

DRAFT FISCAL IMPACT ANALYSIS

Overview

This booklet summarizes the fiscal impacts of various land uses in Tolland for fiscal year ending (FYE) 2008. A fiscal impact analysis attributes local expenditures and revenues to various land uses, such as single family and multi-family houses, apartments/condominiums, commercial development, industrial development, and open space. The results indicate which land uses tend to require more in services than they provide in revenues to the Town and which land uses support other land uses by providing a revenue surplus.

A Fiscal Impact Analysis can help residents and local officials better understand potential fiscal impacts of land use decisions. All land uses require some level of service and most land uses generate some amount of revenue, predominantly through property taxes.

The fiscal impact of land uses is only one consideration when planning for the future of a community. Some land uses play important community roles yet do not provide fiscal benefits, and conversely there may be some fiscally positive uses that would not fit the character of a community.

Key findings from the Tolland Fiscal Analysis include:

- Tolland's single-family housing units required more in services than they provided in taxes
- Multi-family housing, commercial and industrial uses, public utilities, and PA 490 land all provided a positive fiscal impact in Tolland – they paid more in taxes than they received in services
- Tax exempt uses had a fiscal impact in Tolland that is almost equal in magnitude to the impact of single-family housing

The results of the analysis are on the next two pages, followed by a more detailed explanation of the method of analysis.

Results

The analysis is a point-in-time calculation based on fiscal year ending (FYE) 2008 revenues and expenditures and the 2007 grand list. Therefore, the results are only applicable to FYE 2008. However, Tolland's results are similar to other communities and may likely represent the generalized fiscal impact of land uses in any year.

Residential Uses

In FYE 2008, residential uses in Tolland paid just over \$30 million in taxes, but received almost \$32 million in services. When looking at all types of residential uses, however, the analysis indicates that only single family housing (the 1-4 unit category) received more in services than paid in taxes, with a net fiscal impact of \$2.6 million. As one would expect, the primary driver of the fiscal impact of housing is the cost of educating students.

Vacant residential land and multi-family housing paid more in taxes than they received in services. But because 93% of Tolland's housing stock is single family, its negative impact outweighs the positive impacts of vacant land and multi-family housing.

	Total Revenue	Net Expenditures	Net Fiscal Impact
Residential	\$ 30,409,552	(\$31,978,667)	(\$1,569,115)
Vacant Land	\$ 47,094	(\$11,165)	\$35,930
Vacant Lot	\$959,673	(\$227,511)	\$732,161
1-4 Unit Bldg.	\$28,672,901	(\$31,295,073)	(\$2,622,172)
Apartment	\$ 188,404	(\$119,150)	\$69,253
Condo Unit	\$ 541,480	(\$325,767)	\$215,713

Commercial/Industrial/Public Utility Uses

The analysis indicates that revenue generated by Tolland's business uses and public utility land exceeds the Town's expenditures for services to these uses. Of these business uses, commercially developed land provided the largest fiscal benefit. This fiscal surplus means that businesses and public utilities provide \$1.6 million in support for other land uses. In other words, businesses help fill the fiscal gap created by uses such as single family houses, in addition to providing jobs and services.

	Total Revenue	Net Expenditures	Net Fiscal Impact
Commercial	\$ 2,120,991	(\$508,155)	\$1,612,836
Vacant Land	\$ 11,474	(\$2,720)	\$ 8,754
Comm. Dev.	\$2,109,517	(\$505,434)	\$1,604,083
Industrial	\$816,563	(\$193,584)	\$ 622,979
Industrial Dev.	\$816,563	(\$193,584)	\$ 622,979
Public Utility	\$15,600	(\$3,698)	\$ 11,901

Public Act 490 Uses

Public Act 490 uses include land owned by a private party or a non-tax exempt organization that is assessed as farm, forest or open space land under the Public Act 490 program. This category does not include dedicated open space (which is categorized as a tax exempt use). Since these uses do not produce residents or school children, they require few services. As a result, PA 490 land provides a surplus of just over \$37,000 in Tolland.

