

Why Pays for Schools?

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The Durham News recently contained a detailed report of the Durham County Board of Commissioners' 2010-11 budget and the resulting 5.3 % hike in county taxes, which protects 237 public teaching positions. At first, I was relieved. With the intense development that Durham has seen over the last couple of decades, and the resulting overcrowded schools in high-development areas, among our first priorities should be support for our education system, particularly our teachers.

But my second thought was a familiar feeling of foreboding. In order to fund the current state of our public schools, ~\$6.1 million will be redirected from the school system's building and debt-service fund into the county's account, and the county will redirect ~\$4.1 million in property tax revenue for teachers' salaries. Once again it appears that Durham citizens are footing the bill for development profits. Not only are we diverting much needed tax revenue just to maintain our current teachers, but we are also diverting funds for -- and, thus, delaying -- school construction that has long been promised to residents in high-development areas (like South Durham) in exchange for their acquiescence to new and arguably sprawling development.

What ever happened to the debate on school impact fees?

For virtually a decade, several NC counties including Chatham County, Orange County, and Chapel Hill/Carrboro, have been legally permitted to levy 'builder impact fees' (solely on *new* development) for schools, while Durham and the rest of NC have been prohibited from doing so. With this additional source of funding, is it any wonder that their schools reportedly perform better than ours?

Recall that, in September, 2003, after unsuccessful attempts to obtain State legislative support, Durham County tried to impose such builder impact fees for schools without State legislative approval. The NC Home Builders Association filed suit, and after significant legal costs to Durham taxpayers the fees were struck down by the NC Supreme Court in June 2006.

In August 2007 the General Assembly gave NC counties the ability to impose (with voter approval) a 0.4 % 'transfer tax' on property sales. Citizens voiced a resounding NO in all 16 counties that voted on this tax that November, including Durham. This is in no small part due to a nearly \$1 million anti-tax campaign lead by the NC Association of Realtors and the NC Homebuilders Association. (County governments aren't permitted to promote their own initiatives, and there were no alternative fund-raising citizen campaigns to promote the opposite side of the issue.)

That said, most citizens voiced their opposition to the all-or-none nature of this Land Transfer Tax (LTT), in that it applied to all home sales and prohibited counties from implementing any exemptions, whatsoever. On the Interneighborhood Council listserv, in the Herald Sun, News and Observer, and elsewhere, citizens convincingly argued that the LTT was an unfair burden on long-time senior citizen residents (who have already paid more than their fair share of taxes), and that it resulted in double taxation that punishes renovators of historic and aesthetic buildings (when renovation should, rather, be rewarded). Instead, they demanded the full right to school impact fees, to be imposed on new development only.

Meanwhile, within one week of the General Assembly's passage of the 2007 LTT legislation, newspaper articles highlighted Orange and Chatham Counties' continued privilege to impose the same builder impact fees *in addition* to the new land transfer tax, while the rest of the state is *still* denied this right.

Since Durham's LTT referendum in November, there's been little discussion about this tax or the citizen-preferred builder impact fees for schools. Over 5 years ago, a petition demanding Durham's right to school impact fees was posted online (<http://www.petitiononline.com/DCimpact/petition.html>). As of today, there are only 389 signatures, despite what appeared to be overwhelming Durham citizen support for the school impact fee (as opposed to the land transfer tax) in 2007. How does this injustice continue to escape severe public scrutiny and state legislative action?

Surely the development industry is a strong state lobbying force, with far deeper pockets than the Durham citizenry. But their local influence may be even more relevant. I have spoken with two of our state legislators and they have informed that Durham County Commissioners' full support would be required to enact state law permitting Durham to levy school impact fees solely on new development. Given the recurring division among our current board of commissioners, it appears we taxpayers will be paying the educational costs of new development for the foreseeable future. Now don't even get me started on the costs to clean up the Jordan and Falls lake watersheds...