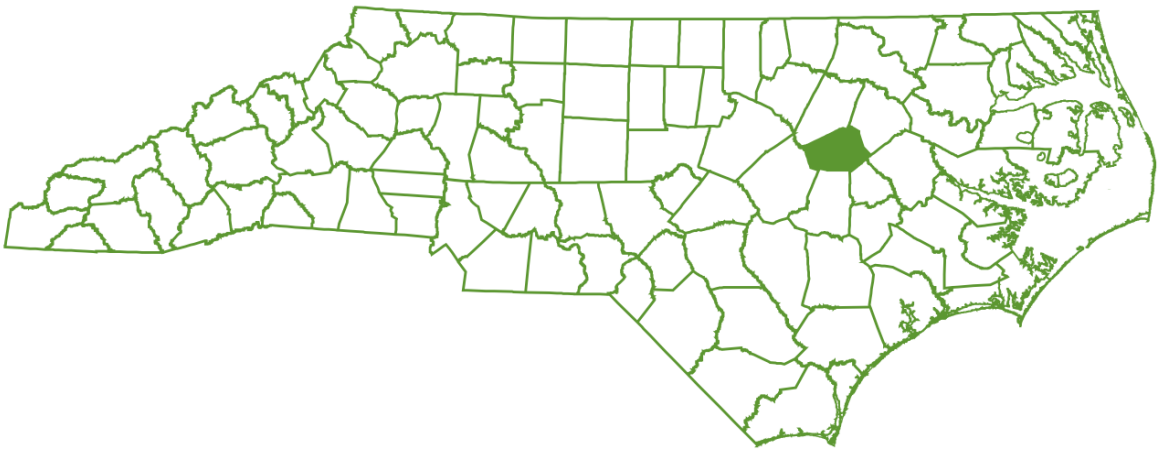
Wilson County
North Carolina

Cost of Community Services Study



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Dr. Sandy Maddox and Mr. Edward Olive completed the research for the Wilson County, North Carolina Cost of Community Services (COCS) Study. Dr. Maddox has a doctoral degree in adult education, serves as director of the Lois G. Britt Agribusiness Center at the University of Mount Olive and has worked for over 35 years in agriculture. Mr. Olive serves as Associate Director of the Lois G. Britt Agribusiness Center at the University of Mount Olive. He received his Bachelor of Science degree in AgriScience Education from the University of Mount Olive and a Master of Business Administration with a concentration in Marketing from Regent University. An additional contributor for the study was Dr. Kathy Best. Dr. Best is a Certified Public Accountant, in addition to serving as the Dean for the Tillman School of Business and Professor of Accounting at the University of Mount Olive. Dr. Best's COCS model was utilized as a template for the creation of this study. Dr. Best is also the author of the Cost of Community Services Studies for Wayne and Craven counties.

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Executive Summary

Review of county government expenditures and revenue collections with respect to land use may be useful as local officials evaluate economic development and county planning opportunities. A Cost of Community Services (COCS) Study can provide county leaders with a better understanding of the net gain or loss for various land use categories.

The use of Cost of Community Services Studies to give a snapshot of county or municipality revenue-to-expenditure ratio was initiated by the American Farmland Trust (AFT). The AFT realized that land, nationwide, was being converted from agricultural uses to non-farm uses at a rate of 50 acres per hour[1]. North Carolina alone lost nearly 9,000 farms and over 1 million acres of agricultural land to other uses over the past 15 years[2]. Wilson County's location in eastern North Carolina and its proximity to Raleigh, the state capital, and other areas of interest in the region provides the potential to increase land values and competition for land for non-agricultural uses. A Cost of Community Services Study can serve as a valuable tool to plan for growth and to define a balance between open lands and development.

The Wilson County Cost of Community Services Study was conducted using the expenditure and revenue data for each department from the fiscal year 2014-15 Comprehensive Annual Financial Report provided by the Wilson County Manager's Office. To accurately determine expenditure and revenue data, respective department directors or designated representatives were asked to provide a percentage breakdown of fiscal resources devoted to providing necessary community services to three land use groups. The percentage of county revenues derived from each land use was also determined. Land use designations evaluated were 1) residential, 2) commercial/industrial, and 3) agricultural/forestry.[3]

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[1] American Farmland Trust, https://www.farmland.org/our-work/areas-of-focus/farmland

[2] USDA Census of Agriculture, State Data (1997, 2002, 2007, 2012), http://www.agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_1_State_Level/North_Carolina/st37_1_001_001.pdf

[3] The land category designations are the following:

This Wilson County COCS Study demonstrates the following outcomes for the fiscal year 2014-15:

- ***For each $1 of county revenue contributed by residential uses, the county spent $1.08 to provide necessary community services for those residential land owners.***

- ***For each $1 of county revenue derived from commercial uses, Wilson County spent $0.36 for county-provided services.***

- ***For each $1 of income received by Wilson County for agricultural/forestry uses, the county spent $0.66 to provide required community services.***

Residential land uses created a net loss of $6,254,935.75 while the other two land use categories generated surpluses of: $10,568,277.33 from commercial and $820,007.42 from farmland (Table 1).

The ratios generated from expenditure/revenue data for all land uses in Wilson County are similar to other Cost of Community Services Studies in North Carolina and across the country. These ratios show that commercial properties provide the highest net gain with every dollar of revenue only requiring 36 cents in services to commercial properties. Agricultural land follows with a cost of 66 cents on each dollar earned from the same properties and residential lands are actually a net loss to the county as residential land use requires $1.08 in services for every dollar of revenue they bring to

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- Working and open lands includes farms, forests and open space.
- Commercial and Industrial are combined and includes firms.
- Residential development includes all housing, including rentals.

Note also that in the event there was evidence of a migrant agricultural work force, temporary housing for these workers was considered part of agricultural land use. Additionally, the farm business has been separated from the farm residence, with the property value of farm residences assessed in the same manner as any other residences. Therefore farm residences would be included in the residential land use category.

Wilson County (Appendix Table 4B). The gain realized in commercial and agricultural properties help to cover the residential deficit.

Table 1. Wilson County Cost of Community Services Study Findings				
Wilson County	FY 2014-15 **Actual**	Residential	Commercial	Farmland
Total Revenues	$97,277,593.00	$78,346,564.76	$16,502,457.28	$2,428,570.96
Total Expenditures	$92,144,244.00	$84,601,500.51	$5,934,179.95	$1,608,563.54
Net contribution	$5,133,349.00	($6,254,935.75)	$10,568,277.33	$820,007.42
Land use ratio*– Expenses/Revenue		$1: $1.08	$1: $0.36	$1: $0.66

*The cost of services provided for each $1 of revenue.

Wilson County has a population of 81,234 residents (ranking 67th out of 100 counties in population density). This is recognized as a 10.05% increase in population from the 2000 US Census population count of 73,814 for Wilson County [4]. Since 2010, population projections exhibit an expectation of a continuing increase with estimates in 2015 of 81,616[5] and a projected population increase to 86,050 by 2025[6]. Wilson County had a tax rate of $0.73 in the 2014 tax year, this is the same rate as Duplin and Hoke counties for the same year. The Wilson County real property tax rate is in the upper 30% of the counties in NC[7].

[4] U.S. Census Bureau, 2010 Census, North Carolina County Population
[5] NC Office of Budget and Management https://files.nc.gov/ncosbm/demog/countytotals_2010_2019.html
[6] NC Office of Budget and Management. https://files.nc.gov/ncosbm/demog/countytotals_2020_2029.html
[7] N.C. Department of Revenue, 2012 North Carolina Property Tax Rates

Additionally, Wilson County invests more in community services to land uses associated with commercial/industrial ventures (6.44%) than agriculture and forestry (1.75%) although the combined total of expenditures for the two land uses still less than 10% (8.19%) of the county's total expenditures for community services. In summary, Wilson County expends a much lesser amount to provide services to agricultural and commercial land uses as compared with residential uses. The combined revenue from agricultural and commercial/industrial land uses are important to maintaining the fiscal stability of the county.

Studies have revealed when a rural community with a large base of farm and forestland begins to convert that land into residential development, either as a planned growth strategy or due to market forces and a lack of growth control measures, the local government is virtually guaranteed to head down a path of deteriorating financial stability and increasing local property tax rates[8]. Differential property tax programs are justified as a way to provide an incentive to keep land open and in active agricultural use. Even with the present-use value tax program, agricultural properties contribute a surplus of revenue that contributes to public services for Wilson County residents.[9]

[8] Dorfman, Jeffrey H. "The Fiscal Impacts of Land Uses on Local Government" Land Use Studies Initiative and Department of Agricultural & Applied Economics The University of Georgia, April 2006

[9] Present-Use Value, or PUV, is a program established by N.C.G.S. §§ 105—277.2 to .7 and administered by the county tax assessor through which qualifying property can be assessed, for property tax purposes, based on its use as agricultural, horticultural or forest land. The present-use value is the value of the land based solely on its ability to produce income. Qualifying property is assessed at its present-use value rather than its market value. The tax office also maintains a market value for the land. The difference between the market value and the present-use value is maintained in the tax records as deferred taxes. When land becomes disqualified from the program, the deferred taxes for the current and three previous years with interest will usually become payable and due.

Introduction

Local leadership for the County of Wilson recognized the need to determine the financial impact of various land uses within the county. With the proximity to the state capital of Raleigh, and other opportunities for growth in the area, it is imperative to note the economic impact of agriculture and agribusiness to the county and region. Wilson County remains a strong agricultural county with abundant strengths to support agriculture and agribusiness including crucial soil and water resources; a combination of both crops and livestock to improve agricultural diversity; genuine public support for agriculture; access to major transportation corridors; and market access for agricultural commodities and products. Taking steps to preserve and protect agricultural and open lands in Wilson County is beneficial to agriculture as well as the wellbeing of Wilson County and the region as a whole.

