



## **Growth, Development & Tax Revenues**

By Linda Browning

In Clear Creek County, growth and development are being discussed because there is an assumption that developing county lands will protect us from the loss of tax revenue when the next downturn occurs at the Henderson Mine. Although advance planning is essential, it is a misconception that development can narrow a county budget deficit.

Growth and development do increase the county's assessed tax base, and hence its tax revenues. But every development, once built, then requires water, waste water treatment, road maintenance, police and fire protection, and other services. Furthermore, development brings the need for upgrades in infrastructure, such as roads, storm water management and other county facilities. Studies have shown that even when a developer is required to provide all infrastructure identified before starting a project, most of the infrastructure needs only come to light later, and hence are borne by the taxpayers.

Where the effects of development have been carefully studied, the results have consistently shown that the costs for services and infrastructure exceed the new tax revenue generated by a significant margin. So growth and development will not narrow a future budget deficit, it will only make it worse.

Research by the Sustainability Institute and by Eben Fodor in his book *Better Not Bigger*, have illustrated that growth in general rarely pays its own way. Other studies have shown that there is a strong statistical relationship between development and either higher taxes or reduced local services. This relationship explains precisely why the more densely developed counties to the east of us have higher taxes.

There is some guidance in these studies for what our county should do. Development that occurs on previously undeveloped land costs the county much more than development in general, and should be avoided. Development that takes advantage of what is already there, including environment as well as services and infrastructure, can actually be made to pay off, both financially and with intangibles.

An example of development that seems to work is the continuing revitalization of the historic district in Idaho Springs. It takes advantage of the infrastructure and services that were already provided. It not only looks good, but it encourages increased business and tax revenue. The new development at the east end of town seems to work a similar way.

A rural example is the new Lawson White Water Park. It requires minimal service or infrastructure impact, and yet it takes advantage of a growing sport to draw more tourists.

So certain carefully considered developments may help the county budget, and help make the county and even better place to live.

But development in general will not help the county's budget. Trying to use growth and development to improve a budget situation has backfired in other communities that have tried it. And it would backfire in Clear Creek County.

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