

# City of Greensboro

## Fiscal Year (FY) 2022-2023 Report

### Property Tax & Select User Fees: Major North Carolina Cities

#### SUMMARY

Among the five largest cities in North Carolina, Greensboro ranks second in affordability of city services. This is driven chiefly by the lowest fees for solid waste collection, water & sewer, and stormwater utilities.

#### INTRODUCTION

Each fiscal year (July 1-June 30), the City of Greensboro creates the following report which compares our property tax & user fees to those of other large cities in North Carolina, including Charlotte, Durham, Raleigh, and Winston-Salem.

Individuals or entities pay property tax on real estate and other real properties they own. Property tax is calculated by dividing the assessed value of the property by 100 and multiplying by the tax rate. The tax rate for the City of Greensboro is 63.25 cents per \$100 of property value and is set by City Council. As an example, a house with a value of \$207,100 would owe \$1,309.91 in annual property tax ( $\$207,100/100 \times .6325 = \$1,309.91$ ) to the City.

State law requires that cities and counties perform periodic property tax valuations to assess the property and adjust the tax rate. Counties can determine the frequency of these valuations, so long as they are performed at least every eight years. Greensboro follows the property valuation schedule for Guilford County. In Guilford County, property tax valuations occur every 5 years. Greensboro's last valuation was in 2022, and the next will be in 2027.



User fees are expenses residents and customers pay for services like garbage collection, or water and sewer utilities. User fees generally fall into three categories: 1) fees that fund essential services, like utilities, 2) fees that fund services that add to the quality of life, like parks and recreation program fees, and 3) fees that fund regulatory items such as motor vehicle registrations.

Every city sets different priorities and uses different strategies to fund public services with property taxes and user fees. For example, Greensboro is the only city in the report that operates or funds a Public Library. These operations and debt service costs requires property tax support of about 2.64 cents on the tax rate. For a \$207,100 home at the current tax rate of 63.25 cents, 2.64 cents of the \$1,309.91 taxes equate to \$54.73 to support the library.

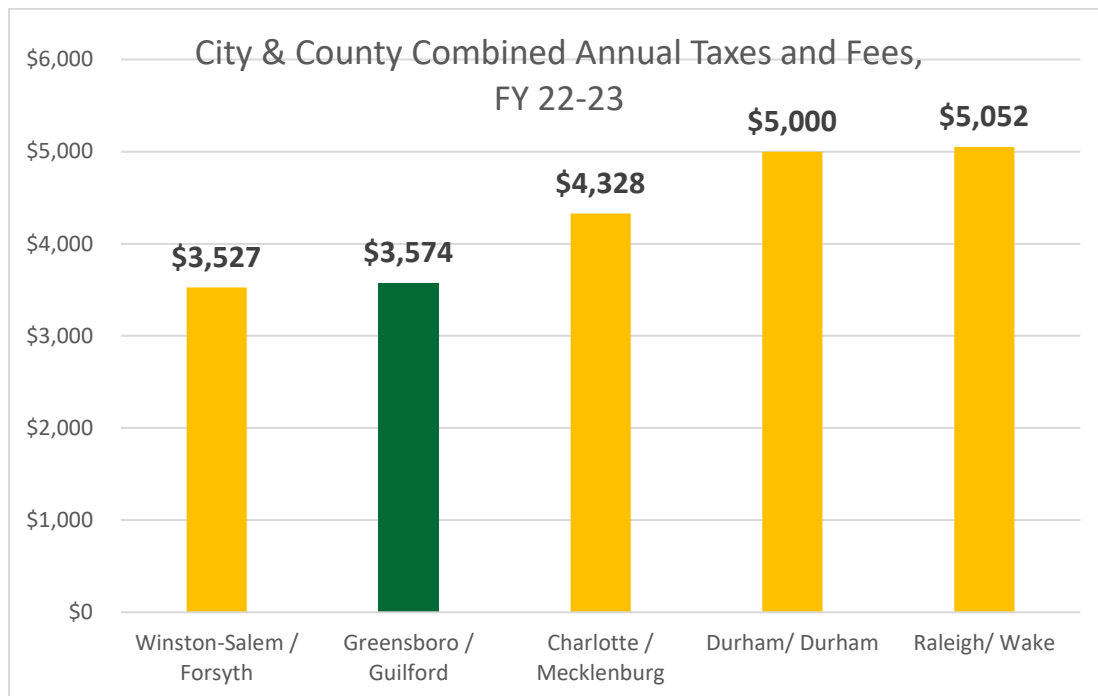
When calculating total taxes and fees it is necessary to control for differences between communities where possible. For example, the property tax totals used in this report are based on median home values for each city. The *median* value is the point that separates the lower half of home values from the higher half; essentially the middle value. The median home value will vary over time based on the housing market in each city, and this is one reason periodic revaluations are necessary.

