

Planning for a Sustainable Future

Union County, North Carolina, Administrative Services

Budget Focus Area #3:

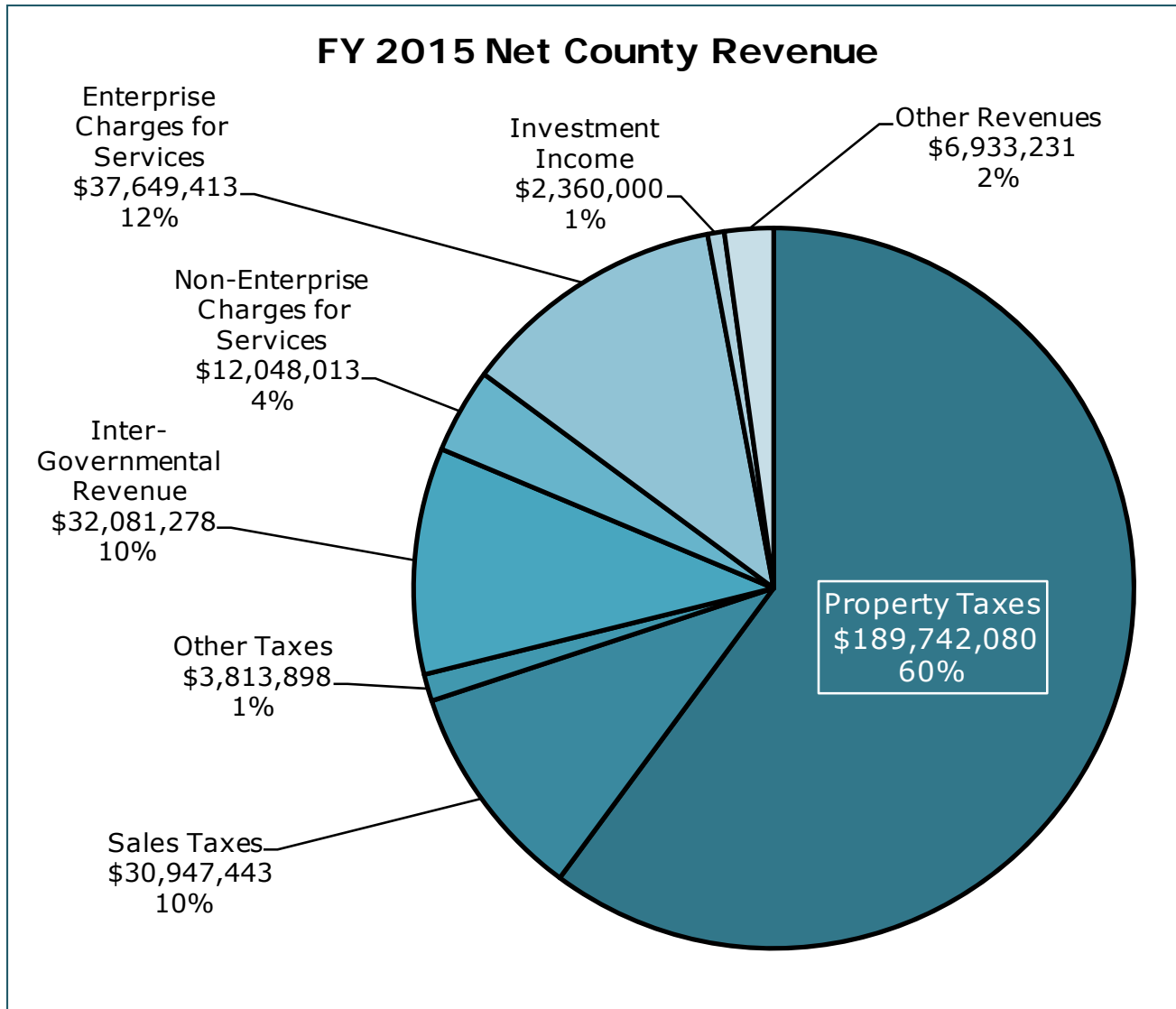
*Revaluation and
Revenue Neutral Tax
Rates*

Goals for Today

- The Role of Property Taxes in the County
- The Valuation Process
- FY 2016 Revaluation Results
- The Revenue Neutral Tax Rate Calculation
 - Recommended County Tax Rate
 - Recommended Schools Tax Rate
- Tax Rate Impact on the Tax Payer
- Direction