Figure 1, below, shows that Wilson County is included in the NC Military Footprint due to the proximity to several military installations in the state. The agricultural and open lands that exist in eastern North Carolina are of particular value to and are compatible with the training needs of the numerous military installations. Privately-owned agricultural, forest, and open-space lands are essential to the military mission which has been noted on several occasions for initiatives such as the Sentinel Landscapes project.

The North Carolina Department of Agriculture and Consumer Services (NCDA&CS) announced the delineation of a 33-county region as the Eastern North Carolina Sentinel Landscape (Figure 1). Earlier this year, NCDA&CS received a grant of more than $9 million to protect and preserve agricultural lands for the purpose of keeping land compatible with military training projects within the training routes[10]. The goal of this federal-state-local, public-private partnership is to create incentives which assist qualifying private landowners and communities to preserve specific military mission-

[10] http://info.ncagr.gov/blog/2017/05/09/todays-topic-nc-wins-federal-grant-to-protect-farms-forests-military-training/

critical areas and take action to help sustain military readiness, through the protection and preservation of working lands, and natural resources[11].

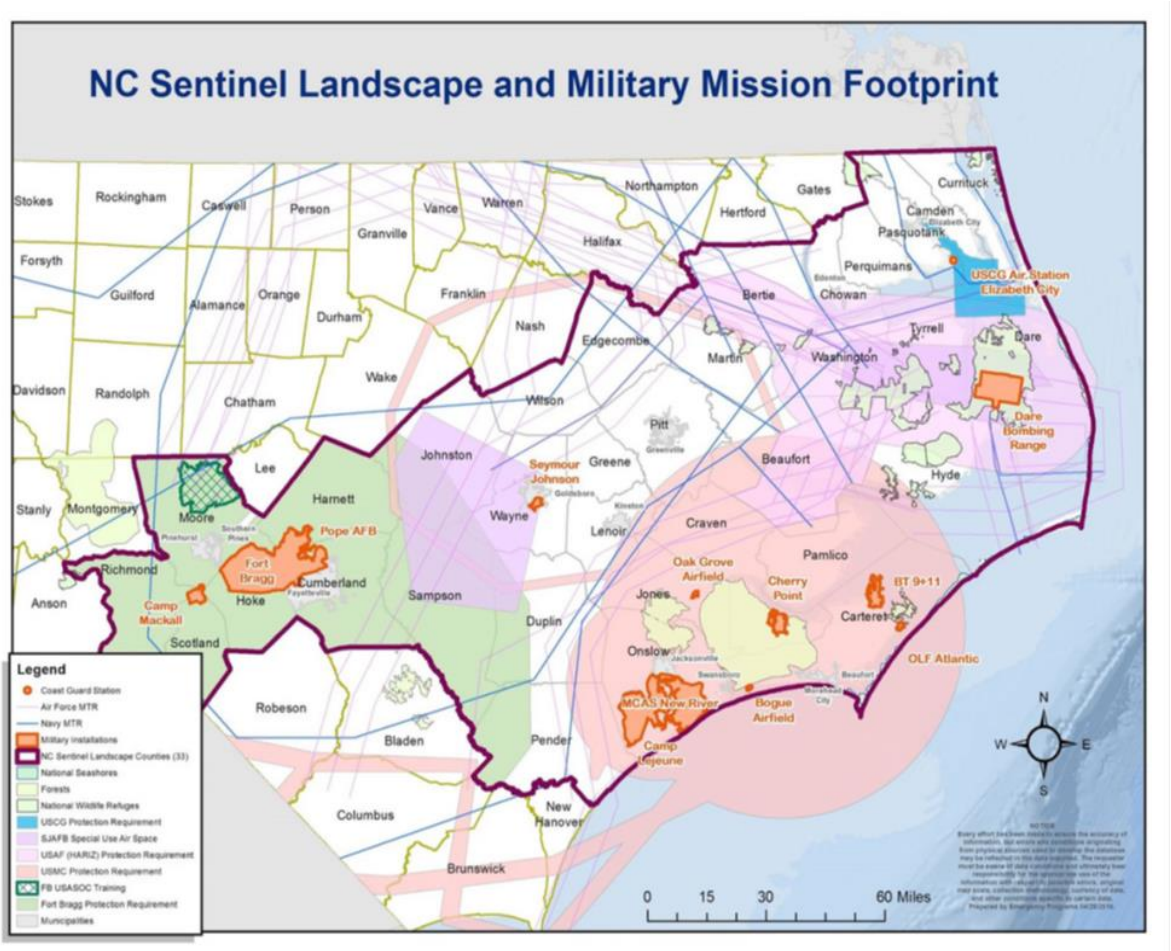


Figure 1. Eastern North Carolina Sentinel Landscape and Military Mission Footprint

When agricultural or other open lands are converted to development or sites for cell towers, or high-intensity lighting, military training opportunities are put in jeopardy. The Eastern North Carolina Sentinel Landscape has recognized Wilson County as an essential asset to military training in eastern North Carolina. Through voluntary programs and incentives, eligible landowners and communities in Wilson County that wish to conserve and protect their working lands may, in the future, receive financial assistance to protect working lands and forests while also protecting the military mission

[11] USDA, US Dept. of Interior, US Dept. of Defense, Sentinel Landscapes (2016) http://sentinellandscapes.org/

of key installations. This delineation of Wilson County and surrounding counties will help to strengthen the economies of farms and forests in the region.

The protection and assistance that will be offered through the Sentinel Landscapes project is important to agricultural operations in Wilson County on many different levels. As exhibited in this study, community services for agriculture and forestry results in a net gain to the county with regard to the reported tax base. Data indicates that of the three land uses investigated, agricultural/forestry provides the second highest rate of return, falling just behind commercial/industrial. As economic development is pursued, agricultural lands and uses should be supported and encouraged as much as commercial and industrial uses since both provide financial benefits to the county.

Simply put, saving land saves money. While residents and many commercial entities demand expensive public services and infrastructure, privately-owned working lands enhance community character and quality of life without requiring significant public expenditures. Their fiscal contributions typically are overlooked, but like other commercial and industrial land uses, agricultural (farm, ranch and forest) lands generate surplus revenues that play an essential role in balancing community budgets. This, perhaps, is the most important lesson learned from Cost of Community Services (COCS) Studies.[12]

Numerous COCS Studies have been completed by a variety of researchers around the country for cities and rural communities. The maximum, median, and minimum ratios of local government revenues-to-expenditures collected from these studies are shown in Table 4A of the Appendix. The median ratio states that for every dollar the county generates from the residential category, it spends $1.16 in services. The commercial/industrial and farm/forestland categories show that, on average, the government receives more than it spends and therefore, these land uses create a surplus. These numbers show the fallacy of depending on residential development as the road to a sound growth policy. Residential development to date has generated

[12] Best, Wayne County Cost of Community Services Study (2011)

sufficient revenue to cover its associated expenditures in only one instance in various NC county studies or other county studies across the nation. The minimum reported ratio for national studies conducted and reported by the American Farmland Trust was 1:$1.01 in Groton County, New Hampshire. The COCS Study completed in 2015 for Pamlico County located in the coastal region of NC and with a population of 13,000 persons reported a ratio of 1:$0.99 indicating that residential properties were at the breakeven point and was below the last reported minimum. The rural nature of the county, the lack of development pressure and minimal investments in community services by the county was ascertained to be the reason for this balance in revenue and expenditures for residential properties.

American Farmland Trust developed this low-cost fiscal analysis to contribute local knowledge to decisions about land use. The purpose of this research is not to suggest any prescriptive course of action. By using statistics and financial land use and economic data specific to Wilson County, this COCS Study can help move public dialogue from emotion to analysis and from speculation to projection. It provides reliable financial data, allowing officials to make informed planning decisions and evaluate strategies that will maintain a balance in the distribution of future land uses[13].

[13] Best, Wayne County Cost of Community Services Study (2011)

Cost of Community Services Studies[14]

A Cost of Community Services (COCS) Study is a case study approach used to determine an individual community's public service costs versus revenues based on current land use, specifically residential, commercial/industrial, and farm/forest. Publicly available financial reports (Audited Financial Statements or the Comprehensive Annual Financial Report (CAFR)), departmental records and budgets, and assessor's data are used to allocate revenues and expenditures to determine the financial effects of the various land uses. COCS Studies are based on real numbers, making them different from traditional fiscal impact analysis, which is predictive and speculative. They show what services taxpayers receive from their local government and how local government revenues and expenditures relate to land use.

American Farmland Trust (AFT) first became interested in COCS Studies and growth-related issues in the 1980s because agricultural lands were converted *more commonly* to development than any other type of land. Farmland is desirable for building because it tends to be flat, well drained and has few physical limitations for development. It is also more affordable to developers than to farmers and ranchers. COCS Studies were originally used to investigate three commonly held claims:

1. Open lands—including working agricultural and forest lands—are an interim land use that should be developed to their "highest and best use";
2. Agricultural land gets an "unfair" tax break when it is assessed at its actual use value for farming or ranching instead of at its potential use value for development;
3. Residential development will lower property taxes by increasing the tax base.

[14] Freedgood, Cost of Community Services Studies: Making the Case for Conservation, American Farmland Trust, 2002.

In response to these claims, it is of particular relevance to consider the fiscal contributions of privately-owned natural resource lands in areas, such as Wilson County, where farming and forestry are important industries. Both commercial and agricultural lands generate less revenue than residential properties in Wilson County contributing 16.96% and 2.5% respectively. Working lands require a relatively small amount of public expenditure in comparison due to their modest demands for infrastructure and public services. Agricultural land uses account for 1.75% of Wilson County's expenditures while commercial and industrial uses result in a 6.44% of Wilson County's expenditures for the 2014-15 fiscal year. While it is true that an acre of land with a new house generates more total revenue than an acre of farmland, this information provides little insight into a community's fiscal balance. As a result, COCS Studies are used to determine the *net* fiscal impact of land uses in the present by comparing total revenues to total expenditures to ascertain the overall contribution of different land uses.