	Total Revenue	Net Expenditures	Net Fiscal Impact
Private Open Space	\$49,187	(\$11,661)	\$37,526
Farm	\$16,038	(\$3,802)	\$12,236
Forest	\$15,662	(\$3,713)	\$11,949
Open Space	\$17,487	(\$4,146)	\$13,341

Tax Exempt Uses

Tax exempt uses include federal, state, and local property, along with non-profit entities, such as land trusts, historical societies, religious uses, and other uses. This category includes permanently protected open space. Since tax exempt uses do not pay taxes, yet receive services from Tolland (fire, police, road plowing, etc.), by nature they have a negative fiscal impact on the Town. Similar to single family houses, this means that taxes generated by other land uses pay for the services that support tax exempt land uses.

The only exception in Tolland is state-owned property, since the Town receives a payment in lieu of taxes (PILOT) from the State. Municipal properties require the most in services, as would be expected since there are more municipal properties and facilities than the other categories.

This category helps demonstrate why land use decisions should not be made solely on fiscal impacts. Tolland's quality of life would be much different if these tax exempt uses did not exist in town.

	Total Revenue	Net Expenditures	Net Fiscal Impact
Tax Exempt Properties	\$65,668	(\$781,796)	(\$716,128)
Federal	--	(\$6,838)	(\$6,838)
State	\$65,668	(\$44,642)	\$21,026
Municipal (inc. VFD)	--	(\$645,746)	(\$807,003)
Educ/Hist/Charitable	--	(\$38,722)	(\$48,528)
Agric/Hort. Societies	--	(\$1,856)	(\$2,325)
Religious Facilities	--	(\$35,101)	(\$43,892)
Non-Profit Camps, Rec.	--	(\$8,640)	(\$10,828)
Private Colleges & Hospitals	--	(\$124)	(\$106)
Misc.	--	(\$126)	(\$158)

Detailed Method of Analysis

The analysis is based on the concept of “net expenditures.” The term “net expenditures” refers to the money that a town needs to raise through taxes for a particular program area. Net expenditures are determined by subtracting non-tax program revenue (e.g., user fees, state aid) from program expenditures. For example, state education grants are deducted from education expenditures to determine the education expenditures supported by tax revenues.

Overall, the analysis required the following steps:

1. Allocate residents and students to each land use
2. Calculate revenue by land use
3. Calculate net expenditures
4. Compare tax expenditures to tax revenues for each land use

These steps are explained in more detail here.

Step 1: Allocate Residents and Students to Each Land Use

Land use categories are based on property assessment reporting requirements of Connecticut municipalities. These categories are:

Residential Uses

- Vacant residentially zoned land
- Vacant residential lots
- 1 – 4 family residential uses
- Residential condominiums
- Apartments
- Mobile Homes

Commercial Uses

- Vacant commercially zoned land
- Commercial buildings
- Commercial condominiums

Industrial Uses

- Vacant industrially zoned land
- Industrial buildings
- Industrial condominiums

Public Utility Uses

- Land and facilities used by public utility companies

Public Act 490 Uses

- Private land assessed for farm, forest or open space use

Tax Exempt Uses

- Federal, state, or local lands or facilities (e.g., schools) that are tax exempt
- Private lands or facilities (e.g., religious buildings) that are tax exempt

Next, Tolland's residents and students were distributed among the various land uses. The 2007 population estimates are from the Connecticut Economic Resource Center, Inc. (CERC). Assumptions about how many residents lived in apartments, condominiums and nursing homes were estimated based on the number of units. The "Public Tax Exempt - Local" entry in the table is for the two town-operated income-qualified senior housing developments. The Town provided information on the number of residents for these uses.

The total number of pupils came from official school enrollment figures. The Superintendent's office also provided the number of students that live in apartment or condominium developments in Tolland.

The data indicate that very few pupils in the Tolland school system live in condominiums or apartments.

