



FY 16-17 Property Tax Rates and Selected User Fees for Major North Carolina Cities

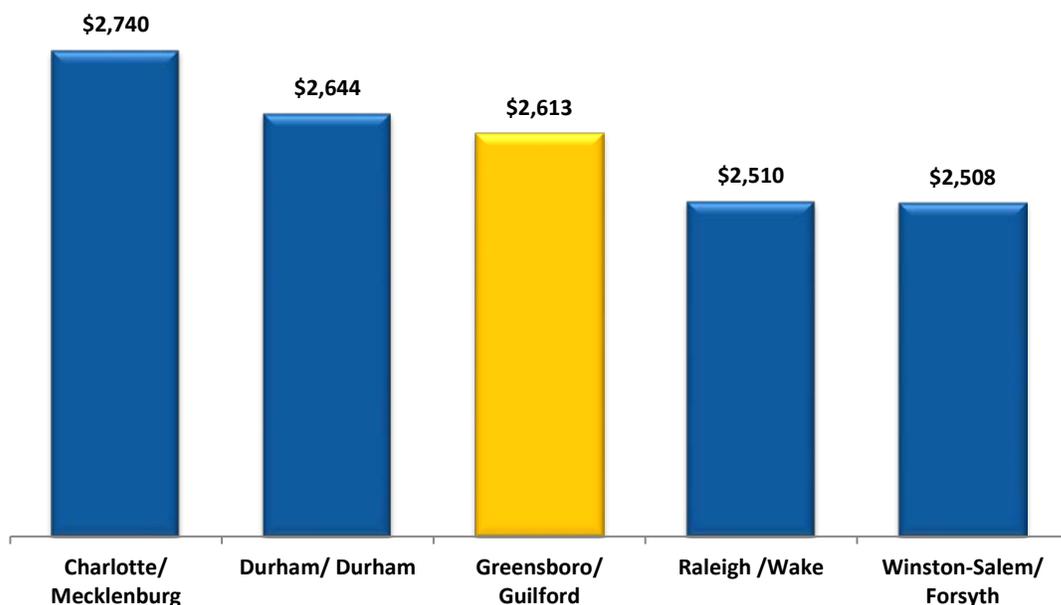
Annually, the City of Greensboro compares its property tax rate and major user fees to those charged by other large cities in North Carolina. User fees, such as water/sewer, storm water, and solid waste disposal have been included in this comparison due to the increasing practice of municipalities supporting core government services through user fees rather than just property taxes. Simply put, user fees are another way for cities to generate revenue. In addition to utilizing different strategies for providing core city services, it is worth noting communities differ in their priorities and the levels of service they expect from municipal government.

It is also important to consider county taxes and fees when comparing costs to homeowners. In North Carolina, property taxes are levied independently by city and county governments. Therefore, properties located within a city's limits are assessed both city and the respective county taxes and applicable user fees. For the purpose of this comparison, data has been collected from Charlotte, Durham, Greensboro, Raleigh, and Winston-Salem and their respective counties.

FINDING: Greensboro ranks in the middle of the comparison cities for homeowner costs when combining county and city property taxes and fees.

The graph and table below illustrate the FY 16-17 property tax rates for the comparison cities and their respective county taxes on a residential home with an assessed property value of \$150,000. User fees charged by both the city and county for core services are included for a more comprehensive comparison.

CITY/COUNTY COMBINED ANNUAL TAXES AND FEES, FY 16-17



Greensboro ranks in the middle of the comparison cities with per household costs of \$2,613 for combined city and county taxes and fees. Per household costs range from a high in Charlotte/Mecklenburg of \$2,740 to a low in Winston-Salem/Forsyth County of \$2,508, a difference of \$232 between the highest and lowest cities.

CITY/COUNTY COMBINED ANNUAL TAX AND FEE DETAILS, FY 16-17

	Charlotte/ Mecklenburg	Durham/ Durham	Greensboro/ Guilford	Raleigh /Wake	Winston-Salem /Forsyth
Rank (1=Most Expensive)	1	2	3	4	5
Total Taxes and Fees	\$2,740	\$2,644	\$2,613	\$2,510	\$2,508
Taxes¹					
Property Tax Rate - City	0.4787	0.5607	0.6325	0.4183	0.5850
Property Tax Rate -County	0.8157	0.7404	0.7550	0.6005	0.7310
Combined Tax Rate per \$100 value	1.2944	1.3011	1.3875	1.0188	1.3160
Combined Property Taxes ^	\$1,942	\$1,952	\$2,081	\$1,528	\$1,974
Fees					
County Fees ²	\$35	\$0	\$0	\$20	\$0
Average Annual Water/Sewer Bill ³	\$572	\$581	\$440	\$664	\$450
Other City Fees and Charges ^{4, 5, 6}	\$191	\$111	\$92	\$298	\$84
Total Fees	\$798	\$692	\$532	\$982	\$534

Notes: All calculations are based on a \$150,000 residential property value.