COCS Studies are conducted for a variety of other reasons, such as supporting existing land protection programs or developing new ones. Some communities are interested in raising awareness about the benefits of protecting natural resources, while others may have broader planning goals. Other primary reasons for COCS Studies are: to compare the impacts of different land uses, to direct new development toward existing infrastructure, or to supplement a comprehensive planning process. *Above all, COCS Studies are most valuable to communities that are concerned about farm and other open lands*.

COCS Studies are best used in communities similar to Wilson County that rely heavily on property taxes to generate revenues. It is important to recognize that COCS Studies are fiscal, not economic analyses and therefore do not examine direct economic benefits or secondary impacts of a given land use to the local or regional economy. COCS Studies are not intended to judge the value of one land use over another or compare one type of new development to another. *The particular niche of a COCS*

Study is to identify existing land use relationships and evaluate the contribution of agricultural and other open lands on equal ground with developed land uses. Note, the data provided in COCS studies are "snapshots in time," and as such are neither predictive nor speculative.

Table 1 classifies categories of information that a Cost of Community Services Study can provide and what their ultimate utility can illustrate to local governmental officials.

Table 1. Uses of Cost of Community Services Studies

COCS Studies Do:	COCS Studies Do Not:
○ Provide a baseline of information to help local officials and citizens make informed land use decisions. ○ Offer the benefit of hindsight to see the effect of development patterns to date. ○ Demonstrate the relative fiscal importance of privately owned land in agricultural, forest or other open space uses. ○ Make similar assumptions about apportioning costs to agricultural land as to commercial/industrial land. ○ Have a straightforward methodology and easy-to-understand findings.	○ Project future costs of services incurred by new development. ○ Determine the direct or indirect value of a particular land use to the local or regional economy. ○ Quantify the non-market costs and benefits that occur when agricultural land is converted to urban uses. ○ Judge the intrinsic value of any particular land use. ○ Compare the costs of different types of residential development. ○ Treat agricultural and other working lands as residential development.

Source: Freedgood, Julia. Cost of Community Services Studies: Making the Case for Conservation. American Farmland Trust. 2002.

Methodology

The following standard land use definitions are adapted to individual COCS Studies.

- **Agricultural development** (Farm, Forest and Open Land) – All privately-owned land and buildings associated with agricultural and forestry industries, including temporary housing for seasonal workers who are not permanent residents.
- **Residential development** – All single-and multi-family residences and apartment buildings, including farmhouses, residences attached to other kinds of businesses and rental units; all town-owned property used for active recreation or social functions for local residents.
- **Commercial and Industrial Development**[15]– All privately-owned buildings and land associated with business purposes, the manufacturing of goods or the provision of services, excluding agricultural and forestry industries, and utilities.

There are three basic steps in the process of conducting a COCS Study:

1. Collect data: Obtain relevant reports and other financial records, interview officials, boards and departments.
2. Allocate revenues and expenditures by land use.
3. Analyze data and calculate revenue-to-expenditure ratios for each land use category.

The COCS revenue-to-expenditure ratio compares how many dollars' worth of local government services are demanded for each dollar collected. A ratio greater than 1.00 suggests that for every dollar of revenue collected from a given category of land, more

[15] For simplicity, the term "commercial" will denote both industrial and commercial land uses for the remainder of this study. Likewise, "agricultural" will refer to farm and forest land uses.

than one dollar is spent. Conversely, an expenditure ratio less than 1.00 indicates that for a given category of land, demand for publicly-financed services is less than that sector's contribution to the local budget.

Most studies show that the COCS ratio is substantially above 1 for residential land while ratios for the other two land use categories are usually substantially below 1. Wilson County financial records revealed that the COCS ratio for all land uses followed this trend with residential land uses above 1 and agricultural and commercial/industrial below 1.

COCS Method for Wilson County

The Wilson County Cost of Community Services Study is based on fiscal data from the 2014-2015 budget year. The reported actual expenditures for the County of Wilson for the fiscal year that ended on June 30, 2015 was $92,144,244 for the eight departmental categories and the debt service classification. A breakdown of the expenditures revealed that 91.81 percent of expenditures were to provide services to residential land uses, 6.44 percent were to provide services to commercial/industrial land uses and 1.75 percent were attributed to agricultural and forestry land uses.

Actual county revenues received from taxes, licenses, and other fees, services, and investments, during this same fiscal period were reported as $97,277,593. Of this total, 80.54 percent was generated from residential property taxes and additional fees, 16.96 percent was generated by commercial/industrial land use, and 2.5 percent resulted from agricultural and forestry use. The county manager's office and each department provided data specific to county revenues and expenditures for each department and the distribution of funds and services that were devoted to each land use: 1) Residential, 2) Commercial/Industrial, and 3) Agricultural/Forestland.

The Comprehensive Annual Financial Report for Wilson County compiled by the Wilson County Finance Department, directed by Tiffany Reese, and audited by Martin Starnes & Associates, CPAs, P.A. was used to derive the actual revenues and expenditures for the fiscal year ending June 30, 2015. Revenues and expenditures were allocated among the three defined land uses based on data provided by the county manager's office and individual county departments. Data obtained was entered into a spreadsheet to derive the total amount of funds allocated by each department to each land use.

Categories included in Wilson County's revenues were:

- Property Taxes
- Sales Taxes

- Other Taxes and Licenses
- Unrestricted Intergovernmental
- Restricted Intergovernmental
- Permits and Fees
- Sales and services
- Investment Earnings
- Miscellaneous

Real property taxes were collected for the general fund at a rate of $0.7300 (73.0 cents) per $100 of property value in 2014-2015.

Expenditures for the County came from the eight fund services: general government, public safety, transportation, environmental protection, economic and physical development, human services, cultural and recreational, education, and debt service. The largest county fund was human services with expenditures of $33.94 million.

Expenditures were allocated in one of two ways. For services that exclusively benefited households (as opposed to commercial establishments)—for example, public schools—100% of expenditures were allocated to the residential sector. For departments whose activities benefited both businesses (including agricultural businesses) and residences, expenditures were allocated based on the proportion of total value accounted for by each land use category.

If it was difficult to derive a direct percentage or distribution of the services devoted to a particular land use, a default percentage was determined based on the assessed property valuations for 2014-15 fiscal year for each land use. The information collected from the Wilson County Tax Office is shown below. This default breakdown is as follows:

- 72% Residential (including Historic Property)
- 24% Commercial/Industrial
- 4% Agricultural (PUV)

Findings

Supporting information for the findings expressed in this section can be found in the Appendix.

Appendix Table 1 shows the distribution of revenues for Wilson County in the 2014-15 fiscal year. The actual county fund revenues for 2014-2015 were $97,277,593.00. Ad valorem property taxes, which are taxes based on the assessed value of real estate or personal property, generated the most revenue with $50,602,432.00, or just over 52% of the county's total revenue. Restricted intergovernmental revenues were the next highest at 20,526,089 which is over 21 percent of the total revenue. Revenue from local option sales tax made up 12.37% of county government income at $12,034,973.00. Sales and service revenue followed at $11,733,064 million which accounted for just above 12 percent of revenue collected. Permits and fees accounted for 1.25% of revenues which was nearly 1.25 million. Other taxes and licenses, unrestricted intergovernmental, miscellaneous and investment earnings revenues totaled 1.17 percent of the county's total revenue for 2014-15 contributing $1,133,749. Additional detail of revenues collected is found in Appendix Table 6.

Appendix Table 2 shows the distribution of actual expenditures for the fiscal year 2014-2015 for the County of Wilson (additional detail may be found in Appendix Table 7). Wilson County actual expenditures for fiscal year 2014-2015 for the 9 county departments and inclusive of debt service expenditures (principal retirement, interest and other charges) were $92,144,244. Human services represented the largest expenditure amount at nearly $34 million, or 36.84 percent of the total county government expenditures. Education is the next largest expenditure for the county with more than 23.5% of the total expenditures posting almost $22 million. Public safety accounts for the third largest expenditure for the county at $18,140,221 or nearly 20 percent of county expenditures were required. General government spent almost $8.5 million, or 9.15% percent of the county departmental expenditures. The other 10.75% of Wilson County expenditures are divided among Principal retirement (5.81%), Cultural

and recreational (1.9%), Economic and physical development (1.54%), Interest and other charges (1.15%), Environmental protection (.3%) and Transportation (.05%) with a combined total expenditure of $9,896,580.

Appendix Table 3 provides the revenue-to-expenditure ratios that were developed through the Wilson County Cost of Community Services Studies. In summary, this COCS Study found that in Wilson County, 91.81 percent of county expenditures were used to provide services for residential land use compared with 6.44 percent for commercial and 1.75 percent for farm and forest land. This was compared with the revenues which were divided into the same land use classification as follows: 80.54% from residential land uses, 16.96 from commercial and industrial uses and 2.5% from agricultural and forestry. ***In Wilson County for each dollar of residential revenue earned, the county spent approximately $1.08 to provide services to those residents during 2014-15.*** This ratio is less than the median of national COCS Studies noted by the American Farmland Trust, which is $1:$1.16. This revenue-to-expenditure ratio represents a net loss to the county as a result of the provision of community services to the residential property owners of Wilson County. A net loss is commonly found in COCS Studies with regard to residential land use as the majority of expenditures are used to benefit and serve residents of the county. The largest departmental expenditures in Wilson County provided to residential property owners was attributed to Human Services which makes up more than one-third of the county's expenditures for residential property uses.

Revenue income for both commercial/industrial and agricultural/forestry resulted in a net gain to the county when evaluating the revenue-to-expenditure ratios. These land use revenues offset the net loss realized from residential land uses. Most COCS Studies are conducted in counties which are experiencing a loss of open land as a result of an increase in residential development or are anticipating this to occur due to developmental pressures related to population growth. Wilson County's population grew by nearly 7,500 residents, a growth of 10% from 2000 to 2010 according to Census

numbers[16]. This population increase and anticipated continued growth in Wilson County is important to recognize and note the current financial condition with respect to residential land uses as compared with commercial and agricultural uses. The residential revenue-to-expenditure ratio provided in the COCS Study provides county leaders the ability to understand the importance of maintaining a balance in land uses as they relate to the county's fiscal stability. As residential development continues to evolve in Wilson County, it is expected that this ratio will increase as the volume of services and the associated costs to provide these services to residents increase. By maintaining and supporting agricultural and commercial land uses in Wilson County, county leaders can ensure a sustainable and fiscally responsible balance between these three important land use categories.

