



FY 18-19 Property Tax Rates and Selected User Fees for Major North Carolina Cities

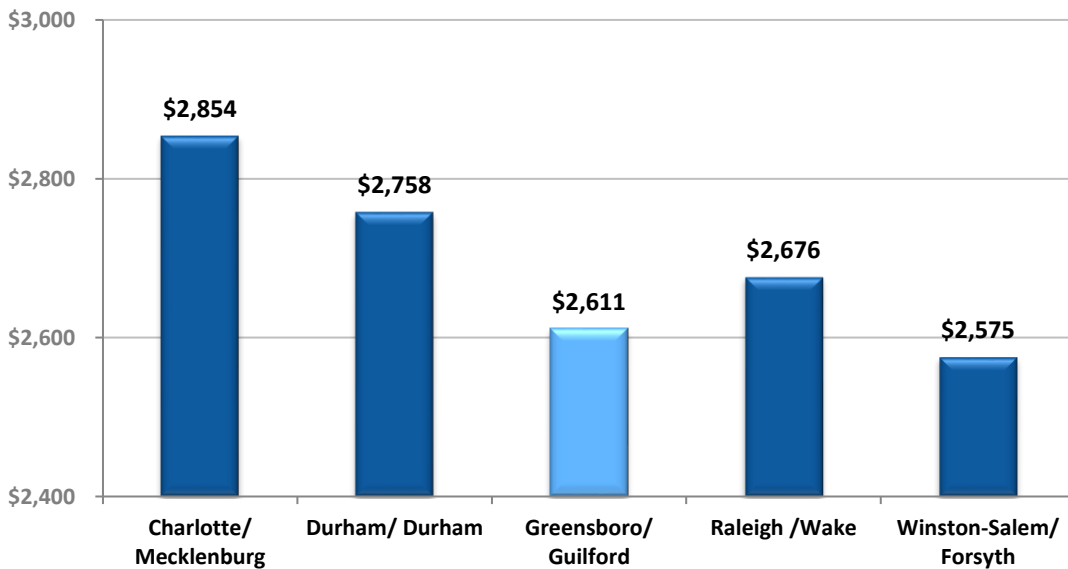
Annually, the City of Greensboro compares its property tax rate and major user fees to those charged by other large cities in North Carolina. User fees, such as water/sewer, storm water, and solid waste disposal have been included in this comparison due to the increasing practice of municipalities supporting 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 by 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 moved from third to second least expensive of the comparison cities for homeowner costs when combining county and city property taxes and fees.

The graph below illustrates the FY 18-19 combined city and county property tax rates and user fees charged for core services in the comparison cities and their respective counties. The property tax calculations are based on a residential home with an assessed property value of \$150,000.

CITY/COUNTY COMBINED ANNUAL TAXES AND FEES, FY 18-19



The table below provides a more detailed review of the combined property tax rates and user fees of each comparison city. The most notable change from the FY 17-18 rankings is that Greensboro has dropped from third most expensive of the comparison cities to fourth with per household costs of \$2,611. In turn, Raleigh now holds the middle rank. Otherwise, the rankings remain the same as they were in FY 17-18, though the difference between the highest and lowest household costs has risen to \$279.

CITY/COUNTY COMBINED ANNUAL TAX AND FEE DETAILS, FY 18-19

	Charlotte/ Mecklenburg	Durham/ Durham	Greensboro/ Guilford	Raleigh /Wake	Winston- Salem/ Forsyth
Rank (1=Most Expensive)	1	2	4	3	5
Total Taxes and Fees	\$2,854	\$2,758	\$2,611	\$2,676	\$2,575
Taxes[^]					
Property Tax Rate - City	0.4887	0.5786	0.6325	0.4382	0.5974
Property Tax Rate - County	0.8232	0.7779	0.7305	0.6544	0.7235
Combined Tax Rate per \$100 value	1.3119	1.3565	1.3630	1.0926	1.3209
Combined Property Taxes [^]	\$1,968	\$2,035	\$2,045	\$1,639	\$1,981
Fees					
County Fees ¹	\$42	\$0	\$0	\$20	\$0
Average Annual Water/Sewer Bill ²	\$623	\$612	\$474	\$710	\$510
Other City Fees and Charges ^{3, 4, 5}	\$221	\$111	\$92	\$307	\$84
Total Fees	\$886	\$723	\$566	\$1,037	\$594

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

1 County fees include: \$27.50 Solid Waste/Mecklenburg, \$14.40 Stormwater/Mecklenburg; \$20 Recycling/Wake.

2 Rates from NCLM/UNC Environmental Finance Center report in January 2018, 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 9 "2018 North Carolina Water & Wastewater Rates 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.