1 Durham city/county and Raleigh/Wake county had property tax revaluations in 2016.

2 County fees include: \$20.50 Solid Waste/Mecklenburg, \$14.40 Stormwater/Mecklenburg; \$20 Recycling/Wake.

3 Rates from NCLM/UNC Environmental Finance Center, based on an average monthly bill for 4,000 gallons, March 2016. Rates exclude any additional fixed fees which may be charged by municipalities.

4 Includes curbside solid waste and recycling fees; excludes optional yard waste fee of \$60 in Winston-Salem and \$72 in Durham.

5 Stormwater fee based on 2,001 sq ft of impervious surface, typically a "Tier II." Charlotte's stormwater charges above exclude a \$14.40 fee set by Mecklenburg County. In previous comparison reports, this fee was included in city fees, but it is now included in the county fee tables.

6 Vehicle Registration fee based on assumption of 2 vehicles per household.

FINDING: The combined property tax rate for Greensboro and Guilford County decreased by 1.76% between FY 12-13 and FY 16-17.

The combined property tax rate for Greensboro and Guilford County is \$1.3875 per \$100 property valuation, for an annual cost of \$2,081 on a \$150,000 residential property. **The city property tax rate has remained flat during this 5-year time period, while the Guilford County tax rate has decreased by 3.25% or 2.54 cents per \$100 property valuation.**

During that same time period, the combined property tax rate in Winston-Salem (Forsyth County) increased by 12.96%, Raleigh (Wake County) increased by 11.15%, Charlotte (Mecklenburg County) increased by 5.3%, while Durham (Durham County) decreased by .82%. (See chart on next page).

Tax rates in Raleigh and Wake County and Durham and Durham County decreased between FY15-16 and FY16-17; however, Wake and Durham counties experienced a property tax revaluation in 2016. North Carolina law requires all counties to reappraise real property as least every eight years. Mecklenburg and

Durham operate on an 8-year revaluation cycle, Wake and Forsyth Counties are on 4-year cycles, and Guilford County is on a 5-year cycle. Property revaluations occurred in Durham and Wake Counties in 2016, Forsyth County in 2013, Guilford County in 2012, and Mecklenburg County in 2011.

The table below includes property tax rates for peer cities and counties from FY12-13 through FY 16-17.

CITY/COUNTY PROPERTY TAX RATE TRENDS, FY 12-13 TO FY 16-17

City/County	Year of Last Reval	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	5-Year Changes
Charlotte		.4370	.4687	.4687	.4787	.4787	9.54%
Mecklenburg	2011	.7922	.8157	.8157	.8157	.8157	2.97%
Char/Meck		\$1.2292	\$1.2844	\$1.2844	\$1.2944	\$1.2944	5.30%
Durham City		.5675	.5140	.5912	.5912	.5607	-1.20%
Durham Co.	2016	.7444	.7744	.7931	.7931	.7404	-0.54%
Durham City/Co		\$1.3119	\$1.2884	\$1.3843	\$1.3843	\$1.3011	-0.82%
Greensboro		.6325	.6325	.6325	.6325	.6325	0.00%
Guilford	2012	.7804	.7700	.7700	.7600	.7550	-3.25%
Greensboro/Guil		\$1.4129	\$1.4025	\$1.4025	\$1.3925	\$1.3875	-1.80%
Raleigh		.3826	.3826	.4038	.4210	.4183	9.33%
Wake	2016	.5340	.5340	.5780	.6145	.6005	12.45%
Raleigh/Wake		\$0.9166	\$0.9166	\$0.9818	\$1.0355	\$1.0188	11.15%
Winston-Salem		.4910	.5300	.5400	.5650	.5850	19.14%
Forsyth	2013	.6740	.7168	.7168	.7310	.7310	8.46%
W-S/Forsyth		\$1.1650	\$1.2468	\$1.2568	\$1.2960	\$1.3160	12.96%

**Per \$100 property valuation; based on \$150,000 residential property value.*

FINDING: When reviewing city-only property taxes and fees, Greensboro and Charlotte tie with the second lowest homeowner costs for core city services.

