

Impacts to County Budgets for Assuming Tasks of the Land Use Regulation Commission (LURC)

SUMMARY

This analysis suggests that it could cost roughly twice as much per large county to opt out of LURC and assume those same duties: as much as \$400,000 per county vs. roughly \$200,000 per county under LURC, not including approximately \$100,000 in start-up costs or costs of transferring duties, record and training to counties.

This analysis reviews LURC’s current revenues and expenditures, and considers the cost impacts on county and state governments for transferring LURC’s duties to counties. This preliminary analysis is based on cost projections for one county and actual cost for two regional planning councils. This analysis was done to examine potential costs of the LURC Reform Commission’s December 2011 proposal to allow county governments to have the option to take on most of the services currently provided by LURC through county government.

LURC REVENUES

As of this writing, there has been little discussion as to how current tax revenues, revenues from LURC functions, and state contributions would be allocated to the “opt-out” counties. The table below contains information on the sources of funds that currently fund LURC and its functions that might be considered for redistribution to the “opt-out” counties.

REVENUE AMOUNTS ASSESSED AND COLLECTED FOR LURC SERVICES IN UT AND OTHER COVERED AREAS

Table 1: Revenue Amounts Assessed and Collected for LURC Services

A UT Education and Services Fund	B Towns and Plantations Service Fees	C LURC Application Fees, Penalties and Sales			D Amount returned by LURC to the General Fund (A+B+C3)	E LURC’s Budget (All from the General Fund)	F LURC’s Need from General Fund (E-D)
		C1 UT Applicants	C2 Town and Plantation Applicants	C# Total Deposits			
\$525,931	\$255,200	\$166,043	\$81,783	\$247,826	\$1,028,957	\$1,790,136	\$761,179

Note: Column A includes revenue from UT area taxes and is an actual number, all other values are estimated based on budgeted levels at the time of the preparation of the report on January 11, 2011. FY2011 was used for comparability. The original document, found at <http://www.maine.gov/tools/whatsnew/attach.php?id=67354&an=1>, contains footnotes with explanations too lengthy to provide here.

This table summarizes revenue from areas served by LURC to support LURC’s work. It shows that tax revenue is contributed by the UT areas as well as fees from other towns and plantations

that had requested LURC services. Those two sources, combined with application fees, penalties and sales results in local revenue to support LURC functions of over \$1 million (column D). These total revenues offset some of the LURC budget needs from the State of \$1,790,136, to require \$761,179 in support for LURC functions from the state's General Fund for FY 2011. These funds cover costs of LURC's staffing and operations for five regional offices and a central office in Augusta.

PROJECTED FINANCIAL IMPACT OF TRANSFERING LURC SERVICES TO COUNTY GOVERNMENT

The table below contains an estimate from Piscataquis County to replace the services provided by LURC. Also noted are actual budgets for the Washington County Council of Governments for FY11 and for the Hancock County Regional Planning Commission Draft Budget for FY 2012. Research on planning and permitting functions in similar rural counties in other states (Michigan, New York, Minnesota, and North Carolina) were also reviewed, confirming that the budget is fairly comparable. Costs estimated for Piscataquis County included start-up costs (purchase of equipment, supplies, and vehicles) and operating costs (rent, maintenance of equipment, personnel costs for 2-3 staff, forms and reviews, and professional services for application and legal review). Some costs that did not appear to be included in the County estimates were for development of a GIS database, development of comprehensive plan, costs of an appeals board, and services to defend against legal challenges).

There are seven counties in Maine with large areas of UT and expenditures on UT services more than \$1 million.

Table 2: Summary of Estimated Costs for Providing LURC Services in Piscataquis County

Estimated Total Budget (year 1)	\$330,000
Estimated Annual Costs (year 2 and subsequent years)	\$225,000
Estimated Start-up Costs (year 1)	\$105,000

The Washington County Council of Governments with one staff and extensive contracted services, and the Hancock County Planning Commission with two professional and one administrative staff provide estimates of which costs might be required to deliver LURC services at the county level.

Table 3: Expense Budgets for Washington County Council of Governments (FY2010) and Hancock County Planning Commission (FY2012)

Entity	Personnel Expenses	Non-personnel expenses	Contract Expenses	Total Expenses
Washington County Council of Governments	\$183,150	\$40,000	\$220,000	\$443,150
Hancock County Regional Planning Commission	\$230,000	\$40,000	\$100,000*	\$370,000

*Note: This number was \$26,000 in the preceding year

These actual budgets, with staffing and services similar to what have been discussed by Piscataquis County for providing services in place of LURC for the annual costs (not the start-up year) suggest that the estimates for Piscataquis may be low. If an estimated annual budget of \$400,000 (the approximate average of the two agencies in Table 3) is roughly what is required to operate a county-level office for an operational year, the entire LURC budget would be needed to fund the “opt-out” of four to five counties, leaving remaining counties and “opt-in” towns and plantations with potentially no funding (or would need to be largely subsidized by the General Fund). The complex sources for LURC funding suggest that a serious discussion needs to be engaged to determine which revenues could be siphoned off by an “opt-out” county and how much of each source.

“OPT-OUTING” COULD COST BOTH THE COUNTIES AND THE STATE

The list below summarizes the types of expenses that have been identified that could actually increase costs in both LURC and other state agencies, and in the counties, if “opt-out” is included in future legislation.

Activities required of LURC and Other State Agencies:

- Coordinate and provide training to new county staff to take over the functions formerly performed by LURC
- Transfer electronic and hard-copy records from the LURC offices to the county offices for use there
- Adjust service levels as counties may exercise the option to “opt-out.”
- Notification for extension of the existing CLUP for additional years until a new plan is prepared
- Auditor’s Office would be required to undertake the fiscal planning for the establishment of the distribution of funds raised at the County level from tax revenue, and from permits and fees, and from General Fund allocations, to LURC and the counties that choose to opt out.
- Provide technical assistance to “opt-out” counties on developing the offices and training staff on responsibilities and job functions.

Activities provided by the Counties:

- Develop mission statements, work activities, and appoint members to the county commissioners to function in place of LURC. Identify the entity to review appeals.
- Prepare the background work to develop the everyday needs to implement planning and permitting capacity in the county to “opt-out” of using LURC for these activities. These activities include identifying office location; outfitting the office and staff with equipment and supplies; preparing job descriptions; and advertising for and hiring staff.
- Develop county plans in concert with a council of governments or planning commission.

IMPORTANT CONCLUSIONS FROM THIS ANALYSIS

1. If any counties selected to “opt-out” of LURC, a system would need to be developed to distribute the revenue out to each of the counties, or out to towns and plantations currently served that may also “opt-out”.
2. In the seven counties that have the largest revenues from Unorganized Territory areas found their cost of local services to replace LURC services to be around \$400,000/year, the total cost to replace LURC services for those seven counties could be \$2.8 million – almost \$1 million in excess of the current cost for LURC to provide those services to all UT areas, and all towns and plantations currently using LURC services.
3. Add start up costs to operating costs for the first year for those seven counties would be considerably higher, adding another \$700,000 in costs (based on Piscataquis County estimate).

Sources:

- 1) <http://www.maine.gov/tools/whatsnew/attach.php?id=67354&an=1>,
- 2) <http://www.maine.gov/audit/reports/2011mccreport.pdf>
- 3) http://www.hpcme.org/Services/HCPCBBudget_20112012_052011.pdf
- 4) <http://www.wccog.net/docs/minutes/WCCOG%20Annual%20Report%20Oct%202011.pdf>

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