

Town and Country

- Beach renourishment is a big issue in North Carolina, with several projects advancing in Wilmington, the Outer Banks, and Carolina Beach. Pine Knoll Shores passed an \$8 million beach renourishment project March 6.

According to the Jacksonville *Daily News*, the project will replenish a five-mile stretch of beach.

Pine Knoll Shores plans to pay off the debt for the project over eight years using revenue generated from two special tax districts. The first is an oceanfront district which will be responsible for a tax rate of 41 cents per \$100 valuation. The second consists of a non-oceanfront district. Citizens there will pay 4 cents per \$100 valuation. These taxes are in addition to the regular ad valorem taxes.

With 50 percent turnout, the measure passed 338-267 in the non-oceanfront district, and 66-17 in the oceanfront district.

Carteret County is trying to secure long-term federally funded beach renourishment monies over a 50 year period, but that kind of project is at least eight years off.

"In the meantime, there is already oceanfront property at risk," said Pine Knoll Shores Commissioner Ted Goetzinger.

"If we don't take care of the beach, then next hurricane season we're going to start losing houses," he said.

- Lewisville and Pfafftown have reached a deal that might end the dispute over the town's forced annexation, the *Winston-Salem Journal* has reported. The deal still has to be approved by the General Assembly.

According to the proposal, Lewisville would retain its claim to part of the Vienna community and support Pfafftown's incorporation. Pfafftown would in turn release land from its incorporation plan.

In February 2000, Pfafftown residents petitioned the legislature to let them create a town out of their scattered homes that reach from the Grandview Country Club to Yadkinville Road to the Vienna crossroads.

The dispute began when Lewisville announced it wanted to annex roughly 20 percent of the area that Pfafftown wanted to incorporate. The Lewisville action threatened Pfafftown's incorporation plans. Pfafftown residents then formed a group to fight the forced annexation.

- Durham County property owners are faced with an average 50 percent increase in property tax values, *The News and Observer* of Raleigh has reported. County commissioners and city officials say that they hope to cut the rates in June to make up for some of the increases.

The county's current tax rate is 93 cents per \$100 valuation. City residents also pay a tax rate of 69 cents per \$100 valuation.

Even if the tax rate declines in June, that will not help many property owners because the valuations have increased so much. Complaints about the valuations have slammed the government switchboard.

Annexation Used To "Raise Revenue"

Municipalities used to annex for health reasons, now they often do it just to accumulate more money

By ERIK ROOT
Assistant Editor

RALEIGH

Cities are increasingly turning to a modern form of "taxation without representation" to get more money from their citizens. It's called involuntary annexation, and it is perfectly legal under the North Carolina Constitution.

Annexations are occurring all over the state — from Raleigh to Asheville to Wilmington to Lewisville.

However, annexation is not used in the interest of the public anymore, but often to avoid difficult choices stemming from excessive public spending and poor priorities, say critics.

According to Glenn Spencer of Citizens for a Sound Economy, demands have come "from cities and towns for larger budgets and new tax revenue. To meet this demand, more and more municipalities are resorting to a controversial procedure known as 'involuntary annexation.'"

"Government has an endless appetite and it's time government lived within its means.... Every time they annex they raise taxes," said one mayor.

A Short History of Annexation

Annexation typically has had a public health function. As cities grew and extended into formerly rural areas, those properties possessing such things as septic and open-sewer systems tended to present the city with a health concern. Annexation eliminated this concern because city sewer lines were extended to those properties.

According to the League of Municipalities, people who live outside the city place an undue burden on the infrastructure of the city — a burden for which they must be charged. Andy Romanet, the General Counsel for the North Carolina League of Municipalities, cited a case in Fayetteville in which years of an area being exempt from annexation led to problems.

"Drain fields don't drain well in urban areas," and "wells don't work well with fire trucks" because of the problems with water pressure Romanet said.

These days, however, public health is a secondary concern if a concern at all.

