Tax Exempt Property and Municipal Revenue in South Carolina

Ongoing Research by

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and

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KEY FINDINGS

This paper reviews the effect of property tax exemptions for nonprofit organizations on municipalities in South Carolina. The impact of property tax exemptions on municipal revenue is analyzed based on data made available for thirteen of the state's most populous municipalities.

The relationship between benefits provided by nonprofits and the value of the property tax exemption is tenuous. Some nonprofit organizations provide valuable public services, often on limited financial resources, and perhaps deserve to be subsidized by the rest of the community. Others benefit mainly their members or a limited and not particularly needy clientele. Some nonprofits are large users of municipal services, while others use very few services. Some nonprofits own property, while others rent their facilities and do not benefit from the tax exemption. Key findings of this research include:

- Hospitals and higher education institutions receive by far the largest absolute tax savings from property tax exemptions within the United States.
- Religious and human service organizations account for 43 percent of registered charitable nonprofits in the U.S., but only a small fraction of total assets or revenue reported to the Internal Revenue Service.
- The property tax exemption for nonprofits can be viewed as poorly targeted because it generally only benefits nonprofit organizations with the most valuable property holdings rather than the organizations that provide the greatest public benefit.
- Exempt properties tend to be located in larger municipalities with more valuable land holdings, which increases their impact on local property tax revenue.
- Larger nonprofits frequently offer services that compete with for-profit organizations that are not property tax exempt, which raises the additional issues of competitive fairness.
- The costs of property tax exemption for nonprofits fall most heavily on the municipality, but the benefits created by exempt organizations accrue to a wider geography.
- A preliminary analysis based on 13 South Carolina municipalities estimated that a one percent increase in the share of tax exempt property in the tax base reduces expected annual property tax revenue by $4.45 per capita.
- In Columbia, the most populous city in our sample, a one percent increase in the share of property that is tax exempt is estimated to cost the city $575,260 in property tax revenue forgone. Likewise, if Columbia were to reduce its share of tax exempt property by one percent, the city is estimated to gain $575,260.
- Policy alternatives include narrowing the definition of exemptible organizations, using payment in lieu of tax programs, and establishing a business license tax for organizational activities outside of a charitable purpose.

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Why do municipalities offer property tax exemptions to many nonprofit organizations? This is an important policy issue for several reasons. Many types of nonprofit organizations as well as state government entities pay no municipal property taxes. These exempt organizations use municipal infrastructure and services such as fire and police protection, roadway maintenance, and storm water management that are financed primarily by municipal property taxes.

The focus on municipalities, rather than other kinds of local governments such as counties or school districts, reflects the fact that nonprofits tend to be concentrated within municipalities and to rely primarily on municipal public services.

National Experience with Nonprofits and Municipalities

Recent research on property tax exemptions and nonprofit organizations at the national level largely has been limited to large cities.[1] These studies explore policy alternatives such as voluntary payments in lieu of taxes (PILOT) programs.

PILOTs are defined as ad hoc or standard payments from a nonprofit to a local government as a means to offset property tax revenue forgone because of the nonprofit's tax exemption. PILOTs cover a portion of the nonprofit's share of the cost of public services provided by municipalities (Kenyon and Langley, 2010). Under normal circumstances, property taxes would fund the provision of services like road maintenance and fire services. PILOT programs are negotiated agreements between a nonprofit and municipality that can range from one-time payments to recurring donations. PILOTs are voluntary (not required by law).

> *In 2010, South Carolina had 8,835 registered nonprofits (National Center for Charitable Statistics, 2010).*

PILOT programs seem to be growing in response to increasing scrutiny of the nonprofit sector and increasing pressure on municipalities to find new sources of revenue (Kenyon and Langley, 2010). Payments generally are monetary, but some negotiations have yielded in-kind agreements. For example, nonprofit hospitals might provide a social good such as free clinics for indigent patients or health care services for city employees as a form of payment in kind.

Not all nonprofit organizations are automatically exempt, although the law varies from state to state. The intent of the exemption is to offer an exemption to charitable organizations, which are a subset of nonprofits. The exemption also is extended in most cases to property owned by state government. Charitable organizations can be defined as those registered under 501(c)(3) of the Internal Revenue

[1] Brody, 1998 2002, 2007, 2010; Cordes, Gantz, and Pollak, 2002; Kenyon, 2010.

