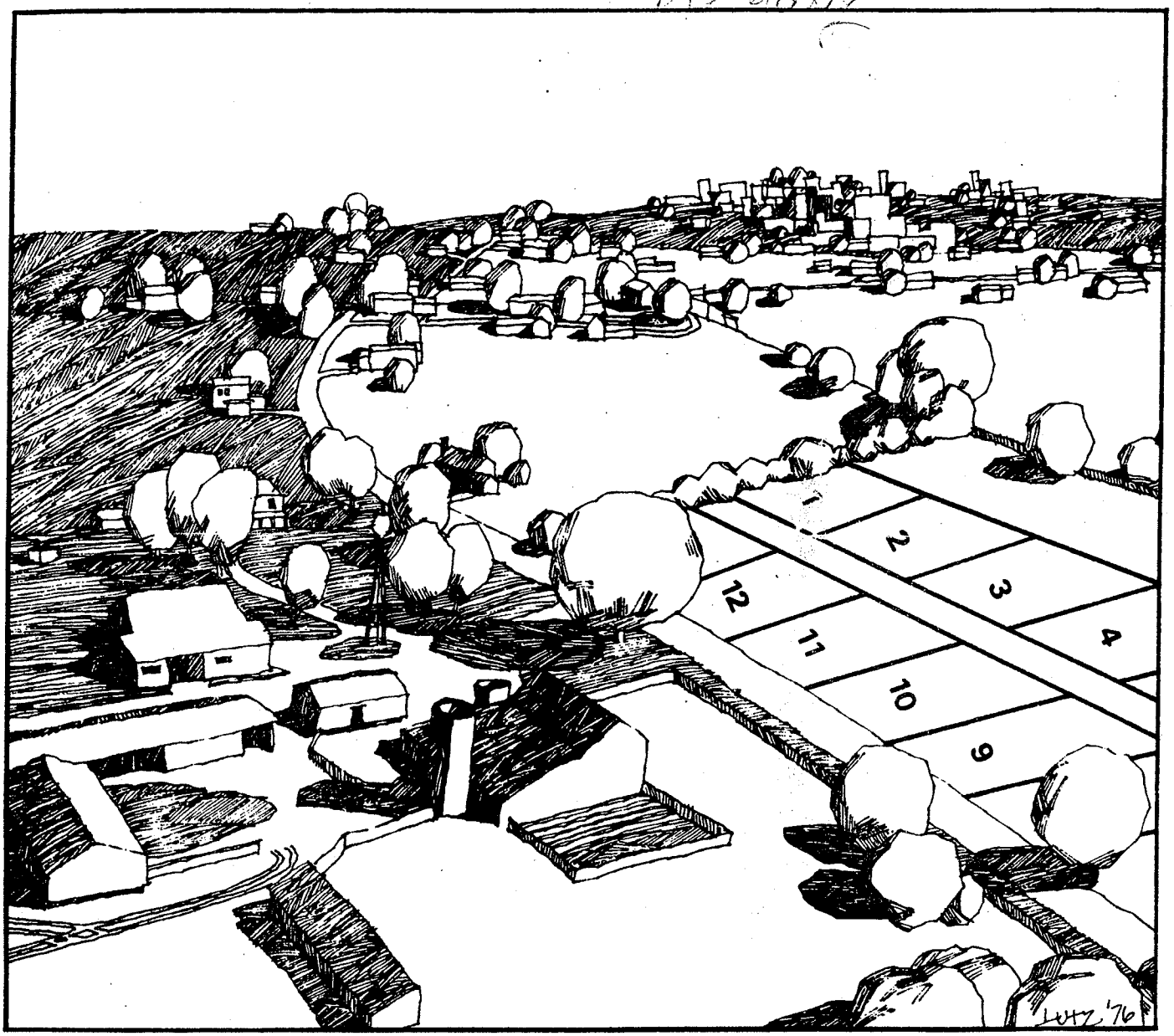

THE COSTS OF RURAL DEVELOPMENT: WHO PAYS AND WHO BENEFITS?

THE DUNN AND FITCHBURG EXPERIENCE

TOWN OF DUNN
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PREPARED BY: UW-EXTENSION, DANE COUNTY

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THE COSTS OF RURAL DEVELOPMENT: WHO PAYS AND WHO BENEFITS?

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INTRODUCTION

When driving through rural Dane County it is easy to notice the increasing number of homes scattered about the countryside. Some are built on individual lots, nestled in a woods or carved out of the corner of a field. Others belong to subdivisions of up to 100 or more homes.

People are moving to the country for a variety of reasons: the rural atmosphere, larger lots, lower taxes and smaller school systems. So many people are now attracted to the country, in fact, that a growing proportion of Dane County's new houses are being built in unincorporated areas. In 1964, 15.4 percent of the county's housing was in unincorporated areas. By 1975, the percentage had risen to about 20 percent. In that year 44 percent of all new building lots created in Dane County were in unincorporated areas.

Town officials and citizens living on the fringes of Madison and other expanding communities in the county are asking serious questions about what the growing popularity of country living means to them and their town:

1. What will be the long-term effect on public service levels and tax rates if people continue to build?

2. What does each new housing development cost the town? How are these costs distributed among local residents?

3. How does an influx of new people affect the town's character, local traditions and the existing community fabric?

The answers to these questions will vary from one area to another. But by looking at specific examples, we can understand in a general way what happens when a community expands.