As noted, both commercial/industrial and agricultural/forestry land uses demonstrated a net gain to the county when the revenue-to-expenditure ratio was evaluated. ***For each $1 of revenue generated from commercial/industrial land uses, Wilson County spent $0.36 to provide services to those commercial entities.*** Agricultural lands also represented a positive ratio of return for the county's investment in agricultural and forestry related expenditures. ***For each dollar of revenue derived from agricultural and forested land, Wilson County spent $0.66 to provide necessary services for those land uses.*** These ratios are comparable with other county studies both in NC and nationwide. The lower revenue-to-expenditure ratio noted for commercial/industrial land use explains the interest of county leaders and economic developers in counties across the state and nation to encourage and provide incentives for this type of land use. The net gain associated with agricultural lands, while often over looked, serves as an important component of the necessary balance essential to the economic stability of county governments.

As noted, Appendix Tables 4A and 4B provide ratio comparisons with national Cost of Community Services Studies and NC studies. As mentioned in the Table 3 synopsis, the residential ratio calculated in the Wilson County Cost of Community Services Study

[16] U.S. Census Bureau http://censusviewer.com/county/NC/Wilson

was less than the median from national studies and most of the residential ratios in NC studies. Most studies show that the COCS ratio is substantially above 1 for residential land use while ratios for the other two land use categories are usually substantially below 1. In the Appendix Tables 4A&B the median “national” residential revenue-to-expenditure ratio is 1:1.16, while the median commercial and agricultural are 1:0.30 and 1:0.37, respectively. In North Carolina, over nineteen counties have had Cost of Community Services studies conducted. The median residential revenue-to-expenditure ratio for these NC studies was 1:1.23, while the median commercial and agricultural are 1:0.34 and 1:0.59, respectively. Wilson County’s ratio for residential is lower (at 1:1.08) than the national and state median ratio.

The agricultural land use ratio of revenue-to-expenditures in Wilson County (1:0.66) is higher than both the median ratio nationwide (1:0.37) and the median ratio for North Carolina studies (1:0.59).

The commercial ratio of 1:0.36 in Wilson County is slightly higher than the national median (1:0.30) and the median of the other North Carolina studies (1:0.34).

The break-even home value for Wilson County is provided in Appendix Table 5. The revenue and cost of service numbers that lie behind the ratios reported in this study can also be used to calculate the home value necessary for a county to break-even. If one assumes that service cost is fairly constant across houses relative to the home value, such computations are straightforward. Further, this is not an unreasonable assumption as local government service costs will vary with house location, lot size, and with number of children, but are not particularly correlated with home value. Given this assumption, Appendix Table 5 presents an analysis which computes the residential property value needed to generate an exact balance between average revenues contributed by current housing units and the average value of public services consumed by households.

The “breakeven” house price was computed assuming that any new household would consume the average amount of services reflected in the 2014-2015 budget – i.e., that they would possess the average number of school children, consume an average amount of public health and social services, etc. The computation further assumes that any new household would contributed the average amount of non-property tax revenues generated by existing residential properties, and takes as a benchmark the current property tax rate of 73.0¢ per $100. Based on these assumptions, the breakeven property value was computed as $221,582.19. This break-even value is relatively high, but highlights the amount of expenditures for residential property uses that are covered by agricultural and commercial uses given the current property tax rate.

Table 6 of the Appendix provides a listing of the actual revenues broken down by the land uses evaluated in the study. For fiscal year 2014-15, the County of Wilson revenues totaled $97,277,593. The breakdown percentages were provided by the county tax office and county manager’s office after evaluation of departmental revenues. Table 6 accurately represents the distribution of each revenue line item and provides the percentage that is attributed to each land use. This information was compared with the expenditure information to calculate the ratio of Wilson County’s revenues-to-expenditures. The default breakdown percentage for both revenues and expenditures is: Residential (including historic) 72%; Commercial/Industrial 24%; Agriculture/Forestry 4% which was derived by county tax records and property valuations.

Appendix Table 7 details the expenditures, totaling $92,144,244, for the county in fiscal year 2014-2015. These expenditures are distributed by land use with the percentages provided by county administrators. This information was used with the revenue data to calculate the ratio of county revenues-to-expenditures.

Discussion

COCS Studies provide a baseline of information to help local officials and citizens make informed land use decisions. They offer the benefit of hindsight to see the effect of development patterns to date. They also demonstrate the fiscal importance of privately owned land in farm and forest uses.

The ratios found in Wilson County are slightly lower than the national median value for the residential sector. The residential ratio of $1 of revenue to $1.08 expenditure is within eight cents of the national median of $1.16 and fifteen cents lower than the median for NC studies, $1.23. The commercial ratio of $1 of revenue to $0.36 is six cents higher than the national median of 30 cents and two cents higher than the NC median of 34 cents. Finally, the farmland (agricultural/forestry) ratio of $1 to $0.66 is 29 cents higher than the national median of $1 to $0.37 and is within 7 cents of the North Carolina median which is 59 cents (See Figure 2).

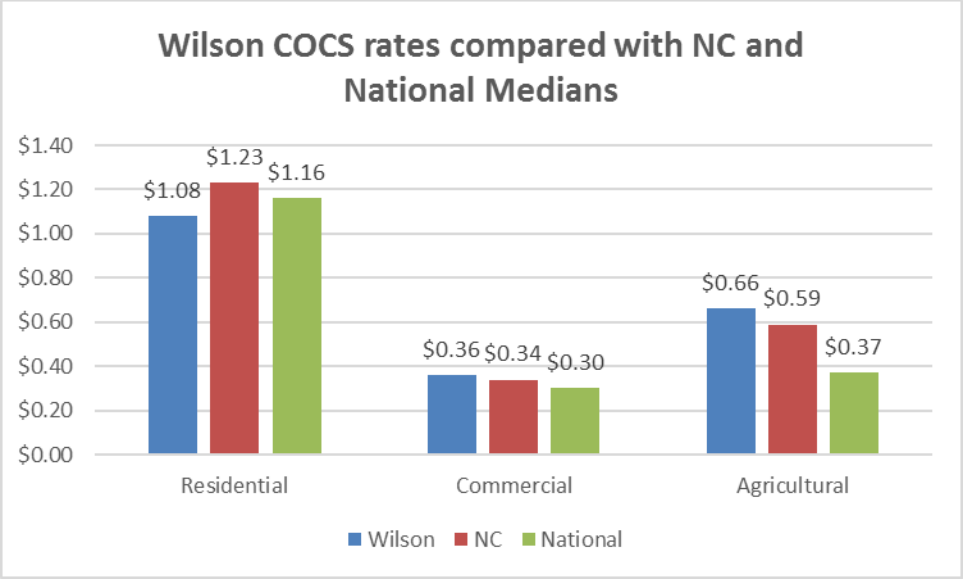


Figure 2: Wilson Cost of Community Services Study Ratios Comparted to NC and National Studies (American Farmland Trust)

The purpose of a COCS Study is to determine the net fiscal contribution of farm properties so these lands may be duly considered in the planning process, not to recommend one type of land use over another. Because the studies are descriptive,

they should not be used to predict the impact of a single development or to project future costs of services created by new development.

The results of this study, however, provide reliable financial information that demonstrates the importance of agricultural and forest lands to the fiscal stability of Wilson County.

- In Wilson County residential development undoubtedly contributes the largest amount of revenue, over $78 million, however its net fiscal impact was negative as reflected in the 2014-2015 fiscal year data. Residential land uses created a deficit of $6,254,935.75, while the other two land use categories generated substantial surpluses: $10,568,277.33 from commercial and $820,007.42 from agricultural lands.

- During the 2014-2015 fiscal year, Wilson County reported a budget surplus of over $5 million. This surplus was a result of the revenue generated by commercial/industrial and agricultural/forestry land uses.

- Residential, commercial and agricultural lands generated revenue from property and sales taxes and other fees with the largest surplus coming from commercial land uses. Wilson County retains more county funds from commercial land use than any other land use in the study.

- Both commercial and agricultural lands pay more in local tax and other revenues than they receive in services, even with a reduced assessed value (Present-Use Value) for agricultural lands.

As American Farmland Trust has emphasized previously, this research also suggests that the development of strategies to retain this land base for future agriculture would be a good long-term investment.

- Differential property tax programs, such as present-use value, are justified as a way to provide an incentive to keep land open and in active agricultural use.

- A balance of land uses, including agricultural lands, is needed to provide adequate revenue to pay for county services.

The findings of this study show the fiscal benefits that result from agricultural lands and factual information to help residents understand the delicate fiscal balance between taxes, other community revenues and the cost of public services. In addition, this information should be useful for county leaders and residents when faced with land use decisions now and in the future.

Agriculture in Wilson County is a significant contributor to the economy. Nearly half (47%) of the county's land is farmland. The county's 111,395 acres of farmland generate more than $140 million in total cash receipts from the sale of agricultural products[17]. This study makes a significant statement: It is financially wise to keep land in agriculture. In addition to helping maintain fiscal balance, farmland helps sustain Wilson County's economy, contribute to economic diversity and rural character, and help shape the overall quality of life in the region.

