account for 79% of the net increase.** Parks alone is 34%.
- **Most schedules ignore home size.** Twelve of the 22 fee areas charge a 1,500 sf home the same as a 3,000 sf home, so the smaller home pays twice as much per square foot. Only four fee areas scale by more than 10%.
- **Townhome discounts are modest.** The median 1,500 sf townhome pays 88% of what a same-size single-family home pays. Five fee areas give no discount at all.

Ranking: What a New Home Pays in 2026

The fee areas split into two groups. Five charge more than $33,000 on a 2,000 sf single-family home: Heber City's North Village, Park City, Washington City, St. George and Grantsville. The sixth-highest, citywide Heber City, is almost $10,000 lower at $23,738. The other 17 fee areas sit between $10,231 and $23,738.

Figure 1. Total impact fee per unit by fee area, 2026.

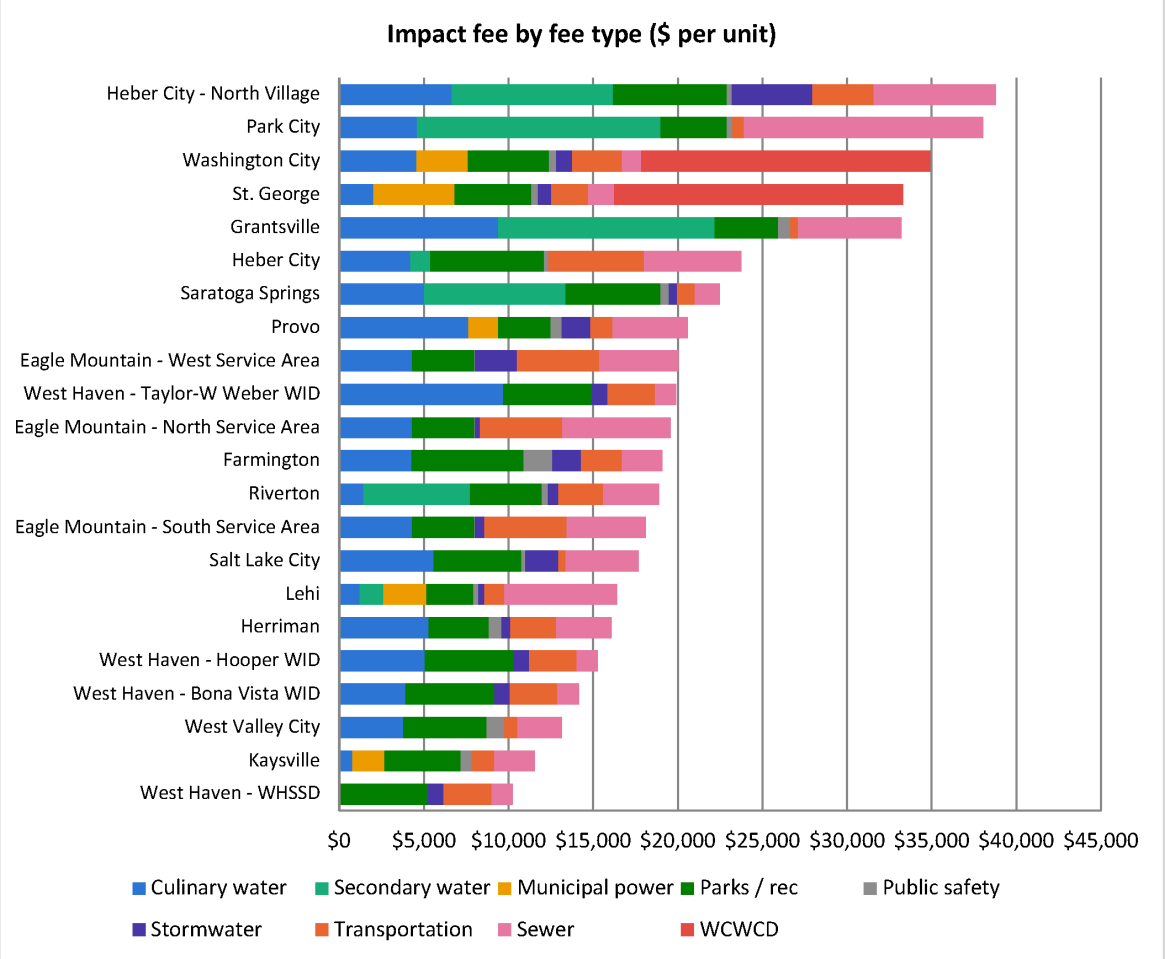


The townhome ranking is nearly the same at the top. The same five lead, all above $28,900 for a 1,500 sf unit. The order changes lower down, because discounts vary. Salt Lake City falls from 15th for single-family to last for townhomes, at $8,142. West Haven's Taylor-West Weber area rises from 10th to 7th because it charges townhomes the full single-family fee.