This report is based on an examination of changes in local services and governmental activities in the Town of Fitchburg during the past eight years. It illustrates what happens in the long run as development proceeds. The Town of Fitchburg was chosen for study because it has grown faster and has a larger population than other towns in the county, due to its proximity to the City of Madison. Its northern boundary is closer to central Madison than the eastern and western edges of the city. Fitchburg has been involved in planning since 1972. It recently passed a set of ordinances that represent the strongest land use controls implemented in rural Dane County.

We also discuss how farming is affected by increases in property assessments and tax rates caused by development. Then, by studying Waubesa Heights, a rural subdivision located in the Town of Dunn, we look at how the addition of a 64-home subdivision to the town would affect local school and service costs. We also describe how these costs would change local tax rates. We chose Waubesa Heights because it was typical of many rural subdivisions in Dane County. Finally, we describe some of the problems that arise when housing is located in rural areas and how development causes the character of a town to change.

STUDY HIGHLIGHTS

The Long-Term Effects of Rural Residential Development

The effects of rural development tend to accumulate as more housing units are built over a period of years. Eventually new services are needed to solve problems caused by development or to meet the demands of new residents accustomed to an urban level of living. The Town of Fitchburg was used in this part of the study to show how increases in services and governmental activities come on the heels of new development. In 1968, when the town had a population of 3,999, the town employed nine full-time workers. Since then the population of Fitchburg has grown to 10,053, (1976 figure) and the town has added 17 full-time and 5 part-time employees for a total staff of 31.

Another long-term effect of rural residential development is the decline in in family farms resulting from: 1) the gradual increases in farmland value to reflect the area's potential value for homesites, and 2) higher tax rates to pay the costs of additional services for new residents. Although all Dane County farmers receive the same amount for their crops and livestock, those farmers living in towns with significant amounts of rural residential development have to pay two to three times as much in property taxes for the same kind of farm. This places a significant disadvantage on them in terms of net income.

The Effects of a New Subdivision on Local Taxes

We studied the tax effects of rural development by measuring the difference between taxes actually paid by Town of Dunn residents in 1976 and taxes that would have been paid if an additional subdivision similar to Waubesa Heights had been built in 1974. Property taxes are levied on town property by local school districts, the county, the town, (in most cases), the vocational education district, the state, and special-purpose districts such as sanitary districts, if there are any. The total tax bill to property owners is greatly affected by the contributions the state makes to some of the tax categories.

The results of this analysis showed that a new 64-home subdivision changes total property taxes very little. First, the total property tax rate would drop by 3 cents per $1,000 full value. But state shared taxes and tax credits would have reduced this amount to 2.16 cents per $1,000 full value. If the subdivision had been built, property taxes on a home valued at $40,000 would decrease by only 86 cents. Had we made different assumptions about local school costs, taxes might have increased. Because of current property tax laws, the addition of a single subdivision to a town has almost no effect on the local fiscal balance.

The Effects Of An Influx of New People On A Town's Character

As development proceeds in a town, its character begins to change. Conflicts arise between homeowners and farmers. Newcomers often define their interests in terms of the urban areas where they used to live and where they probably still work. Most newcomers know little or nothing about town government or the names of town officials. In a 1976 survey of Waubesa Heights residents, more than 70 percent of the respondents could not give the name of even one town board member. More than two-thirds said they had never done anything to make their views of local affairs known to local officials or other citizens.

QUESTION 1:

WHAT WILL BE THE LONG-TERM EFFECT ON PUBLIC SERVICE LEVELS AND TAX RATES IF PEOPLE CONTINUE TO BUILD?

If one were to analyze the effects of each new rural subdivision one at a time, it would be easy to conclude that little change was taking place in the community. However, when taking a long range view, we find threshold effects that arise when towns reach certain levels of development.

As a town expands, for example, and town officials receive more and more complaints about vandalism, trespassing and speeding, they will eventually decide that a municipal-type police department is necessary. And soon afterward, the town might want its own fire department. Such service additions are not brought about because one subdivision is added, but are caused by repeated new developments over a period of years.

When new services are added, the town tax rate usually increases. Long-established residents of the town are not the ones who ask for the new services. The services are usually requested by new residents accustomed to urban conditions, or are added because town officials feel they must respond in some way to continuing new problems. For whatever reason, most new services are paid by everyone. Some new service costs, such as special assessments for public sewage service, are only paid for by those who directly benefit.

The Town of Fitchburg Experience

The Town of Fitchburg, situated directly south of Madison and west of the Town of Dunn, had a population in 1968 of 3,999. This is close to the Town of Dunn's current population of 4,145. In the last eight years, the Town of Fitchburg's population has grown to 10,053. We will examine how local services and governmental administrative activities increased in the Town of Fitchburg during that period of growth. This will provide insight into how the Town of Dunn's services and activities might change if it were to expand at the same rate in the future.

It should be noted that most new housing units in the Town of Fitchburg are apartments. Information available from 1968 to 1973 shows that 2,704 (86.9 percent) of the 3,112 housing units built in that period were apartments. If all these units had been single family residences, road costs would have been twice as much as they were. Other public service costs are only slightly dependent on the type and placement of housing units constructed.

The list on the next page shows what governmental services and activities have been added in the Town of Fitchburg in the past eight years.

A Look At The Town of Fitchburg's Services

The following information should help explain some of the costs associated with the services added in the Town of Fitchburg during the past eight years:

Streets and Roads -- Although the town's population has more than doubled since 1970, no new personnel have been added to the road crew since then. First of all, total road mileage increased by only five miles because most new housing units constructed have been apartments, and cul-de-sacs have been used to serve many individual homes.

