

## Transfer tax will help county



**JOE CAPOWSKI**  
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Our community is a world-renowned center for education and health care. Our three crown jewels — UNC, UNC Health Care and our public school systems — attract and keep an educated and vibrant population.

We are thus challenged to continually absorb new people without destroying our great quality of life and becoming another casualty of too-fast growth that exceeds our infrastructure, with the result of crowded highways and schools, inadequate parks and, as we saw most recently, a lack of water supply.

Our growth demands that we build new schools and parks — and schools, by North Carolina law, are uniquely county functions. Therefore, the county commissioners are asking us to approve a real estate transfer tax.

This tax will apply to all real estate transactions in which money changes hands, including residential, commercial and unimproved properties. Gifts and inheritances are not affected.

The county commissioners will apply the tax revenue to our county's schools and parks. Since the county is obligated to build schools, the question before us is not if we want additional taxes, but rather how do we want to be taxed?

Nobody, myself included, likes a new tax. So why do I advocate for it?

■ The transfer tax allows property owners to enjoy increases in the value of their homes and businesses as long as they own them, without paying additional yearly property tax.

■ The transfer tax payment is delayed until the property is sold, when the seller will receive revenue. Elderly people benefit here especially.

The N.C. Association of Realtors is spending a small fortune of statewide funds to fight this tax with TV ads and hand-some mailings. Its fear is that if it passes here, it will spread to larger fast-growth counties.

This group is strongly opposed to increases in real estate taxes, even if these taxes are needed to pay for schools and other basic community services. It argues, "this is not the time for a new tax." But what is its alternative? Don't build the next needed school? Keep raising the property tax to pay for it?

UNC students have everything to gain and nothing to lose by supporting this tax.

Philosophically, the real estate transfer tax continues our community's emphasis on education. Practically, this tax will not increase rents, on-campus or off.

The alternative, yearly increases in the property taxes, will certainly raise off-campus rental fees as the increase will be bundled into landlords' costs.

The Obama-Clinton campaign should promote a huge turnout. Balancing that is the unfortunate scheduling that places election day on the last day of exams; campus population will be low.

Consequently, I urge you to head over to the Morehead Planetarium to vote early, and while doing so, turn over the ballot to its flip side, and join me to vote FOR the real estate transfer tax.

I chair a local grassroots group that believes that this tax is a necessity. We are funded entirely by local contributions. Please visit our Web site: [www.4schools4parks.com](http://www.4schools4parks.com). We urgently need help to spread the truth about this measure. Can you help? Please send a check to: Orange Citizens for Schools and Parks

