



## Taxing options

BY ADAM WALLWORTH Northwest Arkansas Times

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A real estate transfer tax may still provide an option for local governments searching for ways to fund infrastructure projects, but not before Fayetteville deals with road impact fees again.

The city will work on the next draft of a road impact fee ordinance, while at the same time continuing to work towards state legislation that would allow for a local real estate transfer tax, the City Council was told this week by Susan Thomas, public information / policy adviser.

If given the option, cities could add a tax on the sale of real estate at each transaction, compared to impact fees which are tacked on new construction. Proponents argue the transfer tax is more equitable because it can be smaller and captures new residents buying existing housing stock.

Thomas said continuing the push for a real estate transfer tax is one of the next two steps to be taken for road impact fees, which is number three on the council's list of priorities. She didn't have any specifics in the matter, however, and left it to Tim Conklin, director of planning and development management.

Conklin said while he favors local options, he isn't pushing for the transfer tax. He said it may be good for the city to have that option to be used along with impact fees, but it was something that his boss, Gary Dumas, would know more about.

Dumas, director of operations, said the council had "indicated interest" in the transfer tax when it was presented before the failed road impact fee election.

"They did not support the proposal that was before them because it was not written at that time," he said. "It was just a concept. They supported the concept, wanting more exploration of it."

Dumas said there needs to be clarification of how the tax could be used — whether the city could only implement either the transfer tax or road impact fees or if both measure could be assessed. Either way, it wouldn't be bad for the city to have more funding options, he said, adding that the "mayor wants an option for the transfer tax."

Mayor Dan Coody said he wants to see cities have as many funding options as they can have, but that doesn't mean that Fayetteville would have to initiate such a tax, even if they could.

“ I support cities being able to determine their own futures, and the more tools any city has to do that, I favor, ” Coody said. “ Now whether the cities use it or not is totally up to the city, but to have the option is important. ”

Coody said cities need to have as many funding options as they can to take care of infrastructure needs. Whether those are impact fees, transfer taxes or some combination thereof, he said, should be left up to the local government.

It could be that a city may want to have an impact fee for water and a transfer tax for parks, Coody said, but the flexibility is what’s important. The transfer tax may be a great idea, he said, but there may be better alternatives out there.

“ It’s just like everything else, some people will love it. Some people will hate it, but it certainly needs to be on the table for discussion, ” Coody said.

Coody said he didn’t know whether it would affect the discussion regarding impact fees or not, because the earliest the law could be passed is the next legislative session.

Even if the option is given to the city, there would remain the question of council support.

Ward 3 Alderman Bobby Ferrell said he is interested in learning more about the transfer tax but is a long way from knowing whether he’d support it. When asked whether he would support the transfer tax in addition to impact fees, Ferrell laughed.

“ I don’t like impact fees. I’m looking at this, ” he said. “ I’m not an opponent of it, but I’m not a strong proponent. ”

Ferrell said he needs to know all the ramifications of the transfer tax before he can make up his mind but would prefer to cover infrastructure cost by growing the tax base, rather than the taxes.

“ I don’t think we need to keep taxing the hell out of people, ” he said. “ I can’t speak for the others. ”

Ward 4 Alderman Lioneld Jordan said he’s not interested in a transfer tax. The strain on infrastructure comes from the growth of the area, he said, and that’s where the money should come from.

Jordan is an ardent supporter of impact fees and was the one who rekindled the issue after it was defeated at the polls by a single overseas ballot. A transfer tax means residents have to pay for the impact other people are causing, he said.

“ It’s the local residents having to pay twice, ” Jordan said.

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Contact: webmaster@nwanews.com