

How Door County's Open Space Helps Balance Municipal Budgets

*Balancing Today's Development
and Tomorrow's Taxes*

*"A community's land use is
inextricably linked to its way of life.
Of particular concern to community
residents and local policy makers is the
effect of that land use on the
fiscal balance sheet of the community
and on their own bottom line."*

*— Mary Edwards
Author of "Cost of Community Services
in the Towns of Gibraltar and Nasewaupée"*

Balancing Today's Development and Tomorrow's Taxes

How Door County's Open Lands Help Balance Town Budgets and Lower Property Taxes

Increasingly, communities struggle with land use issues. Town and county officials are charged with the task of providing services and generating enough revenue to pay for them. Different land uses demand different types and amounts of community services and bring in varying amounts of income, through taxes, to pay for them.

Cost of Community Services Study

In an attempt to provide community leaders and policy makers with data on how land use decisions affect the bottom line of our communities and tax payers, the Door County Environmental Council and the Door County Land Trust commissioned Mary Edwards (PhD in Urban and Regional Planning - UW-Madison and current assistant professor with the Department of Urban and Regional

Most people agree that our quality of life, the health of our environment, and our tourist economy benefit greatly from undeveloped lands and open spaces. However, it is less generally understood that open space improves a community's fiscal situation as well.

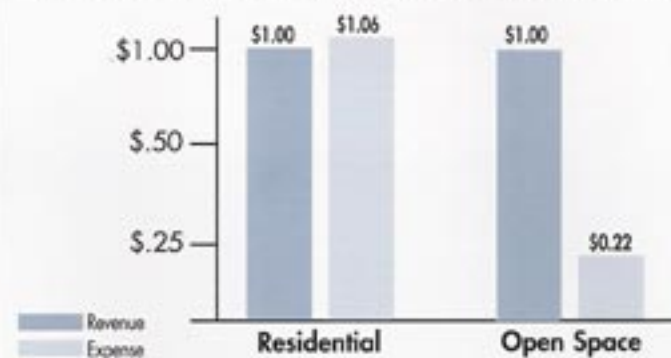
Planning at the University of Illinois, Urbana-Champaign) to undertake a Cost of Community Services (COCS) study for Door County.

COCS studies are quickly gaining popularity around the country as they help communities assess how different types of land use (residential, commercial, manufacturing and open space/agricultural) affect their fiscal balance sheets. These studies compare a community's annual revenue with its annual expenses for services and determine the relationship between the two for each category of land use.

For Door County's COCS study, revenue and expense data were collected from two towns, Nasewaupée and Gibraltar. These towns were selected because they represent two different types of communities in Door County. Nasewaupée is a predominately agricultural community. Gibraltar, on the other hand, is predominately residential and commercial. For both townships, the results of the study echoed the results of over 80 studies done in Wisconsin and across the nation and are easily summarized: **farmlands, forests, wetlands and other open spaces provide more revenue to a community than they require in expenditures, resulting in a net fiscal benefit to that community.** On the other hand, residential development almost always costs more to a community in services than it brings in taxes.

For every tax dollar collected from farms, forests, and preserves in Nasewaupée and Gibraltar, the community spends an average of \$.22 providing services. However, for every dollar of revenue raised from the

Average Expense/Revenue Ratios by Land Use for the Towns of Gibraltar and Nasewaupée



residential sector, the community spends an average of \$1.06 providing services. Thus, revenue from undeveloped lands actually subsidizes our taxes and helps keep property taxes down.

Common Myth

There is a common myth that development, by increasing the tax base, lowers taxes. It is assumed, conversely, that lands left undeveloped either as farmland, forests or conservation areas are not contributing to the fiscal health of our communities. As it turns out, neither is true.

With residential development, citizens and community officials often believe they'll see a boost to the local tax base and, in fact, they usually do. At first glance, residential development can look very attractive. However, there's another piece to the puzzle that is often ignored. As COCS studies across the country are now showing, development typically results in raised taxes because it requires more in community services than it generates in income.

On the whole, development is very demanding of public services. It requires new roads or repairs to roads due to increased traffic, new water lines, sewers, police patrol, garbage collection, snow plowing services, maintenance of parks, cemeteries and municipal facilities and fire and rescue services. Open land, on the other hand, demands very little services.

