



American Farmland Trust

FISCAL IMPACTS OF
MAJOR LAND USES
IN THE
TOWN OF HEBRON, CONNECTICUT
(October, 1986)

ABSTRACT: A comparison of annual revenues and expenditures for the three major land uses in the town of Hebron -- Residential, Commercial/Industrial and, Agricultural and Forest Lands -- was conducted. Based on town data and interviews with town officials, it was found that for each \$1.00 of revenue generated by the Residential sector \$1.06 in services was expended. The ratio for Commercial/Industrial was \$1.00:\$0.42 and \$1.00:\$0.36 for Agricultural and Forest Lands.

INTRODUCTION: At the request of the Hebron Planning and Zoning Commission, the American Farmland Trust (AFT) conducted an analysis of the fiscal impacts of the three major land uses in town -- Residential, Commercial/Industrial and, Agricultural and Forest Lands (490 Land). Similar in nature to studies done by AFT in Loudoun County, Virginia and the Piedmont Environmental Council in Clarke County, Virginia, the intent of this exercise was to compare the direct community costs of a land use to the revenue generated by that land use. This would give some indication of the relative impact of each land use on the town's annual budget.

METHODOLOGY: Using the approved budget for 1986-87, revenue line items were grouped under one of the following: Departmental, Nondepartmental, Education, Miscellaneous, Federal Revenue Sharing and Property Taxes. Individual expenditure items were grouped in one of six categories: General Government, Public Safety, Health and Welfare, Public Works, Parks and Recreation, and Education. A breakdown of the 1986-87 Budget, revenues and expenditures, is displayed in Table I by category and in Tables IIa and b by line item.

Relative proportions of revenues and expenditures were assigned to the three land use categories: Residential, Commercial/Industrial and, Agricultural and Forest Lands

(Agricultural and Forest Lands were defined as any lands currently assessed under the State of Connecticut's Public Act 490. Under this act, qualifying lands are taxed at their use-value rather than on an assessment based on the land's value for development purposes. The Act provides definitions for qualifying farmland, forestland and open space land.). Proportions were established through interviews with town officials. For their specific budget areas, town officials gave a general idea, in percentages, of the allocation of funds among land uses.

1) Revenues -

Allocating revenues by land use could be achieved with some degree of confidence. For example, property taxes, the largest single source of town revenue, can be easily attributed to one of the land use categories. For the sake of this study, land listed on the Grand List as Residential-Vacant was considered Residential, Commercial and Industrial Vacant land as Commercial/Industrial and, Wetlands and Public Utility lands as 490 Land. It should be noted that the Grand List treats all farm dwellings as Residential property. This study follows this convention.

Other town revenues, by their very nature, can be reasonably assigned to a land use source. For example, various human services monies from the State, such as Housing Authority Reimbursement and Welfare, are based on population. Therefore, these items would be assigned to the Residential category. Similarly, revenues derived from Wetlands Fees were assigned to the 490 category.

Some revenue items had to be allocated proportionately, through the interview process. For example, Planning and Zoning Fees were assigned based on an estimate of building application activity. This yielded a division of 80% of revenues from Residential activity and 20% from Commercial/Industrial activity.

The breakdown of revenue line items, by land use, is displayed in Table III.

2) Expenditures -

Allocating town expenditures by land use proved a bit more difficult and relies more heavily on estimates by departmental officials. Some expenditures were fairly cut and dry, such as Education which was assigned to the Residential sector. On the other hand, items such

as Police Safety and Legal Fees were based on estimated percentages.

The breakdown of expenditure line items, by land use, is displayed in Table IV.

After relative proportions were assigned to each revenue and expenditure item, a ratio of revenues to expenditures could be determined for each land use category.