5 Vehicle Registration fee based on assumption of 2 vehicles per household. In the FY 17-18 comparison report, Durham's fee was reported as \$60 in error.

FINDING: Greensboro and Winston-Salem were the only comparison cities to not have a city or county property tax increase in FY 18-19.

The following table shows the city, county, and combined property tax rate changes from FY 17-18 to FY 18-19. The combined property tax rate for Greensboro and Guilford County has remained unchanged from FY 17-18 at \$1.3630 per \$100 property valuation, for an annual cost of \$2,045 on a \$150,000 residential property.

Although Durham did not increase the city property tax rate either, Durham County’s increase resulted in an overall increase of 0.7%. Raleigh saw the most significant increase at both the city and county level, with a combined property tax rate increase of 5.0%.

CITY/COUNTY PROPERTY TAX RATE CHANGE FROM FY 17-18 TO FY 18-19

City/County	FY 17-18	FY 18-19	% 1-Year Change
Charlotte	.4787	.4887	2.1%
Mecklenburg	.8157	.8232	0.9%
Char/Meck	\$1.2944	\$1.3119	1.4%
Durham	.5786	.5786	0.0%
Durham Co.	.7679	.7779	1.3%
Durham/Durham	\$1.3465	\$1.3565	0.7%
Greensboro	.6325	.6325	0.0%
Guilford	.7305	.7305	0.0%
Greensboro/Guil	\$1.3630	\$1.3630	0.0%
Raleigh	.4253	.4382	3.0%
Wake	.6150	.6544	6.4%
Raleigh/Wake	\$1.0403	\$1.0926	5.0%
Winston-Salem	.5974	.5974	0.0%
Forsyth	.7235	.7235	0.0%
W-S/Forsyth	\$1.3209	\$1.3209	0.0%

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

FINDING: Greensboro has had the most significant decrease in the combined city and county tax rate from FY 14-15 to FY 18-19.

In comparison to the other peer cities over a 5-year period, Greensboro has seen the most significant decrease in the combined city and county property tax rate at 2.8% or 3.95 cents per \$100 property valuation. However, the city’s property tax rate has been stagnant during this timeframe, making this decrease a direct result of Guilford County’s 5.1% decrease over time. The only other city that has also seen a property tax rate decrease over the five years is Durham.

When discussing property tax rates, it is important to note that North Carolina law requires all counties to reappraise real property at 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. The graph below reflects how the combined property tax rates have changed in each comparison city from FY 14-15 to FY 18-19. Mecklenburg County is the only county that has not had a revaluation during this 5-year time period.

CITY/COUNTY PROPERTY TAX RATE TRENDS, FY 14-15 TO FY 18-19

City/County	Year of Last Reval	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	% 5-Year Change
Charlotte	2011	.4687	.4787	.4787	.4787	.4887	4.3%
Mecklenburg		.8157	.8157	.8157	.8157	.8232	0.9%
Char/Meck		\$1.2844	\$1.2944	\$1.2944	\$1.2944	\$1.3119	2.1%
Durham	2016	.5912	.5912	.5607	.5786	.5786	-2.1%
Durham Co.		.7931	.7931	.7404	.7679	.7779	-1.9%
Durham/Durham		\$1.3843	\$1.3843	\$1.3011	\$1.3465	\$1.3565	-2.0%
Greensboro	2017	.6325	.6325	.6325	.6325	.6325	0.0%
Guilford		.7700	.7600	.7550	.7305	.7305	-5.1%
Greensboro/Guil		\$1.4025	\$1.3925	\$1.3875	\$1.3630	\$1.3630	-2.8%
Raleigh	2016	.4038	.4210	.4183	.4253	.4382	8.5%
Wake		.5780	.6145	.6005	.6150	.6544	13.2%
Raleigh/Wake		\$0.9818	\$1.0355	\$1.0188	\$1.0403	\$1.0926	11.3%
Winston-Salem	2017	.5400	.5650	.5850	.5974	.5974	10.6%
Forsyth		.7168	.7310	.7310	.7235	.7235	0.9%
W-S/Forsyth		\$1.2568	\$1.2960	\$1.3160	\$1.3209	\$1.3209	5.1%