TOWN OF FITCHBURG

GROWTH IN PERSONNEL AND SERVICES SINCE 1968

YEAR	POPULATION	SERVICE, ACTIVITY, PERSONNEL ADDED
1968	3,999	Full-time assistant water superintendent added
1969	4,351 (estimate)	Trash collection began One worker added to road crew Volunteer Fire Department created in conjunction with the Towns of Madison, Verona and Oregon
1970	4,704	Town Assessor became full-time position Two workers added to road crew
1971	5,911 (estimate)	Two full-time police officers hired Town formed its own Volunteer Fire Dept.
1972	7,119	Three additional police officers hired One part-time clerical position added
1973	7,587 (estimate)	Town board increased from three to five members
1974	8,055	One police records clerk added One full-time clerical position added
1975	8,456	One police records clerk added One animal control officer added One police dispatcher added One police officer added
1976	10,053	One police officer added Three police dispatchers hired One full-time parks coordinator added Full-time Town Engineer position is being advertised

Also, the county has assumed a greater share of the town's road maintenance activities in recent years through a contract with the town. Finally, potential labor increases have been avoided by capital investments in more labor-efficient road machinery. To maintain Fitchburg's 61 miles of local streets and roads, the 1976-77 town budget lists expenditures of $379,162. This includes $35,400 for new equipment and $91,400 for 5.35 miles of blacktopping work.

Fire Protection -- After the town's volunteer fire department was formed, these expenses were incurred:

1971 -- Pumper, Rescue Unit, Radios and Equipment:	$ 23,713.91
1972 -- Pumper, Chassis and Dept. Building:	171,827.72
1973 -- Pumper:	23,642.99

The Fitchburg Fire District covers all but two sections in the town. The fire chief's salary is $2,000 per year (1976-1977). Volunteer fire fighters are paid for attending meetings and participating in fire runs.

Law Enforcement -- Personnel of the Fitchburg Police Department currently include the police chief, one investigator, one sergeant, five full-time patrol officers, two records clerks, four dispatchers (part-time) and one animal control officer (now federally funded). The approved department budget for 1976-77 is $216,908.

Garbage Collection -- The City Disposal Company (a private firm) has a contract with the Town of Fitchburg under which it collects trash for $30 per house (less for apartment units).

Parks and Recreation -- Land for parks is dedicated to the town by developers. However, the town pays maintenance and upkeep costs. The proposed 1976-77 budget for the Parks Department is $46,606, of which $13,175 will be reimbursed by the federal government. The park coordinator's salary currently is paid with federal funds. After federal funding expires, the town will pay the salary.

Summary -- Before 1968, nine full-time personnel were employed by the Town of Fitchburg: a six member road crew, a town clerk (changed to a full-time position in 1965), a water superintendent (hired in 1966) and a clerical worker (hired in 1966). Since then, 17 full-time and 5 part-time employees have been added.

At an August, 1976 joint meeting of the Town of Madison and Town of Fitchburg town boards, Fitchburg Supervisor Leo Lacy observed that, "The bigger you get, the more problems you get, and the higher the costs. That's my thinking". His statement reflects the frustration town officials often face when they must deal with ever increasing service demands and the complexities of governing a rapidly expanding population. A town cannot prevent all development, but it can adopt strategies to manage urban pressures in a sensible way.

Next we'll discuss how rural development affects the vitality of the family farm enterprise and changes the nature of the community.

Another Kind of Threshold Point: The Decline of the Family Farm

Until now we have discussed the threshold points that occur as a town grows in terms of the addition of local services and administrative activities. Another type of threshold point occurs, however, when the family farmer and his wife decide that their children probably will not be able to make a decent living on the farm.

They reach this decision as town development proceeds and the value of farmland gradually increases to reflect the land's value for potential homesites, and not as crop land.

This rise in property values, coupled by increased tax rates, is clearly evident on the map of agricultural land values and taxes in Dane County shown on the following page. The closer a town is to the Madison metropolitan area, the higher are the land values and property taxes per acre. In 1975, a farmer in the Town of Perry paid an average of $7.17 per acre in taxes, while a farmer in the Town of Fitchburg paid an average of $24.51 per acre, but received the same prices for his cash crops and milk. Rising property taxes gradually decrease the farmer's business returns. Higher taxes result from higher property value assessments and/or higher tax rates.

Also, as property values increase in a town, residents sometimes must pay a disproportionate share of the local school district's costs. For example, in the 1974-75 school year, Town of Middleton residents paid 19.6 percent of the Middleton School District's (Joint School District #3) costs, but accounted for only 13.3 percent of the district's student enrollment. When this happens, many farmers feel that the property tax system becomes inequitable because it seems to place an undue share of educational costs on one sector of the economy: farming.