FINDINGS: Calculating the total revenues and expenditures for each land use category yielded the following results:

	<u>Revenues</u>	<u>Expenditures</u>
Residential	\$6,608,572.29	\$7,009,403.25
Commercial/Industrial	239,917.10	99,586.11
490 Land	52,676.61	18,959.64

Viewed as a ratio of revenues: expenditures, the results were -- Residential 1.00:1.06, Commercial/Industrial 1.00:0.42 and 490 Land 1.00:0.36. In other words, for every \$1.00 of revenue generated by the Residential sector, \$1.06 in expenditures was earmarked to this land use, and so on.

DISCUSSION: On a very basic level, this analysis shows the relative fiscal impacts of the three major uses of land in the town of Hebron. It is not intended to make any qualitative judgments on the merits, fiscal or otherwise, of one land use versus another. Merely, it hopes to display that the "worth" of a land use should not be based solely on its gross contribution to the Grand List.

Each of the three land uses considered in this study generates some level of income for the town. However, it is not until the income from each use is viewed in relation to the costs of the community services and institutional support associated with it that the net fiscal impact of the land use can be realized.

The value of this exercise is primarily illustrative. It shows that in communities like Hebron, a good balance of land uses makes good fiscal sense. Service-demanding land uses in town can and will be supported by those requiring less community support.

It should be noted that although this study shows the Commercial/Industrial sector as a positive contributor to the general fund, as this area grows it will eventually demand more services and may result in more residential development that will offset the net benefits of its tax contributions.

Finally, from the standpoint of the American Farmland Trust, an important result of this study is the significant contribution that 490 Land, taxed at its use-value, makes to the town's general fund. On a per acre basis, this land may not provide the tax revenue of a developed piece of land. But compared to the services required, this land is a valuable component of the Grand List. As any dairy farmer will tell you, very few cows go to school. This fact, along with the many other arguments for protecting agricultural and open space lands, should be given serious consideration in the planning process.

Table I
Town of Hebron
1986 - 1987 Budget

REVENUES

Education	\$1,597,340
Non-departmental	408,135
Departmental	428,324
Miscellaneous	11,484
Federal Revenue Sharing	52,000
Property Taxes	<u>4,404,883</u>
Total	\$6,902,166

EXPENDITURES

General Government	\$ 938,184
Public Safety	371,338
Health & Welfare	70,183
Public Works	647,761
Parks & Recreation	26,495
Education	<u>5,073,988</u>
Total	\$7,127,949

Table IIa

Town of Hebron
1986 - 1987

REVENUES

Education:	
School Grant	\$1,405,106
Special Education	170,747
School Building Grants	20,187
Rental: Hebron Elem. School	1,300
Non-departmental:	
Transportation	117,455
Welfare	18,000
In Lieu of Taxes	4,619
Tax Relief Reimbursement (Elderly Freeze)	10,291
Tax Loss Reimbursement (Circuit Breaker)	9,870
Disability Grant	290
Housing Authority Reimbursement	35,000
Boat Registrations	3,000
Motor Vehicles - Supplemental Assessments	72,000
Insurance Dividends	7,000
Sportmen's Licenses	8,000
Van-Elderly	5,000
Infrastructure	46,878
State Budget Reserve Fund	35,125
Veteran's Exemptions Reimbursmt.	406
Telephone Access Line Grant	35,201

Table IIa

REVENUES
(Continued)

Departmental:	
Recreation	9,646
Interest & Fees on Taxes	35,000
Add'l Taxes-Supplemental Assessments	40,000
Conveyance Tax	23,000
Building/Health Departments	60,000
Interest on General Fund	30,000
Planning & Zoning Fees	2,500
Town Clerk's Fees	22,000
Recycling Funds	1,000
Zoning Board of Appeals	1,000
Wetlands Fees	100
Taxes Paid in Error	400
Police Protection Reimbursmt.	2,178
Ambulance Fees	1,000
Civil Prep. Director's Salary-Reimbursement	1,500
Sale of Equipment	24,000
Loan to Finance New Fire Truck	175,000
Miscellaneous:	
Miscellaneous	10,000
Mercantile Inventory Grant	1,484
Federal Revenue Sharing	52,000
Property Taxes	<u>4,404,883</u>
Total	\$6,902,166

