

## **REQUEST FOR BOARD ACTION**

### **HENDERSON COUNTY BOARD OF COMMISSIONERS**

**MEETING DATE:** September 19, 2007

**SUBJECT:** Land Transfer Tax Resolution

**ATTACHMENTS:** Yes

#### **SUMMARY OF REQUEST:**

At the Board of Commissioners Meeting held August 28, 2007, the Board voted in favor of a Land Transfer Tax being placed on the November 6, 2007 ballot. Attached is a Resolution endorsing voter approval of the Land Transfer Tax Referendum, which will authorize Henderson County to levy a 4/10<sup>th</sup> of one percent Land Transfer Tax.

#### **BOARD ACTION REQUESTED:**

The Board is requested to adopt the Resolution as presented.

#### **Suggested Motion:**

*I move the Board adopt the Resolution endorsing voter approval of the Land Transfer Tax Referendum.*

# LAND TRANSFER TAX RESOLUTION DRAFT

## **Henderson County Resolution endorsing voter approval November 6 of the Land Transfer Tax Referendum authorizing Henderson County to Levy a 4/10<sup>th</sup> of one percent Land Transfer Tax**

**Whereas**, Henderson County, North Carolina, is a county experiencing exponential growth with an influx in residential development; and

**Whereas**, because this rapid growth in Henderson County challenges the county's ability to provide public education facilities, increasing requirements for numerous capital improvements specifically new schools and school expansions not previously required or planned for; and

**Whereas**, because residential development, with no benefit of a balanced commercial component of the tax base, is more demanding on our county services; and

**Whereas**, in FY 2009 Henderson County has committed to building two new schools, Mills River and Hillandale elementary schools, and making additions to Dana Elementary School creating an estimated debt service payments of \$3 million annually; and

**Whereas**, classroom additions at North High, Apple Valley Middle, Edneyville, Etowah and Upward elementary schools in 2010 are projected to cost \$12.5 million with an estimated annual debt service payment of \$1 million; and

**Whereas**, Many Henderson County property tax payers are already feeling and will continue to feel increasing pressure of the property tax, which is currently the county's only flexible means for paying for these additional schools and other facilities; and

**Whereas**, Henderson County is not permitted, by state law, to enact an impact fee to meet these demands; and

**Whereas**, a Land Transfer Tax would be paid only when people sell property, thus not impact everyone in the community each year, but only those directly contributing to the growth and the concurrent demand; and

**Whereas** the North Carolina State General Assembly has authorized counties to either levy a ¼ cent local option sales tax or a maximum 4/10<sup>th</sup> of one percent land transfer tax, but not both; and

**Whereas**, a ¼ cent local option sales tax would increase state and local sales tax rate to 7 percent, and would generate approximately \$2.3 million which is not enough revenue necessary to fund capital and facility needs being created by all the growth; and

**Whereas**, a 4/10<sup>th</sup> of one percent Land Transfer Tax would generate approximately \$3.9 million annually and would impact the sale of property only, thus requiring the growth to help pay for the needs it is creating;

**Whereas,** Currituck, Dare, Camden, Chowan, Pasquotank and Perquimans counties have levied the Land Transfer Tax at a full one percent which has produced more than adequate revenues to meet their growth demands and has also resulted in a remarkably healthy and prosperous investor/developer/realtor/buyer and community partnership; and

**Whereas,** the 4/10<sup>th</sup> of one percent Land Transfer Tax may not be the option of choice for all counties, it is clearly the best tax option available that will provide the revenue necessary to properly address the growth needs of Henderson County; and

**Whereas,** if a 4/10<sup>th</sup> of one percent Land Transfer Tax is not put into place, Henderson County will have to seek additional property tax rate increases to address the growth needs of Henderson County citizens for school facilities, parks, jails and libraries;

**BE IT THEREFORE RESOLVED,** that the County Commissioners of Henderson County endorse voter approval of the Land Transfer Tax referendum on the November 6 ballot authorizing Henderson County to levy a 4/10<sup>th</sup> of one percent Land Transfer Tax in order to address its critical growth requirements. The County Commissioners of Henderson County ask concerned and civic minded citizens to support a vote for this progressive approach to funding necessary public facilities.

**Adopted this 19th day of September, 2007.**

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William Moyer, Henderson County Commission Chair

ATTEST:

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Elizabeth Corn, Clerk to the Board