Code. Examples of 501(c)(3) charitable nonprofits might include nonprofit hospitals, public universities, museums, soup kitchens, churches, and housing developments for the elderly.

Nationally, 1.14 million charitable nonprofits are registered with the Internal Revenue Service (IRS). The total number of nonprofits registered in South Carolina is 8,835 (National Center for Charitable Statistics, 2010). Some of these organizations are providing valuable public services, often on limited finances, and perhaps deserve to be subsidized by the rest of the community. Others benefit mainly their members or a limited and not particularly "needy" clientele. Some nonprofits are large users of municipal services, while others use very few services. Some own property, while others rent their facilities, and do not benefit from the tax exemption.

The activities of these organizations are only exempt from property taxes (or income taxes) only if they are in accordance to the organization's nonprofit mission. Profits generated by activities deemed outside of this mission can be taxed. Regardless of the purpose of the tax exemption, the community subsidizes all property-owning qualifying nonprofits through higher property taxes on nonexempt property without requiring or expecting an equitable distribution of services back to the community.

Hospitals and higher education institutions receive by far the largest absolute tax savings from property tax exemptions.

Hospitals and higher education institutions receive by far the largest absolute tax savings from property tax exemptions. These organizations control 51 percent of total nonprofit revenues and 42 percent of nonprofit assets, but account for only one percent of the number of charitable nonprofits registered with the IRS (Kenyon and Langley, 2010, p. 18). In contrast, religious and human service organizations account for 43 percent of registered charitable nonprofits, but only a small fraction of total assets or revenues are reported to the IRS (Kenyon and Langley, 2010, p. 5).

The property tax exemption for nonprofits can be seen as poorly targeted because it generally only benefits nonprofit organizations with the most valuable property holdings rather than the organizations that provide the greatest public benefit (Kenyon and Langley, 2010, p. 44). While only one-third of nonprofit organizations own real property, this fraction is much higher for larger organizations with higher revenues, and for nonprofits that need significant amounts of property in order to carry out their core missions, such as retirement homes, hospitals, and higher education institutions (Cordes, Gantz, & Pollak, 2002). These properties tend to be located in larger municipalities with more valuable land holdings, which increases the impact on local property tax revenue (Brody, 2002, xi).

Larger nonprofits sometimes offer services that compete with for-profit organizations that are not property tax exempt, which raises additional issues of competitive fairness. Private for-profit firms are at a disadvantage in offering the same kind of services as a tax-exempt nonprofit, creating an incentive for consumers to choose a nonprofit over a for-profit form of organization and ultimately further eroding the municipal property tax base.

In response to these concerns, many states have moved toward definitions of organizations eligible for exemption that are narrower than those used at the federal level. This narrowing of the kind of organizations eligible for tax exemption is an attempt to reclaim tax revenues (Brody, 2007). In South Carolina, local municipalities are allowed to determine which organizations are eligible for property tax exemptions (Kenyon and Langley, 2010).

There is often a mismatch between the geographic areas that benefit from nonprofit organizations and those that bear the cost of the exemption. The costs of the property tax exemption are limited to the municipality, but the benefits created by exempt organizations affect a wider geography that is not limited to the local area (Brody, 2002).

Distribution of the Tax Burden

Property taxes are different from all other types of taxation. For all other taxes, lawmakers establish rates and revenues fluctuate based upon the size of the tax base and constituent behavior. However, with property taxes, a levy is established annually and the property tax rate is derived each year based upon revenue needs and the value of taxable real property. If property is removed from the taxable base, the budgetary requirement remains the same and the mill rate must be increased for the remaining nonexempt property holders (Brody, 2002, p. 303).

With increases in the share of property that is exempt from property taxes, nonexempt property owners observe increased property taxes, and municipalities rely on an increasingly narrow property tax base. In 2002, revenue loss in the United States from property tax exemptions for nonprofit organizations was estimated to be between eight to thirteen billion dollars annually (Cordes, Gantz, & Pollak, 2002).

Redirecting the tax burden to nonexempt property owners means property tax payers are subsidizing all exempt nonprofit organizations that own property. Some individuals benefit from the organizations that receive this subsidy, but other individuals do not.