Property Taxes In Union County



Tax Rate Breakdown

	FY 2015 Tax Rate In Cents
<i>Countywide Tax Rates</i>	
Schools Tax Rate	45.50
General County Operations	30.64
Total Countywide Rate	<u>76.14</u>
<i>Fire Tax Districts</i>	
Hemby Bridge	5.26
Springs	4.83
Stallings	4.28
Waxhaw	2.81
Wesley Chapel	3.86



County General Operations

General Fund Allocation of Current Property Taxes

Service Area	General County Operating Tax	FY 2015 Original Budget	Current Ad Valorem Taxes	Non-Current Ad Valorem Taxes	Local Option Sales Tax	Other Taxes	Inter-Governmental	Non-Enterprise Charges for Services	Investment Income	Other Revenues
Administrative Services	0.60	\$ 1,435,519	(1,434,934)	-	-	-	-	(585)	-	-
Board of Elections	0.48	1,138,215	(1,137,315)	-	-	-	(400)	(500)	-	-
Community Partners	0.16	7,252,551	(381,123)	-	-	-	(657,255)	(30,270)	-	(6,183,903)
Community Services	2.93	8,079,765	(6,987,986)	-	-	-	(240,099)	(663,573)	-	(188,107)
Emergency Services	4.95	12,481,228	(11,777,828)	-	-	-	(62,500)	(488,900)	-	(152,000)
General County Administration	(0.06)	14,280,359	138,233	(3,410,400)	-	(2,383,000)	(5,997,492)	(700)	(500,000)	(2,127,000)
Growth Management	(0.22)	2,752,995	529,705	-	-	-	-	(3,282,700)	-	-
Human Services	6.96	39,958,089	(16,567,514)	-	-	-	(19,971,699)	(3,267,085)	-	(151,791)
Public Works	(0.19)	(447,617)	447,617	-	-	-	-	-	-	-
Register of Deeds	(0.07)	982,192	166,008	-	-	-	-	(1,148,200)	-	-
Sheriff's Office	9.88	26,363,100	(23,523,027)	-	-	-	(2,199,832)	(640,241)	-	-
UCPS Debt Service & Facilities Charges	5.23	45,306,578	(12,453,261)	-	(30,093,981)	-	(2,759,336)	-	-	-
Total	30.64	\$ 159,582,974	(72,981,425)	(3,410,400)	(30,093,981)	(2,383,000)	(31,888,613)	(9,522,754)	(500,000)	(8,802,801)