Wilson County's desire to engage in a Cost of Community Services Study exemplifies the interest of local leaders in the future and health of the county and provides a unique opportunity for these and future leaders. The fact that Wilson County data exhibits a net gain for both commercial/industrial and agricultural/forestry land uses is similar to other studies, but does present an opportunity for planning for the future of agriculture and anticipated residential and commercial development in the future. Many studies indicate that as residential development has occurred and subsequent services are provided that residential development becomes an increased net loss to the local government with regard to revenue/expenditure evaluations. These same studies indicate that the

[17] 2016 NC Agricultural Statistics. NC Department of Agriculture & Consumer Services, Agricultural Statistics. http://www.ncagr.gov/stats/AgStat/Section06.pdf

net gain represented by commercial and agricultural uses in all cases is enough to offset the net loss of residential development thereby fortifying the need to have a balanced land use plan. Most local leaders plan for multiple community needs including: transportation, housing, economic development and environmental protection. Data, however, exhibits most people want farms to remain in their future, but very few communities plan for farmers or farmland. Wilson County is in a position, as it moves forward, to develop strategies to continue to protect farmland and promote smart growth and in so doing ensuring the fiscal strength and stability of the county.

Profile of Wilson County

The County of Wilson is located in eastern North Carolina and is on the boundary of the state's piedmont and coastal plain[18]. The county is comprised of over 368 square miles of land mass[19]. The county is bordered by 6 counties: Wayne to the south, Johnston to the southwest, Nash to the northwest, Edgecombe to the northeast, Pitt to the east and Greene to the southeast. The county seat of Wilson is the City of Wilson. Economic data from the NC Department of Commerce denoted almost 39% of Wilson County's population as being rural.[20]

Figure 3: North Carolina regions by county
Source: https://www.ncpedia.org/geography/regions

Wilson County possesses a key asset with its location in the coastal plain - prime agricultural soils. The county's website reports that a major component of the county's growth was, "organized mass agriculture," beginning with cotton until it was mainly replaced with flue-cured tobacco production which was better suited for the soils and climate of Wilson County. These soil types while critical to agricultural production are

[18] History. Wilson County, NC. http://www.wilson-co.com/our-county/brief-history-of-wilson-county
[19] Wilson County, NC. US Census Bureau. https://www.census.gov/quickfacts/fact/table/wilsoncountynorthcarolina,US/POP060210#viewtop
[20] http://accessnc.nccommerce.com/DemoGraphicsReports/pdfs/countyProfile/NC/37195.pdf

also attractive for development with characteristics of being well drained and no to low slopes.

The 2012 US Census of Agriculture reported that of Wilson County's 235,633 acres of land, 104,678 acres make up the county's 304 farms. This equates to about 47% of the county's land area. The average farm size in Wilson County is 344. In 2012, NC Extension Forestry reported 83,985 acres in Wilson County were forested acres with 100% reported as privately owned timberland. Farm and forested acres represent a significant land use in Wilson County even with the increased residential and commercial development.

Wilson County produced more sweet potatoes in 2016 than all but one other North Carolina county ranking second in the state for production of the crop harvesting over 213 million pounds on 10,400 acres. Flue-cured tobacco production earned Wilson County a ranking in the top 5 producing counties in North Carolina with more than 17.5 million pounds produced 8,390 farms. Though Wilson County barely made the top 25 counties with respect to agricultural cash receipts it ranked fourth in cash receipts derived from crops sales at nearly $131 million[21].

EDUCATION

During the years from 2012 to 2016, a majority (80.2%) of the population over 25 years of age in Wilson County completed high school, compared to 86.3 percent of all North Carolina citizens over the age of 25 during this same time. Similarly, 18.6 percent of Wilson County citizens have a Bachelor's degree or higher, compared to 29 percent statewide[22].

The Wilson County School System serves 12,105 students, including those from the City of Wilson. There are three high schools, six middle schools, and 13 elementary

[21] Agricultural Statistics. NCDA & CS. http://www.ncagr.gov/stats/AgStat/Section06.pdf
[22] US Census Bureau

schools. In addition to its public schools, the County is also home to Greenfield School, Wilson Christian Academy, and Community Christian School. The Eastern North Carolina School for the Deaf, a public residential school for deaf children from kindergarten through grade 12, is also located in Wilson.

The county also has post-secondary educational institutions including Wilson Community College which offers 2 year college transfer degrees in a variety of fields of customized training for industry serving 11,400 students annually. Barton College a 4 year liberal arts college offering weekend course delivery and serves 1300 students annually[23].

ECONOMY

The North Carolina Department of Commerce (NCDC) ranks each of the state's 100 counties into three tiers based on the economic well-being of each county. Tier 1 is most distressed, and Tier 3 is least distressed. Wilson County is designated as a Tier 2 county and has remained in the Tier 2 classification since 2016. North Carolina uses these designations to encourage economic growth through incentives in distressed counties. Wilson County's tier status provides opportunities for certain grants and other incentives aimed at stimulating the county's economy[24].

The median household income in Wilson County in 2015 as reported by NCDC was $48,138.00 compared to the state figure of $46,868.00. Twenty-three percent of Wilson County's population is considered below the poverty level, which is higher than the reported state rate of 16 percent for this same time period. (NC Dept. of Commerce, 2017)

Seventy-six percent or 25,704 working Wilson County residents worked inside of Wilson County. Twenty-four percent or 8,201 residents work within North Carolina, but outside

[23] Educational Resources. Wilson Economic Development Council. http://www.wilsonedc.com/why-choose-wilson/educational-resources/

[24] County Tier Designations. NC Department of Commerce. http://www.nccommerce.com/research-publications/incentive-reports/county-tier-designations

Wilson County. Only 0.3% percent or 113 residents work outside of North Carolina. The unemployment rate reported in September of 2017 was 6.3% which was higher than the state unemployment rate of 4.1 percent, however it was down from the annual 2016 Wilson County rate of 8.1%[25].

Agriculture and agribusiness provided jobs for 11.2 percent of Wilson County's working residents according to a study completed by Dr. Mike Walden in 2015.

Commercial and industrial businesses have made a significant impact upon the Wilson County economy. Wilson County enjoys a diversity of industry in the county. The Wilson Economic Development Council (WEDC) categorized the leading industry sectors that are located in Wilson County by employment and reported these as:

- Manufacturing
- Retail Trade
- Healthcare
- Construction
- Accommodation and Food Services
- Public Administration

Wilson County is home to the Branch Banking Company which is identified today as BB&T, one of the largest banks in the southeastern United States. BB&T is recognized as a leading employer with a 2,000-person workforce in Wilson County. While reported by Walden in 2012 that all agriculture accounted for 11.2 percent of the total workforce in Wilson County, manufacturing is reported by WEDC to employ close to 22 percent of the county's well-trained workforce. Wilson County is touted as the largest industrial manufacturing county east of I-95 and within the top 10 counties state-wide. Industry leaders include Bridgestone/Firestone and Smithfield Foods. The diversity of industry is apparent when companies include pharmaceutical giants like BD, Merck, Purdue and

[25] Wilson County Demographics. NC Department of Commerce. http://accessnc.nccommerce.com/DemoGraphicsReports/pdfs/countyProfile/NC/37195.pdf

Sandoz with combined employment of over 1000 workers. The Department of Commerce in Table 2 lists the top 25 employers in Wilson County.

POPULATION

Wilson County's population is made up of a fairly diverse distribution of residents. Of the county's population of just over 81,000 persons 47.5% are white, 40.6 % are African-American, 10.0% are Hispanic/Latino and 1.9 % are other[26].

Table 2 illustrates the reported age distribution by the NC Department of Commerce in Wilson County.

Wilson County Population Estimated Population By Age 2015		
2015 Est Median Age 40		
2015 Est Total Pop 0-19	21,502	26.4%
2015 Est Total Pop 20-24	5,280	6.5%
2015 Est Total Pop 25-34	9,478	11.6%
2015 Est Total Pop 35-44	9,988	12.2%
2015 Est Total Pop 45-54	11,323	13.9%
2015 Est Total Pop 55-64	11,052	13.5%
2015 Est Total Pop 65+	12,958	15.9%

Table 2. NC Department of Commerce, NCACCESS, 2017.

The Department of Commerce additionally reported the urban to rural representation in Wilson County to be 61.3% to 38.7% respectively.

TAXATION

The tax rate for Wilson County during the period studied was 73 cents per $100 of property value. This is the greatest income generator for the County of Wilson according the revenue data.

[26] Wilson County, NC. US Census Bureau.

While property taxes are an important revenue stream for the County, the continuation of deferred tax programs for agricultural lands is important as well. As noted, agricultural and forested lands contributed $2,024,097.28 in property taxes to Wilson County in 2014-15. This contribution was significant and was instrumental in concert with the taxes collected from commercial/industrial properties in offsetting the deficit between revenues and expenditures collected and spent respectively to provide services to residential property owners in Wilson County.

In North Carolina, certain agricultural, horticultural and forested acres are taxed under a deferred tax program enacted by the NC General Assembly in 1974 designated as the Present Use Value Taxation Program. The importance of this program to the viability of agricultural and forested working lands and to the economic well-being of the county is apparent as a result of the COCS Study for Wilson County.

The greatest asset a farmer or forest landowner has is their land. This deferred taxation program allows landowners that are

- *actively engaged in the commercial production or growing of crops, plants, or animals;*
- *actively engaged in the commercial production or growing of fruits, vegetables, nursery products, or floral products;*
- *actively engaged in the commercial growing of trees;*

to be considered for present-use value classification. In addition to these parameters, there are criteria related directly to ownership, property size, income, and management practices that ultimately determine whether property may be taxed based upon its present-use value or its market value. Generally stated, present-use value (PUV) is the value of land in its current use as agricultural land, horticultural land, or forestland, based solely on its ability to produce income and assuming an average level of management. This program allows landowners to continue to contribute to the local economy through taxation, but does not stifle the ability of the agricultural operation to

remain profitable and continue to contribute to the County's economy through sales of market products and the need for and presence of allied industries to support these sales.

Properties that qualify for present-use value classification are assessed at their present-use value rather than its market value. Present-use value is usually less than market value and qualifying tracts are assessed at this lower value. The tax office establishes a market value for the land, and the difference between the market value and the present-use value is maintained in the tax assessment records as deferred taxes. When land becomes disqualified from the present-use value program, the deferred taxes for the current year and the three previous years with accrued interest will usually become due and payable[27].

