Summary

Fiscal impact analysis is the study of the effect of development on local government expenditures and revenues. The development process involves expenditures and revenues associated with the design, construction, and operation of facilities. The development phase is critical since new development generates property taxes that usually pay for the associated facilities. However, the actual impact of the development, however, is the difference between expenditures and revenues generated in the operating phase. The development-induced spending. For example, many states and some federal revenues are distributed on a per capita basis, but there is sometimes a considerable lag between the time population becomes officially recognized. There is often a shorter delay before the revenue is received by the local government.

Further, the population impact is often sudden, and of short duration (see Figure 3). Additional school costs; could occur during the construction phase. However, the new development does not pay the property taxes for at least one or more years. The development-induced spending. For example, many states and some federal revenues are distributed on a per capita basis, but there is sometimes a considerable lag between the time population becomes officially recognized. There is often a shorter delay before the revenue is received by the local government.

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Sewage treatment plant capacity is "estimated to be able to" then the population growth of 1,000 in (a) would have a development, than it would be if the town's population phase impacts does not provide the information needed to cope with short-run fiscal problems. In some cases, future without-development revenues may be quite different from current expenditures and revenues. In the example in Table 1, 1985 expenditures and revenues were compared with 1978 expenditures and revenues to determine the effect of a new development. The actual impact of the development, however, is the difference between 1985 with-development expenditures and revenues and 1985 without-development expenditures and revenues. The discussion concludes with a statement that the analyst is "called upon to critically evaluate the information contained in fiscal impact studies by asking the analyst's questions about: "

- how expenses and nonproperty tax revenues are estimated;
- what assumptions were made about the time lags in expenditures and revenues;
- what assumptions were made about the future, without-development revenues.

Community leaders can use these questions in the design and evaluation of fiscal impact studies to ensure that the analysis they receive is useful to them.

The author acknowledges the support of the West Regional Development Center and the financial assistance of NSF, Washington, D.C. and the lead author's "A Western Regional Extension Publication" in evaluating the impact of growth on local government expenditures and revenues. While such a study is useful in estimating the impact of growth on local government expenditures and revenues, it does not consider the effect of different assumptions on estimating expenditures and revenues. The development phase is critical since new development generates property taxes that usually pay for the associated facilities.

There is no one method of fiscal impact analysis appropriate for all situations. A study to estimate the fiscal impact of a particular development project will depend on the objectives of the analysis, the local structure of government and the quality of the information available for the analysis.

Evaluation of Fiscal Impact Studies: Community Guidelines

Coping with Growth

Fiscal impact analysis in the context of growth is the study of the impact of a particular development or development alternatives, or of certain policy alternatives, on local government expenditures and revenues. The study assists policy makers to design fiscal impact studies to evaluate fiscal impacts and the underlying design of a fiscal impact study. Fiscal impact analysis can be guided by different objectives if the study is considering a few general guidelines. Fiscal impact analysis of growth can be guided by different objectives if the study is considering a few general guidelines. Fiscal impact analysis of growth can be guided by different objectives if the study is considering a few general guidelines. Fiscal impact analysis of growth can be guided by different objectives if the study is considering a few general guidelines.

President Busby, Extension Economist, Oregon State University, George Goldman, Extension Economist, University of California, Berkeley. "A Western Regional Extension Publication" 1978

Evaluation of Fiscal Impact Studies: Community Guidelines

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Sensitivity analysis

A number of expenditures and revenue estimates are used in the analysis, allowing examination of the sensitivity of fiscal impacts to changes in assumptions underlying the analysis. Sensitivity analysis helps decision makers to understand how estimated expenditures and revenues would be affected by changes in assumptions about such factors as taxable property values, development, and economic growth. The sensitivity analysis also helps to identify areas for further study and to determine the scope of the study.

Sensitivity analysis involves examining the impact of changes in assumptions on the fiscal impact of growth. The analysis typically includes a range of assumptions about key factors, such as property values, development levels, and economic growth rates. The results of the sensitivity analysis can be used to inform decision making and to identify areas for further study.

Fiscal impact analysis can be used as—on and off—tax impacts on revenues and expenditures due to development, and revenue estimates are based on the development that is expected to occur in the future. The analysis involves estimating the number of school children that will be served by the development, and the revenue estimates are based on the development's expected to occur in the future.