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

Greensboro is the second least expensive comparison city in city-only taxes and fees with a total cost of \$1,515. Raleigh ranks as the highest in city homeowner cost at \$1,674 and Winston-Salem ranks as the lowest in city homeowner cost at \$1,490, making a \$184 difference between the highest and lowest homeowner cost.

The table below includes FY 18-19 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 18-19

	Charlotte	Durham	Greensboro	Raleigh	Winston-Salem
Rank (1=Most Expensive)	3	2	4	1	5
Total City Taxes and Fees	\$1,577	\$1,591	\$1,515	\$1,674	\$1,490
City Taxes					
Property tax rate per \$100 value	0.4887	0.5786	0.6325	0.4382	0.5974
City Property taxes	\$733	\$868	\$949	\$657	\$896
City Fees					
Average Annual Water/Sewer Bill ¹	\$623	\$612	\$474	\$710	\$510
Annual Solid Waste Services Bill ²	\$46	\$0	\$0	\$187	\$0
Annual Stormwater Fee ³	\$115	\$81	\$32	\$60	\$54
Annual Motor Vehicle License Fees ⁴	\$60	\$30	\$60	\$60	\$30
Total City Fees	\$844	\$723	\$566	\$1,017	\$594

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

¹ Rates from NCLM/UNC Environmental Finance Center report in January 2018, 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 9 of "2018 North Carolina Water & Wastewater Rates Report."

² Includes curbside solid waste and recycling fees; excludes optional yard waste fee of \$60 in Winston-Salem and \$90 (\$7.50/month) 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.

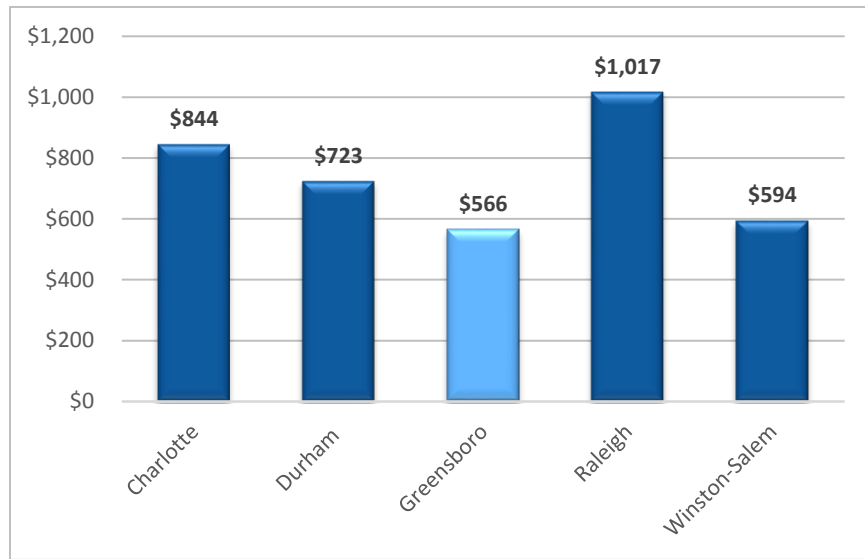
FINDING: Greensboro has the lowest user fees of the comparison cities.

In FY 18-19, Greensboro has the lowest city-only annual user fees among the comparison cities at \$566. Raleigh has the highest user fees at \$1,017 annually, which is approximately 80% or \$451 greater than Greensboro's. All peer cities have experienced some user fee increases since FY 14-15, most commonly for water and sewer services. However, Charlotte was the only city to increase the city stormwater fee by 5% in FY 18-19.