Table I Ib

Town of Hebron
1986 - 1987

EXPENDITURES

General Government:	
Administration & Finance	\$ 84,223
Legal	12,100
Municipal Buildings	38,159
Finance & Revenue	19,203
Tax Collector's & Assessor's Offices	77,222
Municipal Records	71,442
Insurance	236,927
Real Estate	84,231
Planning & Zoning	47,185
Conserv/Inland Wetlands	1,575
Capitol Reg. Council of Governments	2,964
Economic Dev. Committee	500
Soil & Water Conservation	828
Judiciary	500
Debt Service	244,651
Public Safety:	
Police	64,165
Fire	99,303
Civil Preparedness	2,300
Canine Control	7,300
Ambulance Service	6,715
Capital Expenditure Fire & Police	191,555

Table I Ib

EXPENDITURES
(Continued)

Health & Welfare:	
Civic & Human Services	\$ 3,000
Nurse & Home Health Serv.	20,383
Food Inspection	1,000
Social Services (Youth & Senior)	45,800
Public Works:	
Water Pollution Cont. Auth.	700
Highways & Grounds Admin.	278,817
Town Yard & Garage	13,518
Roads	65,000
Equipment Purchases	18,400
Solid Waste Disposal	110,679
Town Engineer	15,000
PW Equipment & Improvements	162,121
Parks & Recreation	26,495
Education:	
Board of Education	2,643,041
Regional Board of Education	<u>2,430,947</u>
Total	\$7,127,949

Table III

Town of Hebron
1986 - 1987

REVENUES

	Residential	Commercial/ Industrial	490 Land
Education:	100%		
School Grant	\$1,405,106.00	\$	\$
Special Education	100%		
	170,747.00		
School Building Grants	100%		
	20,187.00		
Rental: Hebron Elem. School	100%		
	1,300.00		
Non-departmental:	100%		
Transportation	117,455.00		
Welfare	100%		
	18,000.00		
In Lieu of Taxes			100%
			4,619.00
Tax Relief Reimbursement (Elderly Freeze)	100%		
	10,291.00		
Tax Loss Reimbursement (Circuit Breaker)	100%		
	9,870.00		
Disability Grant	100%		
	290.00		
Housing Authority Reimbursement	100%		
	35,000.00		
Boat Registrations	100%		
	3,000.00		
Motor Vehicles - Supplemental Assessments	100%		
	72,000.00		
Insurance Dividends	94%	5%	1%
	6,580.00	350.00	70.00
Sportmen's Licenses	100%		
	8,000.00		

Table III

REVENUES
(Continued)

	Residential	Commercial/ Industrial	490 Land
Van-Elderly	100%		
	\$ 5,000.00	\$	\$
Infrastructure	94%	5%	1%
	44,065.32	2,343.90	468.78
State Budget Reserve Fund	100%		
	35,125.00		
Veterans' Exemptions Reimbursement	100%		
	406.00		
Telephone Access Line Grant	95%	5%	
	33,440.95	1,760.05	
Departmental: Recreation	100%		
	9,646.00		
Interest & Fees on Taxes	100%		
	35,000.00		
Add'l Taxes-Supplemental Assessments	100%		
	40,000.00		
Conveyance Tax	90%	8%	2%
	20,700.00	1,840.00	460.00
Building/Health Dpts.	98%	1%	1%
	58,800.00	600.00	600.00
Interest on General Fund	100%		
	30,000.00		
Planning & Zoning Fees	80%	20%	
	2,000.00	500.00	
Town Clerk's Fees	98%	1%	1%
	21,560.00	220.00	220.00
Recycling Funds	100%		
	1,000.00		
Zoning Board of Appeals	95%	5%	
	950.00	50.00	

Table III

REVENUES
(Continued)