The water rates in this report are based on a monthly bill for 4,000 gallons of water and sewer, which is an average residential monthly usage used by water systems. Stormwater fees, used to address flooding and drainage issues, are based on 2,001 square feet of impervious (paved or built-upon) surface, which is considered a typical "Tier B" residential structure in Greensboro's fee schedule, and is a comparable designation with our peers. Solid waste fees include curbside solid waste and recycling collection fees, but excludes yard waste collection fees because these services are optional in cities like Winston-Salem and Durham. Those excluded costs are noted within the report for reference. Vehicle Registration fees are based on two vehicles per household. More information about the assumptions used for this analysis are included below each chart. Unless otherwise noted, all rate and fee structures in this report are constructed from data provided by each local government organization for the current fiscal year.

This report allows our community to understand how the cost of local government compares to our neighboring cities. It also allows us to understand how that cost has changed over time, and how Greensboro can make data-informed decisions going forward. We will begin our report with an overview of total property taxes & user fees. This will be followed by a comparison of the different parts of these tax and fee structures that make up this total.

## FINDING 1

### Greensboro Ranks 2<sup>nd</sup> Lowest for Combined City and County Taxes & Fees



Property tax makes up the largest portion of the above totals. Recall that property tax payments are based on the median home value of each city. In this report, median home values are derived from the *US Census Bureau, 2016 - 2021 American Community Survey*, the latest available.

Median home values are influenced by several factors, including the timing of the last property tax valuation. Greensboro's last valuation occurred in 2022, Charlotte's and Durham's occurred in 2019, and Winston-Salem's in 2021. Other factors effect median home values as well, such as economic conditions, home sale prices, location, interest rates, local markets, age & condition, and home upgrades.

Because of the importance of property tax valuation and median home values, we will review historic trends in home values and tax rates later in the report.

Our analysis begins with a breakdown of the basic elements of property tax and user fees that generate the totals in the above graph. In this first analysis, water & sewer fees are detailed separately from the other user fees because of their overall proportion of total user fees - they make up between 64% and 97% of user fees. The other user fees will be outlined later in the report.

### City and County Combined, Annual Taxes & Fees Details FY 22-23

	Durham/ Durham County	Raleigh / Wake County	Charlotte/ Mecklenburg County	Greensboro/ Guilford	Winston- Salem / Forsyth County
Property Tax Rate					
(cents per \$100 value)					
City	\$0.5577	\$0.3930	\$0.3481	\$0.6325	\$0.6360
County	\$0.7222	\$0.6195	\$0.6169	\$0.7305	\$0.6778
Combined	\$1.2799	\$1.0125	\$0.9650	\$1.363	\$1.3138
<b>Total Property Tax</b>	<b>\$4,053</b>	<b>\$3,825</b>	<b>\$3,233</b>	<b>\$2,823</b>	<b>\$2,788</b>
<b>Annual User Fees</b>					
County Fees <sup>1</sup>	\$0	\$20	\$60	\$0	\$0
Average Annual Water/Sewer Bill <sup>2</sup>	\$813	\$817	\$778	\$617	\$655
Other City Fees and Charges <sup>3 4 5</sup>	\$134	\$390	\$257	\$134	\$84
<b>Total User Fees</b>	<b>\$947</b>	<b>\$1,227</b>	<b>\$1,095</b>	<b>\$751</b>	<b>\$739</b>
<b>Total Taxes and Fees:</b>	<b>\$5,000</b>	<b>\$5,052</b>	<b>\$4,328</b>	<b>\$3,574</b>	<b>\$3,527</b>
Notes:					
1 County fees include: \$41.50 Solid Waste/Mecklenburg, \$18.96 Stormwater/Mecklenburg; \$20 Recycling/Wake.					
2 Rates from NCLM/UNC Environmental Finance Center report in January 2021, 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.					