Tax relief is an important issue for farmers. Farmers need land to operate and property taxes on farmland can be a significant expense. Taxes on farm buildings and other assets are often substantial as well. Legislation exists that supports the concept that taxes on agricultural land should be proportionate to its demand on community services and its ability to generate income. As demonstrated in multiple national and state County Cost of Community Services (COCS) Studies, farmland provides more in property tax revenues than it requires in public services and by keeping farmland productive it serves to control the cost of community services.

Since overtaxed agricultural land may be more susceptible to conversion to non-agricultural uses, tax relief measures can also be considered a farmland protection tool. The expense of property taxes may discourage farmers from buying land and can force existing farmers to sell.

[27] Baker, David B., Present-Use Value Program Guide, NC Department of Revenue, 1 Jan 2015 http://www.dornc.com/publications/puv_guide.pdf

Farmers' savings from deferred property tax programs can be significant and may make the difference between staying in business and selling out. The retention and support of agriculture in Wilson County is, as previously stated, essential to the economic stability and quality of life appreciated by Wilson County residents.

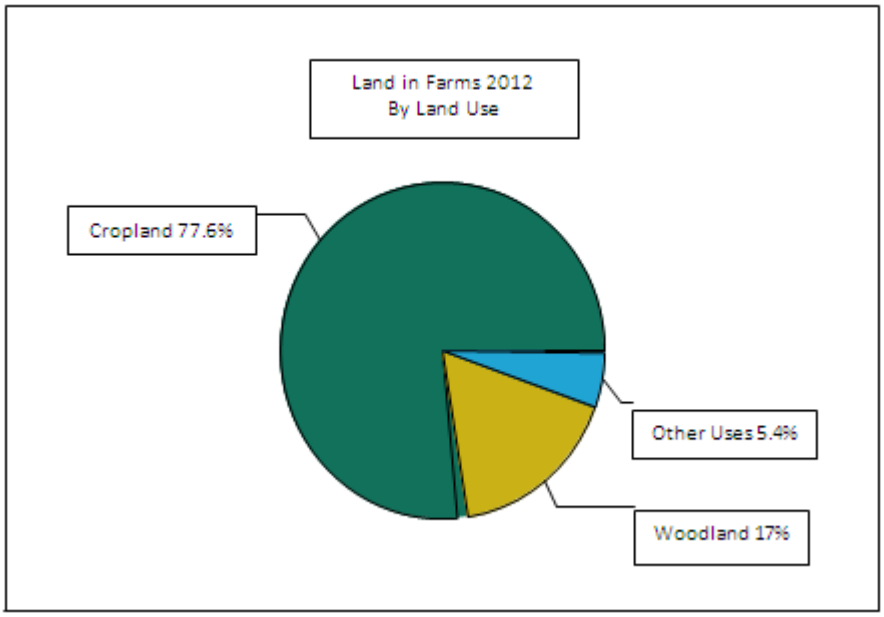
Wilson County Agriculture

Agriculture is deeply rooted in the history of Wilson County. Whether from the time of the early settlers who produced turpentine and pitch from the vast stands of pine trees to when cotton was grown as the main cash crop to the production of flue-cured tobacco, the crop that afforded Wilson County to be known as the "world's greatest tobacco market," [28]. Wilson County is still economically impacted by agriculture and agribusiness.
As reported by Walden[29] , in 2012, agriculture and agribusiness added $2,514,082,618 or 37.7 percent of the county's value added total income. Agriculture accounted for 11.2 percent of Wilson County's employment in 2012 as well.

The number of farms in Wilson County decreased by 2% from 2007 to 2012 from 304 farms to 207 farms. However, the acres of land in farms increased by 6% from 104,678 acres in 2007 to 111,395 acres 2012. An increase was also noted during this time in the average farm size with a 9% increase reported. The average farm size in 2012 was 375 acres up from an average size of 344 acres in 2007. Figure 4 illustrates the land in farms by land use in 2012 with 77.6% of land in farms being used to produce crops[30]

[28] Wilson Economic Development Council. http://www.wilsonedc.com/why-choose-wilson/industry-facts/
[29] Walden, Mike. Wilson. https://ag-econ.ncsu.edu/wp-content/uploads/2015/11/Wilson.pdf
[30] NC County Summary. USDA Census of Agriculture.

Figure 4. Land in Farms 2012 (US Census of Agriculture, USDA. 2012)



The market value of products sold in 2012 was reported as $179,632,000 which represented a 41% increase from 2007 of $127,799,000. Wilson County ranked 5th in the state in 2012 with the value of crops including nursery and greenhouse reported as $151,365,000 or 84 percent of the total of products sold. Livestock sales contributed $28,267,000 or 16 percent of the total[31]

The 2012 Census of Agriculture reported by commodity the value of sales and the state rank for each of these as noted in Table 3 and recognized in Table 4 top crops produced by acres.

[31] US Census of Agriculture. https://agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_2_County_Level/North_Carolina/st37_2_001_001.pdf

VALUE OF SALES BY COMMODITY GROUP	($1,000)	State Rank
Grains, oilseeds, dry beans, and dry peas	28,386	21
Tobacco	47,008	3
Vegetables, melons, potatoes, and sweet potatoes	35,336	3
Nursery, greenhouse, floriculture, and sod	24,815	4

Table 3. Wilson County Value of Sales – Crops, 2012. US Census of Agriculture 2012

TOP CROP ITEMS	(Acres)	State Rank
Soybeans for beans	33,397	15
Cotton, all	15,746	14
Tobacco	9,953	4
Wheat for grain, all	9,474	29

Table 4. Wilson County Top Crop Items by Acres, 2012. US Census of Agriculture 2012

The North Carolina Department of Agriculture reported in 2016, Wilson County ranked 4th statewide in cash receipts from crops with $130,848,000 reported.

Cash receipts for agricultural commodities are defined as the gross income from sales of crops, livestock, and livestock products during a calendar year. The continuing importance of the same crops as reported in 2012 is noted in Table 5 and Wilson County's state rank in production of these crops[32].

Crops - 2016	Acre	Y	P	R
Corn for Grain: Bu.	13,6	1	1	2
Cotton: Lbs.:	2,99	6	4	2
Peanuts: Lbs.	2,50	3	8	1
Soybeans: Bu.	34,4	3	1	2
Sweet Potatoes: Cwt.	10,4	2	2	
Tobacco, Flue-Cured:	8,39	2	1	

Table 5. Wilson County Top Crops, 2016. NCDA&CS Ag Statistics, 2017

It may be noted that peanuts have allowed producers to diversify their operations and crop rotations in 2016.

The value of crop production is apparent from data provided, however income from livestock is notable as well. NCDA&CS reported in 2016 that hogs and pigs in Wilson County numbered 28,000 head and the county ranked 32nd in the state in production. Other livestock reported were cattle and beef cows with number of head 1,200 and 600 respectively. The hog and pig numbers in 2015 numbered 31,000 head so a decrease for 2016 was noted, but cattle numbers increased slightly from 2015 to 2016 from 1,100 to 1,200. Livestock contributed $9,837,727.00 to the 2016 total cash receipts and Wilson County ranks 66th in cash receipts from livestock.

In summary, Wilson County agriculture is critical to the economic viability of the rural communities in the county. Wilson County is a leader statewide in the

[32] NC Agricultural Statistics. 2016. NCDA&CS. http://www.ncagr.gov/stats/AgStat/Section06.pdf

production of a number of crops. State rankings based on the NC Department of Agriculture and Consumer Services Agricultural Statistics for 2016 were:

- 4th in cash receipts - Crops
- 2nd in sweet potatoes
- 5th in flue-cured tobacco
- 5th in all other crops (includes hay, greenhouses, floriculture, nurseries
- 17th in peanuts
- 20th in soybeans
- 23rd in corn for grain
- 23rd in cotton
- 32nd in hogs and pigs

Walden reported that all agriculture and agribusiness industries in Wilson County accounted for a total value added income of $2,514,082,618.00 or a 37.7% share of the county value added income. Agriculture and food industries accounted for the vast majority of this total as noted below, however fiber and forestry contribute as well[33].

[33] Walden, Mike. Agriculture and Agribusiness. 2017. https://ag-econ.ncsu.edu/wp-content/uploads/2017/05/NCState-WaldenAgBusinessReport-051017.pdf

Agriculture/Food Industries

- **Farming** **$ 157,347,000**
- **Manufacturing** **$ 2,259,890,405**
- **Wholesaling/Retailing** **$ 45,202,144**

Total: **$2,462,439,549 or 37%**

Natural Fiber Industries

- **Farming** **$ 13,281,000**
- **Manufacturing** **$ 4,473,763**
- **Wholesaling/Retailing** **$ 11,550,872**

Total: **$ 29,305,635 or 0.4%**

Forestry Industry

- **Farming** **$ 3,518,000**
- **Manufacturing** **$ 14,891,211**
- **Wholesaling/Retailing** **$ 3,928,224**

Total: **$ 22,337,434 or 0.3%**

All Agricultural/
Agribusiness Industries **$2,514,082,618.00 or 37.7%**

Wilson County's total county value added income was reported by Walden to be $6,660,071,436, so the contribution of agriculture and agribusiness to the economic viability of Wilson County is significant and important to support. There are multiple market options for the crop and livestock products produced in Wilson County. Many of the primary crops grown in Wilson County lend themselves to export markets. According to the USDA, the total value of NC agricultural exports exceeded $4.1 billion in 2014, an increase of

more than 200% from 2005. Exports in 2016 were still reported at just under $3.5 billion. Agricultural exports help boost farm prices and income, while supporting about 1,280,671 jobs both on and off the farm in food processing, storage, and transportation[34]. This market option has proven to be important to producers in Wilson County when marketing products including sweet potatoes and tobacco. Alliance One International. Inc. and Smithfield Foods are examples of the agribusiness industries that impact the economic stability and sustainability of Wilson County.

Farmers markets and roadside stands are an important part of the agricultural economy in Wilson County as well. Also, farms that sell directly to consumers increased across the county. Community Supported Agriculture and the local foods movement are additional options that Wilson County producers use to diversify their market share.