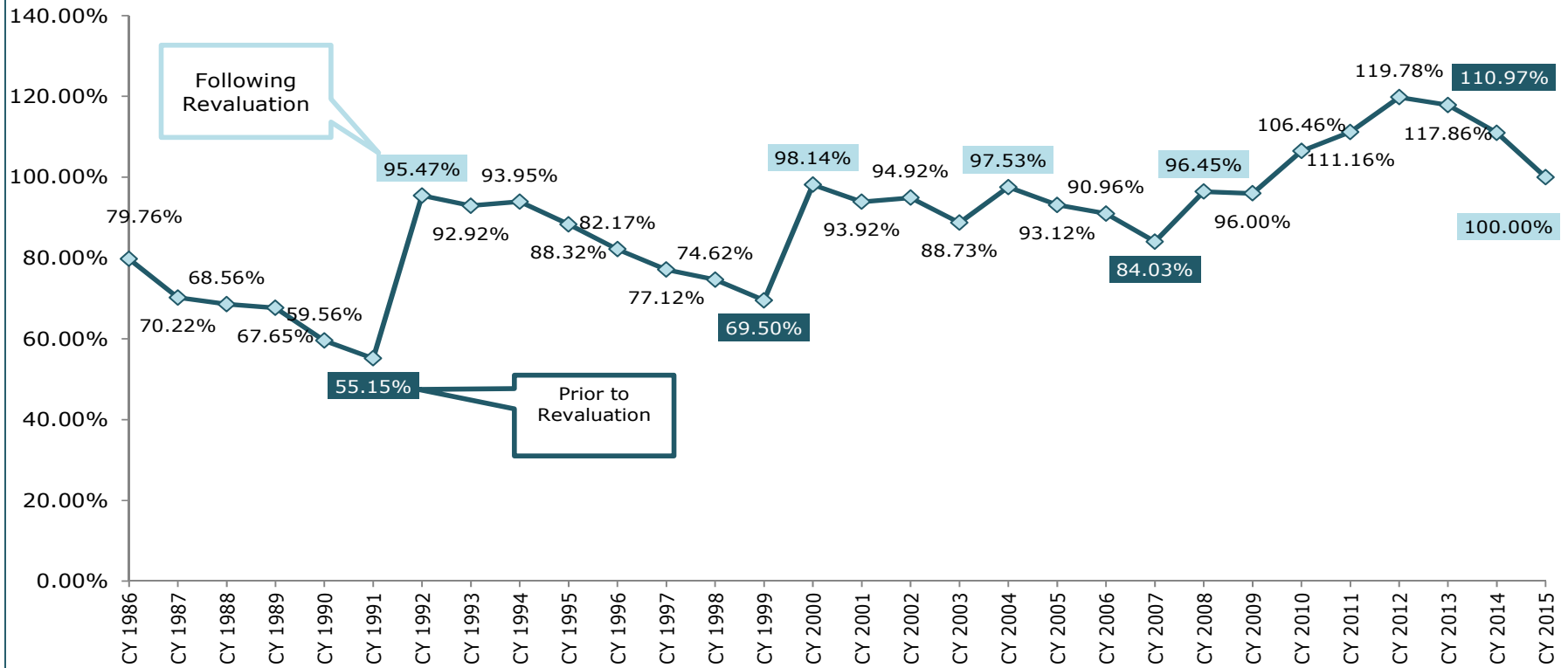
Revaluation as a Concept

- Revaluation focuses on real property.
- Revaluation is done to make values reflective of the market.
- Revaluation is a form of “true up”.
- Revaluation is triggered when:
 - Time frame of at least every eight years.
 - Sales ratio is +/- 15%, done within three years.



