

FY 2013-2014 Property Tax Rates and Selected User Fees for Major North Carolina Cities

In order to effectively compare the cost of services provided, the City of Greensboro compares its tax rate and major user fees annually to those charged in other cities in North Carolina. For the purpose of this comparison, data has been collected from Charlotte, Durham, Greensboro, Raleigh, and Winston-Salem. For these cities, Winston-Salem has had the most current property tax revaluation occurring in 2013, with Greensboro's occurring in 2012, Charlotte's in 2011, and both Raleigh's and Durham's in 2009.

It is important to include user fees in addition to the property tax rate due to the increasing practice of municipalities charging fees to provide city services. In this comparison, cities charge user fees for basic services such as water/sewer, stormwater, and solid waste to varying degrees. These fees should be taken into consideration with property tax rates when comparing costs for services as the property tax rate alone does not accurately reflect the costs to residents. In addition, property taxes and applicable user fees for the respective counties are included to get a more complete tax and fee cost for residents in each city.

FINDING: *When combining city taxes, county taxes, and user fees, Greensboro ranks in the middle of the comparison cities; dropping to third from the second highest in combined tax and user fee costs in the FY 12-13 report.*

In order to gain a comprehensive view of expenses paid by the taxpayer/household, the table below includes FY 13-14 estimates for water and sewer bills, solid waste services bills, storm water fees, motor vehicle license fees, city property taxes and the respective county property taxes based on a \$150,000 property value.

CITY/COUNTY COMBINED TAXES AND FEES, FY 13-14

	Charlotte/ Mecklenburg	Durham / Durham	Greensboro / Guilford	Raleigh / Wake	Winston-Salem / Forsyth
Rank	2	1	3	5	4
Property Tax Rate - City	0.4687	0.5675	0.6325	0.3826	0.5300
Property Tax Rate -County	0.8157	0.7744	0.7700	0.5340	0.7168
Combined Tax Rate	1.2844	1.3419	1.4025	0.9166	1.2468
Combined Property Taxes ^	\$1,927	\$2,013	\$2,104	\$1,375	\$1,870
County Fees ¹	\$15			\$20	
Average Annual Water/Sewer Bill ²	\$495	\$534	\$388	\$530	\$369
Other City Fees and Charges ^{3, 4, 5}	\$226	\$127	\$52	\$256	\$84
Total Fees	\$736	\$661	\$440	\$806	\$453
Total Taxes and Fees	\$2,663	\$2,674	\$2,544	\$2,181	\$2,323

[^]All calculations are based on a \$150,000 house.

¹ County fees include: \$15 Solid Waste/Mecklenburg; \$20 Recycling/Wake

² Rates from NCLM/UNC Environmental Finance Center, based on an average monthly bill for 4,000 gallons. May 2013.

³ Includes curbside solid waste and recycling fees; excludes the annual optional fee of \$60 for yard waste in Durham and Winston-Salem.

⁴ Stormwater fee based on 2,000+ sq ft of impervious surface. ⁵ Vehicle Registration fee based on assumption of 2 vehicles per household.

In FY13-14, the counties for four of the five comparison cities experienced property tax rate changes which contributed to a shift in the rankings when compared to last year. **Guilford County's** tax rate **decreased** by 1.04 cents, whereas Mecklenburg's increased by 2.35 cents, Durham County's went up by 3 cents, Forsyth's went up by 4.28 cents, while Wake's remained the same. A \$20 per year recycling fee charged by Wake County and a \$15 per



year solid waste fee charged by Mecklenburg County are also included in the analysis as they are paid by city residents/households in Raleigh and Charlotte respectively.

Durham City recorded the highest cost per household at \$2,674 when city taxes, county taxes, and major user fees are combined. **Greensboro** moved from the second most expensive comparison city to **third at \$2,544**. Charlotte moved into the second most expensive rank at \$2,663. Raleigh and Winston-Salem continued to be the two least expensive; however, the cost difference between these two cities has widened from \$49 last year to \$142 this year, owing largely to the increase in the Forsyth County tax rate.

FINDING: When combining City-only property taxes with user fees, costs for services in Greensboro rank in the middle of comparison cities. Greensboro’s rank dropped from the second highest in combined tax and user fee costs in the FY12-13 report to third this year.