While Wilson County is only noting modest population growth and a loss of land for farming that is less than the state average, as infrastructural advances continue - interstate access, high-speed Internet linkages, and a growing industrial and commercial presence – the county and its leaders need to recognize the continuing needs to preserve working farms and forests not only from an economic perspective, but from a quality of life viewpoint as well.

Farmer Demographics

The Census of Agriculture reported in 2002, there were 216 principal operators reporting farming as their primary occupation in Wilson County. The 2007 Census reported a decrease of 16% in full-time farmers with a total number listed as 164. While the number of full-time producers declined from

[34] USDA Economic Research Service. https://www.ers.usda.gov/data-products/state-export-data.aspx#.UzVxNoWa90w

2002 to 2007, the 2012 Census reported 182 full-time principle operators representing an increase of 11% over the last 5 year period reported. The number of part-time farmers increased from 99 to 140 farmers from 2002 to 2007 (an almost 42% increase). This increase in part-time principal operators may have been in part as a result of such changes as the tobacco buyout and other agricultural program adjustments or changes. The decline in full-time operators during this same period may have resulted in this increase in part-time operators. From 2007 to 2012, a decline of 18% was reported as the number of part-time farmers declined from 140 in 2007 to 115 in 2012. The average age of Wilson County farmers from 2002 to 2012 has increased from 55.4 years of age to 58.2 years of age. The aging farm operator population is of concern as land resources and assets are held by an aging population which may or may not have made arrangements for farm transition. One of the largest threats to agriculture is the lack of planning for the operational future of these farms and associated assets. Work done by the University of Mount Olive's Lois G. Britt Agribusiness Center across North Carolina with over 1, 200 farm families indicated that over 70% of farm families contacted did not have a farm transition plan in place[35]. As this average age continues to increase so does the asset risk which must be addressed.

While the overwhelming majority of operators over the last decade, as reported by the Census of Agriculture (2002, 2007, 2012) in Wilson County and statewide, are white males there are a growing number of female operators engaging in agriculture and some slight increases in ethnic diversity as well. The number of male principal operators reported to be in Wilson County in the 2002, 2007, and 2012 Census of Agriculture 298, 270, and 259 respectively. During this same time as reported, female operators increased in number from 17 in 2002, to 34 in 2007, and last reported in 2012 to number at

[35] United States Department of Agriculture, Risk Management Agency. 2012. Risk Management Education Strategies and Succession Planning for Senior, Transitional, and Beginning Farmers in Central and Eastern North Carolina, University of Mount Olive, Lois G. Britt Agribusiness Center. The AG Risk Education Library. https://www.rma.usda.gov/

38. While this increase in female operators reflects a diversification of operational leadership, the total number of operators is still on the decline thus increasing the risk of non-agriculture land uses and farmland conversion. There is a strong agricultural foundation that exists in Wilson County, but just as with other counties across the state, there are challenges that local leaders and farmers face in an effort to attain a balance between agriculture and other competing opportunities. To assist landowners in addressing these risks it is important that they understand the tools that exist to assist in preserving their assets and their livelihood.

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Appendix: Supporting Tables

Table 1 Wilson County Total Revenue for 2014-2015

Source	Revenue	Percentage
Ad Valorem Tax	$50,602,432.00	52.02%
Local Option Sales Tax	$12,034,973.00	12.37%
Other taxes and licenses	$625,189.00	0.64%
Unrestricted Intergovernmental	$386,087.00	0.40%
Restricted Intergovernmental	$20,526,089.00	21.10%
Permits and fees	$1,247,286.00	1.28%
Sales and services	$11,733,064.00	12.06%
Investment earnings	$38,732.00	0.04%
Miscellaneous	$83,741.00	0.09%
Total	**$97,277,593.00**	**100.00%**

Source: **Audited Financial Statements**, Wilson County, NC, Fiscal Year Ending, June 30, 2015

Table 2 Wilson County Actual Expenditures for 2014-2015

Item	Expenditure	Percentage
General Government	$8,428,467.00	9.15%
Public safety	$18,140,221.00	19.67%
Transportation	$47,857.00	.05%
Environmental protection	$274,118.00	.30%
Economic and physical development	$1,417,492.00	1.54%
Human services	$33,942,679.00	36.84%
Cultural and recreational	$1,746,637.00	1.90%
Education	$21,736,297.00	23.59%
Principal retirement	$5,349,232	5.81%
Interest and other charges	$1,061,244	1.15%
Total	**$ 92,144,244.00**	**100.00%**

Source: **Basic Financial Statements (CAFR)**, Wilson County, NC, Fiscal Year Ending, June 30, 2015

Table 3 Revenue-to-Expenditures in Wilson County 2014-2015

Revenue-to-Expenditure Ratios in Dollars

	Residential	Commercial	Agricultural
Expenditures	$84,601,500.51 (91.81%)	$5,934,179.95 (6.44%)	$1,608,563.54 (1.75%)
Revenue	$78,346,564.76 (80.54%)	$16,502,457.28 (16.96%)	$2,428,570.96 (2.50%)
Revenue-to-Expenditure Ratio[a]	**1:1.08**	**1:0.36**	**1:0.66**

[a] This ratio measures the cost of services used by a given land sector for each dollar of county revenue contributed to that sector. The formula used is (Revenue/Revenue):(Expenditure/Revenue).

Tables 4A & B
Comparison of Revenue-to-Expenditures in Other Counties

Revenue-to-Expenditure Ratios from National Studies[a]

	Residential	Commercial	Agricultural
Minimum	1:1.01	1:0.04	1:0.02
Median*	1:1.16	1:0.30	1:0.37
Maximum	1:2.27	1:1.04	1:2.04

**Median cost per dollar of revenue raised to provide public services to different land uses.*

Revenue-to-Expenditure Ratios from Local NC Studies[b]

	Residential	Commercial	Agricultural
Wake County (2001)	1:1.54	1:0.18	1:0.47
Union County (2006)[c]	1:1.30	1:0.41	1:0.24
Orange County (2006)	1:1.32	1:0.24	1:0.72
Alamance County (2006)	1:1.47	1:0.23	1:0.59
Chatham County (2007)	1:1.15	1:0.33	1:0.58
Henderson County (2008)	1:1.16	1:0.40	1:0.49
Gaston County (2008)	1:1.23	1:0.41	1:0.88
Franklin County (2009)	1:1.12	1:0.53	1:0.76
Durham County (2010)	1:1.15	1:0.33	1:0.59
Guilford County (2010)	1:1.35	1:0.29	1:0.62
Wayne County (2011)[d]	1:1.24	1:0.34	1:0.47
Yadkin County (2011)	1:1.18	1:0.38	1:0.61
Catawba County (2013)	1:1.23	1:0.54	1:0.75
Pitt County (2013)	1:1.29	1:0.36	1:0.62
Davie County (2014)	1:1.14	1:0.50	1:0.67
Iredell County (2015)	1:1.35	1:0.30	1:0.47
Craven County (2015)[d]	1:1.10	1:0.33	1:0.20
Pamlico County (2015)[e]	1:0.99	1:0.71	1:0.51
Duplin County (2016)[f]	1:1.14	1:0.30	1:0.41

[a] These figures are derived from Cost of Community Services summarized on the American Farmland Trust website (http://www.communitypreservation.org/community_services.pdf).
[b] Source: Renkow, Mitch. "Land Preservation Notebook." (http://www.cals.ncsu.edu/wq/lpn/cost.html)
[c] Source: Dorfman, Jeffrey H. "The Fiscal Impacts of Land Uses on Local Government" Land Use Studies Initiative and Department of Agricultural & Applied Economics The University of Georgia, April 2006
[d] Source: Best, Kathy. University of Mount Olive Cost of Community Services Study, Wayne (2011); Craven (2015)
[e] Source: Olive, Edward F. University of Mount Olive Cost of Community Services Study, Pamlico (2015)
[f] Source: Maddox, Sandy and Edward F. Olive. University of Mount Olive Colst of Community Services Study, Duplin (2016)

Table 5. Breakeven Analysis for Residential Property Value Wilson County, NC 2014-2015

(1)	Property tax rate (cents per $100 of property value)		73.0
(2)	Residential Non-Property Tax Revenue Contribution in FYE June 30, 2015	$	41,912,813.72
(3)	Total residential expenditures in FYE June 30, 2015 (omitting other financing uses)	$	84,601,500.51
(4)	Total Expenditures needing to be paid for by property taxes [(3) – (2)]	$	42,688,686.79
(5)	Number of residential properties in the county		26,391
(6)	Per household expenditures needing to be paid for by property taxes [(4) ÷ (5)]		$1,617.55
	Breakeven property value [(6) ÷ (1)]		**$ 221,581.80**

Table 6 Wilson County Actual Revenues by Land Use Category for 2014-2015

Item	Total	Residential	Commercial/ Industrial	Agricultural/ Forestry	% Breakdown
Ad valorem taxes	**$50,602,432.00**				
Taxes	$50,128,779.00	$36,092,720.88	$12,030,906.96	$2,005,151.16	default*
Penalties and interest	$473,653.00	$341,030.16	$113,676.72	$18,946.12	default*
Local option sales taxes	**$12,034,973.00**	**$9,026,229.75**	**$3,008,743.25**	**$0.00**	**75-25-0**
Other taxes and licenses	**$625,189.00**				
Franchise tax	$81,349.00	$61,011.75	$20,337.25	$0.00	75-25-0
Rental vehicle sales tax	$50,384.00	$45,345.60	$5,038.40	$0.00	90-10-0
Privilege and civil rights	$583.00	$0.00	$583.00	$0.00	0-100-0
Beer and wine tax	$133,060.00	$133,060.00	$0.00	$0.00	100-0-0
Excise tax	$359,813.00	$259,065.36	$86,355.12	$14,392.52	default*
Unrestricted intergovernmental	**$386,087.00**				
Housing Authority	$20,462.00	$20,462.00	$0.00	$0.00	100-0-0
Wilson County ABC Board	$0.00	$0.00	$0.00	$0.00	100-0-0
Profit distribution	$365,625.00	$365,625.00	$0.00	$0.00	100-0-0
Restricted intergovernmental	**$20,526,089.00**				
General Fund	$3,116,022.00	$2,960,220.90	$155,801.10	$0.00	95-5-0
Library	$127,135.00	$127,135.00	$0.00	$0.00	100-0-0
Health services	$1,413,481.00	$1,413,481.00	$0.00	$0.00	100-0-0
Social services	$15,775,541.00	$15,775,541.00	$0.00	$0.00	100-0-0
Court facility fees	$93,910.00	$75,128.00	$14,086.50	$4,695.50	80-15-5

*Default percentage: Residential (including historic) 72%; Commercial/Industrial 24%; Agriculture/Forestry 4%.

