

The Economic Benefits of Conservation



“Outdoor activities draw a significant portion of our tourists to Arizona. In preserving open space, this will draw more tourists and dollars to our community.”

--- Valerie Osborne, owner of Ranch House Inn at El Rancho Merlita. October 16, 2009 Pima County Bond Advisory Committee Meeting.

Conservation is

good business. Not only is conservation good for the survival of our native wildlife, but it is also vital to the financial health of our community. As Pima County continues to expand our mountain parks and other important natural areas, more residents and visitors are out enjoying these great places. A number of new trailheads have been constructed to facilitate access to these parks, as well as miles of new trails. In this section we discuss findings by state agencies on the economic benefits associated with nature-based outdoor recreation; information on impacts to the tax base, tax payers, and flood insurance premiums; and overall how important conservation is for economic development.

Left: The JW Marriott Starr Pass Resort up against the eastern boundary of Tucson Mountain Park. The resort is one of the County's top 10 major property tax payers. In addition to annual property tax revenues exceeding \$2 million, the resort and the County have a special revenue sharing agreement that generates upwards of \$300,000 a year for enhancement and expansion of Tucson Mountain Park. The resort also donated land to expand Tucson Mountain Park. Photo by JW Marriott Starr Pass.



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Key Draw for Tourists

According to the Arizona Office of Tourism, the travel industry in Arizona continues to outpace the gross domestic product of other export-based industries such as mining and microelectronics, and aerospace.¹ As one of our most important industries, tourism relies heavily on the health of our natural environment. For the 2008 travel year, this same office estimated that the primary activity for a majority of travelers from Arizona and other states included nature-based outdoor activities, including visiting a national or state park, hiking or backpacking, visiting a beach or waterfront, camping, or fishing.² In 2001, the Arizona Game and Fish Department looked at the economic impact of wildlife viewing in each of the Arizona counties and estimated that direct spending associated with wildlife viewing in Pima County amounted to \$173.5 million, supported \$90.7 million in salaries and wages associated with 3,196 jobs, and generated about \$9.9 million in state sales and fuel tax revenue.³ In 2007, Arizona State Parks estimated the annual economic impact of Catalina State Park to be \$19.6 million. This included direct spending of \$12.9 million from visitors to the park.⁴



Mountain biking enthusiasts travel to Tucson because of diverse and challenging trails within the surrounding mountain ranges. It was estimated in 2007 that 50,000 mountain bikers use the Tucson Mountain Park trails annually.

¹ Arizona Travel Impacts 1998-2009, Prepared for the Arizona Office of Tourism

² 2008 Arizona Visitor Profile, Arizona Office of Tourism

³ Economic Impact Analysis of Nonconsumptive Wildlife-Related Recreation in Arizona, May 2003, for Arizona Game and Fish Department.

⁴ Arizona's 2008 Statewide Comprehensive Outdoor Recreation Plan, Arizona State Parks



It is estimated that astronomy generates over \$250 million in economic benefits annually to the State of Arizona, according to a study by the University of Arizona's Eller College of Management. This is equivalent to the economic impact of having the Super Bowl in Arizona every other year. Photo courtesy of JW Marriott at Starr Pass Resort.

Impact to the Tax Rolls

We continue to hear misstatements regarding the impact of the County purchasing private land for conservation and taking it off the tax rolls. Even a cursory analysis shows that the properties acquired by the County had a net assessed value so low that removing those properties from the tax rolls had a barely detectable impact on the total revenue generated by the primary and secondary property taxes. Furthermore, as many builders and businesses have found, consumers are willing to pay a premium for homes that are buffered by or are in close proximity to public preserves. The higher values associated with such properties, and the proportionate taxes generated, compensates for the revenue lost by removing a ranch or other important natural areas from the County's tax rolls.

Cost to Average Homeowner Less than \$1.35 per Month

Prior to the 2004 bond election, the County's Finance Department provided an estimate of the cost to the average homeowner and property tax payer (defined as secondary property taxes on the average value home at the time) if all of the bond questions were approved by voters and all of the bonds were sold. If no new bonds were authorized by the voters and sold, then property owners would have only been taxed to retire the existing bond debt from the 1997 election. If the 2004 bonds were approved and sold, then secondary property tax rates (and taxes paid) would not decline as rapidly. The total amount of bond authorization for the five ballot questions covering land conservation, public health facilities, parks and recreation, historic preservation, libraries, court buildings and communication facilities, summed to \$582,250,000. The average monthly cost to the average homeowner was estimated at \$4.51. Ballot Question 1 was the land conservation question, and totaled \$174.3 million. Therefore, the cost to the average homeowner for just the portion of the bonds authorized for land conservation was estimated at \$1.35 a month – less than a cup of coffee.

More than two-thirds of Arizonans interviewed agreed or strongly agreed with the statement "If I bought a house in my community, having open space nearby would be a top priority".