Cities must have the authority to annex without consent so "they can grow in an orderly fashion," said Romanet. In other words, annexation is a tool to negate how free choices allocate the use of land. "Annexation laws are designed to recognize that there would be growth around cities," Romanet said. "But people live [outside the city limits] because they want the benefit of the city without paying for it. When those places become urban, they need to be annexed."

It becomes increasingly clear that those favoring annexation do so under almost any circumstance, settling on the fact that the law is on their side. They even opt to annex areas when there is no burden on city services or infrastructure.

Wilmington's Midas Touch

Such is the case in Phase II of Wilmington's annexation plan. In September 2000, the city decided to annex a self-sufficient community called Halcyon Forest even though the residents already paid for their own streets, fire, water, sewer, and garbage services. Halcyon's vulnerability was that many of the residents were

wealthier than other potential annexation areas, like King's Grant or Spring View.

According to George Wrage, a resident of Halcyon Forest and member of Good Neighbors of New Hanover County (a grass roots annexation reform organization), his community maintained its own streets, lights, and sewer system. Any amenities they received from government, New Hanover County provided.

Wrage and others in his community made a "conscious and deliberate decision to live outside the city" of Wilmington. He came to New Hanover from New York to be near his daughter and escape the oppres-

sive taxes, he said. Even though the community was self-sufficient, the city annexed them.

"The city saw a fat cash cow and went for it. They want to build convention centers and baseball stadiums. You'd think this was Boston. This is like something out of a movie by Orson Welles," Wrage said.

Wilmington Mayor

David Jones agrees with Wrage. "Government has an endless appetite and it's time government lived within its means...if you look at annexation, every time they annex they raise taxes anyway."

Jones says that many of the annexations have proceeded because of the city's desire to reap the increase in its tax base and increase "revenue." The same motive accounts for Lewisville's annexation of Pfafftown, where Lewisville has identified a potentially rich business district after the Northern Beltway is constructed, said Randall Doub, a citizen against forced annexation. But growth by annexation is not a substitute for taxes on existing residents. Annexing cities often raise taxes anyway," said Jones.

Wrage knows about tax increases. He believes the city should not have annexed his home without his consent or without a vote on the matter from the people living in his community.

"I received a new tax bill, and it has just about doubled," he said. His garbage collection rate is increasing without an increase in service quality, and he was forced to give up his well for city water — for which the city charged him roughly \$3,000 on top of his doubled taxes.

Jim Eldridge, an attorney representing the Good Neighbors of New Hanover, said that even though the city annexed his area, he has seen little improvement.

It Takes A Village

With the arguments concerning health and safety not an issue, the city offers a very different reason for annexation. Though Wilmington City Manager Mary Gornto did not return numerous calls, Deputy City Manager Bill Whisnant did. He argued that people "do not have the right to opt out" of the city.

People have a "civic responsibility" to pay more in taxes for the services provided when they are annexed by the city, he said.

According to Whisnant, people outside the city limits have a "community responsibility" to help support such things as UNC-Wilmington and the services the city provides to them at no charge. The people of the city should not be the only ones to pay for the service support of such an institution because of its widespread benefits — even though most city and county residents chose their respective homes years ago.

Theoretically, the tax burden should decrease when cost of extending services is spread over a larger tax base. But in Wilmington taxes increase. According to Whisnant, it isn't the government that is reaping the increased revenue. That money is all returned to the community in some way. "Government exists because some things can only be done publicly," he said.

When residents are allowed to remain outside the city, they do not sufficiently support its services by spending their money there, said Whisnant. "They don't look rural, they aren't rural, they look like, act like, and talk like city people," said Whisnant.

The Courts Step in?

In response to attitudes like Whisnant's, Good Neighbors organizations are forming all over the state. In New Hanover they have taken the city to court. Not all cities are subject to the state's annexation laws. The city of Riverbend is but one of them. Therefore, the Good Neighbors of New Hanover are suing based on equal protection grounds under the United States Constitution.

Though state law clearly favors cities in almost every circumstance, the Good Neighbors are hoping to find relief in the federal courts. Their case is set for January. *CT*