Composition: Water Separates the High-fee Areas from the Rest

Parks, culinary water and sewer are the three largest fee types, at 22%, 21% and 18% of all fees across the 22 areas. Parks, sewer and transportation are charged everywhere, and parks fees fall in a fairly narrow band of $2,773 to $6,727. These fees set the floor. They do not explain the spread.

Figure 2. Impact Fee by Fee Type, 2,000 sf Single-Family Home



Municipal power and public safety are combined. WCWCD = Washington County Water Conservancy District.

The spread comes from water fees that most places do not charge.

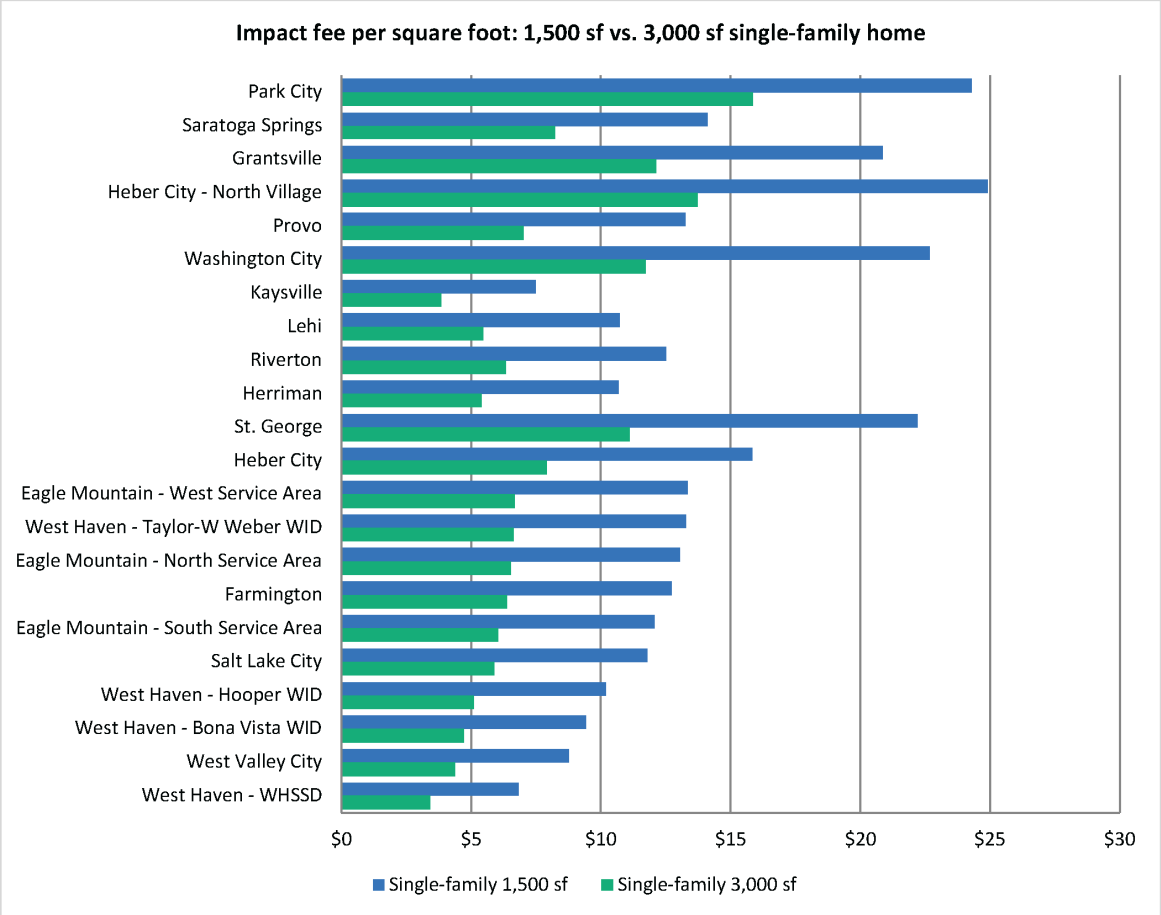
- **Secondary water** appears in only 7 of 22 fee areas, but it is the largest single line in Park City ($14,382), Grantsville ($12,787), North Village ($9,530) and Saratoga Springs ($8,339).
- **The WCWCD fee** of $17,071 is about half the total in both Washington County cities. Without it, Washington City ($17,826) and St. George ($16,230) would rank below the median.
- **Sewer in Park City** is $14,112, more than four times the median of $3,270.

