

What we learn from Fiscal  
analysis?

- Fiscal impact analysis can be a very useful tool
  - Like a hammer; it can help build a home



- Fiscal impact analysis can be a very useful tool
  - Like a hammer; it can help build a home . . . Or smash a thumb



- It depends of who uses it, and how its used.
  - All too often (fiscal) Statistics are used much like a drunk uses a lamppost; for support, not for illumination.
- There are two way of lying;
  - Not telling the truth, and
  - Making up statistics.
- All too often fiscal impact analysis is a scramble just to find statistics that prove one's client's position is correct and their requested approval should be granted.

- But FIA can add greatly to the planning and analysis of developmental alternatives, but how?

1. The preparer must be professionally competent
2. The preparer or the sponsor of the preparer cannot have a financial interest in the outcome.

Requiring the proponent of a development to prepare and submit a FIA normally will not yield meaningful information. Rather, it will be that information that the proponent wants you to know.

3. So, who should prepare a FIA?

Someone whose competence is known to the jurisdiction, and  
Is free from conflicts. What this means is that requiring a proponent to submit FIA is not the way to go.

# Methodological Issues

- What Type of Development to Analyze
  - When looking at residential development, should non-residential be included or not?
  - When looking at non-residential development, should residential be included, or not?
  - The simple fact is, that a community is both residential and non-residential. Ignoring one or the other will yield a distorted fiscal picture.

# Per Capita Costs?

- Just who are these Capita?
  - Residents?
  - Employees?
  - Customers?
  - Tourists?
  - Someone just passing thru?
- How do we assign costs to them?
  - Functional Population – activity analysis
  - Something else?

# But . . .

- Recall that the objective of fiscal impact analysis is to assist decision makers as they consider developmental options.
- If the fiscal impact may be negative, this should beget an inquiry into what are the alternatives to rectify the negative.
- I did a FIA on a plan A verses Plan B, where Plan B had a different road configuration in addition to a better fiscal outlook. That better fiscal outlook became a selling point for Plan B, even though Plan A was more popular with many.



- Even though there are Lies, Damn Lies, and Statistics
- A FIA can be a useful tool, to be used to build something useful, or to really hurt your thumb.