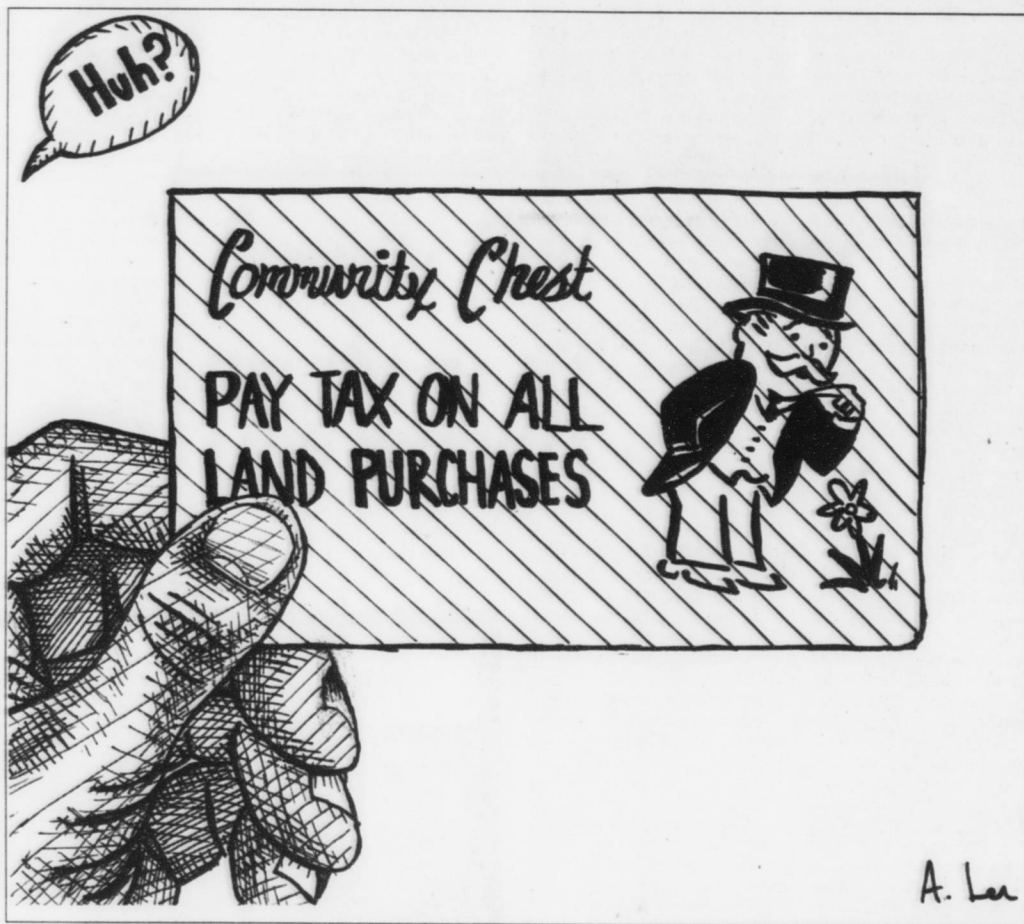
P.O. Box 14, Chapel Hill, NC 27514

(Write your occupation and employer on the memo line.)

# TAXING SALES

Orange County needs revenue, but will it come from a tax on home sales? Residents will decide May 6; make sure to vote.

VIEWPOINTS CARTOON By Alex Lee, [lobin@email.unc.edu](mailto:lobin@email.unc.edu)



Some people call it a home tax. Other folks prefer land-transfer tax.

At the end of the day, whichever way you call it, it's a 0.4 percent tax on all real estate sales. And if the county's residents approve the move in the May 6 primary election, it'll be put in place in Orange County.

Orange County — which holds Chapel Hill and Carrboro — got special permission from the General Assembly to levy a new tax on county residents, so long as the residents themselves approve it in a referendum.

The county got to choose between a slight bump in the sales tax and the land-transfer tax. In fact, if the commissioners so chose, they could have asked the people about both and then picked which to institute.

But they decided that the sales tax would be regressive — that is, it would take a higher cut of the disposable income of the poor than it would of the rich.

Regressive taxes are an anathema in Orange County. More specifically, the most liberal part of the county, the towns of Chapel Hill and Carrboro, embrace "progressive politics," which place an exceedingly high value on social justice.

So, in short order the idea of a sales tax was dropped, essentially framing a raise-or-taxes-or-don't debate.

The electoral struggle that has developed essentially pits many of the county's realtors against the county commissioners.

The county commissioners want the

tax because it will give them a bigger pool from which to allocate funding for local schools, public health regulation and other expenses.

Realtors make money for selling land so want as much land as possible to sell. Generally, the less it costs to buy land (the realtors' commissions themselves, plus taxes and fees associated with the purchase), the more land people will buy, the realtors' theory goes.

The county devoted \$100,000 to educating the public about the tax so that an informed decision can be made. The county also has hosted several forums to give the public a chance to weigh in on the matter.

And as the debate has developed, rhetorical points beyond both sides' desire for more money have emerged.

Realtors have argued that relying on real estate taxes is a bad idea because the housing market is unstable so revenue from such a tax would also be unstable.

They also argue that the land transfer tax is unfair because while it doesn't target the poor, it does target people who have land to sell.

While that means upper-income families moving for retirement and fat-cat developers, it can also mean farm families.

Many farm families have most of their family's capital tied up in land. Instead of big (or small) cash bequests, farmers often receive the farm.

If farming is no longer financially possible or if someone's child just decides he

or she would like to be something other than a farmer, the farm must be sold, and the transfer tax would be another bite taken out of the sale.

Realtors also question the tax's efficacy in reducing property taxes, pointing to eastern North Carolina counties that have implemented the tax and still have relatively high taxes.

Proponents of the tax, who include Ellie Kinnaird, the county's representative in the N.C. Senate, argue that it will actually depress property tax rates.

They also hold that increased funds will bolster social services and schools.

And the tax would only impact residents a couple of times in their lifetimes, as opposed to increased property taxes, which would be collected every year, they say.

Proponents argue that at the rate the county is growing, there's a pressing need for more funding for new schools, expanded infrastructure and other expenses.

And while more residents means more taxpayers, many people in Orange County go to Durham or Chatham counties to shop, cutting our commissioners out of the loop and out of the loot.

The last time the county had a tax referendum, in 2005, it generated lots of outrage and precious little support.

That proposal, which applied only to the more rural parts of the county that send children to Orange County School District, was for an extra tax to equalize school funding with the Chapel Hill-Carrboro City School District.

### IN THEIR WORDS:

*"UNC students have everything to gain and nothing to lose by supporting this tax."*

JOE CAPOWSKI, ORANGE CITIZENS FOR SCHOOLS AND PARKS

*"This vote isn't about how money will be spent. It's about whether the transfer tax is the right way to raise it. It's not."*

MARK ZIMMERMAN, CITIZENS FOR A BETTER ORANGE COUNTY

#### Now is the wrong time for implementing transfer tax

TO THE EDITOR:

There is one ballot initiative that deserves more of our attention. It's the transfer tax that the Orange County commissioners are trying to push through.

The county has spent \$100,000 in taxes just to try to get additional taxes, but yet they are complaining about not having enough money. If they have extra money lying around for such efforts there is not a need for a new tax at all.