Raleigh ranks as the highest cost for city taxes and fees with a total cost of \$1,589, followed closely by Durham with taxes and fees of \$1,533. **Charlotte and Greensboro tie for the second least expensive cities with costs of \$1,481.** Winston-Salem ranks as the lowest cost for taxes and fees at \$1,412. There is a difference of \$177 between the highest and lowest household costs.

The table on the next page includes FY 16-17 estimates for water and sewer, solid waste services, storm water fees, motor vehicle license fees, and city-only property taxes based on an assessed residential property value of \$150,000. Optional user fees, such as yard waste fees in Winston-Salem and Durham, are excluded from the table.

CITY-ONLY TAXES AND FEES, FY 16-17

	Charlotte	Durham	Greensboro	Raleigh	Winston-Salem
Rank (1=Most Expensive)	3	2	3	1	5
Total City Taxes and Fees	\$1,481	\$1,533	\$1,481	\$1,589	\$1,412
City Taxes					
Property tax rate per \$100 value	0.4787	0.5607	0.6325	0.4183	0.5850
City Property taxes	\$718	\$841	\$949	\$627	\$878
City Fees					
Average Annual Water/Sewer Bill ¹	\$572	\$581	\$440	\$664	\$450
Annual Solid Waste Services Bill ²	\$33	\$0	\$0	\$178	\$0
Annual Stormwater Fee ³	\$98	\$81	\$32	\$60	\$54
Annual Motor Vehicle License Fees ⁴	\$60	\$30	\$60	\$60	\$30
Total City Fees	\$763	\$692	\$532	\$962	\$534

Notes: All calculations are based on a \$150,000 residential property value.

1 Rates from NCLM/UNC Environmental Finance Center, based on an average monthly bill for 4,000 gallons from March 2016. Rates exclude any additional fixed fees which may be charged by municipalities.

2 Includes curbside solid waste and recycling fees; excludes optional yard waste fee of \$60 in Winston-Salem and \$72 in Durham.

3 Stormwater fee based on 2,001 sq ft. of impervious surface, typically a "Tier II." Charlotte's stormwater charges exclude an annual \$10.20 processing fee; fees charged on behalf of Mecklenburg County are shown on the county user fee table.

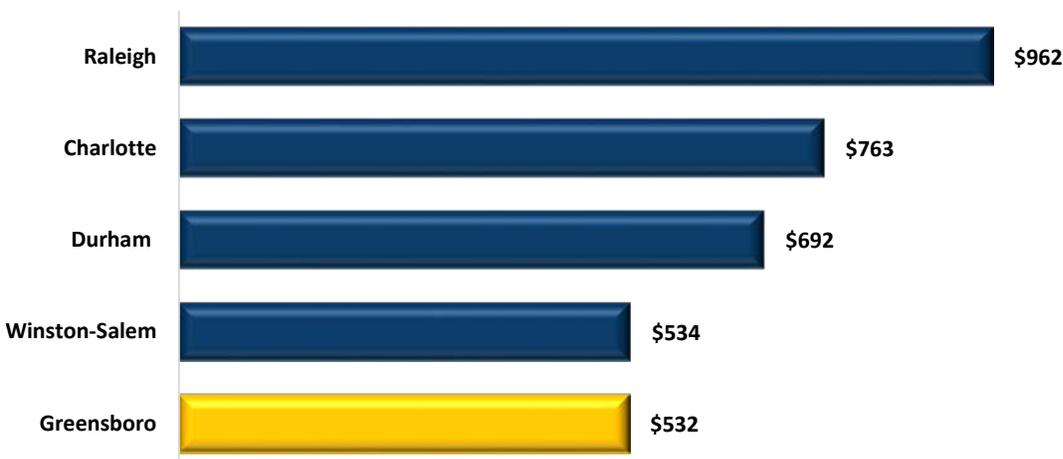
4 Vehicle Registration fee based on assumption of 2 vehicles per household.

5 Durham's revenue neutral tax rate: 54.41; Raleigh: 39.83.

FINDING: Greensboro has the lowest user fees of the comparison cities.

In FY 16-17, Greensboro's annual user fees are \$532. Raleigh has the highest user fees of the peer cities at \$962 annually, which is 80% or \$430 greater than Greensboro's. All peer cities have experienced some user fee increases since FY12-13, most commonly for water and sewer services. Fees for solid waste services in Charlotte and Raleigh have both increased slightly more than 30% since FY 12-13. Greensboro's motor vehicle license fee increased from \$10 to \$30 per vehicle in FY 16-17, which is now on par with Charlotte and Raleigh. The table shows the average cost of city-only user fees for water and sewer, solid waste services, storm water fees, and motor vehicle license fees for each peer city.

