

Fee Waivers

Melissa Martin

Economic Incentives

Fee waiving is a form of economic incentive that is used to promote sustainable development and open space implementation. Government agencies from the local to federal scale have implemented programs in which fees, or sometimes taxes, are reduced or cancelled if particular sustainable practices are used. For example, the state of Illinois offers a property tax exemption for commercial, residential, and industrial development that uses solar, geothermal, or wind energy. A federal program allows a tax reduction of up to 10% for similar energy efficient decisions (City of Chicago 2004). Similarly, some municipalities offer exemption from a “rain tax” (taxes collected for impervious surface cover on a property that generates runoff and contributes to the local storm sewer) for commercial buildings that have a green roof (Scholz-Barth 2001).

One particular use of this strategy is in the acquisition or preservation of open space. A small-scale example is a program implemented by the Illinois Department of Agriculture, Office of Soil and Water Conservation. This program provides a property tax reduction of up to five-sixth of the land value for the development of vegetated filter strips, which can aid in reducing soil erosion, improve water quality, and provide significant wildlife habitat. Thus, when considered cumulatively, these strips constitute a form of open space preservation.

The Smart Growth Matrix Incentives program in Austin, Texas, is a larger-scale example of how fee waivers can be used to plan for open space. In this program, development projects are measured against city goals for sustainable growth, such as location within a Desired Development Zone and pedestrian-friendly urban design. If a given project significantly advances the city's goals, development or water/wastewater capital recovery fees may be waived (City of Austin 2005). This incentive encourages denser development that is limited to designated growth areas, thereby preserving open space in other areas of the city.

A provision in the income tax act of Canada promoting donation of ecologically sensitive land provides a final example of fee waiver incentives. The Ecological Gifts Program was formed in February 1995. Through this program, donors can contribute ecologically sensitive lands, easements, covenants, or servitudes to any level of government or to an approved environmental charity. In exchange, donors gain a tax credit for the fair market value of their gift that can be applied against net annual income (Canadian Ecological Gifts Program 2005).



“A legacy for tomorrow...a tax break today”
(Ecological Gifts Program)



Photo © Parks Canada

Resources

The Canadian Ecological Gifts Program. 2005. www.cws-scf.ec.gc.ca/ecogifts.

City of Austin. 2005. Smart Growth Incentives webpage. www.ci.austin.tx.us/smart-growth/incentives.htm.

City of Chicago. April 2004. “Financial Incentives for Building Green.” www.cityofchicago.org/Environment/GreenTech/pdf/FinancialIncentivesforGB.pdf.

Scholz-Barth, Katrin. 2001. “Green Roofs: Stormwater Management From the Top Down.” *Environmental Design and Construction*. BNA media.