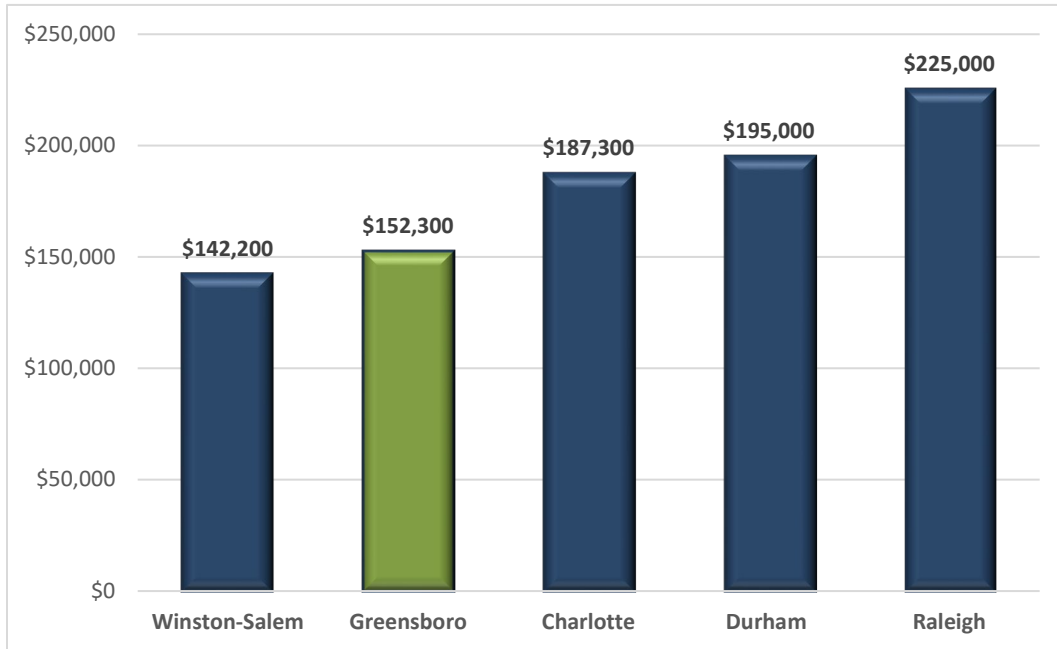




## FY 19-20 Property Tax Rates and Selected User Fees for Major North Carolina Cities

Annually, the City of Greensboro compares its property tax rate and major user fees to those charged by other large cities in North Carolina. For the purpose of this comparison, property tax and user fees have been collected from Charlotte, Durham, Greensboro, Raleigh, and Winston-Salem and from their respective counties. For this year’s report, the median residential home value from the US Census Bureau’s American Community Survey, 2013-2017 (ACS) is used for calculating household property taxes for each city. Due to the change in median home values for each city, caution is advised when making comparisons to previous Tax and User Fee reports.

### MEDIAN HOME VALUES



Source: US Census Bureau, American Community Survey, 2013-2017

Based on the ACS, Raleigh has the highest median home value at \$225,000; \$82,800 or 58% greater than Winston-Salem’s and \$72,700 or 48% greater than Greensboro’s median home value. Charlotte’s median home value placed in the middle of the five cities at \$187,300 at the time of the ACS.

Property tax rates differ from city to city; but, two key variables that affect tax rates are commercial and residential property values and the extent to which the city relies on property tax as opposed to other revenue sources, such as user fees, for funding core city services. A city with lower property values will need a higher tax rate to raise as much revenue as a city with higher property values.

Municipalities may support or supplement core government services through user fees. A User Fee is a charge to the public for a service provided by a governmental agency. User fees for water/sewer, storm water, solid waste and motor vehicles are included in this comparison to reflect how cities utilize different sources of revenue for funding services and to provide a more accurate comparison of costs to a home owner. It is also worth noting communities have different priorities and expectations for service levels provided by the municipal government, both of which can affect property tax rates and user fees.