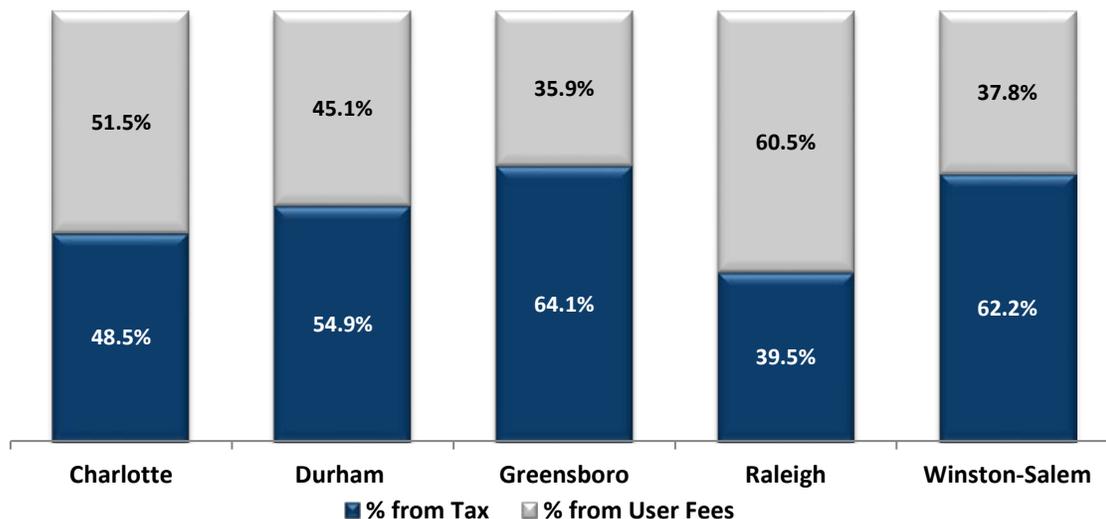
CITY USER FEE COMPARISON, FY 16-17



FINDING: User fees account for a smaller percentage of homeowner costs for core city services in Greensboro than in other cities.

Cities differ in how they leverage user fees versus property taxes to support core city services. The table below shows the percent of property taxes versus user fees paid by an average residential homeowner.

TAXES AND USER FEES TO SUPPORT CORE CITY SERVICES, FY 16-17



Greensboro’s property tax revenue supports nearly two-thirds of core city services. Raleigh, on the other hand, has the lowest property tax rate, but relies heavily on user fees to support core services. Charlotte is nearly evenly split between user fees and property taxes. Incorporating user fees into the funding strategy to provide core city services can diversify the revenue sources and may be seen as a more politically feasible option than increasing property tax rates. Regardless of the revenue strategy, mounting costs in the delivery of core city services will either require a city to raise more revenue or to decrease service levels.

FINDING: Community priorities affect the type and standards of service supported by a City.

To more accurately compare the costs for core city services, it is helpful to compare costs for similar levels of service. Durham and Winston-Salem don’t charge monthly fees for garbage and recycling pickup; however, they do charge optional yard waste fees of \$72 and \$60 respectively. Greensboro’s standard residential solid waste service includes curbside solid waste, recycling, free bulk pick-up, and yard waste at no cost to residential property owners.

Cities also vary on the type of services they provide to the community. Among the comparison cities, Greensboro is the only city that operates and funds a public library system. With net operating and debt service expenditures of approximately \$7.9 million, Greensboro’s public libraries represent approximately 3.15 cents on the property tax rate, or a cost of approximately \$47.25 annually to the average homeowner. If library costs are excluded from this comparison, the tax rate in Greensboro would be 60.1 cents, which would affect Greensboro’s ranking with other peer cities. Greensboro also boasts an ISO 1 rated Fire Department and nationally accredited parks, which are all supported by property taxes.

SUMMARY

Although Greensboro has the highest property tax rate of the comparison cities, it also charges the lowest user fees for core city services, which places Greensboro in the middle of the comparison cities for total costs per household. Greensboro's property tax rate has remained flat and increases to user fees have been nominal over the past few years unlike increases seen in other municipalities.

When comparing per household costs for core services, it is important to consider the various strategies by which local governments fund their operations, as well as the type and quality of services provided. Comparisons between cities based solely on the property tax rate don't fully represent per household costs for core services, nor do they reflect the increasing practice by municipalities of charging user fees to provide these core city services. County property tax rates and fees must also be included in the discussion as they account for 50-60% of the costs for property owners.

City services are but one of many factors to consider when comparing tax rates. A city's size, property values, and the ratio of residential to commercial development may also affect tax rates. These variables should be considered for greater insights into a city's property tax rate and user fees.