

Castles or Cattle?

Community economics and policy alternatives
in the competition for ranch open space values

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Working landscapes, economic valuation & public policy

- Public goods, relatively unique, bundled → market failure.
- Contingent valuation/behavior reveals nonconsumptive use values of relevant stakeholders.
- Public policy may capture consumers surplus and redistributes to land owners/stewards
- Policy alternatives result in different distribution of economic value and/or of regional economic activity.

Approach



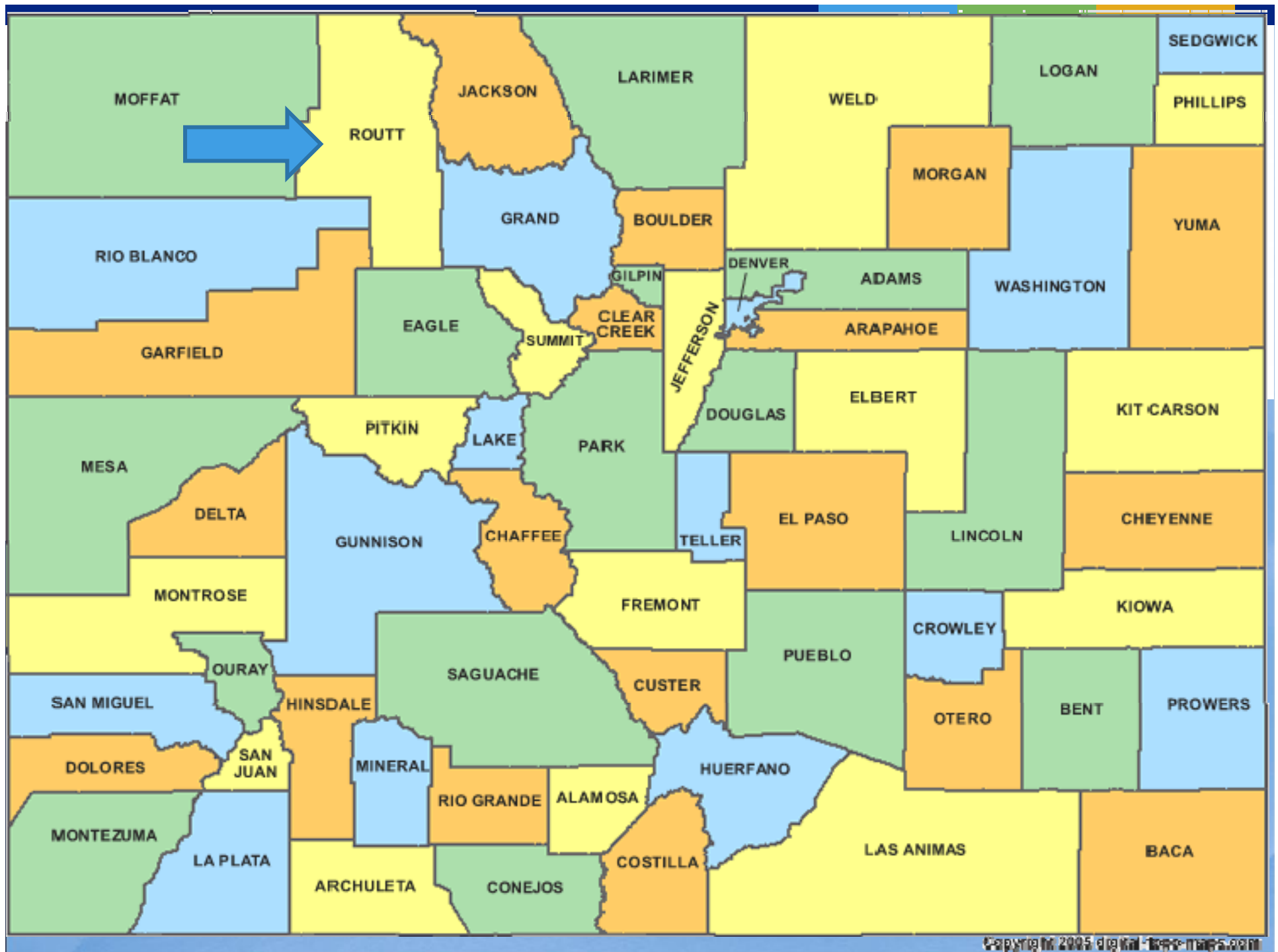
- ▣ Results of CV/CB survey of local residents
- ▣ Results of TCM/CB/CV survey of summer tourists
- ▣ WTP to retain working landscapes.
- ▣ Define 3 stakeholder groups: Tourists, Landowners and Residents
- ▣ Government is pure transfer agency.
- ▣ Simulate effect of different funding mechanisms for local working landscape conservation.
- ▣ Distributional effect among stakeholder groups and regional economy are illustrated.
- ▣ Nonmarket valuation translated into regional economic activity and policy simulation.

