

Union County is seeking to create a land transfer tax to fund needed school capital outlay such as construction, renovation and equipping of schools.

Union County will place the referendum for a land transfer tax on the November 6, 2007 ballot.

What is a land transfer tax?



A tax assessed when a home, office building, land or other interest in real property located in Union County is sold in exchange for money or other property. The tax would be 0.4 percent of the sale price or value of the property transferred, and would be assessed against the seller.



For example, the seller of a \$200,000 home would be assessed a tax of \$800.

About two-thirds of the tax would come from the sale of new homes, commercial real estate, rental properties, real estate speculators and land developers with one-third coming from the sale of existing homes.

What are the effects of a land transfer tax?

If Union County had access to land transfer tax revenue over the five year period listed on the chart below it would have reduced the county's current property tax rate of 71.11 cents by 6.22 cents or it would have paid for two elementary schools.

This chart shows revenue that would have been collected each year if a land transfer tax had been in effect from 2002-2007.

2002-03	\$4.3 million
2003-04	\$5.6 million
2004-05	\$8 million
2005-06	\$9.6 million
2006-07	\$10.5 million

How would these revenues be used?

The Union County Board of Commissioners has passed a resolution directing that land transfer tax revenues be used exclusively for school capital outlay.

In this fast growing county, a land transfer tax will not provide sufficient funds to eliminate the need for future school bond referendums. But, the land transfer tax will go a long way toward paying the debt on future bonds.

Why is this issue on the ballot?

The General Assembly has authorized North Carolina counties to ask voters for authority to levy a 0.4 percent land transfer tax or a quarter-cent sales tax as additional revenue sources. Union County's Board of Commissioners has placed the land transfer tax option on the November 6 ballot for voter consideration, because a land transfer tax is expected to raise significantly more revenue than a quarter-cent sales tax.

What is exempt?

Real property transfers exempted from excise taxes under Sections 105-228.28 and 105-228.29 of the North Carolina General Statutes which include transfers:

- By or pursuant to the provisions of a will
- By gift
- By operation of law
- By lease for term of years
- By merger, conversion, or consolidation
- By an instrument securing indebtedness
- If no consideration in property or money is due or paid by transferee to transferor
- By a governmental unit or an instrumentality of a government unit

Facts about Union County Public Schools



- 65 percent of Union County's operating budget is spent on education
- Fastest growing county and school system in the state
- School enrollment is expected to increase from 37,108 students in 2007 to 63,000 students in 2014 (70 percent increase in students)
- From 2000-2007 UCPS opened 17 new schools
- From 2008-2014 it is anticipated that another 18 new schools will be opened and additions and renovations will be required at existing schools
- The capital cost to provide a classroom seat for a student in UCPS averages \$27,334

Projected revenues from land transfer tax

The chart below shows the estimated revenue generated by a land transfer tax for the next five years.

2007-08 (6 months)	\$4.7 million
2008-09	\$9.5 million
2009-10	\$8.4 million
2010-11	\$8.7 million
2011-12	\$9 million

Voter's choice on the ballot

Real property transfer tax at the rate of up to four-tenths percent (0.4 percent) of value or consideration.

() FOR () AGAINST

Board of Commissioners

Kevin Pressley, Chair
Allan Baucom, Vice Chair
Roger Lane
Parker Mills
Lanny Openshaw

Citizen education paid for by Union County Government

Land Transfer Tax



Union County

Ballot Referendum
November 6, 2007

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Answered....

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