Municipal power fees of $1,750 to $4,809 apply in the five cities that run their own electric utility: St. George, Washington City, Lehi, Kaysville and Provo. Public safety is the smallest category everywhere, at under 2% of all fees.

Home size: Smaller Homes Pay More per Square Foot

Twelve of 22 fee areas charge a 1,500 sf single-family home exactly what they charge a 3,000 sf home. Six more differ by 6% or less. At the median, the smaller home pays $12.88 per square foot and the larger pays $6.44.

Figure 3: Impact Fee per Square Foot by Home Type, 2026



Only four fee areas scale by more than 10% when the home doubles in size: Park City (1.30x), Saratoga Springs (1.17x), Grantsville (1.16x) and North Village (1.10x). In most cases the scaling comes from one line, usually secondary water, stormwater or municipal power. Park City is the only place where culinary water and sewer fees also rise with size. No fee area comes close to 2.0x, which would be proportional to floor area.

The pattern is sharper for small attached homes. A 750 sf townhome pays the same fee as a 1,000 sf townhome in every fee area but Salt Lake City, and a median of $21.52 per square foot.





Agency Response Plan



Office of the State Auditor



STATE OF UTAH
OFFICE OF THE UTAH STATE AUDITOR

TINA M. CANNON
UTAH STATE AUDITOR

October 15, 2026

Dear Mr. Minchey,

The Office of the Utah State Auditor (Office) agrees with the objectives of Recommendations 1.3, 1.4, and 2.3. The Office remains committed to improving government accountability, transparency, and compliance with statutory reporting requirements.

Over the past two years, the Office has undertaken significant efforts to improve the transparency, consistency, and uniformity of impact fee reporting across Utah. These initiatives have included enhanced requirements, and improvements to reporting processes, all undertaken without additional legislative funding. The Office will continue to improve reporting systems, provide training, and exercise oversight within its existing statutory authority and available resources.

The Office agrees that greater statutory clarity regarding impact fee oversight responsibilities would be beneficial and supports legislative consideration of Recommendation 2.4. Further expansion of monitoring, compliance reviews, and reporting responsibilities will require additional funding. The Office's existing resources are fully committed to its current responsibilities, and additional oversight cannot be sustained without corresponding legislative appropriations.

We respectfully request that any legislative expansion of the Office's oversight responsibilities be accompanied by sufficient, ongoing appropriations to support those responsibilities. Effective oversight requires adequate staffing, systems, and resources. Assigning additional responsibilities without corresponding funding risks diminishing the Office's ability to fulfill both its existing statutory obligations and any newly assigned duties.