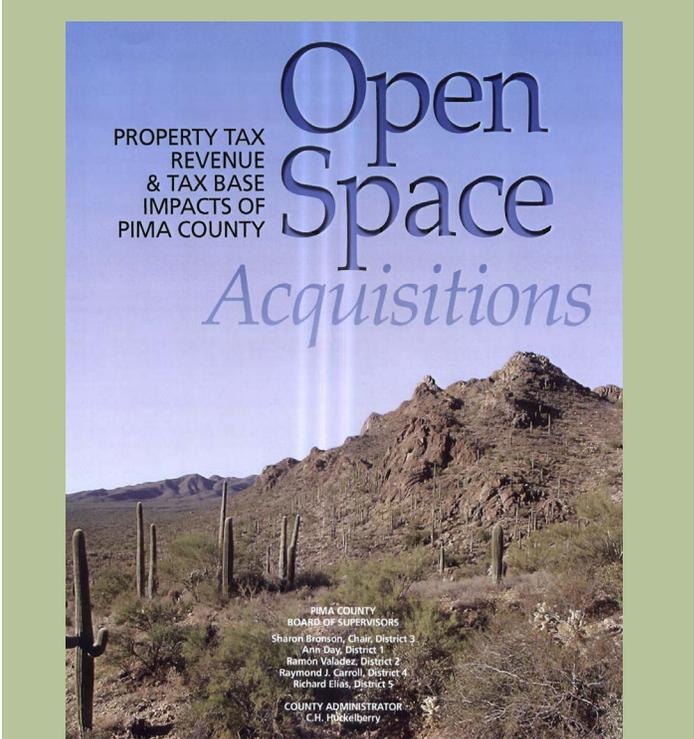
---Arizona State Parks, Arizona 2008 Statewide Comprehensive Outdoor Recreation Plan.



1.4 million people visit Tucson Mountain Park annually, according to 2007 estimates. This excludes an additional 1.1 million that drive through the park without stopping. About 155,000 of these visitors use the parks trails annually. Photo by ALWT.



In 2007, it was estimated that over 100,000 people visited Colossal Cave Mountain Park. Photo by Chuck Park.



Reduction in Tax Base Miniscule

Properties purchased by the County become tax-exempt. The 2004 Open Space Acquisitions report shown above looked at properties purchased with 1986 and 1997 bond funds and compared their property values (primary and secondary net assessed values) before purchase to the total sum of property values across the County. These values were also compared to the total sum of property values in each school district. The study also compared property tax revenues before and after purchase for the County as a whole, as well as individual school districts. In the far majority of cases, the reduction in value or tax revenue amounted to thousandths or hundredths of a percent per year. Even the largest impact, the purchase of Canoa Ranch, resulted in less than a 1 percent decrease in the tax base and tax revenue for Continental and Sahuarita School Districts.

The impact of purchasing all of the properties identified for the 2004 bond election under the category Private Habitat Protection Priorities was also projected, and similarly, even the greatest impact was estimated to be less than a 1 percent decrease in the tax base and tax revenue. We intend to update this study in the near future to include properties purchased with 2004 bond funds.