### Observations

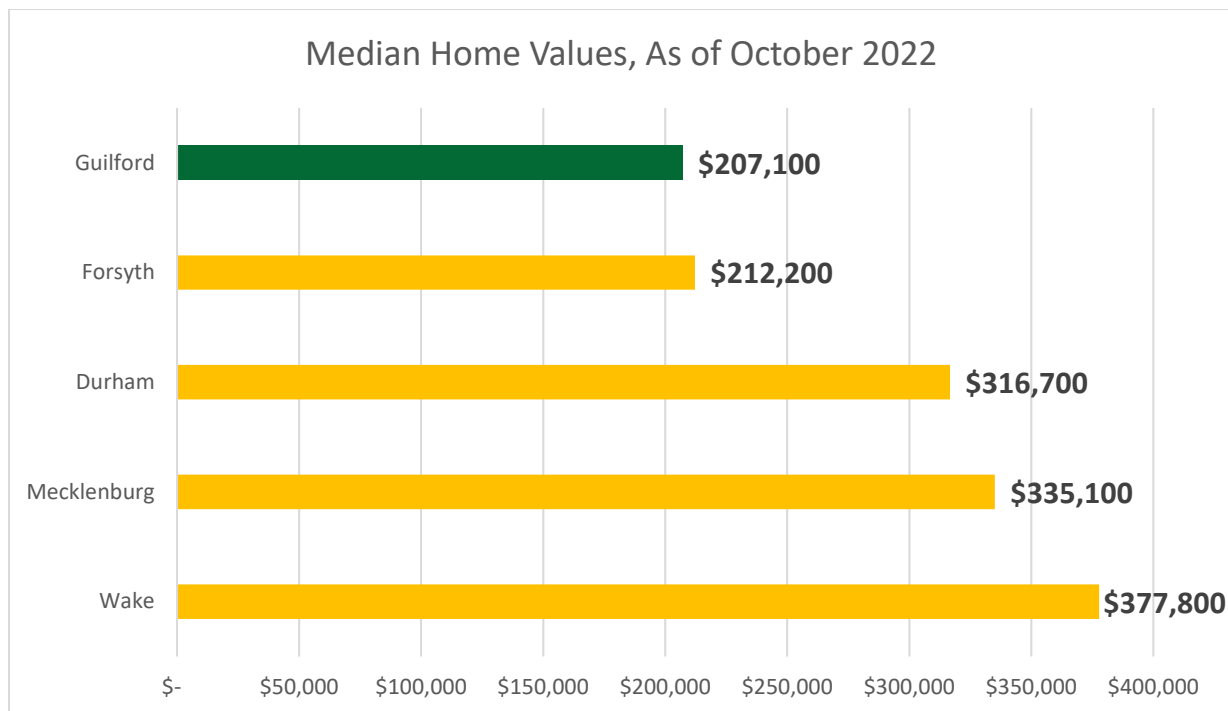
- Greensboro's **total taxes and fees** average \$3,574 per year, the second lowest of the peer cities, for a typical household. This amount is \$1,478 less than Raleigh, \$1,426 less than Durham, \$754 less than Charlotte, and \$47 more than Winston-Salem.
- The **property tax rate** for the City of Greensboro is 63.25 cents, and 73.05 cents for

Guilford County. This means homeowners pay a combined city-county tax rate of \$1.3630 per \$100 of property value.

- The highest and the lowest combined Tax and User Fees are \$1,525 apart. Raleigh, at the highest, is 43% higher than Winston-Salem.
- The five peer cities range from a low of \$3,527 (Winston-Salem) to a high of \$5,052 (Raleigh).