Summarily, the Legislature's decision to expand oversight responsibilities should be accompanied by a corresponding commitment to provide the resources necessary for their effective implementation.

Sincerely,

Tina M. Cannon
Utah State Auditor

UTAH STATE CAPITOL, SUITE 260, SALT LAKE CITY, UT 84114, (801) 538-1025



Office of the Property Rights Ombudsman



UTAH

Governor
Spencer J. Cox

Lieutenant Governor
Deidre M. Henderson

Office *of*
the Property Rights Ombudsman

Director
Jordan Cullimore

October 12, 2026

Kade R. Minchey, CIA, CFE, Auditor General
Office of the Legislative Auditor General
Utah State Capitol Complex
Michael O. Leavitt North Capitol Building
PO Box 145315
Salt Lake City, UT 84114-5315

Dear Mr. Minchey,

Thank you for the opportunity to respond to the recommendations outlined in *Utah Impact Fees: A Performance Audit of Current Practices and Policy Considerations*. The Office of the Property Rights Ombudsman (OPRO) appreciates the audit team's work and their collaborative approach to this process. We take seriously OPRO's role in ensuring property owners and local governments understand and correctly apply the laws and best practices governing impact fees in Utah. We are committed to implementing the Auditor's recommendations to develop more robust impact fee training resources and to further streamline our advisory opinion services.

For ten years prior to the creation of the current iteration of OPRO, a single "Private Property Ombudsman" advised local governments on takings implications and helped property owners resolve takings disputes. In 2006, the Legislature significantly expanded the Ombudsman's duties to include land use advisory opinions and established OPRO with three attorneys and an advisory board. Over the past 20 years, OPRO's dispute resolution duties have expanded while its resources have remained unchanged. In that timeframe, Utah's population has increased by approximately one million people. Mounting development pressures driven by the state's affordability crisis have also steadily increased demand for our services. OPRO has unsuccessfully requested additional resources to address the increased demand in recent years while striving to improve internal efficiency and timeliness, as noted in the audit report.

These efficiency efforts have improved responsiveness in certain areas, but our limited resources remain the primary obstacle to meeting demand for our services. Despite these challenges, we are committed to maximizing efficiency with available resources.

Again, we appreciate the audit team's collaboration and look forward to continued communication as we continue to implement the audit's recommendations.

Sincerely,

Jordan S. Cullimore

Jordan Cullimore
Director, Office of the Property Rights Ombudsman
Department of Commerce

Heber M. Wells Building, 160 East 300 South, 2nd Floor • Salt Lake City, Utah 84111 • Telephone (801) 530 - 6391

Recommendation 2.1
The Office of the Property Rights Ombudsman should collaborate with other state and local entities to develop robust impact fee training and resources, then post them publicly to the Utah Land Use Academy website. Doing so should increase local government access, expertise, compliance, and uniformity for improved impact fee practices.

Department Response: OPRO currently provides training on impact fees to property owners and local governments on an as-requested basis. We concur that developing more robust training resources will benefit stakeholders and Utah citizens. We're excited to pursue this initiative.

Who: Jordan Cullimore, Director, (801) 530-6391, jcullimore@utah.gov

What: OPRO will lead training efforts in partnership with the Utah League of Cities and Towns (ULCT), the Governor's Office of Planning and Budget (GOPB), and the Utah Association of Counties (UAC). We will include additional agencies as the program develops. Together, these partner agencies will actively create and deliver training materials and initiatives listed below.

How: OPRO will address state law, best practices, and common challenges through a comprehensive three-part training program: (1) OPRO and stakeholder partners will publish an impact fee guidebook; (2) using the guidebook, stakeholders will launch the program during the Spring 2027 conference season (ULCT, ULUI, APA, AOGs), followed by statewide regional trainings delivered with the GOPB-funded Local Administrative Advisor program; and (3) OPRO will provide ongoing agency-specific trainings and integrate core impact fee topics into its routine Land Use 101 courses.