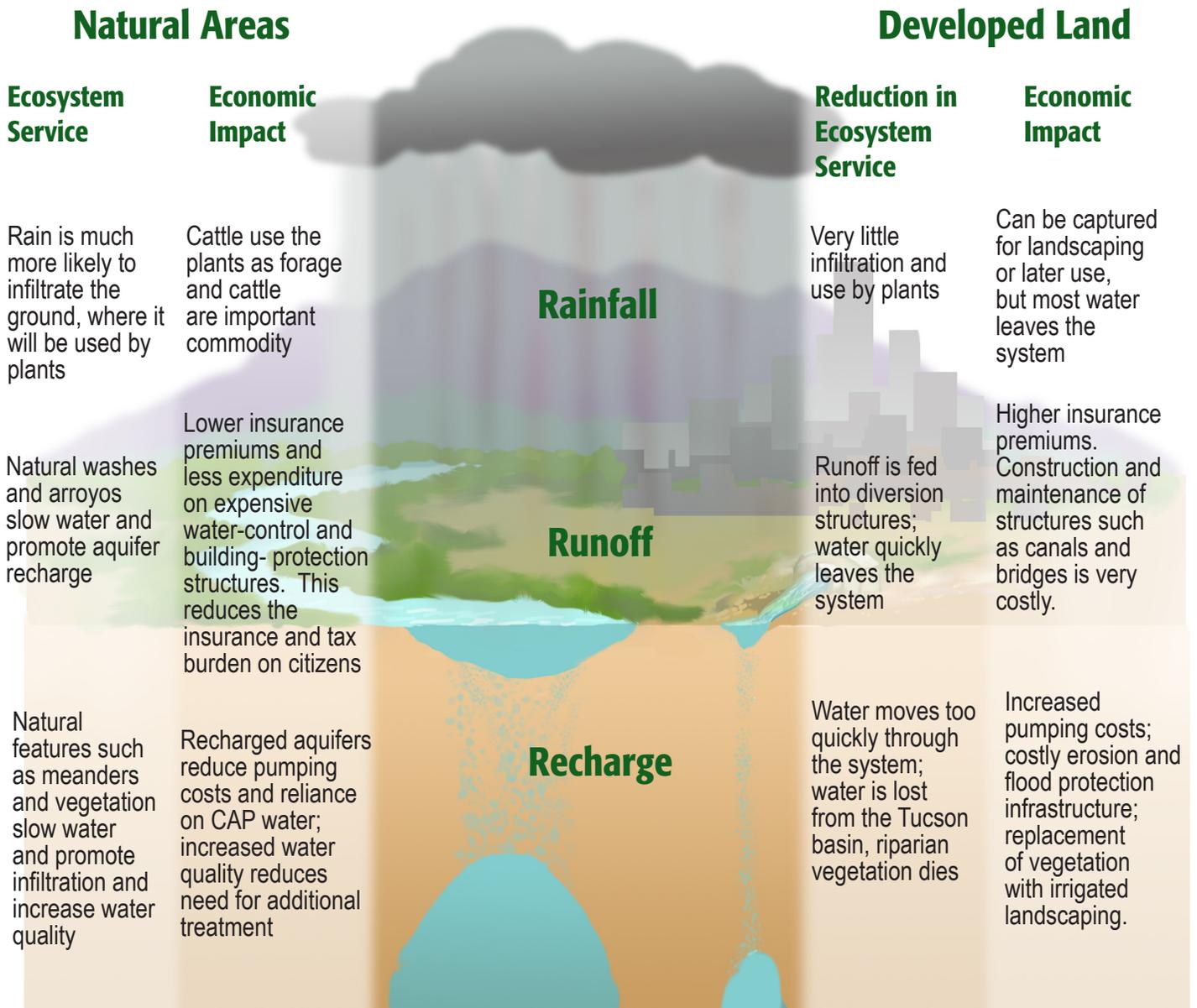
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Economic Benefits of Land Conservation

At its core, the Sonoran Desert Conservation Plan (SDCP) is about seeking an appropriate balance between vital economic development and maintaining and enhancing key elements of the natural and cultural environment. Often missing from the classic growth versus conservation debate is the discussion of the economic benefits of conserving natural and cultural resources. Increasingly, economists are calculating the monetary value of natural resources beyond the traditional view of extracting value from the land for goods such as metals, timber, and crops. A more accurate accounting of economic benefits highlights the importance of natural processes, aesthetics, and non-consumptive resources use on communities' fiscal health. These types of benefits are referred to as ecosystem services—products and services produced by the environment.

One of our most vital resources—water—can be used to illustrate the monetary benefits of conserving important natural areas. Throughout this report, the value of natural waters has been highlighted for its role in maintaining populations of aquatic and riparian species and ecosystems, but what about the financial aspect of water and land protection? It turns out that preserving important natural areas and allowing natural processes to continue in a relatively undisturbed state is also wise from a financial perspective.

Let's follow the water from natural open space to aquifer to understand a few of the many economic benefits of the County's open space:



“Open space is really important as one tool to decrease or prevent sprawl... sprawl fosters the use of more automobiles...the more automobile use we have, the more air pollution we have...dirty air hurts people’s health...of course there are economic consequences to this. Not only to people missing work and school, but also out of pocket expenses for medical care...and to employers for lost work.”

**--- Dr. Ivy Schwartz, M.D. October 16, 2009
Pima County Bond Advisory Committee Meeting**

25% Reduction in Flood Insurance Premiums

It is worth highlighting the benefits of open space as it relates to flood insurance premiums because this represents a significant benefit to the citizens of Pima County, a benefit that would not be possible with the protection of key properties in Pima County. The Community Rating System (CRS) is a Federal Emergency Management Agency (FEMA) program that provides discounts on flood insurance premiums in communities that establish floodplain management programs that go beyond the minimums set through the National Flood Insurance Program. Credits are given for preserving land as naturally as possible, for low density zoning and for acquiring and removing buildings from floodplains and maintaining them as natural areas. Residents of Pima County receive a 25 percent reduction in their flood insurance premiums based on the many elements for which Pima County is credited, including our purchase of floodprone lands. Our community’s rating falls within the top five percent of communities nationwide that are in the National Flood Insurance Program.



A recent real estate listing for undeveloped land started with a sentence highlighting the spectacular setting next to Pima County’s Sweetwater Preserve. Homebuyers are willing to pay premiums to live adjacent to undeveloped natural areas. These premiums translate into additional property tax value and increased property tax revenues for schools and other property taxing entities. Photo by Nicole Fyffe.