Use	2007 Population	2007 Pupils	2007 Units	Pop. / Unit	Pupils / Unit
Total	14,301	3,131	5,241	2.73	0.60
Residential					
1-4 Unit Buildings	13,424	3,101	4,861	2.76	0.64
Multi-Family Dev.					
Apartment	340	7	148	2.30	0.05
Condominium	353	23	168	2.10	0.14
Commercial					
Nursing Homes.	86	-	-	-	-
Public Tax Exempt					
Local	92	-	61	1.51	-
Private Tax Exempt					
Religious Facilities	4	-	2	2.00	-
Private	2	-	1	2.00	-

Step 2. Calculate Revenue by Land Use

Revenues in Tolland come from taxes, intergovernmental revenue, the state payment in lieu of taxes (PILOT) program, user fees, and other sources. The following table breaks down Tolland's revenues (see sidebar). The majority of Tolland's revenues (64%) come from residential taxes.

Source	Stabilized Revenue	%
Non-Residential Taxes	\$3,002,340	6%
Residential Taxes	\$30,409,552	65%
Non-Tax	\$13,549,771	29%
Total	\$46,961,663	100%

Stabilized Revenue

This analysis is based on Tolland's "stabilized revenue." This is the revenue needed to cover expenditures only and excludes revenue added to the fund balance.

In FYE 2008, Tolland's actual revenue totaled \$47,184,913. Of that total, \$46,961,663 was used to cover expenses and \$223,250 was added to the fund balance.

This analysis used the \$46.9 million figure since this reflected the amount of revenue needed to cover expenditures.

Using the higher figure would make uses appear more fiscally positive than they may be.

Revenue Types

Tax Revenues

- Taxable
- PILOT Payments

Non-Tax Revenues

- State/Federal Aid
- Fines/Fees (User Fees)
- Investments
- Use of Fund Balance

In 2007, Tolland had a Taxable Grand List of over \$1.2 billion; this includes real estate, vehicles and personal property. When adding in tax exempt properties, the Consolidated Grand List totals just over \$1.3 billion. The following table attributes Tolland's grand list to each land use category. As the table indicates, Tolland is heavily reliant on residential development for its tax base.

Category	Amount	%
Residential	\$1,113,793,662	91%
Commercial	\$77,684,344	6%
Industrial	\$29,907,788	2%
Public Utility	\$571,360	<1%
Private Open Space	\$1,801,550	<1%
Taxable Grand List	\$1,223,758,704	100%
Tax Exempt	\$119,845,740	
Consolidate Grand List	\$1,343,604,444	

Allocation of Expenditures

Services to Residents

(allocated on a per capita basis)

- Recreation
- Library
- Youth and Senior Services
- Other programs

Services to Pupils

(allocated on a per pupil basis)

- Education

Services to Community

(allocated on an assessed value basis)

- General Government
- Public Works
- Public Safety
- Debt Service

See page 12 for full breakdown.

Step 3. Calculate Net Expenditures

In the 2007-2008 fiscal year, Tolland's expenditures totaled \$46,961,663 (this excludes the roughly \$220,000 million added to the fund balance).

The total net expenditures for education was allocated to the "pupils" category. The total of all net expenditures for services provided to residents, such as the library, elderly services, youth services was allocated to the "residents" category. Some town hall departments also directly serve residents, such as the Registrar of Voters. The remaining net expenditures, such as fire and police service, were allocated to the "property" category (see sidebar and page 12).

The following table shows the allocations to these three categories. Overall, expenditures for pupils comprised the largest portion of the Town's expenditures while services to residents comprised a very small portion. Taxes bridged the gap between non-tax revenues and expenditures – the table indicates that taxes needed to fill a revenue gap of \$62 per resident, \$7,600 per student and just over \$6 per every \$1,000 of property values.

Services	Expenditures	Non-Tax Revenue	Net Expenditure	Per Unit
To Residents	\$899,545	\$13,597	\$885,948	\$61.95 per resident
To Pupils	\$34,585,455	\$10,690,581	\$23,894,874	\$7,631.71 per pupil
To Property	\$11,476,663	\$2,779,925	\$8,696,738	\$6.47 Per mill
Total	\$46,961,663	13,484,103	\$33,477,560	

Next, the analysis assigns this net expenditure data to land uses, based on a variable (the variable is the “per unit” column in the above table).