The table below includes FY 13-14 estimates for water and sewer bills, solid waste services bills, storm water fees, motor vehicle license fees and city-only property taxes based on a \$150,000 property value. This year’s analysis excludes the \$60 optional yard service fee in Winston-Salem and Raleigh.

CITY TAXES AND FEES, FY 13-14

Municipality	Charlotte	Durham	Greensboro	Raleigh	Winston-Salem
Rank	2	1	3	4	5
City Property Tax	\$703	\$851	\$949	\$574	\$795
Average Annual Water/Sewer Bill ¹	\$495	\$534	\$388	\$530	\$369
Annual Solid Waste Services Bill ²	\$47	\$22	-	\$148	\$0
Annual Stormwater Fee ³	\$119	\$75	\$32	\$48	\$54
Annual Motor Vehicle License Fees ⁴	\$60	\$30	\$20	\$60	\$30
TOTAL CITY TAXES & FEES	\$1,424	\$1,512	\$1,389	\$1,360	\$1,248

1 Rates from NCLM/UNC Environmental Finance Center, based on an average monthly bill for 4,000 gallons. May 2013.

2 The optional annual yard waste fee of \$60 in Winston-Salem and Durham is not included in the comparison table.

3 Fee based on 2,000+ sq ft of impervious surface.

4 Fees based on assumption of two vehicles per household.

Combined costs for taxes and major fees range from a high of \$1,512 in Durham to a low of \$1,248 in Winston-Salem. **Greensboro** moved from the second highest cost last year to third this year with **costs of \$1,389**. Charlotte moved to the second most expensive position with \$1,424.

FINDING: Greensboro experienced the smallest percent increase in taxes and fees from the previous year than the comparison cities.

PERCENT CHANGE FOR CITY ONLY TAX AND FEES FROM FY 12-13 TO FY 13-14

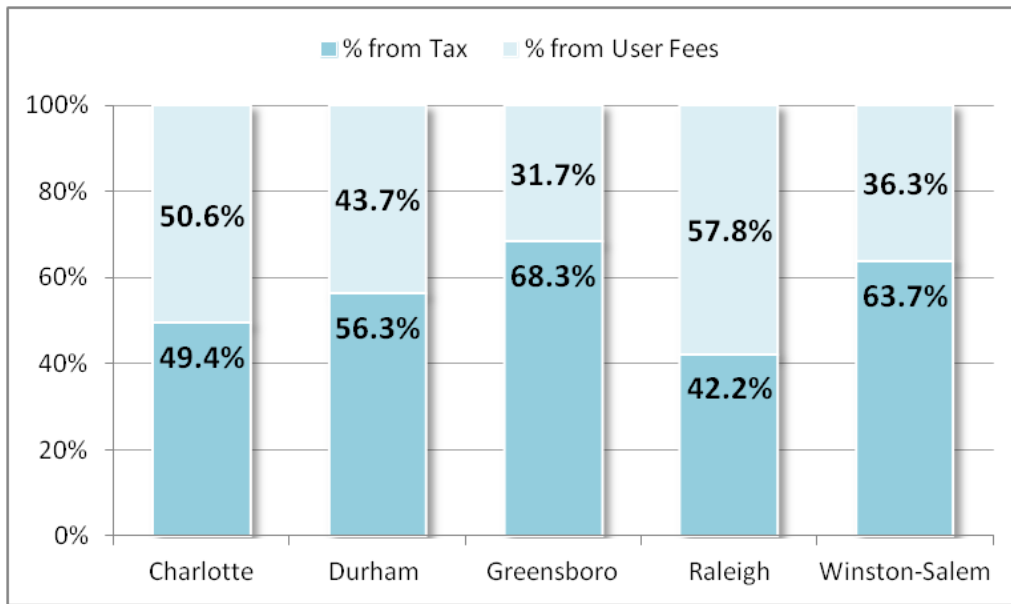
Municipality	FY 12/13 City Ttl Taxes & Fees	FY 13/14 City Ttl Taxes & Fees	% Change from FY 13/14 to FY12/13
Charlotte	\$1,324	\$1,424	7.5%
Durham	\$1,470	\$1,512	2.9%
Greensboro	\$1,377	\$1,389	0.9%
Raleigh	\$1,304	\$1,360	4.3%
Winston-Salem	\$1,143	\$1,248	9.2%

Greensboro’s taxes and fees increased less than 1 percent from last year. Winston-Salem experienced the largest change in taxes and fees from last year, up 9.2 percent, due largely to a city property tax increase of 3.9 cents, a \$59 annual increase on a home valued at \$150,000. Charlotte’s property tax rate increased by 3.17 cents, a \$48 annual increase on a home valued at \$150,000. There were no property rate changes for Greensboro, Durham, or Raleigh.