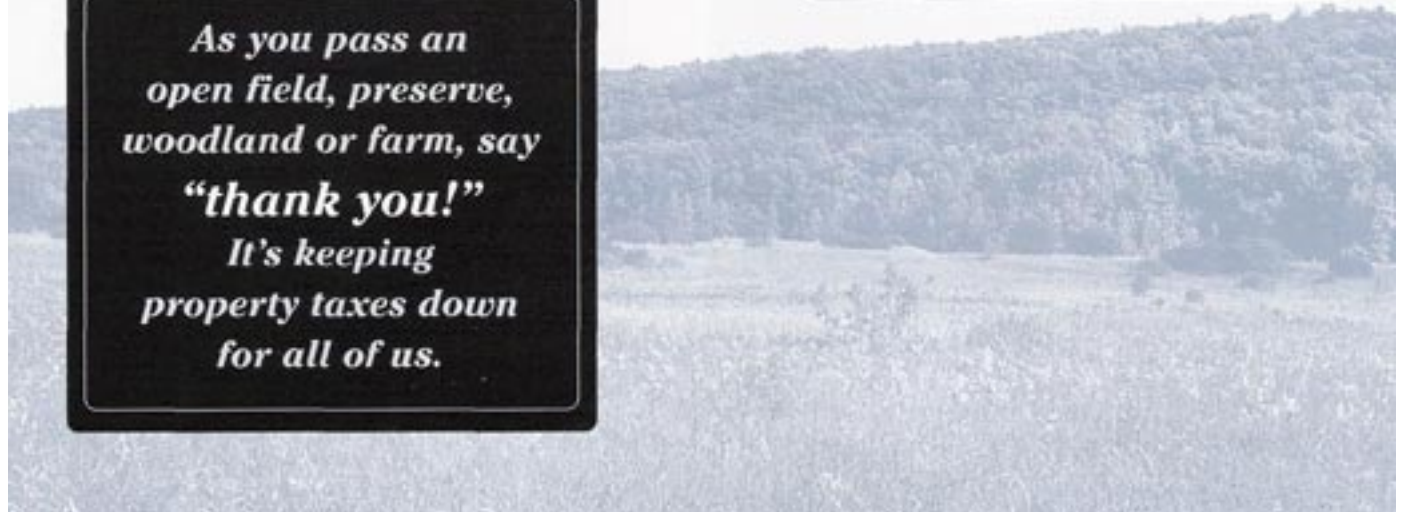
Open Spaces Protect our Environment and our Economy

In addition to providing net revenue to a community, farmlands, forests, wetlands and other open spaces protect the quality of our air and water - valuable resources that are expensive to clean once they are polluted. Door County is a narrow peninsula of bedrock and limestone surrounded by 250 miles of shoreline. It, therefore, has a particularly fragile eco-system. We share this eco-system with over two million tourists each year. Visitors are drawn to Door County because of its rural charm and natural beauty. Preserving our open spaces not only helps keep our community balance sheets in the black, it also is good for our environment and our tourist-dependent economy!

Looking ahead...

It is time to discard the old notion that our open landscapes must be converted to other uses to ensure economic stability. In fact, just the opposite is true. Protection of our farms, forest and conservation areas should not be looked at as precluding other more lucrative options. It may actually be protection against more expensive ones. It is time that we factor in all the benefits of open space to do our best and wisest land use planning.

*As you pass an
open field, preserve,
woodland or farm, say
"thank you!"
It's keeping
property taxes down
for all of us.*



Frequently Asked Questions:

■ ***“What about preserved land that is tax-exempt? Doesn't taking land off the tax rolls cost us more in taxes?”***

First of all, most preserved land in Door County either remains on the tax rolls or, taxes are paid on it through the PILOT (Payment in Lieu of Taxes) program. For instance, the DNR must, by law, make payments to each taxing jurisdiction that are equivalent to or greater than the taxes that would have been collected from private owners. The Door County Land Trust, like other non-profit organizations, is not required by law to make tax payments, but often voluntarily participates in the PILOT program.

However, even if a piece of property is removed from the tax rolls and no taxes are paid on it, in most cases it is *still* lowering your taxes. Consider this. A parcel of land can be used as a preserve or it can go to some other use. Preserving the land and taking it off the tax rolls will lower the tax base and, considered as an isolated act, will probably result in a tax increase for you and other residents. However, the increase you'll pay is almost certainly lower than what you would have paid if the land had been residentially developed and required services. If the choice for a piece of land is between (1) preserving it and removing it from the tax rolls, and (2) developing it as residential property, a community's taxpayers are almost always better off with the preserve. If open space is left on the tax rolls or is used agriculturally, the resulting benefit is even greater.

■ ***“Can the ratios in this study be applied equally to every piece of property within a category?”***

No. Although a general class of land use may be associated with a net fiscal benefit or loss, individual pieces of property may have an impact that can be significantly different from the overall averages. How this study echoes others done around the state are a nation to show that, on average, the land categories studied have the reported fiscal effects.

■ ***“Does this study imply that all development is bad?”***

No. COCS studies do not attempt to calculate all costs and benefits of different types of development. They also do not suggest that a community should follow a particular growth strategy. They do, however, provide a community with a baseline of information about the fiscal effects of different types of land uses studied at one particular time. They are intended to generate discussion and provide a larger picture for land uses planning decisions.

The Cost of Community Services study was sponsored by the Door County Environmental Council and the Door County Land Trust. This report is available on their websites, www.dcec.us and www.doorcountylantrust.org



The Door County Environmental Council was founded in 1971 to foster the preservation of Door County's heritage of natural resources for the health, welfare and spiritual uplift not only of its inhabitants, but for generations to come.



The Door County Land Trust was established in 1986 to protect, preserve, and maintain lands that contribute significantly to the scenic beauty, open space, and ecological integrity of Door County. The Land Trust is a completely local, non-profit organization supported by its members.