To assign pupil-related expenditures, we determined the amount spent per pupil. We do the same for residents. Since we have allocated residents and pupils to each land use, we multiple the number of residents and pupils in each land use by the per resident and per pupil expenditures.

To assign property-related expenditures to each land use, we assume that the proportion of the total expenditures on services to property equals the proportion that the land use comprises of the grand list. For example, if the grand list for all properties in a land use category comprises 30% of the total grand list, we assume that town property-related expenditures equals 30% of total property-related expenditures.

These three numbers are then tallied for each land use to provide the total expenditures per land use. While all land uses generate expenditures for property, not all generate expenditures for residents or pupils.

Step 4. Compare Net Expenditures to Tax Revenues for Each Land Use.

This final step involves subtracting the net expenditure for each land use from the total revenue each land use generates. If the result is a positive number, it means that the land use generates more in taxes than it receives in services. If the result is a negative number, then that land use requires more in services than it generates in taxes. The findings were discussed earlier, in the Results section.

Detailed tables are contained on the following pages.

DEMOGRAPHIC ALLOCATION

1/20/2009

MUNICIPALITY TOLLAND

USE	2007 Population	2007 Pupils	2007 Units	Pop./ Unit	Pupils/ Unit
Estimates	14,301	3,131	5,241	2.73	0.60
Residential					
1-4 Unit Buildings	13,424	3,101	4,861	2.76	0.64
MFD					
Apartment	340	7	148	2.30	0.05
Condominium	353	23	168	2.10	0.14
Mobile Home	-	-	-	-	-
Commercial					
Nursing Homes, etc.	86	-	GQ		
Public Tax Exempt					
Federal	-	-	0	-	-
State	-	-	0	-	-
Local	92	-	61	1.51	-
Private Tax Exempt					
Educational	-	-	0	-	-
Religious Facilities	4	-	2	2.00	-
Private	2	-	1	2.00	-
TOTAL	14,301	3,131	5,241	2.73	0.60

VALUE BY USE SUMMARY

1/20/2009

		2007 GRAND LIST YEAR	MUNICIPALITY	TOLLAND		
	#	Real Estate	Motor Vehicles	Personal Property	Exemptions	Total
Residential						
Vacant Land		1,724,900				1,724,900
Vacant Lot		35,149,392				35,149,392
1-4 Unit Buildings	4,861	948,087,808	104,006,558	890,130	2,798,164	1,050,186,332
Apartment	148	6,243,800	684,954		28,200	6,900,554
Condominium Unit	168	17,944,900	1,968,581		80,997	19,832,484
Mobile Homes	-	-	-	-	-	-
	5,177	1,009,150,800	106,660,092	890,130	2,907,360	1,113,793,662
Commercial						
Vacant Land		420,240				420,240
Commercial Development		53,720,500	4,721,005	18,823,599	1,000	77,264,104
Comm. Condominiums	-	-	-	-	-	-
		54,140,740	4,721,005	18,823,599	1,000	77,684,344
Industrial						
Vacant Land		-				-
Development		21,010,500	1,846,421	17,115,471	10,064,604	29,907,788
Condominiums	-	-	-	-	-	-
		21,010,500	1,846,421	17,115,471	10,064,604	29,907,788
Public Utility						
Facilities		571,360				571,360
		571,360	-	-	-	571,360
Private Open Space						
Farm		279,130	94,700	355,590	142,010	587,410
Forest		573,650				573,650
Open Space		640,490				640,490
Wetlands		-				-
		1,493,270	94,700	355,590	142,010	1,801,550
Other						
		-	-	-	-	-
		-	-	-	-	-
Taxable Grand Total						
		1,086,366,670	113,322,218	37,184,790	13,114,974	1,223,758,704
Public Tax Exempt Properties						
Federal		1,074,500			18,128	1,056,372
State		7,015,380			118,360	6,897,020
Municipal (inc. VFD)	61	100,581,130			1,696,949	98,884,181
Public Colleges		-			-	-
Private Tax Exempt Properties						
Educ/Hist/Charitable (inc. LT)		6,085,100			102,664	5,982,436
Agric/Hort. Societies		291,600			4,920	286,680
Cemeteries		-			-	-
Churches & Religious Facilities	2	5,477,100			92,407	5,384,693
Hospitals		-			-	-
Veteran Organizations		-			-	-
Non-Profit Camps/Recreation	1	1,357,800			22,908	1,334,892
Private Colleges & Hospitals		-			-	-
Misc (Pub. Serv./RR/CRRA/CHA)		19,800			334	19,466
		121,902,410	-	-	2,056,670	119,845,740
Consolidated Value List						
		1,208,269,080	113,322,218	37,184,790	15,171,644	1,343,604,444