Documentation: Primary validation of implementation will include publishing the completed guidebook on the Land Use Academy of Utah website (luau.utah.gov) and tracking regional and local trainings via OPRO's quarterly report to the Land Use and Eminent Domain Advisory Board.

Timetable: OPRO will complete the guidebook by early spring 2027 and introduce it during the spring conference season. The team will deliver regional trainings between the spring and fall conference seasons, followed by ongoing individual trainings for local agencies, which OPRO will report quarterly.

When: OPRO will fully implement these recommendations through winter 2027 by developing the guidebook and delivering state, regional, and local trainings. The guidebook and ongoing training activities will remain available indefinitely.

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Recommendation 2.2
The Office of the Property Rights Ombudsman should improve its legal support to local governments and developers by focusing on its internal efficiency and effectiveness. This can be done by exploring tighter project management timeline and the use of artificial intelligence. Doing so should ensure the office provides improved timeliness and support on further requests for legal guidance.

Department Response: OPRO continuously seeks process improvements and efficiencies, and we concur that streamlining advisory opinion output is essential. We also welcome discussion with the Legislature regarding additional resources, as suggested in the audit report.

Who: Jordan Cullimore, Director, (801) 530-6391, jcullimore@utah.gov

What: OPRO will establish tighter project management timelines by adopting dedicated case management software for robust, transparent tracking. We will also leverage AI tools—including Google Gemini, Gemini Notebook, and Westlaw Deep Research—to streamline processes and improve output.

How: We are evaluating case management software to replace Trello, with the Department of Commerce currently testing Filevine. If Filevine provides sufficient project management timeline tracking, OPRO will migrate to it. Additionally, OPRO attorneys are actively using and experimenting with AI tools in the Advisory Opinion process. Using these tools to assist us in researching, drafting, and editing opinions has already yielded meaningful efficiency gains in recent months. We will continue exploring available AI resources to drive further innovation while ensuring strict human-in-the-loop oversight to meet our ethical and legal obligations as attorneys engaged in the practice of law.

Documentation: Adopting dedicated case management software and using AI tools to help draft advisory opinions will confirm implementation of these recommendations.

Timetable: We plan to make a decision on software by the end of fiscal year (June) 2027. We are already actively implementing the AI use recommendation and will continue to develop this practice.

When: While these efforts are ongoing in nature, we plan to have them fully integrated into our processes by December 2027.



Utah League of Cities and Towns



#CitiesWork

UTAH LEAGUE OF CITIES AND TOWNS

October 9, 2026

Kade Minchey, CIA, CFE
Auditor General
Office of the Legislative Auditor General
450 North State Street
N385 North Capitol Building
Salt Lake City, UT 84114

Re: Response to Utah Impact Fees: A Performance Audit of Current Practices and Policy Considerations Report No. 2026-33

Dear Mr. Minchey:

The Utah League of Cities and Towns (the "League") appreciates your team's work and collaboration with our staff and our members in exploring how local governments are using impact fees and outlining potential policy discussions around impact fees.

Although the Audit makes multiple recommendations for policy discussions, we are encouraged that the Audit acknowledges that if all things stayed the same, the system would still operate well. We believe all municipalities should follow the appropriate legal framework while ensuring that growth pays for growth. Infrastructure costs have skyrocketed in recent years due to materials, labor, supply chains, and market pressures and impact fees are a critical tool to pay for the infrastructure that affects the quality of life of tomorrow's residents. We also appreciate the Audit's acknowledgement that infrastructure constraints, limited developable land, population growth, and high interest rates drive Utah's housing affordability rather than impact fees.