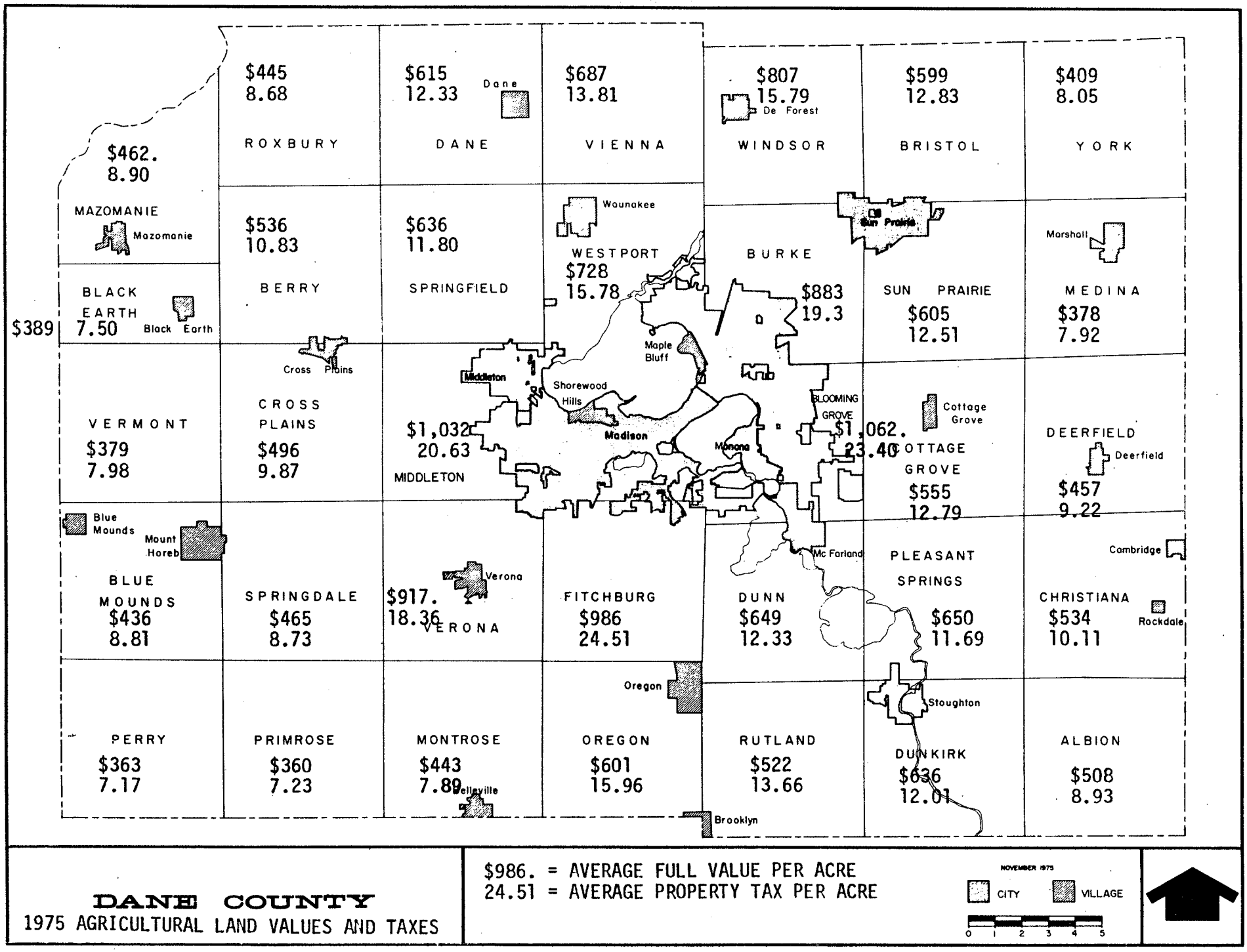
The goal of most farmers is to build up their farms into prosperous enterprises that they can hand over to their children or sell for a retirement income. This cycle is broken when property taxes become so high that the next generation is faced with an uncertain economic future. If there are no children who want to take over the farm, finding a farmer buyer is difficult since the farm's value has risen so much and there is no assurance the land will stay in agriculture. What often happens is that urban buyers, such as doctors, lawyers, contractors and realtors, purchase the farmland for investment or tax purposes. Because such buyers often pay higher prices than a farmer could, farmland assessments are driven up for everyone.

In the Town of Dunn, for instance, about 18 percent of the agricultural land is owned by non-farmers living outside the town. Another 41 percent of the agricultural land is leased by resident landowners to seed corn or canning companies or to neighboring farmers. Many who lease their land are widows or retired farmers whose children have not taken over the farm. At last count, only a dozen dairy farms were operating in the Town of Dunn.

All farmers face high machinery, seed and fertilizer costs. When farmers in one town must pay two or three times as much in property taxes as farmers in other towns, they face a significant and unfair disadvantage in the marketplace.

It isn't just for the benefit of the farmer that we should work to preserve the family farm enterprise. Agriculture is a vital part of our diverse Dane County economy. This diversity has protected the county economy during bad economic periods. Dane County is the leading agricultural county in Wisconsin, the first county in the state to earn agricultural cash receipts in excess of $100 million annually. Not only is Dane County a top producer in the state, but it ranks among the 25 most productive agricultural counties in the U.S.

In spite of this impressive record, the county's agriculture may be in jeopardy because of the effects of gradual urbanization. A county population gain of 70 percent from 1950 to 1970 reflects the spectacular rate of urban growth. It is estimated that by 1980 Dane County will have twice as many residents as it did in 1950. With urban growth, almost 40,000 acres (the equivalent of more than two townships) has been transferred from agricultural to urban or urban-related use during the past 25 years. We can and should be doing more to protect the loss of family farms and productive farmland in this county. Both are valuable resources. Neither can be renewed after being surrounded and covered by development.



DANE COUNTY
1975 AGRICULTURAL LAND VALUES AND TAXES

$986. = AVERAGE FULL VALUE PER ACRE
24.51 = AVERAGE PROPERTY TAX PER ACRE

QUESTION 2:

WHAT DOES EACH NEW HOUSING DEVELOPMENT COST THE TOWN? HOW ARE THESE COSTS DISTRIBUTED AMONG LOCAL RESIDENTS?

