Cost of Community Services:

Photo by Texas Department of Agriculture

The Value of Farm & Ranch Land in Hays County, Texas

Photo by Texas Department of Agriculture

Photo by American Farmland Trust

Hays County farms and ranches produce more than $10 million a year in market value of agricultural products sold, but their contribution to the community goes far beyond providing food and fiber.

Because open and agricultural lands require less in county expenditures than they generate in taxes, this resource can be a fiscal asset to a county struggling to manage unprecedented growth.

Photo by Debbie McWilliams

What Does Growth Really Cost?

In the wide-open spaces of Texas, community growth and development are often welcomed as signs of economic vigor. At first glance, urban development is appreciated for the new money it brings to the local economy.

But, a closer look shows farms, ranches and open lands actually generate three times more dollars for the county than the county spends on them for public services. On the other hand, revenue from residential lands falls about 25 percent short of covering the costs of the public services they receive.

Hays County, Texas, is experiencing this situation today. On the divide between the Hill Country and the Blackland Prairie, Hays County encompasses magnificent ranches to the west and fertile farms to the east. Hays is home to one of the oldest known springs in Texas and contains several sites of archeological importance. Rivers flow across the county and two aquifers, the Edwards and Trinity, are under it. Austin and San Antonio flank it along Interstate 35, the second fastest-growing urban corridor in the United States.

The draw of Hill Country towns like Wimberley, Dripping Springs and San Marcos have caused Hays County's population to grow from 40,594 residents in 1980 to 91,887 residents in 1999. In 1997, the Hays County Commissioners reviewed 2,200 proposed subdivision plans, a substantial increase from the several hundred they reviewed in 1990.

To accommodate the new residents, family farms and ranches have been converted to residential subdivisions. Serious questions arise about how the county will provide for the water needs of new residents.

Despite Texas counties' limited authority over development, the county government, school districts, law enforcement and fire prevention districts are all expected to step up their capacity to provide the customary levels of service to the newly developed areas. As the demand for these public services increases, so do the costs to provide them.

To measure how different types of land use impact the Hays County budget, the American Farmland Trust and University of Texas graduate student Molly Bowden completed Texas' first Cost of Community Services (COCS) study.

COCS studies allocate local budget information to three general types of land use - agricultural/open space, commercial/industrial and residential. The tax revenues generated by each land use category are compared to the dollars spent to provide public services such as roads, schools, fire prevention and law enforcement. The resulting ratios illustrate the net income or losses to the county generated by each category.

The Hays County results show:

- Agricultural lands and open space generate three times more in revenues for the county than they require in public service costs.
- Commercial and industrial lands pay more into the county budget than they require in service costs.
- Residential lands do not provide enough tax revenues for the county to cover the costs of public services.

Photo by Texas Department of Agriculture

"For every dollar agricultural and open lands generated in revenue for the county, school and public service districts, they required back only $0.33 in services."

The Numbers Are Clear

Photo by Debbie McWilliams

The Hays County COCS, based on data from fiscal year 1997-1998, attributed budget revenues and expenditures for the county, the four independent school districts which operate in Hays County, the county emergency service districts, and the rural fire prevention districts to the three land use categories.

Table 1 shows how much was spent for services such as road maintenance, schools, law enforcement and fire prevention, compared to the tax dollars generated by lands in the three categories.

The revenues-to-expenditures ratios show agricultural and open space more than pay their fair share of local taxes, even when these lands are taxed at the agricultural valuation. For every dollar these lands generated in revenue for the county, school and public service districts, they required back only $0.33 in services. Commercial and industrial lands provided a similar net benefit to the county, needing only $0.30 back for every $1 generated in taxes.

While residential lands generated significantly more dollars in property taxes, they required even more in services — $1.26 for every $1 paid in taxes. Education was the most expensive service provided, accounting for 53 percent of total expenditures.

Photo by Hays County Agricultural Extension Service

Table 1. Cost of Community Services

Combined budgets of Hays County, Independent School Districts, Emergency Service Districts, and Fire Departments (excluding city budgets)

	Residential	Commercial/ Industrial	Agriculture/ Open Space
Total County Revenues	$ 82,662,828	$16,461,526	$13,105,427
Total County Service Expenditures	104,387,478	4,935,185	4,385,261
Ratio of Revenues to Expenditures	1:1.26	1:0.30	1:0.33

"Ultimately, instead of expanding the tax base, residential development that is not balanced by business growth and maintenance of agricultural lands or open space will cause either increasing property taxes or declining levels of public services."

Photo by American Farmland Trust

Photo by Texas Parks & Wildlife

How Will Hays County Grow?

Growth is both a challenge and an opportunity. The question facing Hays County is not whether to grow, but how to grow. Ultimately, instead of expanding the tax base, residential development that is not balanced by business growth and maintenance of agricultural lands or open space will cause either increasing property taxes or declining levels of public services.

The Hays County COCS study findings are consistent with the results of more than 70 COCS studies conducted nationwide. The results dispel three common misconceptions about developed land versus open land. The truth is:

- Residential development doesn't lower property taxes by increasing the tax base.
- Even when farmland is taxed at its agricultural value, it doesn't receive an unfair tax break because it still more than pays for the services it receives.
- Open lands, farms and ranches serve several purposes and are not just repositories of land waiting around to be developed to their "highest and best use."

Hays County's farms and ranches generate more than $10 million each year in the market value of agricultural products sold, but they do more than just provide food. They provide aquifer recharge and water quality enhancement, wildlife habitat, scenic beauty, recreational opportunities and an attractive quality of life. Working lands are integral to the county's heritage.

Agricultural lands are net contributors to the county's economic well-being. Their contributions should be recognized in the overall goals of the developing communities within the county. By planning ahead, communities can play an important role in determining their future, rather than having it determined for them by outside forces.

COCS studies are a "snapshot in time" of costs versus revenues based on existing and past land use patterns. They are not anti-growth nor can they predict growth. We offer the Hays County COCS study as a source of additional information to consider as local leaders and residents discuss the conservation of farm and ranch land and the community's unique natural resources.

For a full report that details the COCS study methodology and findings, or for more information on American Farmland Trust's activities in Texas and around the country, please contact us at 101 Uhland Road, Ste. 205, San Marcos, Texas 78666; 512/396-5517; fax 512/396-5529.

American Farmland Trust

Photo by Texas Parks & Wildlife

Photo by Texas Department of Agriculture

Who is AFT? *American Farmland Trust is the largest private, nonprofit conservation organization dedicated to protecting our nation's agricultural resources. Founded in 1980, AFT works to stop the loss of productive farm land and to promote farming practices that lead to a healthy environment.*

Our Texas Field Office, in San Marcos, opened in August 1999. The Texas staff works at state and local levels to inform the public about farm and ranch land conservation and to aid communities in initiating local farm and ranch land conservation programs.