Table 1. City fiscal impact: expenditures and revenues

<table>
<thead>
<tr>
<th>Category</th>
<th>Current Year ($112/cap)</th>
<th>Increased Year ($140/cap)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>2012</td>
<td>3012</td>
</tr>
<tr>
<td>Education</td>
<td>100</td>
<td>120</td>
</tr>
<tr>
<td>Police</td>
<td>30</td>
<td>35</td>
</tr>
<tr>
<td>Fire</td>
<td>40</td>
<td>45</td>
</tr>
<tr>
<td>Total</td>
<td>170</td>
<td>200</td>
</tr>
</tbody>
</table>

Two critical relationships

Two critical relationships exist between fiscal impact and development. The first is the relationship between the growth of the local government and the growth of the economy. The second is the relationship between the growth of the local government and the growth of the real estate market. These relationships are important because they determine the fiscal impact of development.

Table 2. City fiscal impact: expenditure concepts

<table>
<thead>
<tr>
<th>Expenditure Concept</th>
<th>Current Year ($112/cap)</th>
<th>Increased Year ($140/cap)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
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</tr>
</tbody>
</table>

The assumption that per capita capital and capital remain constant in the course of growth heavily exceeds on-deduction expenditures. This assumption makes little difference.

Different assumptions yield different results

The different assumptions yield different results. The assumption that per capita capital and capital remain constant in the course of growth heavily exceeds on-deduction expenditures. This assumption makes little difference.

Have the “right” questions been asked?

This approach is focused on whether the assumptions underlying the sensitivity analysis are appropriate. The approach is focused on whether the assumptions underlying the sensitivity analysis are appropriate. The approach is focused on whether the assumptions underlying the sensitivity analysis are appropriate.

An example

An example of this approach is the sensitivity analysis of growth in Atlanta. The sensitivity analysis is focused on the expected increase in city revenues from 1980 to 1990, and a development that is expected to occur in the future. The sensitivity analysis is focused on the expected increase in city revenues from 1980 to 1990, and a development that is expected to occur in the future. The sensitivity analysis is focused on the expected increase in city revenues from 1980 to 1990, and a development that is expected to occur in the future.
Summary

Fiscal impact analysis is the study of the effect of development (or policy) alternatives on revenues and expenditures. It is one of the most important tools available to community leaders in their efforts to critically evaluate the information contained in fiscal impact studies. The analysis they receive is useful to them in understanding the impact of growth on local government revenues and taxes. There are a number of possible uses of objective of fiscal impact studies, and results should be obtained in terms that are meaningful to the planer. Sensitivity analysis aids understanding of the critical assumptions underlying the study and the effect of different assumptions on estimated expenditures and revenues. Sensitivity analysis of critical assumptions is an important part of a fiscal impact study.

Estimating expenditures and revenues of local governments under growth conditions is difficult. Revenue on "normal" taxables developing expenditures. To the developer, it may help in the planning process to determine the impact of growth on government revenues and expenditures. This approach may have some meaningful assumptions with regard to growth. If an area is growing, the problem of what will happen to the town's population if the growth is slowed, or if the government services and revenue from growth are not increased as estimated. Sensitivity analysis is important in understanding the impact of growth on local government revenues and expenditures. In designing and evaluating fiscal impact studies, an important part of a fiscal impact analysis. A study to estimate the tax rate in an impacted community would not necessarily meet the fiscal impact analysis with the same method as a study to determine the effect of growth on county governments and school districts in the impact area. The Public Policy Process: Its Role in Community Growth.

Objectives

Fiscal impact analysis can be guided by different objectives. If a county is considering a new general plan, the objective may be to determine the effect of different development alternatives, or of certain policy alternatives, on government revenues and expenditures. In such an objective, the planer may use the same method as a study to determine the effect of different planning alternatives, or of certain policy alternatives, on government revenues and expenditures. This method may be useful in estimating the impact of a change in state or federal policy, or of the assumption of a fiscal impact study.

The Public Policy Process: Its Role in Community Growth.

Evaluating Fiscal Impact Studies: community guidelines

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Coping with Growth

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