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Chatham may trim impact fees

Cut contingent on land transfer tax

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PITTSBORO - The Chatham County commissioners agreed Monday to lower the county's impact fee on new homes by \$1,000 if voters approve a land transfer tax in November.

Originally, the commissioners had agreed to repeal the \$2,900 impact fee if the legislature authorized a 1 percent transfer tax. The impact fee is applied on all new homes, regardless of their size or cost, to help pay for school construction.

But the General Assembly has set the transfer tax at 0.4 percent. That tax, which sellers would pay upon the sale of property, won't cover all of Chatham's needs, so the commissioners say they can't repeal the impact fee altogether.

The land transfer tax would produce \$3.5 million in 2009, according to county officials. That's more than three times the amount a quarter-cent sales tax would raise. The sales tax increase was the other option the legislature gave counties.

A \$1,900 impact fee, meanwhile, would generate an additional \$2.5 million.

Earlier this month the commissioners agreed to put a transfer tax referendum on the November ballot. But at Monday's work session, some said that might be too soon.

"It's a very short period of time to explain to people what we want to do," Chairman Carl Thompson said. "If the Realtors spent \$1 million to get it stalled in the state legislature, won't they spend it here?"

Instead of this fall, Thompson and Commissioner Tom Vanderbeck suggested holding the referendum in May when countywide elections will be held. Only the three towns are holding elections this season.

Commissioner George Lucier said the issue would get lost in May, when there will be primaries for commissioner seats.

Commissioner Patrick Barnes said the county needs the money now and delaying the referendum would waste time. If it fails, the commissioners can put it on the ballot again in May, he noted.

But, "if it fails, I will move to raise impact fees to \$3,500," Barnes added. "And I will see how high I can raise it."

In the next two months the board needs to tell "people this is not like a property tax," Barnes said. "It's not going to come in the mail every year."

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