It is equally important to consider county taxes and fees when comparing costs to homeowners. In North Carolina, properties located within a city’s limits are assessed by both the city and the respective county for property taxes and possibly even county user fees. Property reappraisals conducted by the county can also affect property tax rates for both cities and counties. 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. Revaluations occurred in 2019 for Mecklenburg and Durham Counties, in 2017 for Forsyth and Guilford Counties, and in 2016 for Wake County. The table below shows city and county tax rates for five years, from FY15-16 to FY19-20.

**CITY AND COUNTY PROPERTY TAX RATES, FY15-16 TO FY19-20**

City/County	Year of Last Reval	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Charlotte		.4787	.4787	.4787	.4887	.3481
Mecklenburg Co.	2019	.8157	.8157	.8157	.8232	.6169
Char/Meck		\$1.2944	\$1.2944	\$1.2944	\$1.3119	\$0.9650
Durham		.5912	.5607	.5786	.5786	.5317
Durham Co.	2019	.7931	.7404	.7679	.7779	.7122
Durham/Durham		\$1.3843	\$1.3011	\$1.3465	\$1.3565	\$1.2439
Greensboro		.6325	.6325	.6325	.6325	.6625
Guilford Co.	2017	.7600	.7550	.7305	.7305	.7305
Greensboro/Guil		\$1.3925	\$1.3875	\$1.3630	\$1.3630	\$1.3930
Raleigh		.4210	.4183	.4253	.4382	.4382
Wake Co.	2016	.6145	.6005	.6150	.6544	.7207
Raleigh/Wake		\$1.0355	\$1.0188	\$1.0403	\$1.0926	\$1.1589
Winston-Salem		.5650	.5850	.5974	.5974	.6374
Forsyth Co.	2017	.7310	.7310	.7235	.7235	.7535
W-S/Forsyth		\$1.2960	\$1.3160	\$1.3209	\$1.3209	\$1.3909

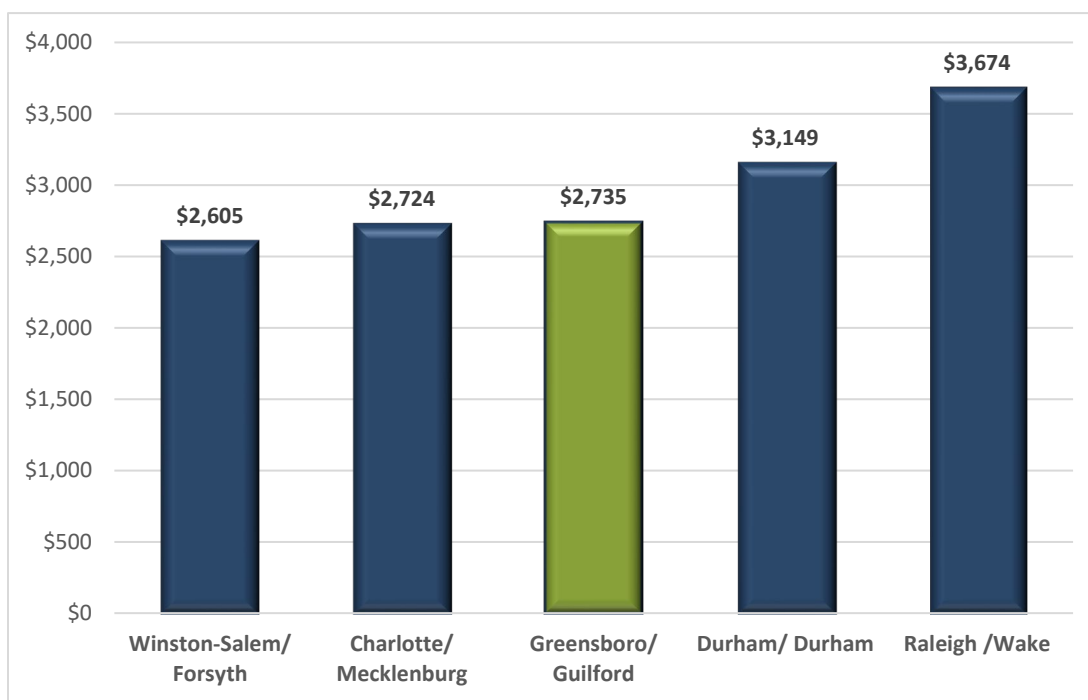
Greensboro’s property tax rate increased 3 cents, or 4.74% in FY19-20. Winston-Salem’s property tax rate increased 4 cents, or 6.70% over last fiscal year. Durham’s property tax rate of 53.17 is an increase of 1.72 cents, or a 3.23% increase over the revenue neutral rate of 51.45. Durham’s average property value