Nonprofits, including state government entities, might argue that their presence enhances the quality of life and the value of taxable property in the community because of the benefits that they provide. It is often true that college towns hosting either public or private colleges have higher property values than the surrounding area. However, this enhanced value is also a method through which the cost of municipal services is shifted to nonexempt property owners.

Municipalities and Nonprofits in South Carolina

This research centers on the twenty most populated municipalities in South Carolina. South Carolina is an interesting case study because it is one of only seventeen states that grant municipalities the power to decide which organizations can obtain property tax exemptions. Additionally, very little research has been conducted in more rural states and smaller municipalities. South Carolina also provides a useful way to focus on municipal services because municipalities are not responsible for funding public education, which is provided by independent school districts.

This research is limited to the twenty most populated municipalities because larger municipalities have more nonprofits with more valuable land holdings (Brody, 2002, xi) and generally, they have greater data-generating capabilities. In addition, there is a significant difference in the size of populations represented in the top twenty municipalities. The largest municipality, Columbia, has a population of over 129,000 residents and the smallest municipality in the group, Easley, has a population of just fewer than 20,000 residents (Table 1).

Although the municipalities in this study make a good sample because they share the same statewide context, each municipality maintains its records differently. This creates a challenge to developing a dataset in order to determine the statistical significance of the impact of tax-exempt properties on municipal revenue.

Little information is readily available about tax-exempt property in South Carolina. The state does not have a database with consolidated and specific data about tax-exempt property across municipalities. For this reason, the data had to be collected on a county-by-county basis. In some cities, the municipality itself is the key data holder, while in other cities the data are available from the county tax assessor's office.

Table 1. The 20 Largest Municipalities in South Carolina (2010)

Municipality	Population	Municipality	Population
Columbia	129,272	Spartanburg	37,013
Charleston	120,083	Goose Creek	35,938
North Charleston	97,471	Aiken	29,524
Mount Pleasant	67,843	Myrtle Beach	27,109
Rock Hill	66,154	Anderson	26,686
Greenville	58,409	Greer	25,515
Summerville	43,392	Greenwood	23,222
Sumter	40,524	Mauldin	22,889
Hilton Head Island	37,099	North Augusta	21,348
Florence	37,056	Easley	19,993

Because of limited local funds, properties that do not generate tax revenue are not a record keeping or updating priority. Additionally, the quality and quantity of data varies from county-to-county. Some cities, like Greenville, have sophisticated electronic records and geographic information system (GIS) capability that other cities or even entire counties do not possess. The most common and useful resource across counties has been the county tax assessor's office and, when available, GIS administrators.

The primary sources for this data are the United States Census Bureau and statistical abstracts produced by the South Carolina Budget and Control Board. While data is widely available for the number of tax-exempt parcels in municipalities, acquiring the total acreage has proven difficult. Of the twenty municipalities studied, complete data sets including the percent of tax-exempt property have been obtained for thirteen (Table 2).[2] Further efforts are underway to obtain this figure for the remaining seven municipalities. This ongoing research involves continued communication with county and municipal representatives.[3]

Some municipalities have expressed a high interest in this study, while others are openly wary of the issue due to potential and complicated implications. According to one city manager, given the political implications for an elected official that proposes a fee structure for nonprofits and religious organizations, any potential returns would be viewed as marginal at best. This manager added, "Our time is best spent developing property that is in the city and that will attract higher income occupants to increase tax revenue."

Among the municipal representatives interviewed, reluctance to pursue lost revenues due to property tax exemption seems consistent and could provide a significant obstacle to efforts to enact alternative programs like PILOTS in South Carolina. However, a better understanding of the actual significance of

[2] The percentage of land property tax exempt for the municipalities studied was obtained through personal communication with GIS administrators and tax assessors in thirteen municipalities and/or their respective counties.

[3] There is also the potential for tedious calculation of the acreage based on individual tax map sequence (TMS) numbers for each tax-exempt property for the remaining municipalities.

the impact of tax-exempt property could help municipalities explore some ways to address the issue of shrinking fiscal resources.

