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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

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BEST DOCUMENT AVAILABLE

The Honorable Herman E. Talmadge  
United States Senate



Dear Senator Talmadge :

This report is in response to your request of November 7, 1972, that we determine whether construction of the proposed Blue Ridge Parkway extension will bring the economic benefits claimed by its proponents to the northeastern section of Georgia and whether the benefits will offset its cost sufficiently to merit continued funding.

The National Park Service, Department of the Interior, has not yet designated the specific location of the parkway corridor and has not prepared recent estimates of benefits and costs associated with the parkway extension. Therefore we cannot make a realistic benefits-versus-costs analysis.

As agreed with your office, this report is limited to information available at the Park Service's Blue Ridge Parkway Headquarters, Asheville, North Carolina, and the U.S. Forest Service Regional Office, Atlanta, Georgia, that should provide a perspective of the economic issues involved. Although we did not obtain formal comments from the Department of the Interior on this report, we did discuss it with Park Service officials who agreed with the facts and comments included.

ANTICIPATED COSTS

The Federal Government will pay for planning and constructing the project, and the State governments of Georgia and North Carolina will pay for the acquisition of rights-of-way on privately owned land in their respective States. The following estimates of these costs was made in 1967 and were included in the Park Service's Master Plan for the Blue Ridge Parkway extension.

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Planning	\$ 400,000
Construction .	87,136,000
Land acquisition	<u>4,906,000</u>
Total	<u>\$92,442,000</u>

Park Service officials told us that the Federal Highway Administration is doing the planning for construction of the parkway extension and that the Park Service had transferred 80 percent, or \$320,000, of its planning funds to the Federal Highway Administration for such services.

Planning funds of \$100,000 were budgeted for each fiscal year 1970 through 1973. However, the officials advised us that further planning funds are not provided for in the Park Service's budget for fiscal year 1974 or 1975.

The Federal Government will pay the costs of maintaining and administering the parkway extension. The Master Plan includes an estimate of \$15,000 for these costs in the first year after construction is completed and shows the annual costs increasing to \$294,000 in the fifth year.

The estimated cost of land acquisition includes scenic easements on private property adjoining the project rights-of-way, which the Park Service plans to acquire at the rate of 25 acres for each 125 acres of right-of-way. Where scenic easements are obtained, the Park Service plans to permit continued agricultural use of the land if it had been used for that purpose; similarly, acquired land may be leased for agricultural purposes.

The 1967 construction cost estimate was computed on the basis of \$486,000 a mile, which includes the basic parkway extension and minor roads for concession units and similar facilities; buildings and utilities; and plans, surveys, engineering, supervision, and contingencies. By comparison, the Park Service estimates that the last remaining section of the existing Blue Ridge Parkway--a stretch of 7.63 miles now under construction in the Grandfather Mountain section--will cost \$9,029,000 when completed, or \$1,183,000 a mile, excluding land costs.

Park Service officials stated that the average per mile cost of constructing the proposed extension would not be as high as that for the remaining section of the Blue Ridge Parkway because a typical section of the extension would not require as many road structures (bridges, culverts, and the like). They acknowledged, however, that, because of inflation in the cost of land and construction, the 1967 estimates would need to be substantially increased. According to Park Service officials, no new cost estimates will be prepared until a request for construction funds is contemplated.

Counties through which the parkway will pass will not share the costs but will lose the income from property taxes on privately owned land used for the parkway. In addition, if national forest land in a county is used for the parkway extension, the county will lose a share of the receipts which would have been realized from the sale of natural resources, principally timber.

Following are estimates of the economic impact on the counties affected by the parkway extension.

#### Loss in property taxes

We estimate that the annual property tax losses on private acreage needed for the project in 11 counties in Georgia and North Carolina would total about \$31,000. The individual county losses would range from \$107 to \$9,073. In the absence of more specific information, our estimate was based on

--the Master Plan estimates that 101 miles of the project would pass through privately owned land and that the land would be acquired at the rate of 125 acres a mile and

--the premise that county appraisals of private land for tax purposes would be comparable with the average of \$325 an acre used by the Park Service in estimating land acquisition costs in 1967.