appraised 20.76% higher in the 2019 property revaluation. Charlotte’s property tax rate moved from 48.87 to the revenue neutral rate of 34.81. Raleigh did not experience a change in the city property tax rate for FY19-20.

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

The graph below illustrates the FY 19-20 combined city and county property tax rates and user fees charged for core services by the comparison cities and their respective counties. The property tax values are based on the median home values for each location. Greensboro’s annual taxes and fees combined with Guilford County’s is \$939 less than Raleigh/Wake County and \$130 higher than Winston-Salem /Forsyth County; only \$11 separates Greensboro/Guilford County’s expenses from Charlotte/Mecklenburg County.

**CITY/COUNTY COMBINED ANNUAL TAXES AND FEES, FY 19-20**



Note: ^All calculations are based on median residential home values for their location; ACS, US Census Bureau.

- 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 March 2019, rates are based on an average monthly bill for 4,000 gallons. Rates exclude any additional fixed fees which may be charged by municipalities.
- 3 Includes curbside solid waste and recycling fees; excludes optional curbside-container yard waste fee of \$65/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."
- 5 Vehicle Registration fee based on assumption of 2 vehicles per household.
- 6 2019 Revaluations for Charlotte (34.81 revenue neutral rate) and Mecklenburg County (59.7 revenue neutral rate).
- 7 2019 Revaluations for Durham City (51.45 revenue neutral rate) and Durham County (68.92 revenue neutral rate).

The table below provides a more detailed review of the combined property tax rates and user fees for each comparison city. Only Charlotte and Raleigh have user fees assessed by their counties.

**CITY/COUNTY COMBINED ANNUAL TAX AND FEE DETAILS, FY 19-20**

	Charlotte/ Meck'burg	Durham/ Durham	Greensboro / Guilford	Raleigh /Wake	Winston- Salem/ Forsyth
<b>Rank (1=Most Expensive)</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>5</b>
<b>Median Home Value<sup>^</sup></b>	<b>\$ 187,300</b>	<b>\$ 195,000</b>	<b>\$ 152,300</b>	<b>\$ 225,000</b>	<b>\$ 142,200</b>
<b>Total Taxes and Fees</b>	<b>\$2,724</b>	<b>\$3,149</b>	<b>\$2,735</b>	<b>\$3,674</b>	<b>\$2,605</b>
<b>Taxes</b>					
Property Tax Rate - City	0.3481	0.5317	0.6625	0.4382	0.6374
Property Tax Rate - County	0.6169	0.7122	0.7305	0.7207	0.7535
Combined Tax Rate per \$100 value	0.9650	1.2439	1.3930	1.1589	1.3909
<b>Combined Property Taxes <sup>^</sup></b>	<b>\$1,807</b>	<b>\$2,426</b>	<b>\$2,122</b>	<b>\$2,608</b>	<b>\$1,977</b>
<b>Fees</b>					
County Fees <sup>1</sup>	\$42	\$0	\$0	\$20	\$0
Average Annual Water/Sewer Bill <sup>2</sup>	\$642	\$612	\$491	\$721	\$544
Other City Fees and Charges <sup>3, 4, 5</sup>	\$233	\$111	\$122	\$325	\$84
<b>Total Fees</b>	<b>\$917</b>	<b>\$723</b>	<b>\$613</b>	<b>\$1,066</b>	<b>\$628</b>

Notes: <sup>^</sup>All calculations are based on median residential home values for their location; ACS, US Census Bureau.