Revaluation History in Union County

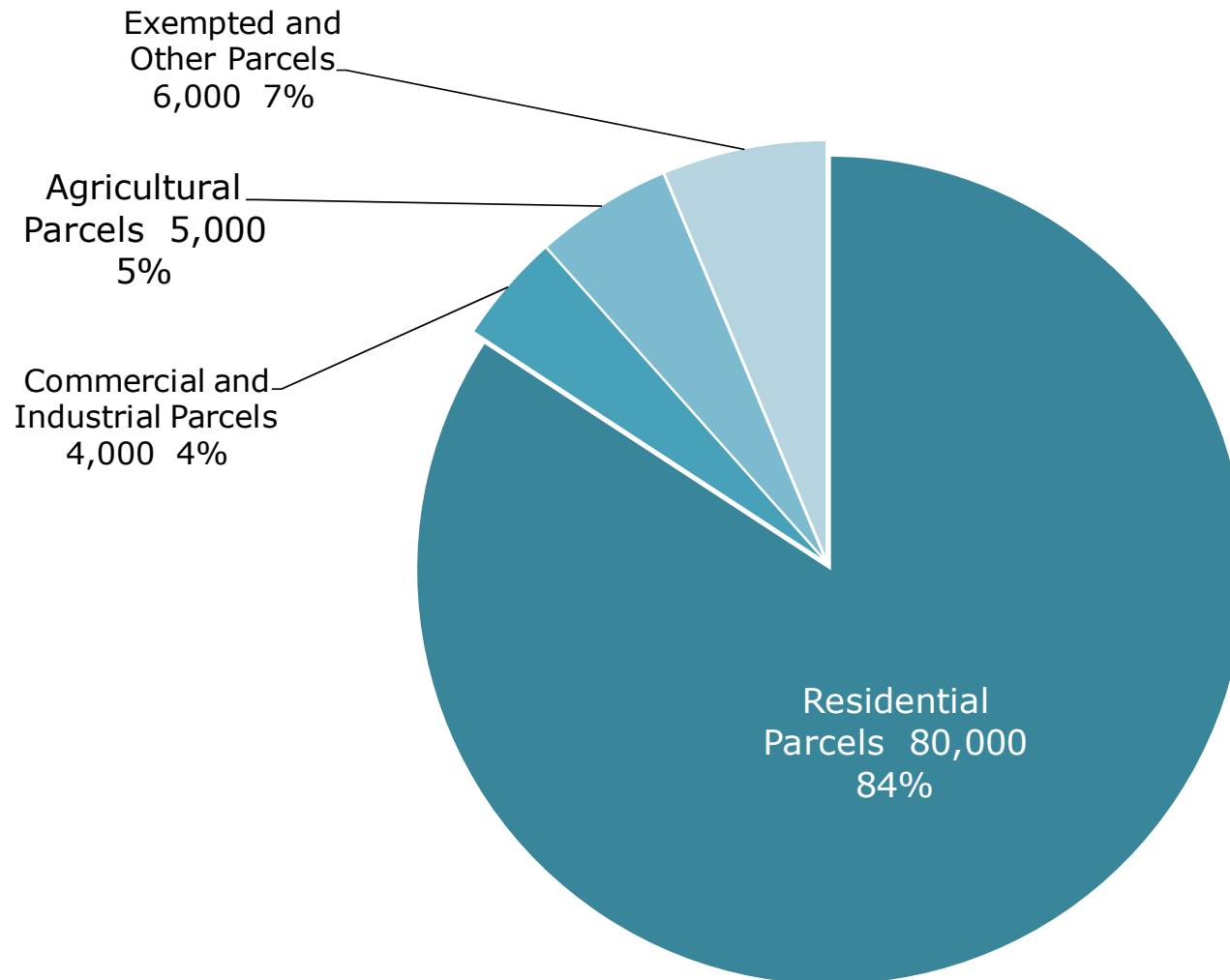
Sales Ratios From 1986 to 2014



Source: NC Department of Revenue



Parcels in Union County



Valuation Process

1. Quality Assurance
2. Establishing Appraisal Neighborhoods
3. Development of the Schedule of Values
4. Qualifying Sales Data
5. Combining Schedule of Values and Sales Data and Making Localized Adjustments
6. Providing Notices of Assessment



Revaluation Results

Changes in Taxable Values by Municipality

Municipalities	2014 Taxable Total	2015 Taxable Total	Change In Valuation
Countywide	\$ 20,960,953,533	19,987,936,104	-4.64%
Fairview	369,144,372	342,895,340	-7.11%
Hemby Bridge	87,458,535	77,414,273	-11.48%
Indian Trail	3,167,132,792	3,155,022,794	-0.38%
Marshville	134,235,217	128,022,131	-4.63%
Marvin	1,026,037,078	998,034,632	-2.73%
Mineral Springs	244,711,398	220,396,353	-9.94%
Monroe	2,487,283,625	2,385,601,538	-4.09%
Stallings	1,426,598,400	1,432,834,887	0.44%
Unionville	448,931,642	427,270,679	-4.83%
Waxhaw	1,448,762,450	1,410,629,784	-2.63%
Weddington	1,976,543,814	1,863,429,586	-5.72%
Wesley Chapel	882,150,158	824,856,440	-6.49%
Wingate	110,084,607	108,035,089	-1.86%

* Excludes motor vehicle and personal property values.



Revaluation Results

Changes in Taxable Values by Parcel Type

Parcel Type	Increased	Decreased	Median Change
Residential	31%	69%	-5.40%
Commercial	45%	55%	-2.30%
Industrial	35%	65%	-6.00%
Agricultural	9%	91%	-29.20%



Revenue Neutral Concept

- Revenue Neutral \neq the Same Revenue
- Seven Step Process
 1. Establish 2014 Tax Value
 2. Apply FY 2015 Tax Rate
 3. Establish FY 2015 Tax Rate Yield
 4. Establish 2015 Values
 5. Calculate Rate on 2015 Values that provides FY 2015 Yield
 6. Apply Growth Factor New Rate
 7. Establish the Revenue Neutral Rate



Growth Historically

Calendar Year	Taxable Value	Change
2008	19,290,938,252	
2009	19,703,707,725	2.1%
2010	19,860,204,041	0.8%
2011	20,012,708,795	0.8%
2012	20,192,945,312	0.9%
2013	20,456,546,253	1.3%
2014	20,950,609,921	2.4%
Average Change		1.4%



General County Operations

Revenue Neutral Tax Rate Calculation

(1) 2014 Tax Levy	\$	20,950,609,921
(2) FY 2015 Tax Rate		0.3064
(3) Tax Revenue Yield	\$	64,192,669
(4) 2015 Tax Levy	\$	19,983,124,713
(5) New Tax Rate Before Growth		0.3212
(6) Growth Factor		1.4%
(7) Revenue Neutral Tax Rate		0.3257



Calculation Pieces

Tax Calculations Base Information

Real Property Revenue

New Tax Base	\$	19,983,124,713
Personal Property		1,234,175,984
State Assessed		352,249,157
Estimated Appeal Loss		(125,000,000)
Total Real/Personal Property	\$	<u>21,444,549,854</u>
Estimated Collection Rate On RPP		98.60%
Motor Vehicle Tax Values	\$	1,956,000,000
Estimated Collection Rate On MVT		97.00%



Putting the Pieces Together

Revenue/Rate Comparison County

<i>Revenue Neutral</i>	<i>0.3064</i>	<i>0.3212</i>	
	FY 2015	FY 2016	Change
Real/Personal Property	67,879,865	67,915,576	35,711
MVT	5,101,560	6,094,192	992,632
Total	72,981,425	74,009,767	1,028,342

The recommendation is the revenue neutral tax rate, excluding the growth factor.



