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Financing growth

By Bob Geary

Remember that "ticking time bomb of gridlock" that our Raleigh transportation planning guru Ed Johnson warned us about? Ed said it's due in 2030, but I was in it Sunday on I-40 going to Chapel Hill (three-car accident, nothing moving east or west), which gave me lots of time to think about: growth in the Triangle; transfer taxes and impact fees; how long, Oh Lord, it takes to get anything done; and finally, campaign finance reform.

Punch line first: Next Tuesday, June 19, is "Voter-Owned Elections Lobby Day" at the General Assembly. It's the day campaign reform groups ask you to show up in Raleigh and tell your legislators, in the suggested words of Democracy North Carolina, "We want reform that ends the pay-to-play system."

Good idea.

There was a time, about 10 years ago, when I was active myself in the campaign-reform movement, thinking it was the most important issue in politics because it was so—borrowing here from the theological—*foundational*. I'm not active in it anymore, and there's always some other "hotter" issue to write about, like hog waste or the woes of the TTA. But put a shovel into any hot issue, and you'll discover the mess of campaign money eating away at it from below.

You can't build a sound political system on a rotten foundation of political money any more than you can base a great faith on rotten values. That's why campaign reform is still the most important issue of all.

Growth is good, of course. I feel compelled to say this because recently my friends in the non-partisan, nonprofit WakeUP Wake County group were accused of being anti-growth, which they are not. WakeUP's foundational principle is "good growth," however, as opposed to the unsustainable kind of growth that results in a gridlocked I-40, overcrowded schools and, eventually, if you let it run its course, no growth at all.

Followed by—omg—*shrinkage*.

The anti-growth epithet was hurled by the Realtors' lobby, which is battling hard against the idea of a "transfer tax," or as they call it, a "home tax" on real-estate sales. WakeUP is in favor a 1 percent tax on all real-estate sales, including land, buildings and, yes, houses.

Now, as it happens, the transfer tax is not my favorite. You will recall that I had a hand in starting WakeUP, but others have picked up the ball and run with it, including Karen Rindge, our terrific, high-energy chair. And they've run in the direction of a transfer tax instead of my pet idea, which is an impact fee for schools on all new development.

Why do I prefer an impact fee? Because it's *new* development that causes the need for new schools, so I'd tax that first. Why do WakeUP's leaders prefer transfer taxes? Two reasons: one, they're broader-based and bring in more money; two, they're politically feasible—maybe—where impact fees are not due to the power of the construction lobbies.

Let me stipulate, I don't like taxes any more than the next guy. But I also don't like to be stuck on I-40, which I am more and more these days, and I do like good schools for our community, which costs money.

So we need taxes. Now the question is, which tax is fairest?

Well, the property tax is fairest. The more valuable your property, the more you pay. But there's a limit, and it comes when you've lived your life in a house and are trying to stay there on a fixed retirement income, and meanwhile the growth—the benefits of which so many others are enjoying—is driving your tax rate right up through your fraying roof.

It's at that point, I think, that we need to slow the rate of property-tax increase (and maybe cap it for lower-income seniors) and look for other taxes that growth's beneficiaries can pay. Transfer taxes fit that bill. You sell your house, some land, or your little building that's in the way of a downtown skyscraper (*ka-ching!*), and you'll be whistling a happy tune about how quality-of-life translates into real-estate profits for you.

Impact fees fit the bill too, so I'd do both-and, not either-or. And since I can't argue with the logic of people who wonder why they're being taxed for leaving town and selling their house to someone who's already here (net new houses, zero; net new schoolkids, zero) while developers escape scot-free, I'd go impact fees first, then transfer taxes.

But the General Assembly lives on the campaign money donated by growth's beneficiaries, especially the homebuilders, road pavers and real-estate developers. That they might give us, back home in the counties, the right to even *consider* a transfer tax (pissing off the Realtors) is considered something of a long shot. Impact fees, though, are beyond their pale.

And will be until we get candidates running with public financing elected.

And then there are the *billions* we're short when it comes to a transit system. For that, we'll be lucky if the General Assembly lets us have a local sales tax, which is the most unfair tax of all. Except, that is, for the tax of wasting our time, patience and gasoline getting from anywhere to anywhere else, and eventually killing the golden goose of growth good and dead. We need taxes. That one, too, unfortunately.

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