## FINDING 2

### Guilford County Has the Lowest Median Home Value



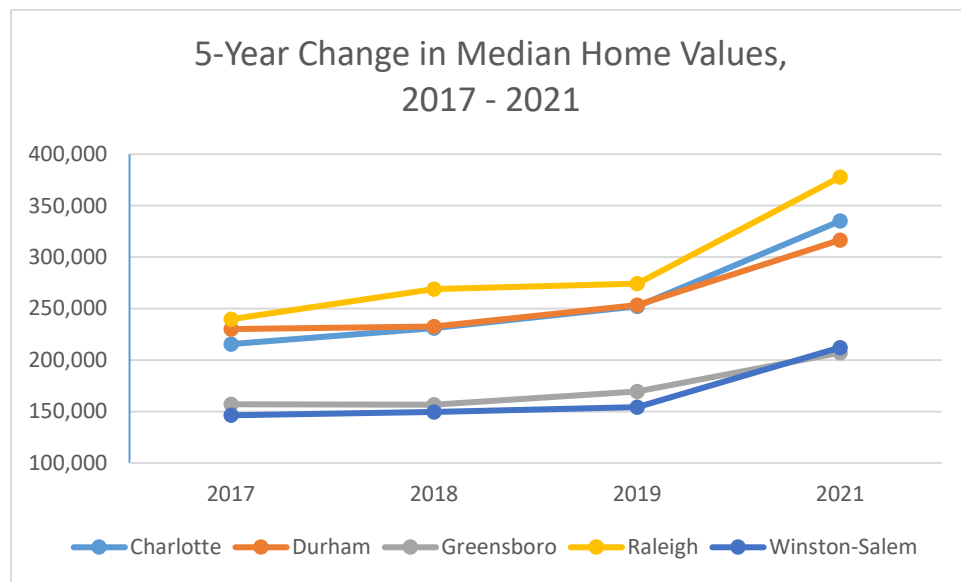
*\*US Census Bureau American Community Survey reflects data collected the previous year January 1, 2021 – December 31, 2021. Data was released in September 2022*

The median housing values affect the property tax rate in two key ways. First, home values influence the degree to which a city must rely upon the property tax rate to fund city services. Second, a city with lower property values needs a higher tax rate to raise as much revenue as a city with higher property values.

Tax valuations are state-mandated, but counties are able to decide their timing and frequency. Guilford County performs revaluations every 5 years, with the next in 2027. By comparison, all other counties in the study perform revaluations every 4 years.

As noted, a revaluation was conducted by Guilford County that went into effect for FY 22-23. Based on information provided by the Guilford County Tax Department, tax base growth was approximately 23.8% for all property and nearly 26% for real property compared to FY 21-22 values. This increase is not reflected in this report due to the lag time of the *US Census Bureau, American Community Survey* data.

The following chart shows the historic trends in median home values among all five cities over a five-year period, from 2017 - 2021.



	Charlotte	Durham	Greensboro	Raleigh	Winston-Salem
5-Year Change (\$)	\$119,600	\$86,600	\$50,100	\$138,100	\$65,900
5-Year Change (%)	55%	38%	32%	58%	45%

\*U.S. Census Bureau: American Community Survey, 1-year values for 2017, 2018, 2019, and 2021. 2020 Median Home Values are unavailable due to the lack of surveys during COVID lockdowns.

To facilitate our understanding of the link between property value, property tax, and how much a city depends on property tax to fund city services, we can compare how much revenue is generated in two different cities if they were to each add a penny to their respective property tax rate. This calculation is referred to as the *penny-on-tax rate*.

For example, in 2018 the penny-on-the-tax rate for Greensboro was \$2,695,613. This means that based on the estimated total property value in the City of Greensboro during that year, a penny of property tax generated \$2,695,613 in revenue for the City. By comparison, in that same year the penny-on-the-tax rate for Raleigh was \$5,771,619. That is a difference of \$3,076,006 (114%) in tax revenue, due to the higher property values in Raleigh.

For FY22-23, the penny-on-the-tax rate for Greensboro is \$3,643,200 and for Raleigh it is \$7,794,619. That is a difference of \$4,151,419 (113%) in additional tax revenue that Raleigh generates from one cent of property tax.

From FY 17-18 to FY22-23, Greensboro's value of a penny-on-the-tax rate grew \$947,587, and Raleigh's grew \$2,022,999. Based on this information, since FY17-18 the margin between the penny on the tax rate for Greensboro and Raleigh has increased from \$3,076,006 to \$4,151,419. This means that as property values continue to increase in Raleigh over time, the tax revenue from that same one cent continues to increase. This highlights the importance of property value in generating tax revenue for a city.

