

A costly 'break'

State Sen. **Walter Dalton's** proposal to give home builders a nice chunk of taxpayers' money is one of those classic exercises in Jones Street water-carrying. Dalton, a Democrat from Rutherfordton who's been rising in the Senate leadership, ought to be embarrassed, and he should withdraw the idea now that it's come to light. The same could be said for Republican Rep. Tim Moore of Kings Mountain, who has introduced a similar bill in the House.

Home builders want the break just because they want to make more money. OK -- but lawmakers should be first about protecting the public's interest, not goosing up profit margins for an industry that doesn't need them.

Has anyone in Wake County, or Johnston, noticed cobwebs growing on new construction? Vast acres of unfinished housing complexes? The home builders don't need another break. In one sense, they're already getting a big benefit at public expense -- just think of the costly new highways such as the U.S. 64/264 Knightdale Bypass that will whisk commuters to new subdivisions.

Under Dalton's proposal, new homes would not be taxed at their value until they were sold. Builders could increase the value of property by creating lots, paving roads and building on that property without paying property taxes on improvements. Builders say the effect would be to help keep new housing costs down. But it would be unfair to other taxpayers, and an insult to their intelligence.

Dalton says homes are a builder's inventory and thus builders should get inventory tax breaks as car dealers and furniture store owners do. But those businesses aren't selling huge chunks of property, the taxes for which don't even offset the costs to localities for providing services like schools and water and sewer, etc., for those who buy the home.

Here's the consequence for taxpayers: Higher property taxes for everybody else. In Wake County, revenue director Emmett Curl -- one of the most respected authorities in the state on property matters -- estimates a loss to the county of about \$6.6 million a year; Curl said cities and towns and fire districts could expect to lose another \$4.5 million. (He also says unfinished houses typically are taxed at only a part of their final value.) The only way to get that money back would be to raise everyone's property taxes. Thanks a bunch, senator.

One would hope that Senate President Pro Tem Marc Basnight, generally a leader who favors openness and a pro-consumer government, will kill off this bad idea.

The best commentary on the situation perhaps came from plain-spoken Johnston County Commissioner W. Ray Woodall, who told The N&O's Richard Stradling that Johnston already battles just to keep up with demands for sewage treatment and other services that

come with new housing: "I think they're doing real well," Woodall said, referring to the home builders. "I'm not sure we need any more assistance in that area."

That's it exactly. Builders, apparently eager to get some breaks of their own to go along with those incentives state government is handing out to other industries or is considering, just wanted a little something for themselves, whether they needed it or not. They don't need it.