Table 6 Wilson County Actual Revenues by Land Use Category for 2014-2015

Item	Total	Residential	Commercial/ Industrial	Agricultural/ Forestry	% Breakdown
Permits and fees	**$1,247,286.00**				
Building permits and inspection fees	$94,060.00	$10,346.60	$82,772.80	$940.60	11-88-1
Register of Deeds	$327,632.00	$294,868.80	$16,381.60	$16,381.60	90-5-5
Health services	$825,594.00	$825,594.00	$0.00	$0.00	100-0-0
Sales and services	**$11,733,064.00**				
Jail fees and Sheriff fees	$1,333,773.00	$1,333,773.00	$0.00	$0.00	100-0-0
Rents, concessions, and fees	$6,817,113.00	$5,794,546.05	$681,711.30	$340,855.65	85-10-5
Ambulance service fees	$2,508,604.00	$2,508,604.00	$0.00	$0.00	100-0-0
Communication center	$1,073,574.00	$783,709.02	$268,393.50	$21,471.48	73-25-2
Investment earnings	**$38,732.00**	**$27,887.04**	**$9,295.68**	**$1,549.28**	**default***
Miscellaneous	**$83,741.00**				
Other	$83,741.00	**$71,179.85**	**$8,374.10**	**$4,187.05**	**85-10-5**
	$97,277,593.00				
		$78,346,564.76	**$16,502,457.28**	**$2,428,570.96**	
		80.54%	16.96%	2.50%	

*Default percentage: Residential (including historic) 72%; Commercial/Industrial 24%; Agriculture/Forestry 4%.

Table 7 Wilson County Actual Expenditures by Land Use Category for 2014-2015

Item	Total	Residential	Commercial/ Industrial	Agricultural/ Forestry	% Breakdown
General Government	**$8,428,467.00**				
Board of Commissioners	$91,537.00	$65,906.64	$21,968.88	$3,661.48	default*
Administration	$389,199.00	$280,223.28	$93,407.76	$15,567.96	default*
Human Resources	$239,728.00	$172,604.16	$57,534.72	$9,589.12	default*
Board of Elections	$350,799.00	$350,799.00	$0.00	$0.00	100-0-0
Finance	$448,152.00	$322,669.44	$107,556.48	$17,926.08	default*
Office of Tax Supervisor	$1,448,717.00	$1,072,050.58	$347,692.08	$28,974.34	74-24-2
Technology Services	$736,425.00	$530,226.00	$176,742.00	$29,457.00	default*
Register of Deeds	$437,658.00	$393,892.20	$21,882.90	$21,882.90	90-5-5
Public Buildings	$897,604.00	$718,083.20	$134,640.60	$44,880.20	80-15-5
Court Facilities	$849,641.00	$637,230.75	$203,913.84	$8,496.41	75-24-1
Central Service	$1,460,518.00	$1,051,572.96	$350,524.32	$58,420.72	default*
Other	$1,078,489.00	$1,078,489.00	$0.00	$0.00	100-0-0
Public Safety	**$18,140,221.00**				
Sheriff	$6,752,847.00	$4,726,992.90	$1,350,569.40	$675,284.70	70-20-10
Jail	$3,234,652.00	$3,234,652.00	$0.00	$0.00	100-0-0
Animal Control	$574,259.00	$574,259.00	$0.00	$0.00	100-0-0
Emergency Communications	$2,344,028.00	$1,711,140.44	$586,007.00	$46,880.56	73-25-2
Emergency Management	$234,825.00	$234,825.00	$0.00	$0.00	100-0-0
Emergency Medical Services	$4,999,610.00	$4,749,629.50	$199,984.40	$49,996.10	95-4-1
Transportation	**$47,857.00**				
Rocky Mount/Wilson Airport	$47,857.00	$4,785.70	$43,071.30	$0.00	10-90-0
Forestry Program	$82,191.00	$0.00	$0.00	$82,191.00	0-0-100
Soil Conservation	$191,927.00	$0.00	$0.00	$191,927.00	0-0-100

Table 7 Wilson County Actual Expenditures by Land Use Category for 2014-2015

Item	Total	Residential	Commercial/ Industrial	Agricultural/ Forestry	% Breakdown
Economic and Physical Development	**$1,417,492.00**				
Agricultural Extension and 4-H	$507,083.00	$177,479.05	$25,354.15	$304,249.80	35-5-60
Planning and Zoning	$658,557.00	$592,701.30	$59,270.13	$6,585.57	90-9-1
Other	$251,852.00	$25,185.20	$214,074.20	$12,592.60	10-85-5
Human Services	**$33,942,679.00**				
Diversified Opportunities	$29,250.00	$26,325.00	$2,925.00	$0.00	90-10-0
Senior Center	$130,477.00	$130,477.00	$0.00	$0.00	100-0-0
Home and Community Care Block Grant	$425,152.00	$425,152.00	$0.00	$0.00	100-0-0
Temporary Care Giver	$8,311.00	$8,311.00	$0.00	$0.00	100-0-0
Health					
Administration	$512,011.00	$512,011.00	$0.00	$0.00	100-0-0
Health Promotion	$34,578.00	$34,578.00	$0.00	$0.00	100-0-0
Tuberculosis Control	$87,723.00	$87,723.00	$0.00	$0.00	100-0-0
Home Health	$5,397,542.00	$5,397,542.00	$0.00	$0.00	100-0-0
Family Planning	$794,523.00	$794,523.00	$0.00	$0.00	100-0-0
Maternal Health	$665,334.00	$665,334.00	$0.00	$0.00	100-0-0
Environmental Health	$463,933.00	$450,015.01	$13,917.99	$0.00	97-3-0
Immunization	$165,638.00	$165,638.00	$0.00	$0.00	100-0-0
Communicable Disease	$308,272.00	$308,272.00	$0.00	$0.00	100-0-0
Comprehensive Breast Cancer Prevention	$44,615.00	$44,615.00	$0.00	$0.00	100-0-0
Child Health	$576,362.00	$576,362.00	$0.00	$0.00	100-0-0
Child Service Coordinator	$276,361.00	$276,361.00	$0.00	$0.00	100-0-0
WIC Clinic Administration	$50,519.00	$50,519.00	$0.00	$0.00	100-0-0
WIC Nutrition Education	$157,034.00	$157,034.00	$0.00	$0.00	100-0-0

*Default percentage: Residential (including historic) 72%; Commercial/Industrial 24%; Agriculture/Forestry 4%.

Table 7 Wilson County Actual Expenditures by Land Use Category for 2014-2015

Item	Total	Residential	Commercial/ Industrial	Agricultural/ Forestry	% Breakdown
AIDS Control	$6,160.00	$6,160.00	$0.00	$0.00	100-0-0
Bioterrorism	$32,140.00	$32,140.00	$0.00	$0.00	100-0-0
WIC Client Services	$459,648.00	$459,648.00	$0.00	$0.00	100-0-0
Maternal Child Care	$190,007.00	$190,007.00	$0.00	$0.00	100-0-0
Breast and Cervical Cancer	$63,363.00	$63,363.00	$0.00	$0.00	100-0-0
Adult Health	$363,748.00	$363,748.00	$0.00	$0.00	100-0-0
Social Services					
Administration	$14,962,750.00	$14,962,750.00	$0.00	$0.00	100-0-0
4D Child Support	$163,010.00	$163,010.00	$0.00	$0.00	100-0-0
Income Maintenance Programs	$2,067,499.00	$2,067,499.00	$0.00	$0.00	100-0-0
Other Services	$5,452,344.00	$5,452,344.00	$0.00	$0.00	100-0-0
Emergency Solutions Programs	$5,133.00	$5,133.00	$0.00	$0.00	100-0-0
Veterans Affairs	$49,242.00	$49,242.00	$0.00	$0.00	100-0-0
Cultural and Recreational	**$1,746,637.00**				
Other Operating Expenditures	$93,148.00	$93,148.00	$0.00	$0.00	100-0-0
Libraries	$1,653,489.00	$1,653,489.00	$0.00	$0.00	100-0-0
Education	**$21,736,297.00**				
Public schools - current	$18,013,038.00	$18,013,038.00	$0.00	$0.00	100-0-0
Public schools - capital outlay	$1,036,000.00	$1,036,000.00	$0.00	$0.00	100-0-0
Community colleges - current	$2,309,259.00	$2,309,259.00	$0.00	$0.00	100-0-0
Community colleges - capital outlay	$378,000.00	$378,000.00	$0.00	$0.00	100-0-0

*Default percentage: Residential (including historic) 72%; Commercial/Industrial 24%; Agriculture/Forestry 4%.

Table 7 Wilson County Actual Expenditures by Land Use Category for 2014-2015

Item	Total	Residential	Commercial/ Industrial	Agricultural/ Forestry	% Breakdown
Debt Service	**$6,410,476.00**				
Principal retirement	$5,349,232.00	$3,744,462.40	$1,604,769.60	$0.00	70-30-0
Interest and other charges	$1,061,244.00	$742,870.80	$318,373.20	$0.00	70-30-0
	$92,144,244.00	**$84,601,500.51**	**$5,934,179.95**	**$1,608,563.54**	
		91.81%	6.44%	1.75%	

*Default percentage: Residential (including historic) 72%; Commercial/Industrial 24%; Agriculture/Forestry 4%.