Report Digest

Fiscal Impact of the Montana Legacy Project on Mineral County, Montana

Headwaters Economics, Bozeman, Montana
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OVERVIEW

This report analyzes the impact of the Montana Legacy Project on Mineral County's future fiscal health and how preservation of Legacy Project lands for continued timber management, public access, and wildlife conservation compares financially to residential development alternatives.

SUMMARY FINDINGS

1. As proposed, transferring ownership of Plum Creek lands in Mineral County to state ownership would result in an annual net loss of $48,838 (2007 dollars) in property tax revenue.
2. The costs of forecasted residential development on Mineral County's private lands will not be covered by new revenue associated with development. The Montana Legacy Project—by precluding residential development on lands now owned by Plum Creek that are remote from service and population centers and would be expensive to service—would reduce future annual costs to Mineral County by more than $165,000 by 2025 and would save one-time capital facilities costs of more than $1 million.
3. The amenity values associated with the Plum Creek lands in Mineral County have become important drivers of economic activity in the west's changing economy, and the Legacy Project maintains important opportunities for commercial and industrial activity associated with forestry, restoration, and public access.

PARTNERS AND SCOPE OF PROJECT

Headwaters Economics partnered with Mineral County, Montana to study the fiscal impacts of the Montana Legacy Project on the county. The Legacy Project is a proposal to purchase 310,000 acres of Plum Creek Timber Company land in western Montana (including 110,000 acres proposed for purchase by the State of Montana). Of the total Legacy Project lands, 42,000 acres are within Mineral County, mainly in Fish Creek.

ANALYSIS OF THREE RESIDENTIAL DEVELOPMENT SCENARIOS

Headwaters Economics conducted a fiscal impact analysis comparing new revenue and costs associated with future residential development and services—including both annual operations and maintenance costs, along with one-time capital facilities costs associated with providing basic county services such as roads, public safety, general government, and other programs.

This study forecasts residential development in Lake County to the year 2025 based on three scenarios, finding that increased costs caused by new development would not be covered by new revenue associated with development under any of the scenarios: A) The **Legacy Project** scenario shows projected residential development excluding the Plum Creek lands associated with the Legacy Project; B) the **Trend Development** scenario shows projected development including the Legacy Project lands; and C) the **Plum Creek Only** scenario represents the difference between the first two scenarios and isolates the specific impacts of development on the Plum Creek lands associated with the Legacy Project.

The tables below break out costs by each scenario. In brief, the **Legacy Project** forecast would generate annual deficits of $293,784 with new capital facilities needs of $2.6 million; the **Trend Development** scenario would generate annual deficits of $459,538, with capital facilities needs of $3.6 million; and the **Plum Creek Development** outcome would generate annual deficits of $165,754 and new capital facilities needs of more than $1 million.

In other words, the Montana Legacy Project would reduce future annual costs to Mineral County by more than $165,000 by 2025 and would save one-time capital facilities costs of more than $1 million.

Table 1. Annual Operations and Maintenance Fiscal Budget

	Legacy Project	Trend Development	Plum Creek Only
Per-Household Cost	$1,368	$1,444	$1,690
Per-Household Revenue	$969	$969	$969
Per-Household Fiscal Impact	($399)	($475)	($721)
Number of Households	737	967	230
Total Fiscal Impact	**($293,784)**	**($459,538)**	**($165,754)**

Table 2. One-Time Capital Facilities Fiscal Impact

	Legacy Project	Trend Development	Plum Creek Only
Per-Household Capital Facilities Cost	$3,499	$3,751	$4,557
Number of Households	737	967	230
Total One-Time Capital Facilities Cost	**($2,578,653)**	**($3,626,863)**	**($1,048,210)**

WHY NEW DEVELOPMENT OUTPACES REVENUE GROWTH

Increases in traffic-related costs are a main reason that future residential development—which on average will occur further from population and service centers—will be more expensive to service than existing homes. This is particularly true of new houses projected on Plum Creek lands whose occupants would have to travel long distances to access most services. Dispersed development and driving patterns affect Mineral County's budget directly by raising costs associated with road maintenance and paving, emergency response services, and traffic enforcement.