**Property Tax Rates, FY 18-19 to FY 22-23**  
(Cents per \$100 Value)

	<b>FY 18-19</b>	<b>FY 19-20</b>	<b>FY 20-21</b>	<b>FY 20-22</b>	<b>FY 22-23</b>	<b>Last Reval</b>
<b>Charlotte</b>	.4887	.3481	.3481	.3481	.3481	
<b>Mecklenburg County</b>	.8232	.6169	.6169	.6169	.6169	2019
<b>COMBINED</b>	\$1.3119	\$0.9650	\$0.9650	\$0.9650	\$0.9650	
<b>Durham</b>	.5786	.5317	.5317	.5517	.5577	
<b>Durham County</b>	.7779	.7122	.7122	.7222	.7222	2019
<b>COMBINED</b>	\$1.3565	\$1.2439	\$1.2439	\$1.2739	\$1.2799	
<b>Greensboro</b>	<b>.6325</b>	<b>.6625</b>	<b>.6625</b>	<b>.6625</b>	<b>.6325</b>	
<b>Guilford County</b>	.7305	.7305	.7305	.7305	.7305	2022
<b>COMBINED</b>	\$1.3630	\$1.3930	\$1.3930	\$1.3930	\$1.3630	
<b>Raleigh</b>	.4382	.4382	.3552	.3730	.3930	
<b>Wake County</b>	.6544	.7180	.6000	.6000	.6195	2020
<b>COMBINED</b>	\$1.0926	\$1.1562	\$0.9552	\$0.9730	\$1.0125	
<b>Winston-Salem</b>	.5974	.6374	.6374	.6124	.6360	
<b>Forsyth County</b>	.7235	.7435	.7435	.6778	.6778	2021
<b>COMBINED</b>	\$1.3209	\$1.3809	\$1.3809	\$1.2902	\$1.3138	

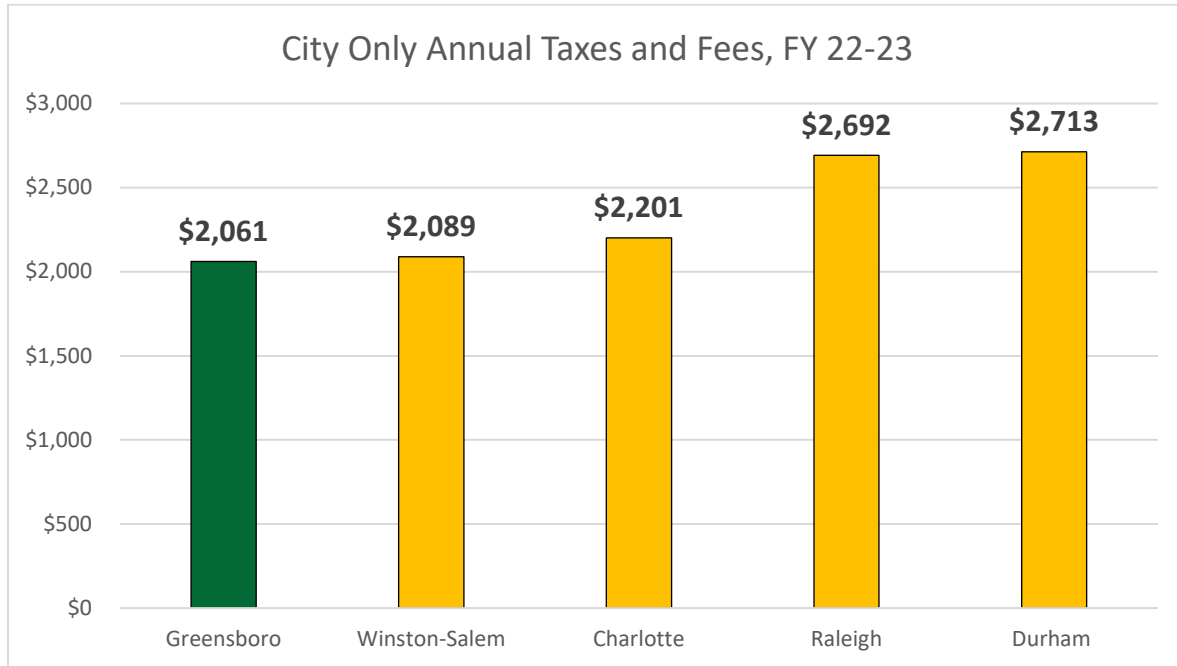
### Observations

- Greensboro's rate decreased from .6625 in FY21-22 to .6325 in FY22-23 due to a revaluation, but was .0869 or 15.9% above the revenue neutral rate of .5456. All other cities increased their tax rate with the exception of Charlotte which went unchanged during the same time period.
- Wake County raised their tax rate in FY 22-23, all other counties remained unchanged.
- Charlotte/Mecklenburg currently has the lowest combined tax rate while Greensboro/Guilford has the highest combined tax rate.