Town board members make development decisions one at a time. In order to illustrate the short-run effects of each new development proposal, we will describe what would happen to the property taxes of Town of Dunn residents if a new subdivision like Waubesa Heights were built today. Rather than basing our study on assumptions, we will use available information to measure the difference between taxes actually paid by town residents in 1976 and taxes that would have been paid if a subdivision had been built in 1974.

Background Information

Waubesa Heights comprises 68 lots covering about 40 acres of land. In mid-1976, 63 of the lots contained single family homes; one contained a duplex. Four lots were empty. The first 21 lots were subdivided in 1964, followed in the next year by the remaining 47. In 1975, the average assessed value of a house and lot in the subdivision was $13,680, based on assessed values which in Dunn are 41 percent of full value. This average value is from a sample of 12 properties taken from the tax roll at the county treasurer's office. The average 1975 full value of these houses, therefore, is $33,300.

A survey conducted in July, 1976 found an average of 2.48 children per household. The subdivision lies within the McFarland School District with an average of 1.65 children per household attending district schools.

Services provided to Waubesa Heights residents are typical of rural subdivisions with the exception of its public sewerage system. Several years ago, Waubesa Heights residents joined a town sanitary district formed along the southeastern shore of Lake Waubesa. The town sanitary district is a special purpose unit of government directed by a three-member commission. The costs of the districts sewerage facilities are paid by those people directly benefiting from them through the use of special assessments.

Most other local services are provided by or through the town government. Fire protection is contracted with the Village of McFarland. Police protection is provided by either the town constable or the Dane County Sheriff's Department, depending on circumstances. Waubesa Heights residents take their trash to a landfill site operated by the town. Some residents contract with either of two available private trash collecting firms for regular pick-up. Town roads serve the subdivision by providing access to County Trunk B to the south and State Highway 51 about one mile northeast. There are no parks or playgrounds within walking distance of the subdivision.

The Property Tax System

Because the distribution of new development costs is determined by the property tax system, we will briefly describe that system here to set the stage for our analysis.

In the unincorporated areas of Dane County, several units of government have the power to tax property. The most important taxing jurisdictions are school districts, the county and towns. School costs alone accounted for an average of 70 percent of all 1975 property taxes collected from town property owners in Dane County. We will use these three taxing jurisdictions in our analysis.

We will not consider the Vocational, Technical and Adult Education District (VTAE) property tax because the VTAE tax rate is low and the district tax base is very large. Therefore, the addition of a new subdivision to the Town of Dunn would have almost no effect on the VTAE tax rate. The state also taxes property -- at 20 cents per $1,000 valuation. Because this tax is not dependent on the local tax base, we will not include it in our analysis.

The tax levy is the amount of revenue that each town, county or school district must raise to pay public expenses. It is calculated by first determining the amount of money needed to provide services and then deducting the revenue that will be received from federal or state grants or aids, fees, operating receipts, fines, interest or other revenue sources.

The property tax levy of each taxing jurisdiction is distributed among the government units within that jurisdiction on the basis of equalized value (also called full value). This is the full value of all the property in the government unit. For example, the part of the Town of Dunn in which Waubesa Heights is located is in the McFarland School District, which also includes the Village of McFarland and parts of the Towns of Blooming Grove, Cottage Grove and Pleasant Springs. In 1975, 24.03 percent of the district's equalized value was in the Town of Dunn, so those town residents in the district paid 24.03 percent of the school district's tax levy (taxes collected in 1976).

Within each town, taxes are distributed among property owners according to the assessed value which is the value placed on each parcel by the town assessor. Since the Town of Dunn has no town property tax levy, the assessed value is only used to distribute other taxing jurisdiction levies among town property owners. An individual must pay the same percentage of the property taxes raised in the town as that person's assessed property value compared to the town's full assessed value. If a person owns 2 percent of the town's total assessed value, he must pay 2 percent of the property taxes raised in the town.

Town assessors often assess property at only a percent of full market value. In the Town of Dunn this percentage is 41.08. Therefore, a house with a market value of $40,000 would be assessed at only $16,432. Assessed value is only important within the town. Equalized value is used to distribute school district and county tax levies among the government units that make up each taxing jurisdiction.

State school aid formulas play a significant role in the tax consequences of new development. The state has financed an increasingly large share of local school costs in recent years. During the 1960's and early 1970's, the state supported 25-30 percent of public education costs. In 1973, when the state aids system was changed, the state assumed about 40 percent of public education costs. Under the new system, the state guarantees a certain property valuation assessment for each student. If a district falls short of this guaranteed valuation, the state will pay the remainder.

In the 1975-76 school year, the state paid the McFarland School District $612.34 per student -- 40.4 percent of the $1,514.82 spent to educate each pupil. In contrast, the City of Madison received just $160.32 per student, or 9.8 percent of the $1,633.43 in educational costs for each student. This compares to the state's highest share in 1974-75 of 74.6 percent of eligible costs for the Butternut School District in Ashland county and to no state payment for several state school districts with high per pupil property valuations.

School Taxes

With this background information, we can examine how the addition of a new subdivision like Waubesa Heights in 1974 would have affected the 1975 tax rate. First we will look at school taxes. The 1975 average full value of a home in Waubesa Heights is $33,300. The 1974 equivalent full value if $29,166. If 64 new homes were built with a 1974 full value of $29,166, we get an increase to the McFarland School District tax base of $1,866,624. By subtracting the 1974 full value of the land as farmland, $16,179, we get a net increase to the tax base of $1,850,445.

Based on a July, 1976 survey of Waubesa Heights, we will assume that 98 of 106 children associated with the new subdivision would be new to the McFarland School District. Using these figures, we will calculate the 1975 school tax rate (taxes collected in 1976) that would have occurred if the subdivision had been built in 1974.