BUDGET ALLOCATION SUMMARY - RESTATED

1/20/2009

BUDGET YEAR 2007-08

MUNICIPALITY TOLLAND

SERVICES	Expenditures	Actual Revenues	Restated Revenues	Net Expenditures	Ad Valorem	Per Capita	Per Pupil
Per Pupil Allocation							
Education	34,585,455	10,690,581	10,690,581	23,894,874			23,894,874
Per Capita Allocation							
Community Services For Residents	899,545	13,597	13,597	885,948		885,948	
Ad Valorem Allocation							
Other Municipal Activities	11,476,663	2,779,925	2,779,925	8,696,738	8,696,738		
Use Related Revenue							
State PILOT		65,668	65,668				
Federal PILOT		-	-				
Private Tax Exempt		-	-				
	-	65,668	65,668	(65,668)			
Amount From Current Taxes							
Current Taxes		33,635,142	33,411,892	(33,411,892)			
TOTALS	46,961,663	47,184,913	46,961,663	-	8,696,738	885,948	23,894,874

Non-Tax Revenue	13,484,103	\$ 6.47	\$ 61.95	\$ 7,631.71
Restated Tax Revenue	33,411,892	Per \$1000 Value	Per Resident	Per pupil
Use Related Revenue	65,668			
Total Revenue	46,961,663			
Addition to Fund Balance	223,250			
Overall Fund Sources	47,184,913			

BUDGET ALLOCATION

BUDGET YEAR 2007-08

MUNICIPALITY TOLLAND

Population 14,301

Per Pupil		Expenditures	Revenues
Education	31,571,976	State Aid	10,274,519
Debt Service (71% of \$4,244,336)	3,013,479	Misc. Ed. Grants	338,829
		Misc. Ed. Income	-
		Education for Blind	14,389
		Tuition From Other School Systems	62,844
	34,585,455		10,690,581
	2,418		748
	74%		23%
Per Capita			
Vital Statistics		Vital Statistics	
Registrar Of Voters	37,735	Hunting/Fishing Licenses	
Elections/Town Meetings		Probate Court	
Probate Court	5,155	Visiting Nurse Fees	
PH Nursing		Park - Recreation Permits/Fees	
Senior Center		Library Fees	8,967
Community Services	856,655	Counseling Fees	2,230
Human / Social Services		Special Activities (pistol permits)	2,400
Park - Recreation		Mini-Bus Operations	
Library		Elderly Programs	
Elderly Programs		Youth Services	
Youth Program			
Special Events			
Special Activities	-		
Mini-Bus Operations	-		
	899,545		13,597
	63		1
	2%		0%
Ad Valorem			
AD VALOREM TOTAL	11,476,663		2,779,925
	803		194
	24%		6%
Use Related Items			
		State PILOT	65,668
		Federal PILOT	
		Private Tax Exempt	
		Elderly Tax Relief Reimbursement	
		Veterans Exemption Reimbursement	
		Disability Tax Relief Reimbursement	
		Boat Tax / Boating Safety	
		Mercantile Inventory	
		Industrial Incentive Program	
		Manufacturing Equipment	
		SCRWA	
		Housing Authority	
		Cheshire Academy/Taft School	
		Airport PILOT	
		Grant Abatement for Elderly Housing	
		Crestbrook Debt Service/Admin. Charge	
		Hospital	
	-		65,668
	-		5
Amount From Current Taxes			
		Current Taxes	33,635,142
	-		33,635,142
	-		2,352
	0%		71%
TOTAL EXPENDITURE	46,961,663	TOTAL REVENUE	47,184,913
	3,284		3,299