Schools Tax Rate

Revenue Neutral Tax Rate Calculation - Schools

(1) 2014 Tax Levy	\$	20,950,609,921
(2) FY 2015 Tax Rate		0.4550
(3) Tax Revenue Yield	\$	95,325,275
(4) 2015 Tax Levy	\$	19,983,124,713
(5) New Tax Rate Before Growth		0.4770
(6) Growth Factor		1.4%
(7) Revenue Neutral Tax Rate		0.4837

Legislation Comparison

FY 2016 Est. Current Exp.	\$	89,658,562
FY 2016 Capital		19,786,024
Total Funding Needed	\$	109,444,586
Use of Smoothing Reserve		(1,746,998)
Tax Funding Needed	\$	107,697,588
Tax Rate Needed		0.4674



Projected FY 2016 Tax Rates

Tax Purpose	Rate Per \$100 of Value
General County Operations Tax	0.3145
School's Tax	0.4675
Countywide Fire Tax	0.0440



Sample Impacts

Resident Comparison	2014	2015	Change
Resident #1 - Fire Fee - Bakers			
Home Value	\$ 204,160	199,297	(4,863)
Motor Vehicles	9,600	9,120	(480)
Total Value	\$ 213,760	208,417	(5,343)
Tax Bill			
County Tax	\$ 655	655	1
Schools Tax	999	974	(25)
Fire Fee to Tax	89.57	92	2
Total Impact Comparison	\$ 1,744	1,721	(22)
Resident #2 - Stallings VFD			
Home Value	\$ 195,934	195,056	(878)
Motor Vehicles	13,500	12,825	(675)
Total Value	\$ 209,434	207,881	(1,553)
Tax Bill			
County Tax	\$ 642	654	12
Schools Tax	979	972	(7)
Fire Tax	101	95	(6)
Total Impact Comparison	\$ 1,722	1,721	(1)



Sample Impacts

Resident Comparison	2014	2015	Change
Resident #3 - in Mineral Springs VFD			
Home Value	\$ 244,714	220,423	(24,291)
Motor Vehicles	20,000	19,000	(1,000)
Total Value	\$ 264,714	239,423	(25,291)
Tax Bill			
County Tax	\$ 811	753	(58)
Schools Tax	1,237	1,119	(118)
Fire Tax	128	105	(23)
Total Impact Comparison	\$ 2,176	1,977	(199)
Resident #4 - Wesley Chapel VFD			
Home Value	\$ 396,330	380,172	(16,157)
Motor Vehicles	32,000	30,400	(1,600)
Total Value	\$ 428,330	410,572	(17,757)
Tax Bill			
County Tax	\$ 1,312	1,291	(21)
Schools Tax	2,002	1,919	(83)
Fire Tax	120	181	60
Total Impact Comparison	\$ 3,435	3,391	(44)



Sample Impacts

Resident Comparison	2014	2015	Change
<i>Resident #5 - New Salem Fire Fee</i>			
Home Value	\$ 203,210	172,402	(30,808)
Motor Vehicles	15,500	14,725	(775)
Total Value	\$ 218,710	187,127	(31,583)
Tax Bill			
County Tax	\$ 670	589	(82)
Schools Tax	1,022	875	(148)
Fire Fee to Tax	100	82	(18)
Total Impact Comparison	\$ 1,792	1,545	(247)
 <i>Resident #6 - Hemby Bridge VFD</i>			
Home Value	\$ 206,214	207,062	849
Motor Vehicles	15,500	14,725	(775)
Total Value	\$ 221,714	221,787	74
Tax Bill			
County Tax	\$ 679	698	18
Schools Tax	1,036	1,037	0
Fire Fee to Tax	117	131	14
Total Impact Comparison	\$ 1,832	1,865	33



Recommendation

1. County Operations Tax Rate of .3145 per \$100 of Assessed Value.
2. School's Tax Rate of .4674 per \$100 of Assessed Value.
3. Countywide Fire Tax Rate of .0440 per \$100 of Assessed Value.

Expenditure discussion of VFD's to be held during the April 20, 2015 Work Session.



Read the Focus Area Working Papers at
www.unioncountync.gov