	Residential	Commercial/ Industrial	490 Land
Wetlands Fees	\$	\$	\$ 100% 100.00
Taxes Paid in Error	100% 400.00		
Police Protection Reimbursement	100% 2,178.00		
* Ambulance Fees	NA	NA	NA
Civil Prep. Director's Salary-Reimbursement	95% 1,425.00	5% 75.00	
Sales of Equipment	94% 22,560.00	5% 1,200.00	1% 240.00
Loan to Finance New Fire Truck	94% 164,500.00	5% 8,750.00	1% 1,750.00
Miscellaneous: Miscellaneous	94% 9,400.00	5% 500.00	1% 100.00
Mercantile Inventory Grant		100% 1,484.00	
Federal Revenue Sharing	100% 52,000.00		
Property Taxes	94% <u>4,140,590.02</u>	5% <u>220,244.15</u>	1% <u>44,048.83</u>
Totals	\$6,608,572.29	\$239,917.10	\$52,676.61

*Note: Ambulance Fees are paid by out-of-towners requiring services while visiting Hebron. The estimated revenue from this service (\$1,000.00) is not reflected in the totals.

Table IV

Town of Hebron
1986 - 1987

EXPENDITURES

	Residential	Commercial/ Industrial	490 Land
General Government:	95%	4%	1%
Administration & Finance	\$ 80,011.85	\$ 3,368.92	\$ 842.23
Legal	95%	4%	1%
	11,495.00	484.00	121.00
Municipal Buildings	95%	4%	1%
	36,251.05	1,526.36	381.59
Finance & Revenue	95%	4%	1%
	18,242.85	768.12	192.03
Tax Collector's & Assessor's Office	97%	2%	1%
	74,905.34	1,544.44	772.22
Municipal Records	98%	1%	1%
	70,013.16	714.42	714.42
Insurance	100%		
	236,927.00		
Real Estate	98%	1%	1%
	82,546.38	842.31	842.31
Planning & Zoning	75%	25%	
	35,388.75	11,796.25	
Conserv/Inland Wetlands			100%
			1,575.00
Capitol Reg. Council of Governments	50%	40%	10%
	1,482.00	1,185.60	296.40
Economic Dev. Committee		100%	
		500.00	
Soil & Water Conservation			100%
			828.00
Judiciary	100%		
	500.00		

Table IV

EXPENDITURES
(Continued)

	Residential	Commercial/ Industrial	490 Land
Debt Service	95% \$ 232,418.45	4% \$ 9,786.04	1% \$ 2,446.51
Public Safety:	60%	35%	5%
Police	38,499.00	22,457.75	3,208.25
Fire	94% 93,344.82	5% 4,965.15	1% 993.03
Civil Preparedness	100% 2,300.00		
Canine Control	100% 7,300.00		
Ambulance Service	95% 6,379.25	5% 335.75	
Capital Expenditure Fire & Police	77% 147,497.35	20% 38,311.00	3% 5,746.65
Health & Welfare:	100%		
Civic & Human Services	3,000.00		
Nurse & Home Health Serv.	100% 20,383.00		
Food Inspection		100% 1,000.00	
Social Services (Youth & Senior)	100% 45,800.00		
Public Works:	100%		
Water Pollution Cont. Auth.	700.00		
Highways & Grounds Admin.	100% 278,817.00		
Town Yard & Garage	100% 13,518.00		
Roads	100% 65,000.00		

Table IV

EXPENDITURES
(Continued)

	Residential	Commercial/ Industrial	490 Land
Equipment Purchases	100%		
	\$ 18,400.00	\$	\$
Solid Waste Disposal	100%		
	110,679.00		
Town Engineer	100%		
	15,000.00		
PW Equipment & Improvements	100%		
	162,121.00		
Parks & Recreation	100%		
	26,495.00		
Education: Board of Education	100%		
	2,643,041.00		
Regional Board of Education	100%		
	<u>2,430,947.00</u>		
Totals	\$7,009,403.25	\$ 99,586.11	\$18,959.64