With respect to fees, Raleigh’s solid waste fee increased by 11.5 percent from \$8.70 to \$9.70 per month. Durham instituted a new annual solid waste fee of \$21.60 which does not include optional Yard Waste service at an annual cost of \$60 per year.

FINDING: Greensboro’s utilization of user fees to support City services is less than the comparison cities.

SHARE OF COSTS FROM TAX VS. USER FEES, FY 13-14



Cities vary greatly in how they utilize user fees versus property taxes to support city services. **Greensboro has the lowest utilization of charging user fees for city services (31.7%).** On the other hand, **Raleigh has the highest (57.8 %)** utilization of user fees for city services, but has the lowest property tax rate of the comparison cities. Greensboro and Winston-Salem do not charge solid waste fees; however, user fees in the other three comparison cities averaged \$72 a year per household for these services. Moreover, the level of service provided by the cities is not necessarily the same. Winston-Salem and Durham charge \$60 per year for *optional* yard waste collection, while yard waste is included in Greensboro’s solid waste services.

It is also important to consider that 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 \$7.5 million, Greensboro’s public libraries represent approximately 3 cents on the tax rate. If library costs are excluded from the comparison, the tax rate in Greensboro would be 60.25 cents per \$100 of valuation, representing an approximate decrease of \$45 per year on a \$150,000 property value. While this does not change Greensboro’s relative position in terms of property tax rates, it does reduce the gap between Greensboro and the other cities. This also highlights how cities utilize property taxes in different ways to provide services which enhance the quality of life for the community.

FINDING: Greensboro’s privilege license fee is the second least expensive of the comparison cities.

Privilege or business license fees are collected from businesses or those who engage in business activities within a municipality’s city limits. Communities sometimes shift the burden of funding municipal services away from the tax rate and toward other significant user fees, such as privilege or business license fees. Fees vary by municipality but most determine the amount for privilege license fees on two bases: (1) flat rate or (2) gross annual receipts. To determine the relative tax rate budget that the privilege license fee revenue alleviates, the revenue is converted into a tax rate value. While the range among the cities is not significant, Greensboro’s reliance on privilege licenses as a replacement revenue for property tax is lower than all other cities except Durham. Please note this year’s analysis utilizes the budgeted revenues for FY 13-14 and not the previous year’s actual revenues.

PRIVILEGE LICENSE REVENUE, FY 13-14

Municipality	One Cent Value	Privilege License Revenue	Tax Burden Relief for Priv Lic Rev
Charlotte	\$ 8,600,000	\$ 17,400,000	\$ 2.02
Durham	\$ 2,370,104	\$ 3,023,800	\$ 1.28
Greensboro	\$ 2,452,145	\$ 3,220,000	\$ 1.31
Raleigh	\$ 5,070,306	\$ 7,100,648	\$ 1.40
Winston-Salem	\$ 1,925,000	\$ 2,650,000	\$ 1.38

Based on Budgeted Revenues for FY 13/14

SUMMARY

When comparing household costs to support government services across jurisdictions, it is important to consider the various and different ways in which local governments fund their operations, as well as the types and level of service cities provide. Comparisons and rankings among jurisdictions can change depending upon the funding approaches that are compared.

Greensboro’s per household cost for city services ranks in the middle of the comparison cities based on combined city/county taxes and user fees. If only city property taxes were reviewed, Greensboro would appear to have the highest cost. However, as the analysis has shown, property tax rates alone do not provide a complete depiction of a household’s costs for city services, nor do they speak to the level of city services. User fees, fees for privilege licenses, and the services funded through property taxes must all be considered to present a more accurate comparison between jurisdictions.