We computed the estimated tax loss by applying 1972 property tax and assessment rates to the foregoing data. Details of the estimated tax loss by counties are shown in enclosure I.

Since preparing estimates for the Master Plan, the Park Service has studied alternate routes along portions of the proposed corridor which, with one exception, would require less privately owned land and more federally owned land. Depending upon the route finally chosen, an alternate could reduce required private acreage by as much as 884 acres in Rabun County, 657 acres in Dawson County, and 431 acres in Pickens County, Georgia, and 330 acres in Macon County, North Carolina. Conversely, another alternate could increase required private acreage by as much as 250 acres in Pickens County, Georgia; and 725 acres in Jackson County, 125 acres in Transylvania County, and 545 acres in Macon County, North Carolina. Other counties in the project's path would not be affected by any of the alternates.

Loss in receipts from sale of  
national forest resources

Under the Receipts to States Act (35 Stat. 260), 25 percent of all receipts from the sale of forest products from national forests is paid to the States for distribution to counties in which the national forest land is located. The national forest land which will be converted to parkway will no longer produce receipts to be shared with the counties. Also, each county will be affected if it has acreage in a particular national forest partially used for the parkway extension, even if the county is bypassed by the project, because receipts are distributed by the States on the basis of the relative percentage of that forest's total acreage in each county.

The Park Service estimated that an average right-of-way of 75 acres will be required for each mile of parkway routed through the national forests. According to mileage estimates in the Master Plan, the corridor will require about 5,000 acres of the Chattahoochee National Forest in Georgia and about 1,000 acres of the Pisgah and Nantahala National Forests in North Carolina.

In fiscal year 1972, 18 Georgia counties received from the sale of timber and other forest resources an average of 27 cents for each acre of the Chattahoochee National Forest within their respective boundaries. At this rate of receipts,

the counties in Georgia giving up the 5,000 acres for the parkway extension would have a combined annual revenue loss of about \$1,350. Lumpkin County, Georgia, which would yield 1,335 acres, the largest acreage loss of any county, would lose about \$360. Similar losses in the Pisgah and Nantahala National Forests would total about \$200.

According to information provided to us by Forest Service officials, the forest land used for the preferred route of the parkway extension would likely produce receipts of less than the average 27 cents an acre. They described the timber in the area as sparse, poor quality, and generally inaccessible for commercial cutting. They stated, however, that some commercial quality timber would be visible from the proposed extension, particularly in lower elevations at points where the parkway will traverse mountain ridges, and that timber harvested from these areas will be reduced to leave more standing trees to protect the scenery. Accordingly, less revenue would accrue to the counties from such areas.

#### ANTICIPATED BENEFITS

The parkway extension will not directly produce revenue to offset costs because visitors will not be charged fees. It may be expected, however, to generate tourist expenditures that would benefit the economy of the counties through which the parkway extension would pass and to produce additional taxes that would benefit each governmental level. Federal and State governments may be expected to collect additional income taxes derived from jobs created by commercial development. States may be expected to collect more sales taxes because of purchases made by parkway visitors. Counties should collect additional property taxes if privately owned land is commercially developed as expected by the Park Service.

The Park Service has not specifically considered whether the economic benefits from the parkway extension would be sufficient to offset costs. It has estimated visitor expenditures but not the amount of additional tax revenues that these expenditures would produce.

Visitor expenditures

The Park Service has made two widely varying estimates of visitor expenditures.

The Park Service's Branch of Statistics Analysis initially estimated in 1967 that visitors would spend a total of \$43 million in 1976, if the parkway extension were completed. This estimate was based on 3.3 million visitors, each spending an average of \$8.81 for an overnight stay in the vicinity of the parkway extension, and 5.8 million visitors, each spending an average of \$2.35 for a daytime visit. The visitor estimate was projected from recorded visits to the existing parkway. The average visitor expenditure was taken from a consultant's study of spending patterns in national parks.

In 1971 the Blue Ridge Parkway Superintendent estimated that there would be 9 million visitors in 1976, of which 4 million would come from out of State and would spend a total of \$150 million along the parkway extension. He assumed in the estimate that the average out-of-State visitor would stay about 2.5 days in the vicinity and would spend \$15 a day, or a total of \$37.50. He did not estimate the amount of the spending by the 5 million visitors expected from within the State. The superintendent used an average daily visitor expenditure developed by a consultant in his 1967 study of spending patterns in nine selected national parks.