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

<sup>2</sup> Rates from NCLM/UNC Environmental Finance Center report in March 2019, rates are based on an average monthly bill for 4,000 gallons. Rates exclude any additional fixed fees which may be charged by municipalities.

<sup>3</sup> Includes curbside solid waste and recycling fees; excludes optional curbside-container yard waste fee of \$65/annually in Winston-Salem, and \$90/annually in Durham.

<sup>4</sup> Stormwater fee based on 2,001 sq ft of impervious surface, typically a "Tier II."

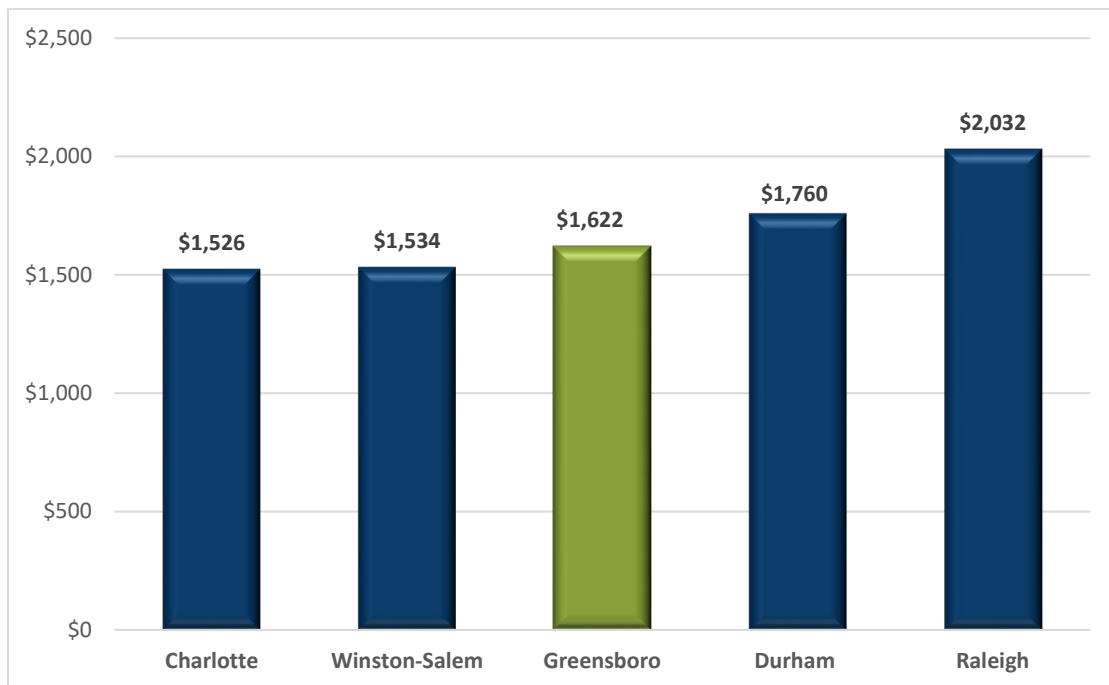
<sup>5</sup> Vehicle Registration fee based on assumption of 2 vehicles per household.

<sup>6</sup> 2019 Revaluations for Charlotte (34.81 revenue neutral rate) and Mecklenburg County (59.7 revenue neutral rate).

<sup>7</sup> 2019 Revaluations for Durham City (51.45 revenue neutral rate) and Durham County (68.92 revenue neutral rate).

**FINDING: When reviewing city-only property taxes and fees, Greensboro is in the middle of the comparison cities for homeowner costs for core city services.**

**CITY-ONLY TAXES AND FEES, FY 19-20**



Notes: All calculations are based on median residential home values for their location, ACS, US Census Bureau.

<sup>1</sup> Water rates from NCLM/UNC Environmental Finance Center report in January 2019; rates are based on an average monthly bill for 4,000 gallons. Rates exclude any additional fixed fees which may be charged by municipalities.

<sup>2</sup> Includes curbside solid waste and recycling fees; excludes optional annual yard waste fee of \$65 in Winston-Salem and \$90 in Durham.

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

<sup>4</sup> Vehicle Registration fee is based on assumption of 2 vehicles per household.

