

BUTTE COUNTY GENERAL PLAN 2030

FISCAL AND PUBLIC SERVICE ISSUES

BACKGROUND: Over the past 17 years there have been at least three fiscal analyses of development impact in Butte County: studies on the Rancho Esquon and Stringtown Mountain proposals¹ in the early 1990s and a white paper in 2000². Each of these analyses concluded that most configurations of purely residential development would not pay for themselves. However, those conclusions were based on the County receiving a lower share of property taxes than is now the case. The share of property taxes received by the County during the timeframe of the earlier analyses was about 13 percent³. The County share now averages 17.5 percent⁴. While this increase is significant, the cost of County government has also increased over the period, and the fiscal analysis contained in the general plan Alternatives Evaluation Report seems to concentrate on only two aspects of County services, the fire department and Sheriff patrol operations.

DISCUSSION: Alternatives Evaluation Report methodology does not address the full fiscal implications of future development in the County. Many more County functions are fiscally impacted by development than are mentioned in the report. It is not clear that the generally neutral to positive ratings assigned to most study areas for overall fiscal impact consider the fact that most County departments need revenue increases to deal with population growth.

Some other major functions funded substantially by the general purpose revenue that funds fire and Sheriff operations are the County jail, the Probation Department, including the Juvenile Hall, District Attorney criminal prosecution, libraries, the County's mandatory contribution to trial courts, and veterans' services and halls. If growth is to actually have a neutral or positive fiscal impact, all of these functions and others must be included in the calculation.

However, it is not possible for any single analysis to reasonably project relationships between development and County services over the 20-year perspective of the general plan. County revenue sources may change over time, and potential revenue from development is sensitive to proposal-specific factors such as residential densities and sales prices and the mix of other land uses such as retail, commercial, industrial, hospitality, etc.

BOTTOM LINE:

The only way to reasonably estimate the fiscal impact of development is to require an independent fiscal analysis of specific projects at the time they are proposed.

Although sometimes seen as a roadblock to development, fiscal impact analysis actually has a potential for helping developers and government come to agreement on development designs that moderate fiscal impact through a fiscally aware mix of land uses.

RECOMMENDATION: In the Public Facilities and Services Element of General Plan 2030, require an independent fiscal analysis for any development proposed for over 100 dwelling units as follows:

- The County shall adopt criteria for independent fiscal impact analyses which shall be accomplished for all proposed developments of over 100 dwelling units and shall be considered during the development approval process.

¹ Fiscal impact analyses by the author of this paper as a Butte County Deputy Administrative Officer, presented to the Butte County Board of Supervisors circa 1993-94.

² White Paper: Economic Development & Fiscal Well-Being in Butte County, Economic & Planning Systems, Inc. (EPS), January 2000.

³ EPS, Appendix A, Notes to Table A-2(8).

⁴ Butte County General Plan 2030 Alternatives Evaluation Report, Design, Community & Environment (DCE), March 13, 2008, Appendix B, p. B-4, Property Tax Share.