It is difficult to precisely determine the costs of educating each student that is new to the district. For this analysis we will assume that new students will enter school with the same state-shared operating and capital costs as current students, as calculated by the State Department of Public Instruction. These per student costs are $1,405 (primary costs) plus $37.31 (secondary costs), a total of $1442.31. We would not count capital costs if the school district's facilities were underutilized and enrollment was not expanding. This is the current situation in the Madison School District. If new students entered the Madison School District, they would probably help share the capital costs of the facilities not being used to capacity. On the other hand, capital costs would be considerably higher than the assumption used here if the school district had to build new classrooms or schools to accommodate children from the new subdivision.

Actual school costs and tax data for the McFarland School District for the 1975-76 school year included:

1.	Property Value Per Pupil:	$ 51,082
2.	State Aids:	$ 775,837
3.	State's Share of Total Costs:	40.4%
4.	Tax Levy:	$1,143,439
5.	Tax Rate:	$ 15.47 per $1,000 full value

In estimating the costs of a new subdivision, we will assume that:

1. Ninety-eight new students would have been added to the school district.

2. The district's full value would have increased by $1,850,445.

3. Each new student would have cost the district $1,442.31.

Using these assumptions, school costs and taxes would have changed by the following amounts:

1. The average value of property per pupil would drop to $48,963.
2. State aids would increase by $106,858.
3. The state's share of total costs would rise to 42.8%
4. The district tax levy would increase by $30,231
5. The new school tax rate would be $15.44 per $1,000 full value -- a decrease of 3 cents per $1,000 full value, or .2 percent.

Because of this decrease, the owner of a $40,000 home in the district would have to pay $1.20 less in property taxes in 1976 if the subdivision had been built in 1974. As we shall see, however, the impact of this tax decrease is softened by a decrease in state shared taxes and tax credits.

Town Taxes

The Town of Dunn is one of the few towns in Dane County that does not levy a town property tax. State shared taxes, state and county road aids, a mobile home tax, license fees, interest on investments and other revenue sources have provided enough to cover town expenses. For fiscal year 1976, town officials expect town expenses to just equal town revenues from these sources. An invested fund of about $100,000 from past surpluses provides interest income and serves as a cash reserve for unanticipated major expenses.

Major services provided by the Town of Dunn include partial law enforcement, fire protection, sanitary landfill and the maintenance of town roads. We will look at how each of these services would be affected by the addition of a 64 home subdivision.

Law enforcement in the town is provided by the Dane County Sheriff's Department and a part-time town constable. The addition of a 64-home subdivision probably would not require significant new law enforcement expenses. Therefore, we won't assign any new costs for police protection.

Fire protection for Waubesa Heights is provided by the Village of McFarland Fire Department. Some additional costs to the Town of Dunn are likely to occur since the town pays for the service out of its general fund according to the equalized value of the homes and property served by McFarland.

The town owns and operates a sanitary landfill site on a centrally-located 40 acre site. At current disposal rates, the site is expected to serve the town about 30 more years. Waubesa Heights residents may bring their trash to the dump during specified hours or may hire the City Disposal Company or an individual hauler to pick it up once a week. To increase revenues and prolong the life of the landfill site, the town sells scrap metal and newspapers to a scrap dealer, and has donated tires to Oregon schools or given them to tire recapping firms. A new 64 home subdivision probably would raise maintenance costs and reduce the life span of the site slightly. Because these costs would be hard to estimate and would be small, we will assume that the subdivision would not raise sanitary landfill costs for the town.

All town roads built in new subdivisions must be paid for by developers as required by Dane County subdivision regulations. However, the road must be maintained and eventually resurfaced at town expense. The Town of Dunn has about 57 miles of roads. An additional nine tenths miles of roads would be needed for the new subdivision. A major portion of the town budget is spent on road maintenance, repair and resurfacing. Revenues have not kept pace with the increasing costs of road materials and additional road mileage. According to town officials, the town can afford to resurface all its roads about once every 18 years at current prices. Under the town's traditional maintenance program, however, roads last only about 10 to 14 years. The town road crew is using hot tar and pea gravel to increase road life by a year or two.

In fiscal year 1975, the town paid $168,525 for road maintenance, and resurfacing -- about $2,957 per mile. The town received $34,799 in state and county road aid, an average of $580 per mile. Therefore, the net road cost per mile to the town was about $2,377. State shared taxes were used to pay most of this amount. To maintain the nine-tenths of a mile of new road built to service the new subdivision, the town would pay $2,139 more each year and receive about $522 in road aids. Thus, the net annual increase in road costs due to the subdivision is $1,617.

$2,139	average annual maintenance and resurfacing cost for new road (.9 mile)
- 522	increase in state and county road aid due to increased town road mileage.
$1,617	net annual cost to town due to new road

We will assume that the town could absorb the additional annual costs of the new subdivision road without imposing a town tax levy. In that case, either town cash reserves would have to be used (resulting in a loss of interest income) or other services would have to be reduced at least incrementally to accommodate the new subdivision road costs. Future added subdivision road costs might force the town to eventually impose a town property tax levy. State tax credits and shared taxes would offset higher costs somewhat. In towns that already have a town property tax, taxes probably would increase slightly each time town road mileage was extended.

So, a new subdivision would mean some increased costs under most of the service categories provided by the town. In order to meet these costs without imposing a town tax levy, services to other residents would have to be reduced slightly or town cash reserves would have to be used.

