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[Supreme Court Rules on Important Impact Fee Case.](#)

This month, the Supreme Court issued a [unanimous decision](#) in *Sheetz v. El Dorado County*, which is a case involving government “Takings,” specifically ones that involve the government’s use of impact fees. Impact fees are typically a one-time payment that local governments levy on a property developer for new development projects. Municipalities use these fees to offset the financial impact that new development places on public infrastructure, such as roads and utilities.

In their ruling, the Court narrowly determined that legislatively enacted impact fees are not exempt from the requirements set forth in two previous property rights cases (*Nollan v. California Coastal Commission* and *Dolan v. City of Tigard, Oregon*). As such, **local governments that impose impact fees will now be subjected to a standard requiring them to demonstrate the relationship and relative impact of the development on the community.** Specifically, cities will have to show that conditions (impact fees) to obtain a land-use permit have an “essential nexus” (relationship) to the government’s land-use interest and a “rough proportionality” between the weight on the property owner and the development’s effects of the proposed land use.

This case involves the County of El Dorado’s traffic impact mitigation fee, which it adopted via the General Plan, to require new development to help finance the construction of new roads and widen existing roads. The amount of the fee is set by formula after the County conducted a nexus study and generally, the fee was based on the location of the project and the type of project. In assessing the fee, the County does not make any “individualized determinations” as to the nature and extent of the traffic impacts caused by a particular project on state and local roads.

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National League of Cities

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