

## **Things to consider when reading the Cost of Community Services Study (or a COCS Q&A)**

### **1. What are the services a community (in this case the Towns of Gibraltar and Nasewaupee) provides to its taxpayers?**

The majority of the services that these communities provide fall under the categories of public works and public safety. Public works and public safety represent the two largest expenses in both Town's budgets. Public works and public safety services include: Fire, first responder and emergency services, law enforcement services, sewer and water services, road repair and snow plowing services, maintenance of parks, cemeteries, municipal facilities which include libraries, town halls, municipal docks and airports, community centers, and all the Towns' administrative costs which include, personnel costs, legal service costs, election and assessment costs.

In the town of Nasewaupee, public works represents nearly 54 percent of the total town spending and public safety represents nearly 34 percent of the total town spending. In Gibraltar, public works represent 34 percent of the total town spending, and public safety represents 14 percent. Gibraltar spends relatively more than Nasewaupee on general administrative costs which include personnel costs, legal services, elections and assessments.

### **2. What is the difference in this COC study in looking at the costs from the Town perspective versus looking at the costs from the taxpayer perspective?**

Land use changes in a community impact Town government budgets differently than they impact the individual taxpayer's overall property taxes. From the perspective of the Town budget (which does not include the cost of providing education), commercial development actually costs the Towns of Gibraltar and Nasewaupee the most to provide services for. Commercial development includes all retail and commercial stores, shops, all buildings with four or more units, like apartments, condominiums, stores with apartments above and golf courses.

In Gibraltar from the perspective of the Town budget, for every \$1 paid by commercial land use, it costs the Town \$1.31 to provide the public safety and public work services needed by these commercial developments. Agricultural and open lands cost the Town of Gibraltar the least to service, 44 cents to service for every dollar of property taxes paid to the Town. The tax surplus paid in by agricultural and open lands, helps pay for the cost of servicing the Town of Gibraltar's commercial development. Likewise from the perspective of the Town of Nasewaupee budget, for every \$1 paid in property taxes to the Town of Nasewaupee by commercial land use, it costs the Town \$1.49 to provide the public works and public safety services these commercial properties require.

However, if you look at the study from the perspective of the taxpayer, residential land use is the most expensive type of land use for a community to provide services for. This is because even though all types of land use, commercial, agricultural/open lands, industrial and residential lands pay property taxes to the school district only the residential lands directly use the school services. Thus, from the perspective of the taxpayer, residential property is the most expensive to provide services for, and the surplus in taxes paid by commercial, industrial, agricultural and open lands to the schools, subsidizes the educational services required by residential land use.

**3. Does this study mean that from the perspective of the taxpayer, the cost of providing services to residential development is being subsidized by the property taxes paid by open undeveloped lands, commercial lands and farmland?**

Yes. Currently the way communities in Wisconsin are taxing property, the shortfall in revenues collected from property taxes on residential properties versus the cost of services required by these residential properties is being subsidized by the surplus of property taxes being paid by the commercial, agricultural and open lands in relationship to the cost of the services required by these properties in both Towns. For example, in the Town of Gibraltar for every \$1 paid in property taxes by residential properties, these properties use \$1.05 in services. For every \$1 paid in property taxes by agricultural and open lands in Gibraltar, they only use \$0.23 in services. In the Town of Nasewaupsee the numbers are similar, for every \$1 paid by residential properties, these properties use \$1.07 in services, while for every \$1 paid by agricultural and open lands these properties use only \$0.20 in services. The shortfall in property taxes paid by residential properties for the services they use is subsidized by the surplus of taxes being paid by agricultural and open Lands.

**4. How is agricultural residential different from residential?**

Houses that are on properties that are actively being used for agricultural purposes are classified agricultural residential.

**5. Does this study mean that as we convert more and more open and agricultural lands in Door County to residential and commercial development that eventually it could increase everyone's property taxes?**

A balance of land use types is necessary for the long-term economic health of any community as these ratios show how different land use types subsidize other land use types in a community. If property tax assessments in the future use the same type of formulas, losing more open lands and agricultural lands to residential and commercial development, could mean that property taxes would rise on all lands to support the costs of the additional services required by the new residential and commercial developments. Through Smart Growth planning a community can work to balance out future residential and commercial development by retaining a large percentage of

open undeveloped lands and farmland to ensure that property taxes would increase more slowly over time.

**6. Are these findings the same in other communities throughout the country who have done a Cost of Community Service study?**

Yes. It is consistent in the Cost of Community Service studies that have been done throughout the country that no matter from what perspective you look at the studies from – open lands and farmland pay more in property taxes than what they use in services. Although residential and commercial development may expand the tax base, the property taxes paid by these types of land use is not enough to offset the increase in services they require. Throughout the country, the shortfall in property tax revenue paid by residential and commercial lands versus the services they use is being subsidized by the property tax revenues paid by agricultural and open lands versus the services they use.