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Transfer tax best way to raise money

The proposed land transfer tax is the best way to raise money for Henderson County schools and other capital projects. Henderson County voters should embrace this opportunity to adopt a revenue source that will take the pressure off the property tax and generate money from transactions that contribute to our growth. Henderson County commissioners put the land transfer tax on the ballot after the General Assembly authorized counties to set referendums on either a quarter-cent sales tax or a land transfer tax. The .4 percent land transfer tax would be paid when real property is sold. It amounts to \$800 on a \$200,000 sale and \$1,200 on a \$300,000 sale, and would raise \$3.9 million to \$4.1 million a year. (It actually increases an existing tax from .2 percent to .6 percent.) Commissioners have already committed to spend \$31 million to replace Mills River and Hillendale elementary schools starting in the 2008-09 budget -- a commitment that goes back to the mid-1990s, by the way. Without the land transfer tax, a property tax increase of 3 to 4 cents per \$100 valuation will likely be needed to pay the debt service on the new construction, commissioners say.

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¤ The land transfer tax answers a complaint county leaders across the state have lodged in Raleigh for decades. It gives counties an option other than the property tax to raise money for local needs. And while the tax is not technically an impact fee, it comes as close to one as we're likely to get. The real estate industry has produced a slick and imaginative campaign to defeat the tax. But opponents will have a hard time convincing homeowners that a tax they'll pay once or twice -- or maybe never -- is a greater burden than higher property taxes year after year. The opponents have put out campaign literature making contradictory claims. In one paragraph the flier says that the land transfer tax "is a real property tax that you will pay anytime you sell your home, your land or your business." Next, they say the land transfer tax will make housing less affordable. That implies that the seller will pass on the tax. That would increase the cost of a home but it won't be a burden on the seller if the buyer is paying it. Of course it's true that a land transfer tax is paid by those who are here. And it's true that it applies to raw land and office buildings in addition to homes. But if it's going to be passed on to the buyer, as the opponents say, then it is going to be paid by people moving here. It may be a tax on the sale, but there is no evidence that it will affect sales, given the abundance of McMansions. Most surprising is the Realtors' argument that because Henderson County has the 16th lowest property tax rate in the state, county commissioners should raise taxes instead of imposing a tax on land sales. That's astonishing. Low taxes is one of the factors feeding the growth that keeps the real estate business humming along.

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✉ The land transfer tax has brought a rare agreement among all five commissioners and all seven school board members as the best way to pay for school construction. We agree that it is the most effective and fairest source to raise money for new schools. We strongly recommend county residents vote yes on the land transfer tax.

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