Charlotte and Raleigh are the only two comparison cities that charge a city solid waste fee, which Charlotte increased by 18% in FY 18-19. Durham and Winston-Salem also have optional solid waste fees for residents who want to participate in their yard waste collection services. **Greensboro is the only city that provides curbside solid waste removal, recycling, and yard waste collection without charging an additional user fee to residents.**

The following graph 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. Durham and Winston-Salem's optional yard waste fees are not included in the user fee totals.

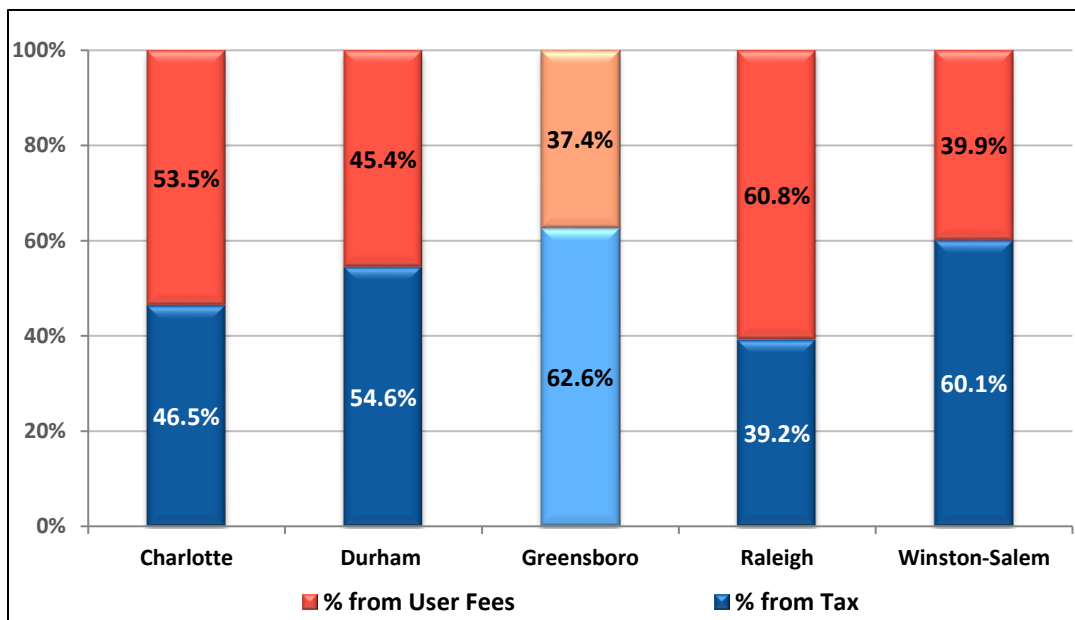
CITY USER FEE COMPARISON, FY 18-19



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

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

TAXES AND USER FEES TO SUPPORT CORE CITY SERVICES, FY 18-19



Greensboro generates 63% of the revenue that is used to support core city services through property tax revenue, which is the largest proportion of property tax revenue out of the five peer cities. In contrast, Raleigh generates only 39% of core city service revenue through property taxes. Charlotte and Durham, on the other hand, are nearly evenly split between revenue generated by user fees and property taxes.

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

After ranking in the middle of the comparison cities in homeowner cost for combined city and county property taxes and major user fees since FY 13-14, Greensboro now ranks as the second least expensive city overall with \$2,611 in average homeowner costs for FY 18-19. Furthermore, Greensboro has the lowest average major user fee cost for water/sewer, stormwater, solid waste, and motor vehicle license fees at \$566 annually. However, Greensboro does continue to have the highest combined city and county property tax rate of the five comparison cities at \$1.3630 per \$100 property valuation. The opposite is true for Charlotte and Raleigh, which have the lowest property tax rates and the highest average user fees, yet they are respectively ranked as the first and third most expensive cities overall.

In sum, comparisons among cities based solely on the property tax rate do not fully represent household costs for core services, nor do they reflect the increasing practice by municipalities of charging user fees to provide these core city services. 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. 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.