We question the value of the estimates because they are based on a forecast of visitors to the parkway extension in 1976, while available information indicates that construction cannot be completed before 1983. Because spending patterns of visitors to parkways were not indicated in the consultant's study and because of the basic differences between parkways and other types of national parks, the spending rates developed by the study may not necessarily be relevant to spending patterns of parkway visitors.

Park Service statistics show that the number of visitors to the existing parkway has increased an average of 12 percent each year since 1966, and the Park Service expects this trend to continue. Therefore it may be reasonable to assume

that the number of visitors to the parkway extension would show a similar trend and would be considerably larger in 1983 than the number estimated for 1976.

According to Park Service officials, an environmental impact statement for the parkway extension is being prepared and should be completed by July 1, 1973. They plan to include in the statement revised estimates of the number of visitors expected to use the parkway extension and their related expenditures.

Potential for increased property taxes

The Park Service expects that commercial development will occur on privately owned land near access points to the parkway extension, but it has not prepared estimates of the extent of such development. Of the 20 access points, 12 border privately owned land and have a potential for commercial development while the other 8 are within national forests where development would be restricted. (See enclosure II.)

Commercial development should increase property tax bases of some counties although the potential for increases would vary among counties according to the number of access points and the proximity of the access points to privately owned land.

We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,



Comptroller General  
of the United States

Enclosures - 2

## BEST DOCUMENT AVAILABLE

ESTIMATED TAX LOSS TO COUNTIES FROM PRIVATELY OWNED LAND NEEDED  
FOR BLUE RIDGE PARAWAY EXTENSION--PREFERRED ROUTE

<u>State and county</u>	<u>Estimated 1967 appraised value per acre</u>	<u>1972 rate of assessment (percent)</u>	<u>Estimated assessed value per acre</u>	<u>Estimated number of acres of private land needed</u>	<u>Total estimated assessed value</u>	<u>1972 tax rates (per \$100 of assessed value)</u>	<u>Estimated loss of property tax revenue</u>
North Carolina:							
Transylvania	\$325	60	\$195.00	275.0	\$ 53,625.00	\$1.05	\$ 563.00
Jackson	325	50	162.50	3,087.5	501,718.75	1.20	6,021.00
Macon	325	40	130.00	500.0	65,000.00	1.20	750.00
				<u>3,862.5</u>	<u>620,343.75</u>		<u>7,364.00</u>
Georgia:							
Rabun	325	40	130.00	1,587.5	206,375.00	1.99	4,107.00
Towns	325	40	130.00	312.5	40,625.00	1.90	772.00
Union	325	40	130.00	150.0	19,500.00	2.22	433.00
Lumpkin	325	40	130.00	175.0	22,750.00	2.83	644.00
Dawson	325	40	130.00	1,300.0	169,000.00	1.95	3,296.00
Pickens	325	40	130.00	1,450.0	188,500.00	2.70	5,090.00
Cherokee	325	40	130.00	3,712.5	482,625.00	1.88	9,073.00
Cobb	325	40	130.00	25.0	3,250.00	3.30	107.00
				<u>8,712.5</u>	<u>1,132,625.00</u>		<u>23,522.00</u>
<b>Total</b>				<u>12,575.0</u>	<u>\$1,752,968.75</u>		<u>\$30,886.00</u>

Note: The corridor on which this estimate was based does not require privately owned acreage in the Georgia counties of White, Fannin, or Gilmer through which the project will pass.



PLANNED ACCESS POINTS ON  
BLUE RIDGE PARKWAY EXTENSION

	Access points bordering <u>national forest</u>	Access points bordering <u>private property</u>
NORTH CAROLINA:		
Jackson	1	2
Transylvania	0	0
Macon	1	1
GEORGIA:		
Rabun	1	2
Towns	1	1
Union	0	0
White	1	0
Lumpkin	3	0
Fannin	0	0
Gilmer	0	0
Dawson	0	2
Pickens	0	1
Cherokee	0	2
Cobb	<u>0</u>	<u>1</u>
Total	<u>8</u>	<u>12</u>