



FY 17-18 Property Tax Rates and Selected User Fees for Major North Carolina Cities

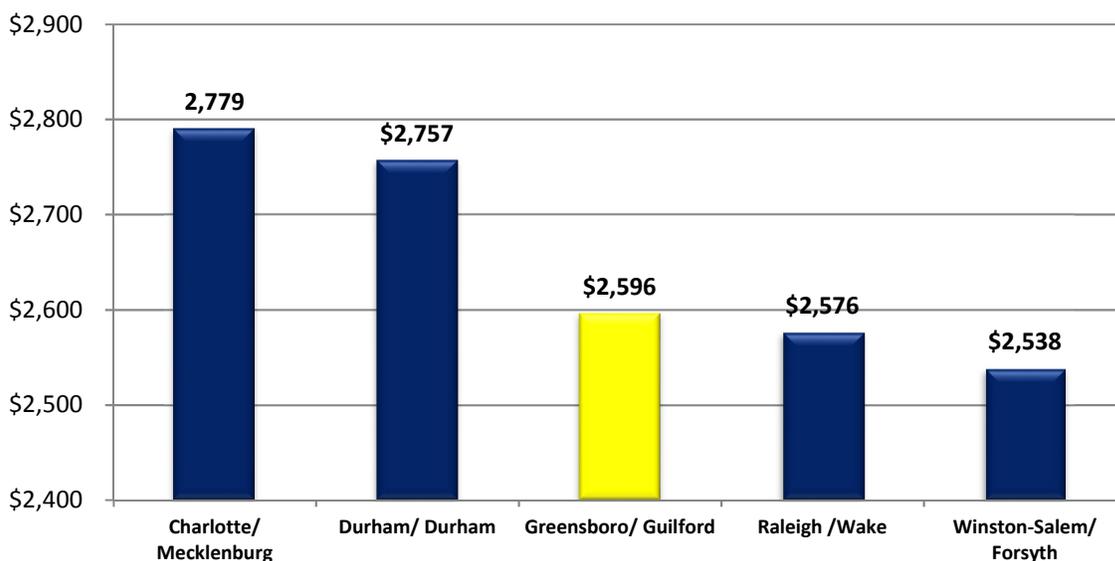
Annually, the City of Greensboro compares its property tax rate and major user fees to those charged by other large cities in North Carolina. User fees, such as water/sewer, storm water, and solid waste disposal have been included in this comparison due to the increasing practice of municipalities supporting 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 17-18 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 17-18



Greensboro ranks in the middle of the comparison cities with per household costs of \$2,596 for combined city and county taxes and fees. Charlotte/Mecklenburg was the highest at \$2,779, while Winston-Salem/Forsyth County was the lowest at \$2,538 a difference of \$252 between the highest and the lowest cost cities.

CITY/COUNTY COMBINED ANNUAL TAX AND FEE DETAILS, FY 17-18

	Charlotte/ Mecklenburg	Durham/ Durham	Greensboro/ Guilford	Raleigh /Wake	Winston- Salem/ Forsyth
Rank (1=Most Expensive)	1	2	3	4	5
Total Taxes and Fees	\$2,779	\$2,757	\$2,596	\$2,576	\$2,538
Taxes[^]					
Property Tax Rate - City	0.4787	0.5786	0.6325	0.4253	0.5974
Property Tax Rate -County	0.8157	0.7679	0.7305	0.6150	0.7235
Combined Tax Rate per \$100 value	1.2944	1.3465	1.3630	1.0403	1.3209
Combined Property Taxes [^]	\$1,942	\$2,020	\$2,045	\$1,560	\$1,981
Fees					
County Fees ¹	\$38	\$0	\$0	\$20	\$0
Average Annual Water/Sewer Bill ²	\$602	\$596	\$459	\$689	\$473
Other City Fees and Charges ^{3, 4, 5}	\$197	\$141	\$92	\$307	\$84
Total Fees	\$837	\$737	\$551	\$1,016	\$557

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

1-County fees include \$24 Solid Waste/Mecklenburg, \$14.40 Stormwater/Mecklenburg; \$20Recycling/Wake.

2-Rates from NCLM/UNC Environmental Finance Center report in January 2017, rates are based on an average monthly bill for 4,000 gallons. Rates exclude any additional fixed fees which may be charged by municipalities. (Page 8 Water & Wastewater) Rates & Rate Structure Report.

3- Includes curbside solid waste and recycling fees; excludes optional curbside container yard waste fee of \$60 /annually in Winston-Salem, and \$90 /annually in Durham.

4- 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. Excludes a 95 cents monthly processing fee.

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

6 -Greensboro/Guilford County had property tax revaluations in 2017 with a municipal revenue neutral tax rate of 61.14.

FINDING: The combined property tax rate for Greensboro and Guilford County decreased by 2.82% between FY 13-14 and FY 17-18.

