



# SB 937

## OCTOBER 2024 NEWSLETTER

SB 937 was approved and signed by the governor.

This bill will change the time at which developer fees are paid for most school districts.

This newsletter is dedicated to this topic.

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### SB 937

SB 937 will go into effect beginning January 1<sup>st</sup>, 2025.

There are several components to the bill, but the main impact is the ability for developers to delay the payment of impact fees (including school fees) until the notice of occupancy is issued.

Currently most districts collect school impact fees, also referred to as developer fees, **prior to the building permit being issued.**

The revised law will now require the school fees to be paid **prior to the issuance of the notice of occupancy.** There are descriptions in the bill of some exceptions, but it is unclear if those will be reasonable to pursue.

The other interesting complication is that the amount of impact fees to be paid is based on when the building permit is pulled, not when the impact fees are paid.

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## SchoolWorks Impressions of SB 937

Overall, this seems to make facilities funding even more difficult, especially in areas with significant developments. We are already dealing with a three-year delay from the time funding is requested from the State Building Program until projects are reviewed and funded. Now, we anticipate this new law will delay school impact fee collections by 6 to 12 months.

SchoolWorks is recommending that the process of collecting fees be modified slightly.

Currently, a district collects fees and issues a receipt that the fees have been paid so the builder can get the building permit.

Beginning in January, it is recommended a similar process still be used. The builder would still come in before the permit is issued, but instead of a receipt, an invoice is issued. The invoice will note the project address and building area and the applicable school impact fees with a note that the amount is due prior to the issuance of the notice of occupancy. Then the builder would come back in after the home is sold and prior to occupancy to pay the invoice.

The school's recordkeeping will need to be adjusted slightly too. A record of the invoice will still be created to note that the permit was pulled and the amount that will be due. Then, when it is paid, that record can be marked as paid. By using this procedure, there will be a record of the projects that have not yet paid, and the district can follow-up to make sure no projects get through without paying the required school fees.

The district can also mark the project as "Paid" if the builder were to choose to pay the fees when the permit is pulled. This may make sense for projects with a short building timeframe, such as modular or mobile homes.

By using this recommended process of issuing an invoice at the time the building permit is pulled, the recordkeeping of permits being pulled will remain consistent with past practices. This is important for the recordkeeping as it is an important source of information for the developer fee studies and also for State Building Program applications that rely on new housing development impacts. It is also useful when understanding the pace of development for enrollment projection studies.

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## Commercial/Industrial Fees

The new law only changes the collection date for residential projects. Therefore, any commercial/industrial projects will still pay the school impact fees when the permit is pulled.

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## Final Notes

The November election on Tuesday the 5<sup>th</sup> is just around the corner.

The latest polling data I saw was that the School Bond has a support level of 54%.

The next SAB meeting is Wednesday this week, October 23<sup>rd</sup>.

Let us know if you would like assistance with your facility planning and funding efforts.

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