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Orange wants right to levy real-estate tax

A Senate bill would give all counties the option of imposing a transfer tax to pay for growth

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HILLSBOROUGH - Orange County Commissioners on Tuesday night became the latest county board to call on state legislators to let them levy a 1 percent tax on the sale of homes and commercial properties to pay for schools, roads and rising Medicaid costs.

The commissioners unanimously -- with no discussion -- voted to support a bill introduced by Sen. Bob Atwater, a Chatham Democrat, that would allow all the state's counties to hold referendums on levying the 1 percent real-estate transfer tax.

The tax would generate an estimated \$10 million annually for Orange County.

Before the meeting, Commissioner Valerie Foushee said the county's growth hasn't paid for itself. The county assesses an impact fee for new homes, but that money is for school construction. It doesn't cover other costs of growth such as roads or water capacity. Rather than raising property taxes for all residents, Foushee said, the transfer tax ensures that those who are responsible for growth pay for it.

"It's related to county growth and the ability to provide infrastructure that comes with growth that growth doesn't pay for," Foushee said.

The commissioners' resolution cited mounting fiscal pressures from state "unfunded mandates" such as reducing class size. It also noted that the state requires counties to pay 15 percent of Medicaid costs, a figure that is expected to exceed \$3.9 million in Orange

County for the 2007-08 fiscal year.

According to Todd McGee, director of communications for the N.C. Association of County Commissioners, at least 16 counties- including Wake, Chatham and Durham - have passed resolutions or written letters supporting Atwater's bill or have had local representatives introduce legislation to give their county power to levy a transfer tax.

Seven counties already are authorized by the legislature to levy the tax. Dare County has raised more than \$90 million since gaining the taxing authority in 1985.

The North Carolina Association of Realtors has campaigned against the bill.

The Chapel Hill Board of Realtors, however, has been silent on the Orange County resolution, despite a request by the state group to weigh in on the issue.

"I don't think we have a consensus," said Mairead Garvey, chair of the board's government and legislative affairs committee. "We've not made any actual comment pro or against."

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