The economy isn't doing well, and the transfer tax would be charged every time someone sells their property. That would not only hurt the low-income and elderly people of Orange County, but also students that live off campus.

I strongly encourage my fellow students to vote "against" the transfer tax.

Austin Rouse  
Junior  
Political Science

#### Transfer tax actually helps poor and elderly residents

TO THE EDITOR:

I'm writing in support of the land transfer tax. It will enable property owners to enjoy increases in property value without paying additional yearly property taxes; payment of the tax is delayed until the property is sold, when the owner will receive revenue.

The Citizens for a Better Orange County argues that the tax unfairly targets senior citizens and low-income residents.

But allowing the county to mitigate necessary increases in the yearly ad valorem property taxes, the transfer tax will provide relief to these residents during these economically challenging times.

Please join me in approving the transfer tax and allowing Orange County to grow while minimizing the burden of growth on our senior and low-income residents.

George J. Cianciolo  
Chapel Hill

#### Burden of tax will raise cost of living in county

TO THE EDITOR:

I'm writing to encourage my fellow students to vote "against" the transfer tax — also known as the home tax — on May 6.

With the economy in a downturn, new taxes will only hurt, not help. In fact, the burden of the tax could raise the cost of living for students.

Basically, it's a tax on anyone who sells their property.

That's not right, because it strips homeowners of their hard-earned equity.

Plus, the tax is regressive, affecting lower-income buyers and sellers more than anyone else.

Vote "against" the transfer tax on May 6, or before, if you take advantage of early voting. The transfer tax is a bad idea.

Michael Winters  
Senior  
Public Policy

#### Let's be first N.C. county to defeat real estate lobby

TO THE EDITOR:

The ones who would be most impacted by the transfer tax are developers, land speculators and realtors — the same folks who are spending thousands of dollars to kill this proposal.

We are not being taxed unnecessarily: If the transfer tax is voted down, we will be faced with an equivalent increase in property taxes, sales taxes or both. It is these other options that would truly make things worse for fixed- or low-income folks, creating immediate hardship every month.

I believe Orange County citizens value our schools and parks enough to support them. If I'm right, we will be the first of 17 counties to stand up to the real estate lobbyists and approve the transfer tax as a compassionate way to generate essential revenue.

Steve Henry Herman  
Chapel Hill

## Vote against home sales tax



**MARK ZIMMERMAN**  
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The N.C. primary is upon us, and there is an exciting national presidential race at the top of the ballot. There's also a less exciting, but still important, local referendum on the bottom of the ballot.

It's about whether Orange County should be able to tax people when they sell their homes. It's called a transfer tax. It's not a good idea.

Last summer the N.C. General Assembly said county commissioners could only add this new tax if their constituents agreed. In the fall 16 counties put the measure on the ballot to ask permission. All 16 said this wasn't a good new way to tax, with an unprecedented 79 percent voting against the measure.

Why? First, homeowners bear the brunt of local taxes already. Each year, families already pay their property taxes. In Orange County, they pay a lot for all the services they get. To pay another tax when they sell their home is like paying twice, just when they are moving.

Second, this new home sales tax is a big tax. Every year, a minority of people — home sellers — would bear the tax burden for everyone.

Last year the average Orange County home seller would have paid \$1,371 for this tax. That money comes from the savings in their home equity — money to buy the next house, pay for retirement or help pay for a child's college tuition.

Third, this is a regressive tax that hurts low-income homeowners most. That's because wealthier families have many more ways to save.

First-time homeowners, affordable homeowners and fixed-income homeowners spend a higher percent of their income on their home and are more likely to have more of their family net worth tied up in their home. The transfer tax hurts them more.

Fourth, this tax hits property owners who shouldn't be taxed. All sales are subject to the transfer tax, even if the sellers are churches, nonprofits or affordable housing owners. When people sell land conservation rights, they will be taxed. People who will lose money when they sell their home will have to borrow to pay this tax.

Fifth, the timing for this Orange County tax is poor. The real estate market is under a lot of stress right now. Homeowners face real challenges with their sales. This is the worst time to add more cost to selling a home. Importantly, when sales decline, transfer tax revenues will decline too. This tax is not a stable source of income on which the county should depend.

Last, but perhaps most important to University students, the transfer tax will increase the cost of housing. For most homeowners, paying the tax will just mean less money for them. But for more sophisticated owners, the costs will be passed on.

Developers will add it to the cost of new housing. Investors, who buy and sell rental houses, will simply increase rents to cover this transfer tax cost. That will directly affect many students' cost of living.

Orange County will need more money as it grows in the future. But this vote isn't about how money will be spent. It's about whether the transfer tax is the right way to raise it. It's not.

That's why so many counties across the state rejected it last fall. Our county needs to consider other options and work harder to grow the tax base. It doesn't need to add costs to home ownership, which will add costs to attending school here. When you vote, please vote against the transfer tax.