

UNC may appeal taxation decision

By KATHA TREANOR

UNC has not yet decided if it will appeal Orange County Superior Court Judge Henry A. McKinnon Jr.'s ruling Friday that the University must pay taxes on about \$17.6 million worth of property in Orange County.

John Temple, vice-chancellor for business and finance at UNC, said the University administration has two weeks to decide whether to appeal the decision. He said there has not been an opportunity to discuss it yet but a meeting will be arranged soon.

Should the University decide to appeal, the case would go either to the Court of Appeals or straight to the state Supreme

Court, he said. The court will determine this, Temple said.

McKinnon said UNC's off-campus electric and telephone utilities, the Carolina Inn and the first floor of the Hill Building on Franklin Street are taxable since their major purposes are not educational.

McKinnon's decision came after UNC, Chapel Hill, Orange County and Carrboro appealed the state Property Tax Commission's January ruling that the Hill Building, the Carolina Inn and the Horace Williams Airport property were subject to local property taxes beginning in 1974.

The commission ruled that less than \$4 million worth of UNC property was taxable and that back taxes could only be collected to 1974. It ordered UNC to pay \$291,545 for taxes accumulated since 1974—only a fraction of the amount sought by the local governments.

The local governments appealed, saying they felt more than \$30 million worth of

University property was taxable and some of it should be taxed back to 1969.

UNC appealed the commission's ruling saying state constitutional provisions exempted all of its property from taxation.

McKinnon also disagreed with the commission's ruling that part of the Horace Williams Airport was taxable. He said the part of the airport used for commercial purposes was incidental to its public purpose and, therefore, it was exempt.

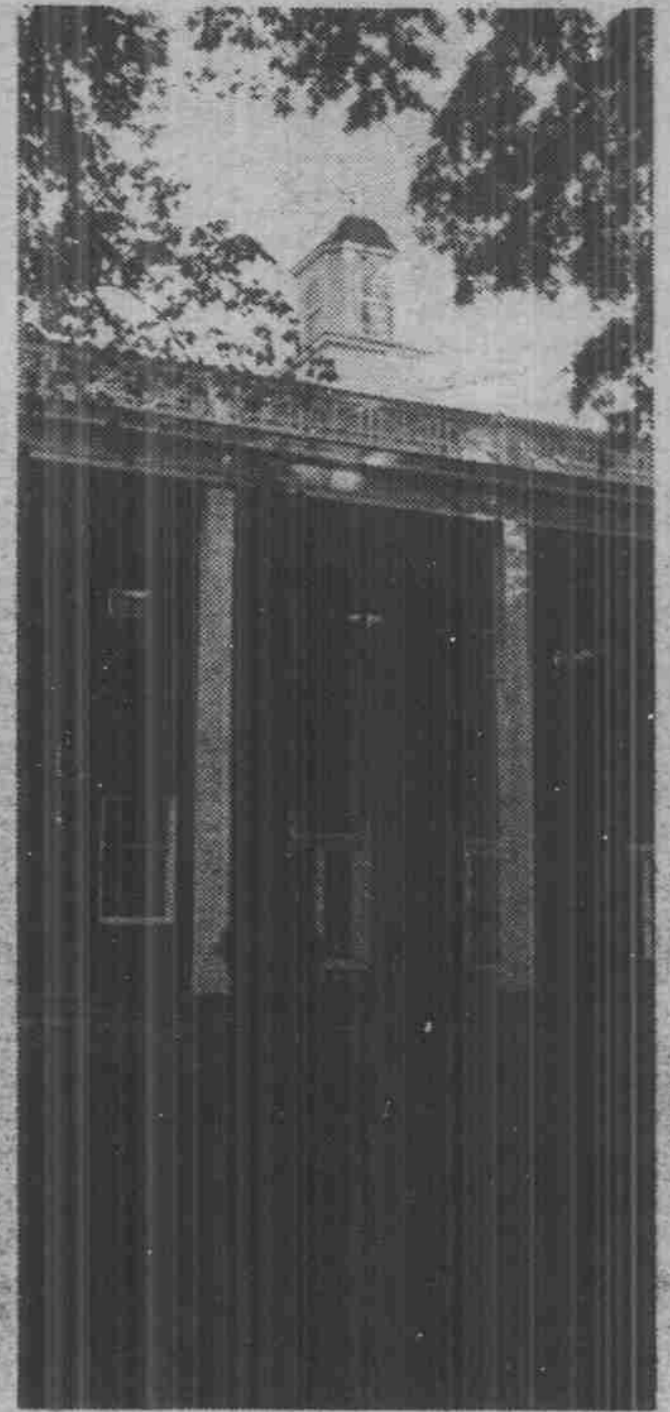
McKinnon agreed with the commission's ruling that only UNC property used for educational purposes was tax-exempt.

McKinnon's decision was in agreement, in large part, with the findings of the commission. However, he did disagree with the commission's conclusion that UNC's utilities were tax-exempt. The utilities served off-campus customers in Chapel Hill and Carrboro, and McKinnon said their predominant purpose was not educational.

If McKinnon's ruling stands, all three local governments could receive considerable tax revenues from UNC. Some calculations say it would cost the University almost \$250,000 for 1974 alone.

