

Boone-Doggle

Watauga County's proposed \$1.9 million tax increase

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KEY POINTS

- ♦ Watauga County commissioners want voters to approve a \$1.9 million sales tax increase to build new recreational facilities. If past is prologue, this new money will not be spent wisely.
- ♦ Watauga County commissioners approved the most expensive high school ever built in the state, without a vote of taxpayers.
- ♦ At \$79.5 million, this high school cost almost \$17 million more than a similar school just built in Wake County, which is an amount equal to nine years' worth of revenue from the proposed sales tax. In other words, if the commissioners had been more frugal with taxpayer funds, the county could have met its recreational needs for nine years without needing a sales tax increase.
- ♦ Excessive spending on the new high school alone caused county commissioners to miss the 2006 schools facilities needs projection by \$20 million, leaving other new school and renovation needs unmet.
- ♦ Watauga commissioners budgeted \$7.9 million to pay that and other debt in fiscal year (FY) 2011, up from \$2.9 million in FY 2006.
- ♦ Now the county commissioners are asking voters to approve a quarter-cent sales tax increase, which would raise taxes by \$1.9 million — the equivalent of a property tax increase of 2.2 cents per \$100 in assessed valuation.
- ♦ Although commissioners promise to use the estimated \$1.9 million in new tax revenue to pay for new recreational facilities, their promise is not legally binding. They could use the money for any legal purpose, including paying debt service on the new high school.
- ♦ Given the experience with the high school, should taxpayers now believe that commissioners would do a better job building new recreational facilities?
- ♦ The chairman of the commission claims that over half of the new sales tax revenue would come from visitors. Even if this assertion were true, county residents would still pay the equivalent of a one-cent property tax hike.
- ♦ County commissioners have called the election for August 31, a date that is likely to suppress voter turnout. Robeson County commissioners used the same political trick with its August 3 sales tax vote, which saw a turnout of just 4.3 percent of registered voters. Only 2.9 percent of registered voters approved that tax increase.

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A MATTER OF TRUST AND CONFIDENCE

The August 31 quarter-cent sales tax increase vote for new recreational facilities is about trust and confidence. Watauga County commissioners are asking voters for a \$1.9 million tax increase. Voters should decide if the commissioners have earned their trust. Are voters confident that commissioners would spend this new money wisely?

The expenditures on the new Watauga High School, the most expensive school ever built in the state of North Carolina, suggest that county government officials have not been good stewards of taxpayers' money. In fact, the \$17 million in excessive spending on this high school would have been enough money to meet the county's needs and delay the sales tax increase for almost 9 years (see the table, "Wake vs. Watauga High School Projects").

Let's start at the beginning. In 2006, Watauga County Schools officials projected that they would need \$58.2 million to meet their various school facilities needs over the ensuing five years. This amount included \$45 million for new schools and \$9.6 million for additions and renovations.¹

By 2010, the county commissioners had spent \$79.5 million on a new high school alone, exceeding the school district's initial needs projection by over \$20 million.

To get a better sense of the excessive costs of Watauga High School, county commissioners in Watauga County spent \$17 million more on a high school than one built in Wake County during the same period (see the table). Wake County's Heritage High School appears to make better use of available square footage, thus reducing the cost of the facility. While Wake County commissioners are interested in getting the most bang for the education buck, Watauga's county commissioners seem to have little interest in proper stewardship of taxpayer dollars.

A LASTING IMPACT ON COUNTY FINANCING

The impact of this excessive spending by the county commissioners is far-reaching.

Although commissioners promise to use

Wake vs. Watauga High School Projects²

	<i>Heritage High School</i>	<i>Watauga High School</i>
<i>County</i>	Wake	Watauga
<i>Opened</i>	Fall 2010	Fall 2010
<i>Capacity</i>	1600 students	1500 students
<i>Acreage</i>	110 acres	89 acres
<i>Square Footage</i>	264,416 sq. ft.	285,196 sq. ft.
<i>Cost</i>	\$62.7 million	\$79.5 million

the estimated \$1.9 million in new revenue from the sales tax increase to pay for new recreational facilities, their promise is not legally binding. Commissioners could use the money for any legal purpose. Additionally, the experience with the high school should cause taxpayers to question the ability of the commissioners to build new recreational facilities frugally.

One of the most pressing needs created by the new high school is paying the debt service on the bonds. The bonds to build the new high school have caused county's payments on the county's debt to soar. The 2010 payment alone is almost \$8 million.

Make no mistake. If passed, the additional \$1.9 million raised by the tax increase would be the equivalent of a property tax increase of 2.2 cents per \$100 in assessed valuation. The current recession is not the time to ask Watauga County families to pay higher taxes.

Despite the unproven claim by the chairman of the commission that over half of the new sales tax revenue would come from visitors, it is more likely that county residents would pay the vast majority the sales tax increase. Even if the assertion were true, however, county residents would still pay \$950,000, or the equivalent of a 1.1-cent property tax hike.

SUPPRESSING THE VOTE IN ORDER TO WIN?

Finally, the county commissioners are using a well-known political trick by calling

the single-issue election for August 31. Historically, a single-issue election called outside the regular May primary or November general election dates suppresses voter turnout. Such was the case when Robeson County commissioners used the same ploy for their sales tax vote on August 3, which saw a turnout of just 4.3 percent of the registered voters. The number of Robeson County voters approving the tax increase was 2,052, or just 2.9 percent of the registered voters. In a governmental system based on the “consent of the governed,” should major tax increases be approved by just 2.9 percent of the voters?

Which tiny group of voters turns out for these special elections? Experience shows that people who directly benefit from the increased spending are the ones most likely to turn out in these special single-issue elections. In Watauga County, the relatively small number of residents who would use the recreational facilities and county employees would be those most likely to directly benefit and most likely to turn out.

If new county recreational facilities are a high priority, why haven't county commissioners planned to provide them through existing revenues? What low-priority activi-

ties have taken precedent over this high-priority need, and does that indicate inadequate planning by the county staff and commissioners?

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END NOTES

1. School Planning/Division of School Support DPI/PSNC, “2005-06 Public Schools Facility Needs Assessment,” December 18, 2006, p. 3.
2. Wake County Public School System, “Facilities Design and Construction: Heritage High,” *www.wcps.net/facilities/projects/?pid=44*; Monte Mitchell, “‘Dream’ becomes a reality,” *Winston-Salem Journal*, July 31, 2010, *www2.journalnow.com/content/2010/jul/31/dream-becomes-a-reality/news-regional*; sfl+a Architects, “Watauga High School,” *www.sfla-architects.com/Environments/Environment.aspx?Project=553*; North Carolina Department of Public Instruction, School Planning Division, “Costs of Recent School Projects,” July 21, 2010, *www.schoolclearinghouse.org*.