The combined property tax rate for Greensboro and Guilford County is \$1.3630 per \$100 property valuation, for an annual cost of \$2,045 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 5.13% or 3.95 cents per \$100 property valuation.

During that same time period, the combined city/county property tax rate increased in all other cities. (See chart below).

North Carolina law requires all counties to reappraise real property as least every eight years. Mecklenburg County operates on an 8-year revaluation cycle, Durham, 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, Mecklenburg County in 2011 and Guilford and Forsyth Counties in 2017.

The table below includes property tax rates for peer cities and counties from FY13-14 through FY 17-18.

CITY/COUNTY PROPERTY TAX RATE TRENDS, FY 13-14 TO FY 17-18

City/County	Year of Last Reval	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	% 5-Year Change
Charlotte	2011	.4687	.4687	.4787	.4787	.4787	2.13%
Mecklenburg		.8157	.8157	.8157	.8157	.8157	0.00%
Char/Meck		\$1.2844	\$1.2844	\$1.2944	\$1.2944	\$1.2944	0.78%
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Durham City	2016	.51400	.59120	.59120	.56070	.57860	12.57%
Durham Co.		.77440	.79310	.79310	.74040	.76790	-0.84%
Durham/Durham		\$1.2884	\$1.3843	\$1.3843	\$1.3011	\$1.3465	4.51%
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Greensboro	2017	.6325	.6325	.6325	.6325	0.6325	0.00%
Guilford		.7700	.7700	.7600	.7550	0.7305	-5.13%
Greensboro/Guil		\$1.4025	\$1.4025	\$1.3925	\$1.3875	\$1.3630	-2.82%
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Raleigh	2016	.3826	.4038	.4210	.4183	.4253	11.16%
Wake		.5340	.5780	.6145	.6005	0.615	15.17%
Raleigh/Wake		\$0.9166	\$0.9818	\$1.0355	\$1.0188	\$1.0403	13.50%
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Winston-Salem	2017	.5300	.5400	.5650	.5850	0.5974	12.72%
Forsyth		.7168	.7168	.7310	.7310	0.7235	0.93%
W-S/Forsyth		\$1.2468	\$1.2568	\$1.2960	\$1.3160	\$1.3209	5.94%

FINDING: When reviewing city-only property taxes and fees, Greensboro is 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 \$1,634, followed closely by Durham with taxes and fees of \$1,605. **Greensboro is the fourth most expensive city with costs of \$1,500.** Winston-Salem ranks as the lowest cost for taxes and fees at \$1,453. There is a difference of \$181 between the highest and lowest household costs.

The table below includes FY 17-18 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 17-18

	Charlotte	Durham	Greensboro	Raleigh	Winston-Salem
Rank (1=Most Expensive)	3	2	4	1	5
Total City Taxes and Fees	\$1,517	\$1,605	\$1,500	\$1,634	\$1,453
City Taxes					
<i>Property tax rate per \$100 value</i>	0.4787	0.5786	0.6325	0.4253	0.5974
City Property taxes	\$718	\$868	\$949	\$638	\$896
City Fees					
<i>Average Annual Water/Sewer Bill¹</i>	\$602	\$596	\$459	\$689	\$473
<i>Annual Solid Waste Services Bill²</i>	\$39	\$0	\$0	\$187	\$0
<i>Annual Stormwater Fee³</i>	\$98	\$81	\$32	\$60	\$54
<i>Annual Motor Vehicle License Fees⁴</i>	\$60	\$60	\$60	\$60	\$30
Total City Fees	\$799	\$737	\$551	\$996	\$557

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

1 Rates from NCLM/UNC Environmental Finance Center report in January 2017, rates are based on an average monthly bill for 4,000 gallons. Rates exclude any additional fixed fees which may be charged by municipalities. (Page 8 Water & Wastewater) Rates & Rate Structure Report.

2 Includes curbside solid waste and recycling fees; excludes optional yard waste fee of \$60 in Winston-Salem and \$90 in Durham.