<sup>5</sup> 2019 Revaluations for Charlotte (34.81 revenue neutral rate) and Mecklenburg County (59.7 revenue neutral rate).

<sup>6</sup> 2019 Revaluations for Durham City (51.45 revenue neutral rate) and Durham County (68.92 revenue neutral rate).

Greensboro ranks in the middle of the comparison cities when reviewing city-only taxes and fees, with a total cost of \$1,622 annually. Raleigh has the highest costs to homeowners at \$2,032 annually, which is \$410 or 25% higher than Greensboro. Charlotte ranks as the lowest costs to homeowners at \$1,526 annually, \$96 lower than Greensboro.

Mecklenburg and Durham Counties had property revaluations in 2019, which led to Charlotte and the City of Durham decreasing their property tax rates based on increased property values. Charlotte's property tax

rate is at the revenue neutral rate; whereas, Durham’s is 1.72 over the revenue neutral rate. The Revenue Neutral tax rate is the rate that would keep the local government’s revenue consistent with the prior year despite changes in the tax base due to property reappraisals. In other words, a tax proposal is revenue neutral if it neither increases nor decreases tax revenues.

The table below includes FY 19-20 estimates for water and sewer, solid waste services, storm water fees, motor vehicle license fees, and city-only property taxes based on the median home value for each respective city. Optional user fees, such as yard waste fees in Winston-Salem and Durham, are excluded from the table.

**CITY-ONLY TAXES AND FEES TABLE, FY 19-20**

	Charlotte	Durham	Greensboro	Raleigh	Winston-Salem
<b>Rank (1=Most Expensive)</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>4</b>
<b>Median Home Value<sup>^</sup></b>	<b>\$187,300</b>	<b>\$195,000</b>	<b>\$152,300</b>	<b>\$225,000</b>	<b>\$142,200</b>
<b>Total City Taxes and Fees</b>	<b>\$1,526</b>	<b>\$1,760</b>	<b>\$1,622</b>	<b>\$2,032</b>	<b>\$1,534</b>
<b>City Taxes</b>					
<i>Property tax rate per \$100 value</i>	<i>0.3481</i>	<i>0.5317</i>	<i>0.6625</i>	<i>0.4382</i>	<i>0.6374</i>
<b>City Property taxes</b>	<b>\$652</b>	<b>\$1,037</b>	<b>\$1,009</b>	<b>\$986</b>	<b>\$906</b>
<b>City Fees</b>					
<i>Average Annual Water/Sewer Bill<sup>1</sup></i>	<i>\$642</i>	<i>\$612</i>	<i>\$491</i>	<i>\$721</i>	<i>\$544</i>
<i>Annual Solid Waste Services Bill<sup>2</sup></i>	<i>\$58</i>	<i>\$0</i>	<i>\$30</i>	<i>\$205</i>	<i>\$0</i>
<i>Annual Stormwater Fee<sup>3</sup></i>	<i>\$114</i>	<i>\$81</i>	<i>\$32</i>	<i>\$60</i>	<i>\$54</i>
<i>Annual Motor Vehicle License Fees<sup>4</sup></i>	<i>\$60</i>	<i>\$30</i>	<i>\$60</i>	<i>\$60</i>	<i>\$30</i>
<b>Total City Fees</b>	<b>\$874</b>	<b>\$723</b>	<b>\$613</b>	<b>\$1,046</b>	<b>\$628</b>

Notes: <sup>^</sup>All calculations are based on median residential home values for their location, US Census Bureau.

1 Rates from NCLM/UNC Environmental Finance Center report in January 2019, rates are based on an average monthly bill for 4,000 gallons . 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 \$65 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."

