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Raleigh tax rate rises by 4 cents

Health care, gas, growth costs cited

JOSH SHAFFER, Staff Writer

RALEIGH - The largest tax hike in more than a decade will land in citizens' mailboxes next year, an increase brought on by soaring gas prices, rising health-care costs and Raleigh's nonstop growth.

The City Council tacked 4 cents on the property-tax rate Monday, which adds \$80 a year to the bill on a \$200,000 house.

In two hours of discussion, the council rejected Councilman Philip Isley's plea to slash all departments by 3 percent.

It also dismissed Councilman Russ Stephenson's idea to raise the tax rate by 2 cents and shift the rest to developers through impact fees.

The council's 5-3 majority called the \$513 million budget a must if Raleigh wants to avoid slipping in quality while it adds 10,000 residents a year.

"I don't think anybody at this table is happy with a 4-cent tax increase," Councilwoman Jessie Taliaferro said. "But we don't have a choice on paying our fuel bill or our health care."

For the budget: Mayor Charles Meeker, Councilwoman Joyce Kekas, Councilman Thomas Crowder, Councilman James West and Taliaferro.

Against: Stephenson, Isley and Councilman Tommy Craven.

Isley noted that Wake County boosted its taxes by 3 cents Monday. Also, a school bond election looms on the ballot this fall that, if approved by voters, would add another 4.7 cents to the tax rate by 2008.

"I think we're setting our citizens up for a right big sticker shock," he said.

He and Craven said the city's department heads could easily find \$14 million to trim.

But Meeker said nobody wanted to cut police or fire department pay -- a giant slice of the city's budget -- and a 3-percent trim would force more than 100 layoffs.

At first, Crowder voted with Stephenson to seek half the money through impact fees, which rose by 72 percent earlier this year but still stand comparatively low.

When that move failed, Crowder backed the budget, swayed when the council shifted \$2 million toward three roundabouts on Hillsborough Street.

Cutting the budget, he said, would be detrimental to citizens -- a comment Isley answered with: "That's the craziest thing I've ever heard."

Half of the increase should come as no surprise.

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Last year, citizens overwhelmingly backed two bond issues aimed at widening roads and providing affordable housing -- projects that came with a promised 2-cent tax increase.

Other highlights:

* Police officers and firefighters are winners this year. On top of the new gang and robbery units, the council set aside \$350,000 for police pay -- probably for education incentives. The fire department opens a new station in Northeast Raleigh, and firefighters get \$425,000 for holiday pay.

* Carolina Ballet gets \$134,000, the North Carolina Symphony gets \$50,000 and the Raleigh City Museum gets \$43,000.

Three new moneymakers found their way into the budget Monday.

* The cap on privilege licenses charged to businesses will rise from \$10,000 to \$20,000.

* A new \$5 transit fee will be charged for car registration.

* New planning fees will be charged when developers submit plans. Those are expected to raise \$150,000.

"I think that's leadership to make those kinds of tough decisions," West said.

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