3 Stormwater fee based on 2,001 sq ft. of impervious surface, typically a "Tier II".

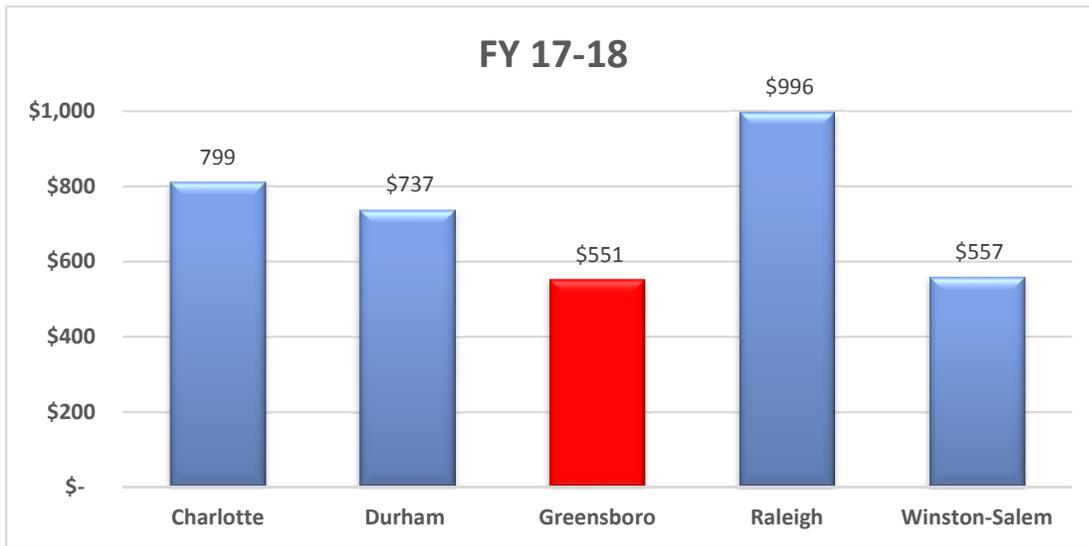
4 Vehicle Registration fee based on assumption of 2 vehicles per household.

5 Greensboro city/Guilford County had property tax revaluations in 2017 with a revenue neutral tax rate of 61.14

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

In FY 17-18, Greensboro’s annual user fees are \$551. Raleigh has the highest user fees of the peer cities at \$996 annually, which is 81% or \$445 greater than Greensboro’s. All peer cities have experienced some user fee increases since FY13-14, most commonly for water and sewer services. 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.

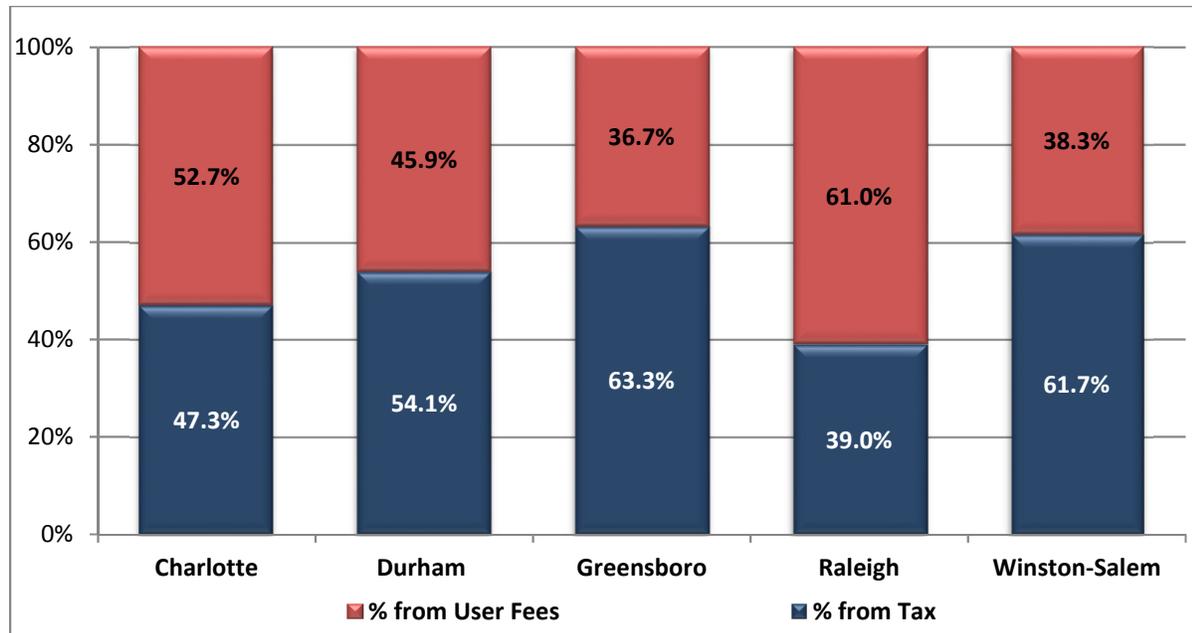
CITY USER FEE COMPARISON, FY 17-18



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 17-18



Of all the revenues in the study, Greensboro’s property tax revenue generates nearly two-thirds of the total revenue amount. This is the highest property tax proportion of the five peer cities. In contrast, Raleigh, which has the lowest property tax rate, generates only 39% of total study revenue through property taxes. 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.

Cities can vary in the types of services provided and supported through property taxes or major user fees. Among the comparison cities, Greensboro is the only city that operates or funds a public library. Greensboro's public libraries net operating and debt service costs require property tax support of about three cents.

SUMMARY

Greensboro ranks third of five peer cities in total household costs for local government services when considering both city and county property taxes and major common user fees such as water and sewer charges and stormwater charges. When only city taxes and fees are considered, Greensboro ranks fourth most expensive of the five cities.

Comparisons among 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 other city and county user fees must also be included in the discussion as they may account for 50-60% of the costs for property owners.