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## Cover Story: Charlotte and the Economy

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CHARLOTTE, NC (WBTV) - Charlotte City leaders getting a good look at how the city is weathering the country's current economic crisis. Many cities are having to layoff workers, raise city fees and close libraries and recreation centers. PrimeTime's Jeff Atkinson looks into whether we could be seeing this in Charlotte.

Philadelphia.. more than 100 million dollars in the red. Having to layoff employees.. cut salaries.. close libraries and pools.

Phoenix's budget deficit is at least 200 million dollars.. could go higher if tax revenues keep sliding.

Atlanta.. expecting a shortfall of 60 million.. is cutting employees' salaries including the mayor's by 10-percent.

Charlotte's not immune to the country's economic downturn either.. As the city's revenue hat-trick-- money it gets from property tax.. Sales tax.. And income tax.. all three decline.

Charlotte Mayor Pat McCrory says, "In the short term we're in fairly good shape.. compared to most cities but I am concerned about the long term."

Since October the city's frozen hiring.. except for sworn Police and Fire.. Held off signing non-critical contracts.. And restricted non-essential travel.

Since July 1st-- Charlotte's saved more than 3-point-6 million dollars.. and with the latest cuts expected to save even more.

Charlotte's operated more conservatively compared to other cities.. And through liberal annexing has been able to increase its tax base.. So unlike other cities worried about where their next dollar will come from.. Charlotte's not forecasting layoffs or cuts in service right now.

But these numbers concern city officials:

For July, August, September (the latest months available)---

Sales tax revenue is down four percent from last year.

Hotel - Motel tax is off 7-point-6 percent.

Rental Car tax is down 20-percent.

Property tax.. (which is due in January) isn't expected to decline dramatically, say city officials.. since property that's gone into foreclosure--- banks are responsible for paying the taxes.

But with woes at Wachovia and the broader economy in a downward spiral.. Charlotte's mayor

believes everything's on the table.

Mayor McCrory says, "Before you start any new spending.. even bonds that were approved this past November.. we may want to delay those bonds until we're sure that we have a method of how to pay for that borrowed money."

Charlotte's budget office is predicting there will be no budget shortfall this year or next.

But with the reductions they've made-- as time goes on.. they will have an impact on services.. longer to repair potholes, longer wait times on 311.. things like that.

Sales tax, hotel-motel tax and car rental tax are all down.. some are asking what happens if that trend continues?

Those taxes pay off the debt on the Arena, NASCAR Hall of Fame and other projects..

The city has money in reserve.. but if that continues it could mean the city may be facing some big bills.



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