As further explained below, we believe that partnering with state legislators and other stakeholders will lead to the best policy and practical outcomes. We also believe that any policy discussion should recognize that one size misfits all and that municipal practices can differ from city to city all while staying within the legal guardrails for calculating, collecting, and spending impact fees. We echo the Audit's findings that while there will always be room for improvement, municipalities are acting in good faith and following the framework the Legislature has already prescribed. We hope our specific responses can contribute to ongoing collaborative efforts to improve impact fee policy.

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Specific Responses to Selected Audit Recommendations and Findings

Recommendation 1.1 - The Audit sets forth a menu of five potential options the Legislature could consider around service areas. The League appreciates that the Audit acknowledges the complexity of trying to strengthen the nexus between the required impact fees and the infrastructure necessary to respond to the effects of new growth by creating smaller or additional service areas. We look forward to engaging in discussions around service areas to explore whether statutory changes are needed or if the status quo is sufficient.

Recommendation 1.2 - The League agrees with the Audit's recommendation that impact fee facility plans (IFFP) and impact fee analyses (IFA) should be regularly reviewed and updated to more accurately reflect current infrastructure needs related to new growth. Accordingly, the League believes it is worthwhile to discuss statutory requirements for more regular updates to IFPs and IFAs to ensure that new growth pays for new growth. These discussions should acknowledge that the need to update a study differs from community to community depending on how quickly an area is growing or the size of the community and that any statutory changes should reflect those growth-related differences.

Recommendation 1.5 - We agree that impact fee studies should be available online.

Recommendation 2.1 - The League works hard to provide training and resources for our members. Cities and towns are constantly striving to keep on top of dozens of new requirements passed every legislative session and remain in compliance with existing statutory requirements and municipal needs. In the last 18 months, we have published an updated Powers and Duties, a manual for local government leaders that articulates how cities operate, and a new edition of Making Sense of Dollars which explains how municipal revenues work. Both of those publications include sections on impact fees. We also held a 90-minute in-person workshop on impact fees at our Midyear Conference—the conference itself had approximately six hundred attendees—and we hosted a standalone webinar for a deep dive on impact fees. All that said, the League will continue to work with our partners at the state and local level, including through our collaborative relationship with the Office of the Property Rights Ombudsman, to provide training and resources for our members.

Recommendation 2.5 - The Audit calls out seven policy questions that are worth considering but does not make specific recommendations as to where those policy debates should go. The League appreciates that approach. Two of our core principles are "partnership not preemption" and "one size misfits all." The outlined policy questions may not have one single policy response that works in all situations. We believe a partnership-based approach to policy discussions can ensure that impact fees are calculated, assessed, spent, and reported in a manner that will lead to fulfilling the ultimate purpose of impact fees. Without weighing in on each policy question in this response, and acknowledging there is ongoing litigation around impact fees, we do think there is room for additional clarity in state statutes regarding impact fees and look forward to future policy discussions with legislators and other stakeholders.

Recommendations 1.3, 1.4, 2.3, and 2.4 - As the voice for 257 municipalities and more than 1,400 mayors and council members statewide, we support transparency in government and public access to information. There are a variety of ways to ensure that IFPs and IFAs are visible to the public and to fee payers. We believe the Office of the State Auditor (OSA) is valuable for providing visibility to impact fee practices throughout Utah. We also believe OSA's duties of transparency and compliance should not unnecessarily bleed into OSA engaging in statutory interpretation or substantive approval of impact fees. We believe discussions regarding the extent of OSA's authority related to making determinations of compliance and non-compliance could also help all stakeholders.

Finding 3.2 - We appreciate the finding that there is "no statistically significant relationship between the amount of impact fees charged … and the ultimate price of a home." As all stakeholders continue to engage in policy discussions aimed at affordable home ownership, this type of finding should help better target efforts at policies likely to make more significant impacts.

Conclusion

We appreciate your collaboration with the League and your analysis on this issue. We welcome the opportunity to work with your team, legislators, and other stakeholders after the audit becomes public and as our members consider the findings and evaluate potential next steps.

Sincerely,



Cameron Diehl
ULCT Executive Director
cdiehl@ulct.utah.gov





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