

Conservation Matters

A monthly column focused on conservation education, as the result of collaboration among several area conservation commissions and organizations. If your town's commission or conservation organization would like to contribute articles, please contact Jessica Tabolt Halm jess_tabolt@hotmail.com

Title: Turns Out, Even for Towns it Pays to Conserve

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All across America small towns face similar challenges of funding schools, police and fire services, and town roads. States like New Hampshire, that lack a general sales and income tax, acquire much of the revenues needed to support community services from property taxes. Town meetings often ring with protests against budget proposals in the annual battle against property tax increases.

One source of town revenues is the Land Use Change Tax (LUCT), paid whenever land in Current Use is developed. Despite the apparent benefits of using LUCT dollars to offset town operating expenses, residents of over 160 NH towns have voted to put LUCT funds into conservation in order to acquire and conserve open spaces. And, in subsequent years, when proposals arose to steer LUCT funds back into the general fund, the proposals have been defeated about 2/3 of the time.

LUCT Allocation to Conservation (%)	Number of NH Towns (in 2011)	Plymouth-area Towns using LUCT funds for Conservation (some allotments have an annual cap or other restrictions)
100	68	Thornton, Meredith, Tamworth, Sugar Hill
80	1	
75	4	
70	1	
60	2	
50	64	Campton, Holderness, Alexandria, Rumney, New Hampton
53	2	
25	7	Center Harbor, Sandwich
20	3	
15	2	
10	3	
5	1	
3	1	Groton
Research: Land Use Change Tax (LUCT) by Municipality (www.nhacc.org/resources/)		

But, if LUCT funds can decrease property taxes, why do so many people vote, and reaffirm those votes year after year, to do something that seems so against their best interests? It turns out that there are very good reasons to use LUCT funds for conservation.

Open spaces have their own value to society, of course, as locations of beauty, refuge from the stresses of modern society, as productive farms and forests, and places of recreation and education. Perhaps this is reason enough to protect these lands. This rationale was the basis of the Weeks Act in 1911, which led to federal preservation of public lands as forests and parks. But there is also an excellent economic reason to do so, especially at the local level.

Numerous studies on tax revenues and land use show that development of lands in Current Use only benefits the general fund when it is converted to commercial or industrial purposes. Most Current Use changes are for residential sub-divisions, not commercial development. Residential subdivision actually draws down the general fund, with an average town expenditure of \$1.04 to \$1.15 in public services for every \$1 generated in property tax revenue. New homes just don't generate enough taxes to cover the school and town services costs they incur. By comparison, tax revenues from open space lands exceed service costs by an average of \$0.43 because, even though open lands do not generate as much tax income, they require far fewer services.

Despite budgetary gains offered by commercial development, densely populated and developed towns have the highest taxes. They require more of almost all community services: roads, electric, water and sewer lines, police and schools. They also produce reduced quality of life compared to more rural settings. Tilton, North Conway and Lincoln are clear examples of small towns whose character changed dramatically as their commercial zones grew to dominate the town. Contrast this with Plymouth, Holderness, Ashland or Campton, whose main arteries are bounded by a mix of residential area, businesses, forests, fields and, often, good views of nearby rivers, lakes and mountains. This balance of development and open space is a key factor influencing people's perceptions about the character of a town.

By keeping land as open space, either by zoning, conservation easements, or town acquisition, communities reap significant property tax benefits. Current Use was created as a way to conserve open lands. When LUCT revenues are reinvested in conservation, this intent is preserved and, in the end, everyone benefits.

Information for this article comes from:

- Auger, P. (1996). Does Open Space Pay? UNH Cooperative Extension. https://extension.unh.edu/resources/files/Resource000400_Rep422.pdf
- New Hampshire Association of Conservation Commissions (www.nhacc.org/resources/)
- Trust for Public Lands (www.tpl.org/economic-health-benefits)
- NH Extension Service: Brentwood Open Space Task Force (2002) http://extension.unh.edu/resources/representation/Resource002701_Rep3990.pdf