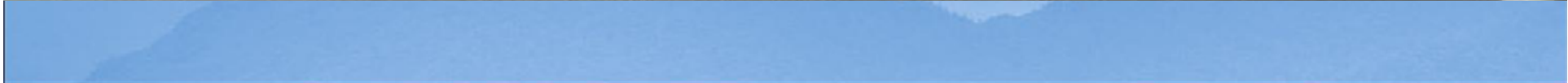
Local policy alternatives

- ▣ Objectives:
 - ▣ Retain working landscapes;
 - ▣ Provide incentives for land stewardship?
 - ▣ PACE/PDR
 - ▣ Lodging tax
 - ▣ Mill levy
 - ▣ Sales tax
 - ▣ Zoning
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Study Site: Routt County, CO

- Steamboat Springs
- Tourism, second home, lone eagle, cattle ranching and mining.
- 1/2 public, 1/2 private.
- Rapid population and income growth
- PDR program in place since 1994
- Funded by mill levy.
- 40,000 acres ranchland preserved.









Results: Lodging tax

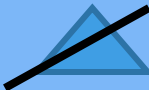

- ▣ 1% levy simulated
- ▣ Absorbs part of tourists' consumer surplus.
- ▣ Non-landowner residents unchanged.
- ▣ Resident landowner receives support for land stewardship, used for farm and ranch operation
- ▣ New economic activity:
 - ▣  jobs,
 - ▣  \$ 0.30/\$1 taxes

Table 3: Output Impacts of the Top 10 Impacted Industries as a Result of a 1% Lodging Tax Increase (In 2004 Dollars)

Industry	Direct	Indirect	Induced	Total
11 Cattle ranching and farming	294,500	71,349	6	365,855
479 Hotels and motels- including casino hotels	-294,500	-363	-732	-295,596
10 All other crop farming	0	54,203	6	54,210
509 Owner-occupied dwellings	0	0	-13,279	-13,279
431 Real estate	0	12,888	-2,802	10,086
390 Wholesale trade	0	8,436	1,289	9,725
449 Veterinary services	0	9,126	76	9,202
481 Food services and drinking places	0	-1,444	-5,675	-7,119
456 Travel arrangement and reservation services	0	-6,385	-139	-6,524
30 Power generation and supply	0	-773	-1,500	-2,273
TOTAL NEGATIVE OUTPUT IMPACT	-294,500	-65,791	-80,014	-440,306
TOTAL POSITIVE OUTPUT IMPACT	294,500	201,155	30,393	526,049
NET OUTPUT IMPACT	0	135,364	-49,621	85,743

Table 2: Employment Impacts of the Top 10 Impacted Industries as a Result of a 1% Lodging Tax Increase (In Number of Jobs)

Industry	Direct	Indirect	Induced	Total
11 Cattle ranching and farming	2.81	0.68	0.00	3.49
479 Hotels and motels- including casino hotels	-3.44	0.00	-0.01	-3.46
10 All other crop farming	0.00	0.24	0.00	0.24
481 Food services and drinking places	0.00	-0.03	-0.12	-0.15
18 Agriculture and forestry support activities	0.00	0.18	0.00	0.18
449 Veterinary services	0.00	0.15	0.00	0.15
431 Real estate	0.00	0.07	-0.02	0.06
390 Wholesale trade	0.00	0.05	0.01	0.06
456 Travel arrangement and reservation services	0.00	-0.06	0.00	-0.06
467 Hospitals	0.00	0.00	-0.06	-0.06
TOTAL NEGATIVE EMPLOYMENT IMPACT	-3.44	-0.57	-0.80	-4.81
TOTAL POSITIVE EMPLOYMENT IMPACT	2.81	1.66	0.30	4.77
NET EMPLOYMENT IMPACT	-0.6359	1.08763	-0.4965	-0.0447

Results: Mill levy

- ▣ 1 mill increase simulated
- ▣ Absorbs part of property owners' consumer surplus
- ▣ Tourists unaffected
- ▣ Landowners have negative effect of mill levy, but positive effect of revenue redistribution.
- ▣ New economic activity:
 - ▣ ↑ 12 net jobs, ↑ \$0.67/\$1 tax

Results: Sales tax

- ▣ 1% increase simulated
- ▣ Could be construed to parallel benefits.
- ▣ Probably affects tourists more per day of experience.
- ▣ Probably regressive overall.
- ▣ Redistributes income from consumers to producers.
- ▣ Economic activity:
 - ▣ ↓ 8 jobs, ↑ \$0.30/\$1 tax

Results: Zoning

- ▣ Replaces current PDR program.
- ▣ Effect is reverse of mill levy policy simulation.
- ▣ Take PDR budget from ranchers and inject back in overall economy.
- ▣ No effect on tourists.
- ▣ Estimated effect:
 - ▣ ↓ 12 jobs; ↓ \$0.67/ \$1 of redirected funds.

Castles or Cattle? Conclusions

- Care should be taken in tracing the path from:
 - market failure → nonmarket valuation → regional impact → policy.
 - Economic value vs economic activity can be viewed as economic opportunity.
- First cut illustration: Rather than simply marginal policies, might better be done to target budget, or to vary amount of land protected.
- Can be useful to local decision makers simply to discuss the implications of the various policy options in terms of potential total and distributional effects.
- If you assume a frictionless government, shifting money among local industries to maximize multipliers can be an interesting result. Opens the “Walmart debate.”