County Taxes

The county property tax levy helps pay for general county government costs and county services, including maintenance of the county trunk highway system, health and social services and law enforcement. Because the county's tax base is large, $4,214,406,310, a new subdivision would have little effect on the county tax levy. Assuming that the new subdivision would not be assigned any costs resulting from new people moving to the county, the subdivision would lower the county tax rate less than two tenths of a cent per $1,000 valuation, illustrated as follows:

Full Value of County, 1975:	$4,214,406,310	
County Tax Levy, 1975:	13,832,609	
County Tax Rate, 1975:		.0032822
(a little over $3.28 per $1,000 full value)		
County Value with New Subdivision:	$4,216,519,010	
New County Tax Rate:		.0032805
Change in County Tax Rate:		-.0000017
(less than two tenths of a cent per $1,000 full value)		

Shared Taxes, Tax Credits and Full Tax Impact

The changes in state shared taxes and tax credit payments that would result from the addition of a 64 home subdivision to the Town of Dunn are determined by complex formulas, but a general statement can be made about their effects. If the new subdivision would cause local taxes to increase, shared taxes and tax credits would offset a tax increase (or decrease) by about one third. The figures below describe the total effect of the new subdivision on the local tax rate:

School Tax Rate:	-3.00 cents per $1,000 full value
Town Tax Rate:	0.00 cents per $1,000 full value
County Tax Rate:	-0.17 cents per $1,000 full value
Tax Credit Loss:	+0.71 cents per $1,000 full value
Shared Tax Loss:	+0.30 cents per $1,000 full value
TOTAL CHANGE:	-2.16 cents per $1,000 full value

In this case, the subdivision caused the total property tax rate to decrease by 3.17 cents per $1,000 full value. Shared taxes and tax credits would reduce this to a decrease of 2.16 cents per $1,000 full value, a decrease of only one tenth of one percent over the actual tax rate of $18.76 per $1,000 full value. A person with a $40,000 home would pay 86 cents less in property taxes. Property taxes on a farm valued at $150,000 would decrease by $3.24.

Taxes Will Change Very Little

In this example the taxes of town residents decreased only slightly. If we had made different assumptions about the capacity of the McFarland School District, we might have found a different change in taxes. Because school costs account for the majority of tax levies, we probably would get similar results if we considered the tax impact of two new 32-home subdivisions or of several smaller subdivisions scattered around the town. What we can learn from this example is that, because of current property tax laws, the addition of a single subdivision or group of homes has almost no effect on local property taxes.

QUESTION 3:

HOW DOES AN INFLUX OF NEW PEOPLE AFFECT A TOWN'S CHARACTER, LOCAL TRADITIONS AND THE EXISTING COMMUNITY FABRIC?

The economic effects of increased development on town residents can be described in terms of changing tax rates and statistics regarding the number of new employees needed to provide added services. However, when development occurs, many other changes occur that cannot be described in terms of dollars and cents. Newcomers begin to complain about the smell of manure and night field work. Farmers find they can't get the homeowners who live along their line fences to help keep the fences in good repair. Outsiders who buy land in the town rarely come around to fix fences or cut down noxious weeds. Residents experience an increase in trespassing, vandalism, stray dogs, snowmobile problems and gunfire close to homes and livestock.

Other, less apparent, changes also begin to occur. Most newcomers do not see themselves as members of the town in the same way as older residents do. Many will define their interests in terms of the urban area where they used to live and probably still work. When asked where they live, they will name the city used in their postal address. When fewer people view their town as the community of which they are a part, it becomes more difficult to organize town social activities and foster community action on local issues.

Many newcomers do not know the name of the town in which they live, much less how the town government works or the names of town officials. When the residents of Waubesa Heights were asked if they knew the names of town board members, more than 70 percent could not name even one. Only one of the 52 homeowners surveyed could identify all three. When residents were asked if they had ever done anything to make their views on local affairs known to town officials or other citizens, more than two-thirds said they had never done anything along those lines. People who had lived in Waubesa Heights more than five years (the subdivision was started in 1964) were not noticeably more involved than those who had moved there less than five years ago. The one-third who reported being active had either called a town board member, attended a town meeting or gone to one of the meetings held several years ago when Waubesa Heights joined the sanitary district. Almost all contacts with town officials were prompted by specific complaints about snowplowing, drainage or concerns about what a public sewerage system would cost. There was almost no concern about the future shape of the community.

Most towns have a set of informal rules and traditions that almost everyone respects and follows. As development proceeds, these sentiments begin to go unheeded. Outside interests, neither aware of nor sensitive to established feelings, see written rules as the only valid ones. Some local interests begin to feel informal rules and traditions stand in the way of opportunities defined by more metropolitan standards. The larger a town's population becomes, the more it will depend on formal and more rigid rules devised in response to outside pressures and interests.

Finally, increased development means a lot more work for local officials. The Town of Dunn Board, for instance, used to meet once a month for about three hours. Now it meets every week and meetings are often longer than before. Town board members are busy either with complaints about dogs or drainage problems or with new subdivision proposals -- all related to rural residential development.

CONCLUSIONS AND RECOMMENDATIONS

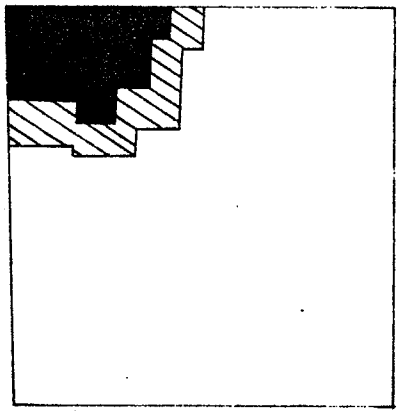
The pace at which Dane County residents are moving to rural areas is increasing. The changes that have come with increased development already affect the taxes, services and community character of several Dane County towns. It will have a significant future effect on others if they maintain a passive role.