## FINDING 3

### Greensboro Ranks Lowest for City-Only Taxes & Fees

Taxes and fees include city property tax, average annual water and sewer bill, average annual solid waste services bill, average annual stormwater bill, annual motor vehicle registration fee for two vehicles.



At an average of \$2,061, Greensboro's city-only taxes and fees are the lowest of all peer cities. During FY 21-22 Greensboro was the second lowest. Greensboro fees are \$28 less than Winston-Salem and \$646 less than Durham. These findings reflect taxes and fees that support city governments only. *County* property tax and *county* user fees are excluded from the totals.

Some cities have *optional* user fees, like a Yard Waste fee of \$65 in Winston-Salem and \$90 in Durham for services like Leaf and Yard Waste collection. For uniformity, optional fees are excluded from the totals for these two cities. In Greensboro's case, city fees include a Solid Waste availability fee charged monthly with a total annual cost of \$30.

## City-Only Annual Taxes &amp; Fees Details FY 22-23

	Greensboro	Winston-Salem	Charlotte	Raleigh	Durham
<b><u>City Taxes</u></b>					
Median Home Value	\$207,100	\$212,200	\$335,100	\$377,800	\$316,700
Property tax rate per \$100 value	0.6325	0.6360	0.3481	0.3930	0.5577
<b>City Property Taxes</b>	<b>\$1,310</b>	<b>\$1,350</b>	<b>\$1,166</b>	<b>\$1,485</b>	<b>\$1,766</b>
<b><u>Annual City User Fees</u></b>					
Average Annual Water/Sewer Bill <sup>1</sup>	\$617	\$655	\$778	\$817	\$813
Annual Solid Waste Services Bill <sup>2</sup>	\$42	\$0	\$86	\$244	\$0
Annual Stormwater Fee <sup>3</sup>	\$32	\$54	\$111	\$86	\$104
Annual Motor Vehicle License Fees <sup>4</sup>	\$60	\$30	\$60	\$60	\$30
<b>Total City Fees</b>	<b>\$751</b>	<b>\$739</b>	<b>\$1,035</b>	<b>\$1,207</b>	<b>\$947</b>
<b>Total City Taxes and Fees:</b>	<b>\$2,061</b>	<b>\$2,089</b>	<b>\$2,201</b>	<b>\$2,692</b>	<b>\$2,713</b>