Table 2. Percent of Land Property Tax-Exempt, Selected Larger SC Municipalities

Municipality	% Land Tax Exempt	Municipality	% Land Tax Exempt
Rock Hill	44.6%	Mount Pleasant	23.7%
North Charleston	43.9%	Aiken	23.2%
Columbia	42.3%	Summerville	18.2%
Sumter	40.6%	Florence	18.1%
Greenwood	38.5%	Easley	17.8%
Charleston	33.5%	Anderson	15.1%
Greenville	23.8%		

Preliminary Findings

Preliminary findings based on 13 South Carolina municipalities estimate that with each additional one percent increase in the share of tax-exempt acreage in the municipal tax base, the municipality's property tax revenue decreases by $4.45 per capita.

At a sample size of 13 municipalities, the parcel count for the total properties in this study exceeds 300,000 parcels. Regression analysis yields significant coefficients that suggest both the control variables and the share of tax-exempt land have an effect on per capita property tax revenue.[4] Population, median per capita income, and the municipal millage rate were used as controls for the analysis.

The resulting regression model estimated that for each one percent increase (or decrease) in the share of tax-exempt property in the municipal tax base, the municipality's estimated property tax revenue decreases (increases) by $4.45 per capita. Table 3 shows estimated annual property tax revenue losses for each one percent increase in the share of tax exempt property in the 13 municipalities in our sample. In Columbia, the most populous city in our sample, a one percent increase in the share of property that is tax exempt is estimated to cost the city $575,260 in property tax revenue forgone. Likewise, if Columbia were to reduce its share of tax exempt property by one percent, the city is estimated to gain $575,260.[5]

[4] P-value < 0.0122.

[5] The revenue loss estimates in Table 3 can be applied to small changes in the tax exempt acreage in each municipality; these estimates cannot be used with the figures in Table 2 to estimate revenue losses if all land were tax exempt (or fully taxable).

Table 3. Estimated Annual Property Tax Revenue Loss per One Percent Increase in the Share of Municipal Tax Exempt Acreage

Municipality	Revenue Loss Per 1% Increase in Share of Tax Exempt Acreage	Municipality	Revenue Loss Per 1% Increase in Share of Tax Exempt Acreage
Columbia	-$575,260	Sumter	-$180,331
Charleston	-$534,369	Florence	-$164,899
North Charleston	-$433,745	Aiken	-$130,180
Mount Pleasant	-$301,901	Anderson	-$118,752
Rock Hill	-$294,385	Greenwood	-$103,337
Greenville	-$259,920	Easley	-$88,968
Summerville	-$193,094		

Policy Alternatives

Municipalities have the difficult task of asking nonexempt business and residential property owners to pay for infrastructure and municipal services while exempting nonprofits that may be offering services for a fee that compete with the services offered by nonexempt firms. In addition, the value of those public service benefits created by an exempt nonprofit is not necessarily proportional to the property tax revenue forgone, and the benefit of the tax exemption only applies to those nonprofits that own real property.

Should property tax exempt organizations be subsidized for activities that compete with nonexempt organizations? If not, how should local government recoup revenues from exempt organizations that compete with for-profit businesses? Without the ability to charge a property tax, how can the local government level maintain property tax exemptions as a benefit of providing a legitimate public good while also leveling the playing field for non-charitable activities?

There are four policy alternatives that municipalities can utilize to regain lost property tax revenue including narrowing the definition of exempt organizations, utilizing payment in lieu of taxes, shifting more of the cost of municipal services to targeted fees and charges, and the business license tax.

Narrowing of the Definition of Exempt Organizations

South Carolina law permits property tax exemptions for a of variety charitable nonprofit organizations. Some exemptions are for specific organizations like the American Legion, YMCA, and Salvation Army. Others are more generally allocated to religious organizations, museums, and other 501(c)(3) charitable organizations. Many exemptions for charitable organizations are justified on the basis that those organizations provide services to underserved groups that would not otherwise be provided.

A leading nonprofit consultant, BoardSource, offers the following explanation of why nonprofits are tax-exempt:

> *Tax-exemption is an acknowledgement of an organization performing an activity that relieves some burden that would otherwise fall to federal, state, or local government. The government, in fact, provides an indirect subsidy to nonprofits and receives a direct benefit in return. Nonprofits also benefit the society as a whole when they provide valuable services. The viability of some of these services would be threatened if they were subject to taxes (Hopkins, 2009).*

Over the last ten years, the number of nonprofit organizations in South Carolina has increased by 55 percent (National Center for Charitable Statistics, 2010). This growth, coupled with declining or slow growing property values, may have placed additional stress on municipal budgets. Nationally, some municipalities have begun to narrow the definition of what constitutes a nonprofit organization (Kenyon and Langley, 2010). This kind of redefinition could lead to the loss of exempt status by some less charitable nonprofit organizations and in turn, help some South Carolina municipalities regain lost tax revenues.