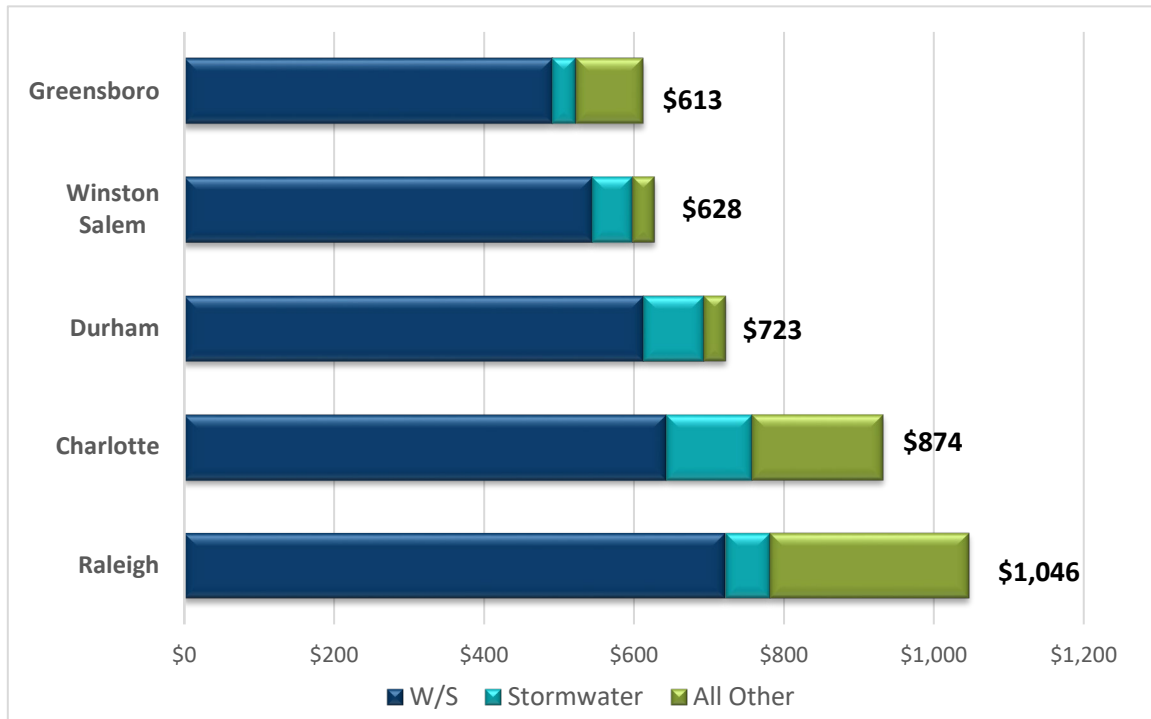
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5 2019 Revaluations for Charlotte (34.81 revenue neutral rate) and Mecklenburg County (59.7 revenue neutral rate).

6 2019 Revaluations for Durham City (51.45 revenue neutral rate) and Durham County (68.92 revenue neutral rate).