FISCAL IMPACT SUMMARY - CONSOLIDATED GRAND LIST - RESTATEC

TOLLAND

- mills - per person - per pupil

	REVENUE			NET EXPENDITURES			TOTAL	NET FISCAL IMPACT
	Tax	Use	TOTAL	Value	People	Pupils		
Residential	30,409,552	-	30,409,552	(7,209,244)	(874,549)	(23,894,874)	(31,978,667)	(1,569,115)
Vacant Land	47,094		47,094	(11,165)	-	-	(11,165)	35,930
Vacant Lot	959,673		959,673	(227,511)	-	-	(227,511)	732,161
1-4 Unit Buildings	28,672,901		28,672,901	(6,797,533)	(831,618)	(23,665,923)	(31,295,073)	(2,622,172)
Apartment	188,404		188,404	(44,665)	(21,063)	(53,422)	(119,150)	69,253
Condominium Unit	541,480		541,480	(128,370)	(21,868)	(175,529)	(325,767)	215,713
Mobile Homes	-		-	-	-	-	-	-
Commercial	2,120,991	-	2,120,991	(502,827)	(5,328)	-	(508,155)	1,612,836
Vacant Land	11,474		11,474	(2,720)	-	-	(2,720)	8,754
Commercial Development	2,109,517		2,109,517	(500,107)	(5,328)	-	(505,434)	1,604,083
Comm. Condominiums	-		-	-	-	-	-	-
Industrial	816,563	-	816,563	(193,584)	-	-	(193,584)	622,979
Vacant Land	-		-	-	-	-	-	-
Development	816,563	-	816,563	(193,584)	-	-	(193,584)	622,979
Condominiums	-		-	-	-	-	-	-
Public Utility	15,600	-	15,600	(3,698)	-	-	(3,698)	11,901
Facilities	15,600		15,600	(3,698)	-	-	(3,698)	11,901
Private Open Space	49,187	-	49,187	(11,661)	-	-	(11,661)	37,526
Farm	16,038		16,038	(3,802)	-	-	(3,802)	12,236
Forest	15,662		15,662	(3,713)	-	-	(3,713)	11,949
Open Space	17,487		17,487	(4,146)	-	-	(4,146)	13,341
Wetlands	-		-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Other	-		-	-	-	-	-	-
Taxable Total	33,411,892	-	33,411,892	(7,921,013)	(879,877)	(23,894,874)	(32,695,764)	716,128
Public Tax Exempt Properties								
Federal		-	-	(6,838)	-	-	(6,838)	(6,838)
State		65,668	65,668	(44,642)	-	-	(44,642)	21,026
Municipal (inc. VFD)		0	-	(640,047)	(5,699)	-	(645,746)	(645,746)
Public Colleges			-	-	-	-	-	-
Private Tax Exempt Properties								
Educ/Hist/Charitable (inc. LT)		0	-	(38,722)	-	-	(38,722)	(38,722)
Agric/Hort. Societies			-	(1,856)	-	-	(1,856)	(1,856)
Cemeteries			-	-	-	-	-	-
Churches & Religious Facilities			-	(34,853)	(248)	-	(35,101)	(35,101)
Hospitals			-	-	-	-	-	-
Veteran Organizations			-	-	-	-	-	-
Non-Profit Camps/Recreation			-	(8,640)	-	-	(8,640)	(8,640)
Private Colleges & Hospitals			-	-	(124)	-	(124)	(124)
Misc (Pub. Serv./RR/CRRA/CHA)			-	(126)	-	-	(126)	(126)
Tax Exempt Total	-	65,668	65,668	(775,725)	(6,071)	-	(781,796)	(716,128)
Consolidated Value List	33,411,892	65,668	33,477,560	(8,696,738)	(885,948)	(23,894,874)	(33,477,560)	0