Payments in Lieu of Taxes (PILOTs)

PILOTs are defined as ad hoc or standard payments from nonprofits to a local government as a means to offset property tax revenue forgone because of the nonprofit's tax exemption. PILOTs cover the cost of the nonprofit's share of public services, like road maintenance and fire services, provided by municipalities and normally funded by property taxes (Kenyon and Langley, 2010).

PILOT programs are negotiated agreements between a nonprofit and a municipality that can range from one-time payments to recurring donations. PILOTs are voluntary (not required by law). Some municipalities negotiate such payments from existing nonprofits when the nonprofit is expanding operations or territory or redefining their mission.

Payments are generally monetary, but some negotiations have yielded payment in kind agreements. Hospitals providing a social good such as free clinics for indigent patients or health care services for city employees would be an example of a payment in kind service. PILOT programs seem to be growing due to rising scrutiny of the nonprofit sector, and increasing pressure on municipalities to find new sources of revenue (Kenyon and Langley, 2010).

In some states, state agencies also make payments in lieu of taxes to municipalities for their facilities in recognition of the loss of property tax revenue and the expectation that those facilities use and benefit from municipal services. South Carolina is not one of those states. State-owned property is included in the nontaxed property in our statistical analysis, and in some cases represents a significant part of the nontaxable property within municipal boundaries.

Fees and Charges

South Carolina relies heavily on fees and charges as a revenue source at both the state and local levels. Local property taxes in South Carolina are only about 30 percent of own-source revenue (funds raised locally) and 25 percent of total revenue (including federal and state aid). Licenses, permits, fees and other charges together account for 54 percent of own-source revenue and 45 percent of all municipal revenue. (South Carolina Budget and Control Board, 2010). These other local revenue sources offer an opportunity to generate municipal revenue from non-property tax sources and an area for additional research.

User fees, in particular, are appropriate as long as the users can be clearly identified. Recreational services, water and sewer services, solid waste collection, municipal parking spaces, building inspections, and transit are among the more common municipal services for which a fee is charged to users. Sometimes these services are funded partly by taxes and partly by user fees, and often some subsidy provision is made for low-income households.

While nonprofits may not use personal services such as recreation or public transit, they do use other services where the users can be clearly identified. Charging a fee for such services rather than funding the service out of general taxation helps restore equity to the distribution of the cost of public services between nonprofits owning real estate, other nonprofits, for-profit firms and households. Otherwise, the last four categories are essentially subsidizing tax-exempt owners of real property, which includes both state government entities and nonprofits.

Several South Carolina municipalities have explored the possibility of levying fees on nonprofits based on their use of specific services. In one municipality, the cost of fire and police calls to nonprofit agencies was determined and used in setting a proposed fee, although that proposal was never implemented

Business License Tax

Property taxes are the largest revenue generator for municipal revenues in South Carolina. The second largest source of local municipal revenue is business license taxes. For the top 20 municipalities (based on population), revenue from business licenses is estimated to exceed $200 million dollars and can represent between eight to thirty percent of municipalities total revenue (Table 4).

Business license fees are calculated on a graduated basis on total gross income. A new business license tax structure could be used to generate revenues from business activities by nonprofits that fall outside of their mission. Nonprofit organizations must report gross income that is unrelated to their tax-exempt stated purpose to the Internal Revenue Service. Municipalities have the freedom to develop a business license tax structure with a minimum fee for gross business income of a non-charitable nature that escalates as unrelated gross incomes increase.