**FINDING: Greensboro has the lowest city-only user fees of the comparison cities.**

**CITY-ONLY USER FEES, FY 19-20**



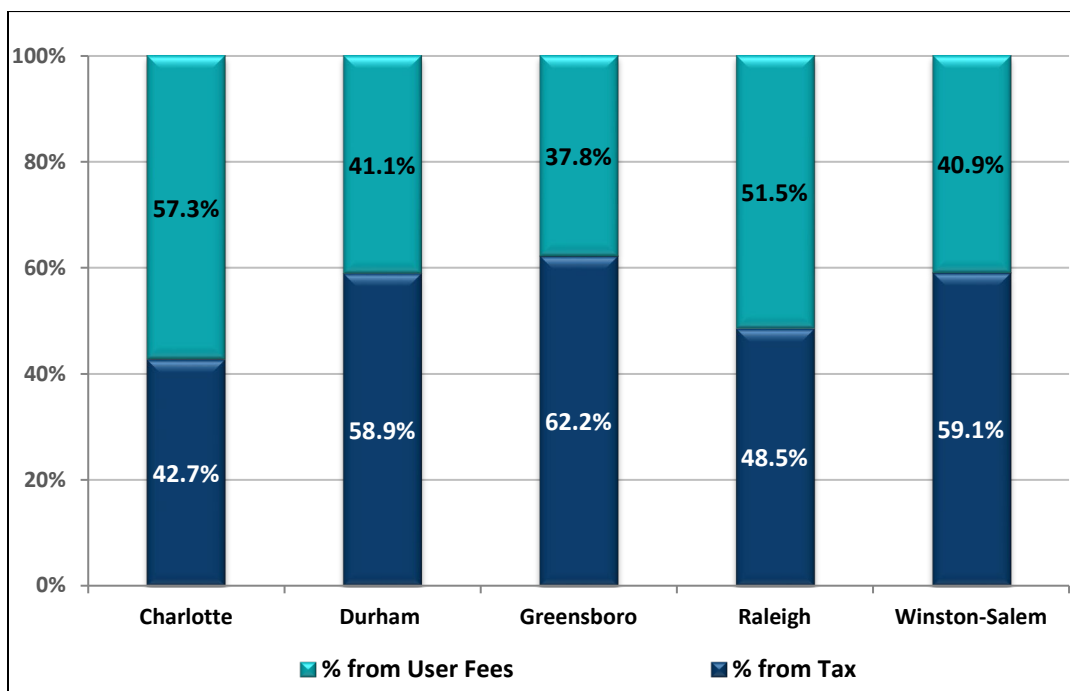
In FY 19-20, Greensboro has the lowest city-only annual user fees among the comparison cities at \$613. Raleigh has the highest annual user fees at \$1,046, which is \$433 or 71% greater than Greensboro’s. All peer cities have experienced user fee increases since FY 18-19, most commonly for water and sewer services; however, Greensboro continues to have the lowest average annual water and sewer bill, as well as the lowest annual stormwater fee. For comparison, Charlotte’s stormwater fee is three times that of Greensboro’s.

Charlotte and Raleigh charge a monthly city solid waste fee, which increased in FY19-20 by \$1 a month in Charlotte (\$58/annual total) and by \$1.50 a month (\$205/annual total) in Raleigh. Greensboro began a solid waste household availability fee of \$2.50 per month (\$30/annual total) for FY19-20 to support all curbside solid waste services in light of increasing costs. Greensboro’s residential solid waste services include solid waste, curbside recycling, yard waste, leaf removal, and bulk item pick-up. Durham has an optional solid waste fee of \$90 annually for residents who want to participate in yard waste collection services. Winston-Salem discontinued its optional bulk container program for FY 19-20 and increased the optional yard waste cart fee from \$60 to \$65 annually. Durham and Winston-Salem’s optional fees are not included in the comparisons.

**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 to support core services in each comparison city.

**TAXES AND USER FEES TO SUPPORT CORE CITY SERVICES, FY 19-20**



Greensboro generates 62% of the revenue that is used to support core city services through property tax; Durham and Winston-Salem utilize property tax at nearly 60% to support core services. Raleigh relies on property tax to support 48.5% of its core services and Charlotte has the least reliance on property tax for city services utilizing higher user fees to cover expenses.

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

Cities vary in the types of services provided and supported through property taxes versus 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. Greensboro also supports an ISO-1 Fire. For Durham and Charlotte, some city services, such



as Planning, are operated jointly with the county, which can lead to better economies of scale (lower costs) when providing such services.

## **SUMMARY**

Greensboro continues to have the lowest fees for core city services: water/sewer, stormwater, and solid waste. When factoring in property taxes for the median home values in each city, Greensboro ranks in the middle for affordability of city services. Although Greensboro has the highest combined city and county property tax rate of the five comparison cities at \$1.393 per \$100 property valuation, it is only .0021 cents higher than Winston-Salem. Significantly, both cities have considerably lower median home values when compared to the other three cities. In other words, Charlotte, Raleigh and Durham are able to generate more tax revenue to support community services on lower tax rates than Greensboro because their property values are greater and continue to increase.

In sum, comparisons among cities based solely on the property tax rate do not fully consider the true cost of living in an area nor do they reflect the increasing practice by municipalities of charging user fees to provide core city services in lieu of raising 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. 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 and the cities do not have any control over the taxes levied by the county. Regardless of a city's revenue strategy, increasing costs in the delivery of core city services and personnel expenses will eventually require all cities to raise more revenue – through property taxes, increased fees, or by economic growth.