UNC could also be liable for interest and penalties and for taxes for the years since 1974 it has owned the property. Although UNC sold the utilities to private companies in 1976, it still owns the Hill Building and the Carolina Inn.

If UNC is forced to pay the taxes, UNC students will not have to pay higher tuition or fees to help pay for the cost, Temple said. The taxes for the utilities would be paid for out of a reserve held by the state treasury, he said. Additional revenue generated by the Carolina Inn and rental of the Hill Building would be used to pay the taxes on these properties, he said.



University's Carolina Inn ... faces possible taxation

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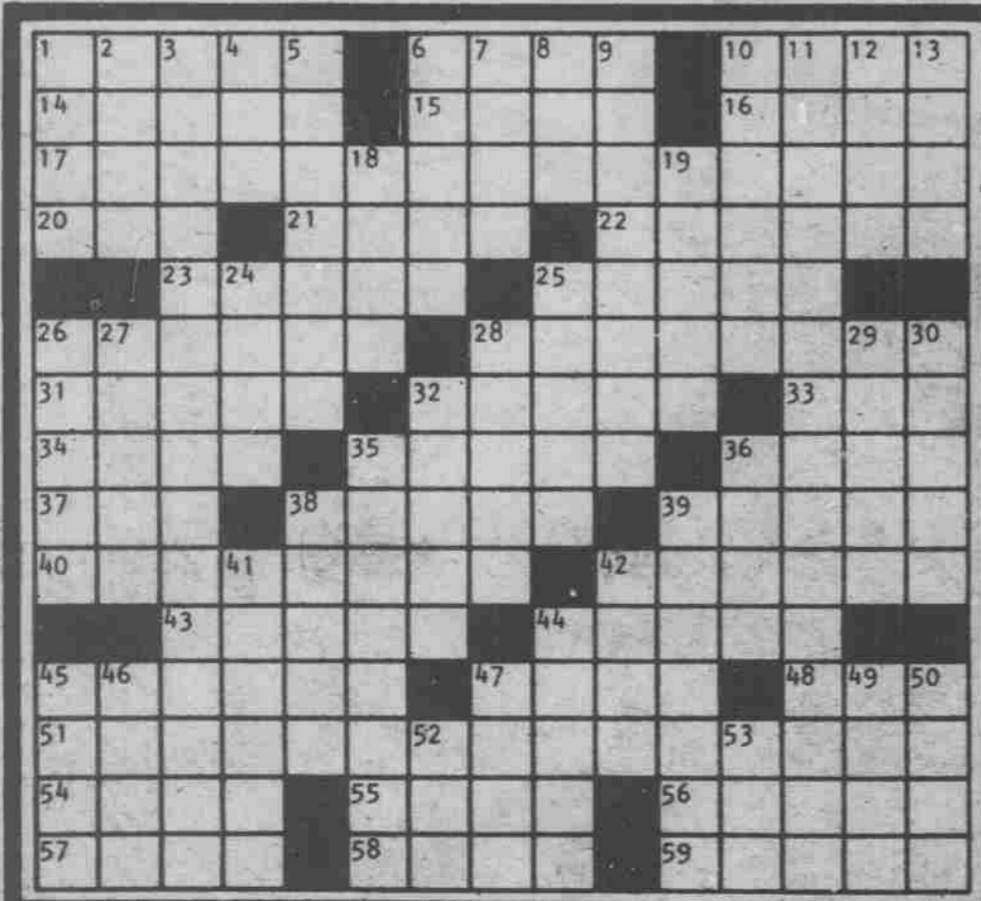
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THE Daily Crossword by A.J. Santora

- | | |
|---------------------------------|---------------------------|
| ACROSS | DOWN |
| 1 Israeli desert | 1 — Scotia |
| 6 Powder base | 2 Maleficent |
| 10 Wonder drug | 3 Makes a start |
| 14 — Culp Hobby | 4 Greek letter |
| 15 Fragrance | 5 Umpire's call |
| 16 — fly pie | 6 Entirety |
| 17 Important data | 7 Bede |
| 20 Kaline and Capp | 8 Sand or odd |
| 21 Rich soil | 9 Judgmental review |
| 22 "— for the Memory" | 10 "All the world's —" |
| 23 Folklore dwarf | 11 Short four-baggers |
| 25 Lament | 12 Clock sound |
| 26 Earth | 13 Dan Blocker role |
| 28 Legacies | 18 Convinced |
| 31 Firearm | 19 Short jacket |
| 32 Remove detection devices | 24 — of thumb |
| 33 Pitching stat. | 25 Bills |
| 34 Baked in — | 26 Pop flavor |
| 35 Put in boxes | 27 Age |
| 36 Converse casually | 28 "— Street Blues" |
| 37 For each | 29 Baseball deal |
| 38 Embers | 30 Woodland deity |
| 39 Pensive | 32 Constellation |
| 40 Settle securely | 35 Agrees |
| 42 Lodger | 36 Aquatic bird |
| 43 Trunk | 38 Welsh dog |
| 44 Tale | 39 Helena's state |
| 45 Circuitous speech, old style | 41 Candied |
| 47 Kind of owl | 42 Give encouragement |
| | 44 Batter's concern |
| | 45 Encourage |
| | 46 Lake |
| | 47 Ululate |
| | 49 Former Virginia willow |
| | 52 District of India |
| | 53 Carey's cudgel |

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