It is often hard to take a long-term perspective when faced with immediate problems. The addition of one subdivision, as we found, does not entail significant changes in local tax or service levels. But when development is allowed to proceed for a number of years, problems and costs accumulate to the point where a town can no longer exist as a thriving agricultural community.

Towns Can Create Their Own Development Strategies

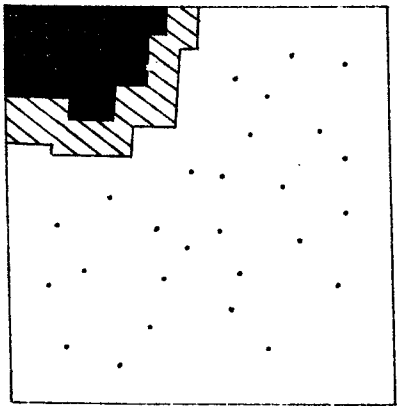
Each town reaches its thresholds of more expensive services and loss of family farms at different stages of development, depending on what type of housing units are built and where they are located. When reviewing subdivision proposals and working with the Dane County Zoning Committee, town officials can influence if and when these threshold points will be reached. A town could follow one of the following strategies:

1) At one extreme, a town might allow development only on land adjacent to a nearby city or village, and require property to be annexed before development can proceed. If this is done, the town would retain its rural character, new services would be unnecessary and taxes on farmland would not be inflated by the sale of properties at development prices.



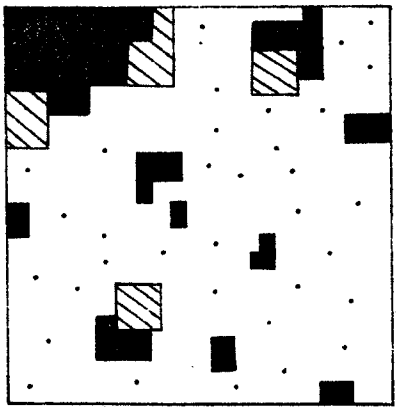
STRATEGY 1 - ENCOURAGE ALL DEVELOPMENT ON LAND ADJACENT TO NEARBY CITIES OR VILLAGES.

2) A more moderate strategy would be to direct major developments toward the edges of nearby communities, allowing a small amount of residential development on land marginally suited to agriculture. If development was kept at a minimum, new services would be unnecessary. Existing roads could be used with maintenance costs spread over a larger number of property owners. Most people attracted to this lifestyle would be willing to forego urban services as a compromise for the benefits of country living. To succeed with this strategy, a town would have to know a lot about its soils and basic land conditions, and the value of different environmental areas of the town to local residents. If this strategy were followed, the town would gain a small number of urban-oriented residents, but essentially would maintain its rural character. Service costs would change little and farmland would continue to be assessed as agricultural land.



STRATEGY 2 - DIRECT MAJOR DEVELOPMENTS TOWARD THE EDGES OF NEARBY CITIES OR VILLAGES, ALLOWING A SMALL AMOUNT OF RESIDENTIAL DEVELOPMENT ON RURAL LAND MARGINALLY SUITED TO AGRICULTURE.

3) As an alternative to the first two strategies, a town could play a passive role. Developers would be allowed to build anywhere if they conform to all county zoning, subdivision, septic system and other regulations. When this passive role is taken, urban development pressures cause a town's population to grow and new services are demanded. The town's character will gradually change from rural to suburban; new services will cause the town tax rate to increase; and farm taxes will rise as scattered developments bring about higher land assessments throughout the town.



STRATEGY 3 - BUILD ANYWHERE. IF THIS STRATEGY IS CHOSEN, A TOWN CAN NEVER GO BACK TO STRATEGIES 1 OR 2.

If a town seriously followed strategies 1 or 2, it would have to enact a town subdivision ordinance or amend the one it already has. In order to enact a town subdivision ordinance, a town would have to form a planning commission. The town also might try to work with the county for changes in the county zoning ordinance to bring residential development in areas zoned as A-1 Agricultural Districts under closer scrutiny and control.

There are many forces operating outside each town's borders that make town development take a form and direction that would not be chosen if townspeople were left to decide the future shape of their own communities. Often rural residents view outside forces as natural or inevitable, leaving the future of the town to be decided by decisions made to serve private interests, or by the reactions of local officials to the accumulated problems caused by previous development decisions. Townspeople can, after deciding what type of community they want, begin to take steps to ensure that their community changes in a more desirable fashion.

Developers purchase and develop land that is available at the lowest price -- whether or not it is in the community interest. When it is not, the community (whether a town, village or city) has the responsibility to step in and see that decisions are made in the best interest of everyone.

Some people feel a great desire to live in the country, and there are places where some rural development affects neither tax rates nor farming. However, many people who need housing will take what developers make available. Rural land often is developed not because there is a great demand for rural housing, but because rural housing can be produced at a price slightly lower than similar housing in urban areas.

When a lot of development occurs in a rural area, the benefits of these savings to a minority of home purchasers are outweighed by the negative effects of higher tax burdens put on other town residents and the economic disadvantages placed on agricultural enterprises. Everyone in Dane County has a right to a comfortable home and pleasant surroundings, but if we continue to scatter so many of our homes across the countryside, the high quality of Dane County living promises to decline for all of us.

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Contributions of Comments and Materials

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