

Re-examine Transfer Tax

In one form or another, land and land use will dominate next week's annual town meeting in Chatham.

The largest single expenditure, aside from the \$28.9 million operating budget, is a request for \$2.5 million to purchase the McCoy tree farm property in the northwest corner of the town. But a question that deals more with politics and philosophy and tangentially touches on land use is likely to be more dominant.

Town officials are proposing a 1 percent real estate transfer tax to help fund implementation of the comprehensive wastewater management plan. In practical terms, that will probably mean sewerage of much, if not all, of the community, at a high-end cost projected at \$250 million. The transfer tax would, according to officials, yield about \$2 million per year, which would help cover about a quarter of the long-term cost of the wastewater project.

Current patterns of land use are what resulted in the need for this tax, in order to clean up estuaries fouled by too much nitrogen from on-site septic systems. The real estate industry has portrayed the tax as discriminatory and unfair, saying it singles out new home buyers to pay a higher share of the cost of cleaning up the waterways. Town officials counter that homebuyers have a higher ability to pay, and should contribute to a solution that will benefit them in the long term.

The reality is somewhere in between. The tax would lessen the burden on many homeowners, who would have lower betterments and property taxes, the other sources of revenue to fund the wastewater project. And it would certainly penalize those who are just entering the Chatham home market, whether as second-home buyers or first-time buyers. We think the transfer tax should be re-examined, and officials should look more closely at putting more of the cost of the wastewater project on the property tax rate, which homeowners can deduct. Not having the transfer tax would mean \$75 to \$150 in additional property taxes annually for homeowners, something that many, though not all, can afford. Next Monday's transfer tax article will be a referendum on whether residents are willing to pay higher property taxes to clean up the environment, and guarantee the quality of life that will continue to buoy property values.

Meanwhile, voters should support the \$1.1 million request to begin designing upgrades to the wastewater treatment plant, so that the expansion project can get underway as soon as the wastewater management plan is approved. Costs will only escalate the longer the project is delayed.

We also support the three land acquisition articles, none of which will raise taxes. Source of funding for two --- the Taylor property off Cedar Street and the Valley Farms Estate land off Barn Hill Road --- will come from the land bank and community preservation money, both raised through property tax surcharges, as well as contributions

from the private Chatham Conservation Foundation. Funding for the McCoy purchase will be solely from the land bank.

Town meeting begins at 6 p.m. Monday, at Chatham High School.

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We want to hear your views on this and other issues. Drop us a line or e-mail us at letters@capecodchronicle.com.