



## Editorials

### *Editorial:*

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## Drawing the line

### **Governor Easley underlines his support for a local option on transfer taxes with a blunt, well-timed populist statement**

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A perfect stranger coming through North Carolina and reading Governor Mike Easley's comments about the legislature and a real estate transfer tax could have deduced, without coaching, that the governor isn't running for re-election. (Obviously, he can't seek a third term, anyway.) Because a governor who was trying to curry favor with lawmakers so that they'd support his agenda wouldn't say the kind of thing Easley said.

At issue: a proposal to allow counties to put to a vote of citizens a land transfer tax option. Counties could, with the voters' approval, put a tax on property sales; rates of 0.4 percent and 1 percent have been mentioned. That, some counties have argued, would allow them to deal more effectively with the expenses of growth by giving them a revenue option other than property and sales taxes.

The most vociferous opponents are real estate agents and home-builders, who have driven and benefited from urban growth where it has happened. They have campaigned against the transfer tax option by calling it a "home tax" and characterizing its advocates as, well, first cousins to Mr. Potter, the evil banker in "It's a Wonderful Life." One leader of the opponents even said the people in a county would vote against it, so consideration of it would be a waste of time. Of course, if it would never, ever pass, then it's hard to understand why such an expensive campaign has been waged against it.

Anyway, on Friday, the governor, who favors giving counties the option, took the gloves off and said this: "I think a lot of the legislators are scared of the Realtors and they've got to decide: Do they stand with the Realtors, or do they stand with the people they represent?"

Marc Basnight, Easley's fellow Democrat and the party's Senate leader as president pro tem, disputed the governor's characterization.

In any case, the governor did right by drawing a line and attempting to get this issue moving, and thus get the state budget, which has been stalled by this confrontation among others, moving as well. Perhaps this will awaken some of the more sleepy legislators on Jones Street.

The transfer tax isn't perfect -- counties ought to consider impact fees on developers first -- but the numbers are the numbers, and what they show in growing counties is a coming choice on either raising property taxes to onerous levels or finding other revenues.

The reason that impact fees, for example, are a fair source of money is that they hit the people -- developers and speculators -- who have had the most to gain from growth they have spurred. With a transfer tax -- and a 1 percent tax, if that's what counties and citizens were to choose, isn't going to stop a home sale -- those who presumably benefit from growth by having the value of their property increase pay a relatively small amount that helps the county.

The governor can't use his "stand with the people" strategy very often -- he needs the legislature's help to follow through on his own programs -- but this is as good a time as any.

It will focus attention not just on this issue, but on the passage of the state budget. It might even have an additional benefit of getting the public interested in other issues where lawmakers tend to favor special interest groups -- more extensive tree-cutting for billboard owners comes to mind -- over what clearly is the public interest. That would be a healthy development, even though it might clear out a few chairs come the next election.

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