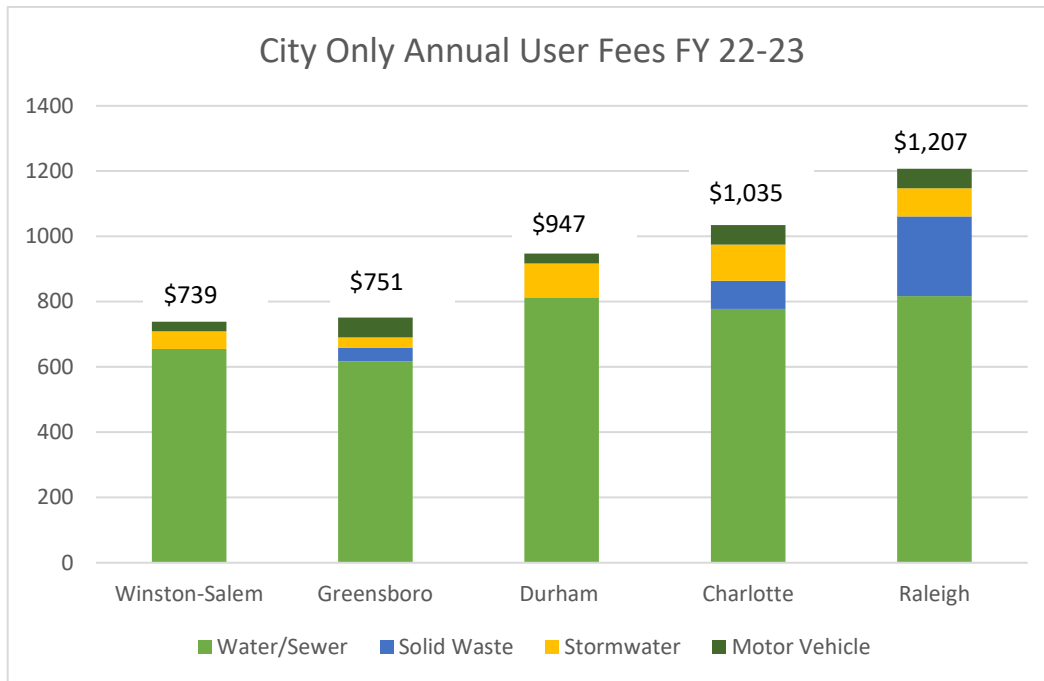
**Observations**

- Greensboro's **city-only total taxes and fees** average \$2,061 per year. This amount is \$28 less than Winston-Salem, \$140 less than Charlotte, \$631 less than Raleigh, and \$652 less than Durham.
- Winston-Salem has an optional \$34 solid waste fee if residents utilize the landfill. When utilized there total taxes and fees is \$2,028 or \$62 more than Greensboro
- City-only total property taxes** average \$2,061 per year for the City of Greensboro.
- Greensboro has the second highest city property tax rate, at 63.25 cents per \$100 of property value; but has the lowest user fees.



## FINDING 4

### Greensboro Ranks Second Lowest for User Fees



For FY 22-23, Greensboro has the second lowest total annual user fees at \$751 per year. During FY 21-22, Greensboro had the lowest user fees. An increase of solid waste fees from \$30 in FY 21-22 to \$42 in FY 22-23 caused Greensboro to surpass Winston-Salem in user fees by \$12. Greensboro still has the lowest average annual Water and Sewer bill, as well as the lowest annual Stormwater fee. Greensboro also has the lowest annual Solid Waste fee among the three cities that use this fee. The Greensboro fee is set partially to offset the cost of collection services. Residential solid waste collection services are primarily covered through property tax and other non-fee revenue. It is also lower than the optional fee used in Durham and Winston-Salem.

Over the last 5 years, all cities have experienced user fee increases, most commonly for Water and Sewer services. The following page provides a comparative analysis of current fee structures, as well as historical data to help understand fee changes over time.