A typical business license tax program would include a nominal minimum fee (e.g., $100) for a range of gross income (e.g., $1 to $20,000). All gross income over $20,000 would then be subject to an additional rate (e.g., $2 per thousand dollars) of additional gross income. For example, if a museum generates gross income from private party venue rentals of $250,000 annually, the business license tax fee might be calculated as follows:

Business Income	**Sample Fee**
$1 to $20,000	$100
$20,001 to $250,000	$460
	$560

Table 4. Municipal Revenue from Business Licenses Taxes

Municipality	Revenue ($ millions)	Percent of Total Revenue	Municipality	Revenue (in millions)	Percent of Total Revenue
North Augusta	$4.9	37.2%	North Charleston	$16.8	19.5%
Greenville	$19.8	30.9%	Charleston	$24.4	18.9%
Goose Creek[1]	$4.6	29.0%	Aiken	$7.9	16.6%
Anderson	$7.0	28.0%	Greenwood	$3.0	16.5%
Greer	$4.9	27.6%	Spartanburg	$5.0	15.4%
Florence	$7.2	24.6%	Hilton Head Island	$8.2	14.0%
Columbia[2]	$27.1	23.5%	Mauldin	$1.5	13.3%
Summerville	$5.7	23.2%	Mount Pleasant	$5.9	10.5%
Myrtle Beach[2]	$35.5	23.2%	Rock Hill	$6.2	10.3%
Easley	$2.6	21.4%	Sumter	$4.3	8.2%

Source: Municipal budgets for fiscal year 2011-2012. [1]Goose Creek does not provide a detailed budget. These figures were extracted from city council meeting minutes (August 23, 2011). [2]Columbia and Myrtle Beach do not differentiate between revenue from business licenses and other permits in their budgets.

Limitations of the Study

This research seeks to establish the costs municipalities face when granting property tax exemptions to nonprofit organizations that are then shifted to nonexempt properties. It also offers four policy alternatives to address the distribution of the cost of municipal services. No effort was made to measure the level or distribution of benefits provided by these nonprofit organizations as a partial justification for the exemption, in part because it is clear that there is no direct link between the value of the property tax exemption and the value of the services to other municipal taxpayers that are, in essence, subsidizing the tax exempt nonprofit.

This study is based on a limited data set of thirteen municipalities. The overall effect of the independent variables on per capita property tax revenue and net revenue generated by nonprofit organizations could be larger or smaller if additional observations were available. However, the evidence seems to support some level of effect for the share of land that is property tax exempt, which provides grounds for further research. It is evident that having a higher share of tax exempt land has a negative effect on property tax revenue collections.

Conclusion

Based on our statistical evidence, the cost to municipalities and their nonexempt property owners of property tax-exempt land is significant in South Carolina. Like the rest of the country, South Carolina may be particularly impacted in the state capital and in college towns. The benefits that charitable exemptions offer are highly variable and in specific instances, may be modest relative to the value of the lost property tax revenue to municipalities and the costs of providing municipal services to exempt properties.

Elected officials often are reluctant to introduce any new policy that requires payments from nonprofit organizations because of its potential effect on their own long-run electability and, in some cases, concerns about the financial stress on the nonprofits. However, under current policy, the delineation between organizations that provide the most social good and those that provide only marginal good is not very clear and not related to the value of the property tax exemptions. Equity issues among exempt organizations and between exempt and nonexempt property owners are numerous.

A clearer (and narrower) definition of exempt charitable organizations would offer one approach to controlling revenue loss. Payments in lieu of taxes are another possible avenue, particularly for municipalities that are heavily impacted by state-owned property as well as other exempt properties. While existing reliance on fees and charges helps to alleviate the difference between exempt and nonexempt properties, it could be expanded. Several municipalities have explored this option but to date none have expanded it beyond the most obvious categories of solid waste collection, water and sewer, and building inspection.

A final proposal addresses a subset of exempt nonprofits, which provide goods or services for which a price is charged. This activity puts them in competition with local for-profit firms that are obligated to pay property taxes. Dormitories for private (or public) colleges compete with apartment owners for the same paying clientele. Day care and preschool services are in a similar situation.

Nonprofits are supposed to pay federal and state income taxes on unrelated business income, such as rental of their facilities, but to date most South Carolina municipalities have not seen this situation as an opportunity to collect business license taxes. Since the local business license is essentially an income tax, it is an obvious vehicle for collecting additional revenue from those exempt nonprofits that are engaging in commercial-type activities.

Nonprofit organizations are valuable partners in providing services and improving quality of life in South Carolina communities. But the value of their services bears no direct relationship to the value of their tax exemptions (which some do not receive because they do not own property) and the costs of providing them with municipal services. In difficult economic times, South Carolina municipalities need to rethink their fiscal relationship with nonprofit organizations in the interests of both revenue adequacy and fairness in the distribution of the cost of public services.

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