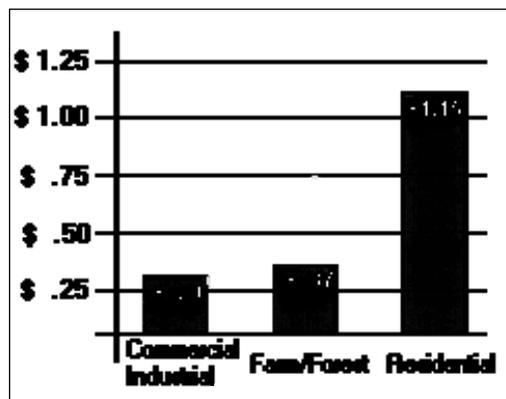


Tax Facts & Myths

- Fact: only guarantees in life are death & taxes
- Fact: schools are single greatest expense in the town's annual budget
- Fact: residential properties provide tax revenue
- Myth: more residential homes = more tax revenues = tax rate reduction
- Fact: numerous studies show that residential properties are typically a net loss for the town
 - Cost of Community Services Studies (COCS) across the US agree
 - 3 COCS in Berkshire County: Hancock, Lanesborough, Williamstown agree
 - Fiscal Impact Studies for Mass. towns support this
- Fact: commercial, industrial, undeveloped properties are typically net gains for the towns
- Myth: higher residential real estate values will help close the gap between revenues & expenses
 - Greatest increases continue to be in school costs
 - Health care costs continue to rise
 - Demand for services is generally highest for residential uses (public safety, public works, etc.)

Conclusion: revenues derived from undeveloped land exceed town expenditures – it is a net gain for the town.

Figure 1: Median Cost per dollar of revenue raised to provide public services to different land uses



Source: American Farmland Trust,
as cited in *Analyzing Land Use and the Fiscal COCS*,
Prepared by BRPC, 2003

Case Study: Cost of Community Services Ratios in Six Mass. Towns

Results of these COCS studies indicate that the “highest and best use” of land, according to town finances, may not be through development. The table below illustrates the cost of community services for each dollar of tax revenue received by the town. Let’s look at Lanesborough, the newest COCS in the study. Overall, it costs the Town of Lanesborough \$1.20 in services for every \$1 in taxes collected on residential properties. This varies according to the specific residential use (for instance, town spends \$1.30 for services for a typical single family home; it spends \$1.22 on a 3-family home, but only 37 cents for seasonal homes).

Table 1. Summary of Cost of Community Services for 6 Mass. Towns

Town	Residential	Commercial & Industrial	Undeveloped Land	Year
Becket	1.02	.83	.72	1995
Gill	1.09	.42	.37	1990
Hancock	1.10	.47	.44	2003
Lanesborough	1.20	.28	.45	2006
Truro	1.31	.36	.41	2001
Williamstown	1.11	.34	.40	1992

Note: All costs above \$1 are a net loss to the town. For instance, it costs Williamstown \$1.11 in town services for every \$1 they collect in taxes from residential properties.

Figure 2: Graph of figures from Table 1.