#### Observations

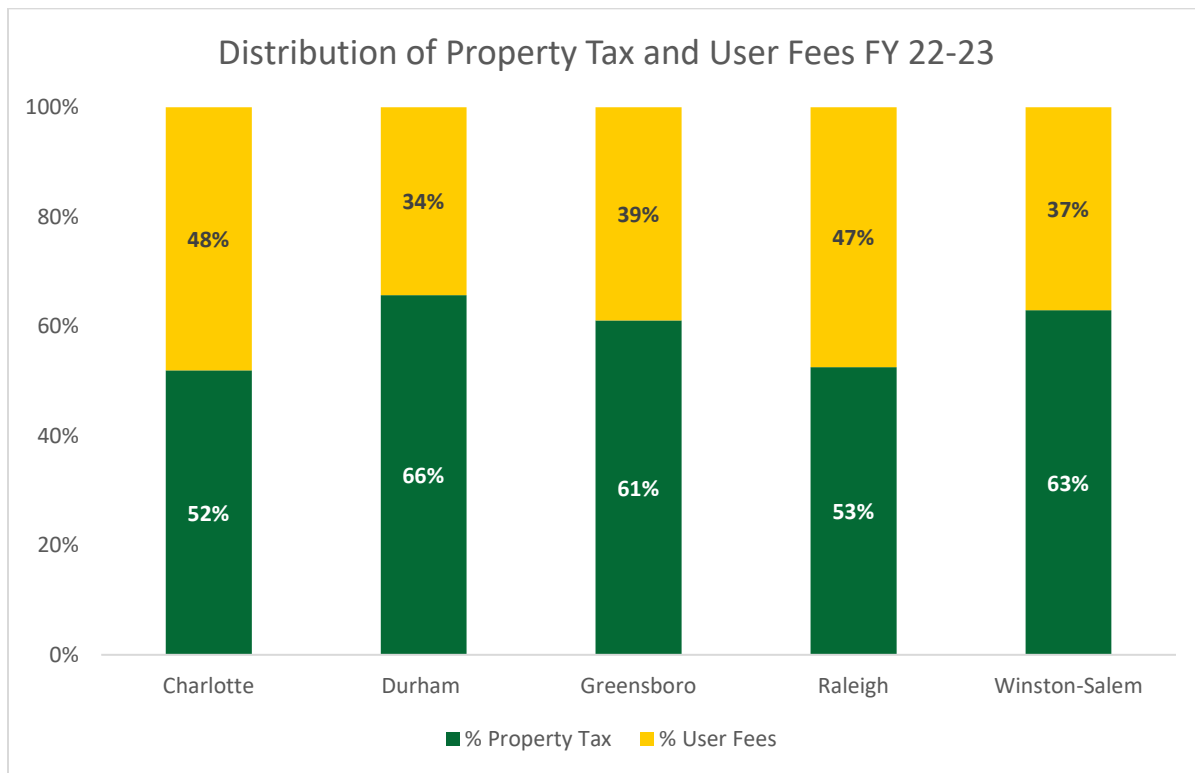
- Raleigh has the highest user fees at \$1,207 per year. This is \$456 (61%) more than Greensboro, Charlotte is \$284 (38%) more than Greensboro, Durham is \$196 (26%) more than Greensboro, and Winston Salem is \$12 (2%) less than Greensboro.
- Greensboro's water and sewer fees are the lowest in the study, at \$617. Winston-Salem is \$38 or (6%) more, Charlotte is \$161 (26%) more, Durham and Raleigh are 32% higher at rates of \$196 and \$200.

- Three cities (Greensboro, Charlotte, and Raleigh) use a Solid Waste fee. At \$244 per year, Raleigh's Solid Waste fee is almost 6 times more than Greensboro's, while Charlotte's is over twice as much at \$86.
- Greensboro's Solid Waste Fee increased by \$12, Charlotte's by \$18, and Raleigh's by \$3 when compared to FY 21-22.
- Greensboro's Stormwater fees are the lowest of all 5 cities, at an average of \$32 per year.
- Greensboro, Charlotte, and Raleigh have a rate of \$60 per year or \$30 per vehicle. This is the maximum fee allowed by the State.
- Over the last 5 years, Greensboro's user fees increased \$184 (29%), Winston-Salem's \$145 (23%), Durham's \$224 (29%), Charlotte's \$191 (21%), and Raleigh's \$190 (17%), largely driven by increases in water and sewer fees.

#### 5-Year City-Only Fees, FY18-19 to FY 22-23

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	5-Year \$ Change	5-Year % Change
Charlotte	\$844	\$874	\$904	\$917	\$1,035	\$191	23%
Durham	\$723	\$723	\$749	\$775	\$947	\$224	31%
Greensboro	\$567	\$613	\$632	\$633	\$751	\$184	32%
Raleigh	\$1,017	\$1,046	\$1,079	\$1,108	\$1,207	\$190	19%
Winston-Salem	\$594	\$628	\$640	\$640	\$739	\$145	24%

Cities differ in how they leverage user fees and property tax to support city services prioritized by their respective communities. In Greensboro, property tax represents 61% of the total taxes & fees and user fees represent the remaining 39%.



## CONCLUSION

Greensboro has the lowest city-only user fees taxes and user fees of our peer cities. Numerous factors affect the amount of revenue necessary to cover expenses, including community priorities related to the types and levels of service supported by a City.

Generating an appropriate balance between property tax and user fees requires consideration of community input, local priorities, strategic goals, historic data, and more. User fees allow for more varied revenue sources, and may be a more feasible option than raising property taxes. Regardless of strategy, increased service costs require additional revenue from taxes, fees, and economic growth.

By increasing public knowledge about the structure of property tax and user fees, the City of Greensboro can continue in its purpose to serve the community effectively. This analysis allows the community to be data-informed as the City makes recommendations that affect the services to Greensboro's residents and visitors. Ensuring that local government operations maintain a people-centered focus is enhanced through fiscal stewardship that is based on the values of transparency and accountability.