

Insights

Governor DeSantis Signs Law Limiting Increases to Impact Fees

Article

Lowndes

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[Rebecca E. Rhoden](#)

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Late last week, Governor DeSantis signed into law a bill that limits the extent to which local governments may increase impact fees imposed on builders and developers. Impact fees help pay for infrastructure needed to support a proposed development. For each infrastructure category, impact fee rates vary based on the type of development.

The new law places certain limits on increases to impact fees, including:

- Impact fees may only be increased once every four years;
- Impact fees may be increased by no more than 50%;
- Increases between 25% and 50% must be phased-in over four years in four equal installments; and
- Increases less than 25% must be phased-in over two years in two equal installments.

Local governments may only exceed these impact fee limits if they demonstrate that there are “extraordinary circumstances requiring the additional increase.” The law includes a provision that retroactively limits impact fee increases made since January 1, 2021.

The new law comes on the heels of Orange County’s recent change to school and transportation impact fee rates that would constitute increases of more than 150% for some categories. On March 23, 2021, the county approved two ordinances that would make the increases effective on June 27, 2021. The county has not yet made a decision on whether it will move forward with the impact fee increases in light of the new law.