

Changes in Property Taxes for 2008

The 2008 Real Property revaluation has been complete with the result of an average 43% increase in property values. According to the bureaucrats this means a “revenue neutral” tax rate of 50.85 cents per \$100 of value.

We are misled to believe for properties with the average valuation change there would be No tax increase at the “revenue neutral” rate. Simply not true.

The following charts show how the “revenue neutral” rate is determined and show the 7.25% tax increase implicit in the county “revenue neutral” rate.

We also include information regarding the impact on the city tax rates in Wake County’s Municipalities.

Taxpayers need to be FULLY informed regarding the tax basements on their homes and businesses. Hopefully these charts will help fill the information gap left by the Bureaucrats and the N&O reporting.

Anthony Pecoraro

What & Why of Revaluation

- Bring prop to current market value!!
- Required by state law at least every 8 years
- Change to every 4 years being considered

Average increase countywide 43%

Calculating Revenue Neutral

$$\text{Revenue Neutral Rate} = \frac{\text{Old Prop Value}}{\text{New Prop Value}} \times \text{Old Tax Rate}$$

$$\frac{100\%}{143\%} \times 67.8\text{¢ per } \$100 = 47.41\text{¢ per } \$100$$

County claims 50.85¢ is Neutrality

Revenue Neutral Rate Calculation

(County Commission calculation)

	<i>Before Reval</i>	<i>After Reval</i>	
FY 08 Real Property Tax Base	\$66,100,000,000	\$94,523,000,000	43.0%
Business Personal Property			
Public Service	\$21,426,356,000	\$22,180,000,000	3.5%
Motor Vehicles			
Growth			
FY 09 Tax Base Before Reval	\$87,526,356,000	\$116,703,000,000	33.3%
Prior Rate	\$0.6780		-25.00%
Revenue Neutral Rate		\$0.5085	
Tax Revenues Before Reval	\$593,428,694	\$593,428,694	0.0%

Here's Neutrality???

(per \$100,000 valuation)

	<i>Before</i>	<i>After</i>	
	<i>Reval</i>	<i>Reval</i>	
<i>Home Value</i>	\$100,000	\$143,000	
<i>Tax Rate</i>	\$0.6780	\$0.5085	
<i>Tax Due</i>	\$678	\$727	7.25%

My Calculations

Increase in valuation	\$28,423,000,000
Increase attributable to Real Property	\$28,423,000,000
Percent Real Property Increase	43.000%

Revenue Neutral Rate Calculation	
Real Property Before/Real Property After	100% / 143%
Equals	0.6993
X old mil rate of	0.6780
Equals Revenue Neutral Rate	0.4741

Results by Municipality

(average residential increase)

Raleigh 41%

-inside beltline - 73%

-outside beltline - 35%

-SE Raleigh - 38%

Cary 38%

Morrisville 38%

Apex 36%

Unincorporated 35%

Holly Springs 31%

Results by Municipality

(average residential increase)

Wake Forest	29%
Fuquay-Varina	27%
Rolesville	27%
Zebulon	26%
Wendell	25%
Knightdale	23%
Comm/Indus	57%

Rate Increases Proposed

	2007 Rate	Average Residential Increase	My "Revenue Neutral" rate	2008 Proposed Rate	Increase/ (Decrease)
WAKE COUNTY 1	0.678	43%	0.474	0.534	12.6%
CARY	0.420	38%	0.304	0.330	8.4%
RALEIGH 2	0.435	41%	0.309	0.382	23.8%
Inside Beltline	0.435	73%	0.251	0.382	51.9%
Outside Beltline	0.435	35%	0.322	0.382	18.6%
SE Raleigh	0.435	38%	0.315	0.382	21.2%
WAKE FOREST 2	0.550	29%	0.426	0.460	7.9%

Wake 43% Combined Residential/Commercial Average

The Mythical \$200,000 Home

Inside Beltline	2007 tax	Proposed Tax	Increase/ (decrease)
County Tax	\$1,356	\$1,848	36.3%
City tax	\$870	\$1,322	51.9%
Total	\$2,226	\$3,169	42.4%

What if??
Separate Commercial & Residential

	Increase in Value	Revenue Neutral Rate
County Wide Average	43.00%	\$0.474
Commercial / Industrial	57.00%	\$0.432
Residential Estimate	34.00%	\$0.506

Effect on Mythical \$200,000 Home

Our \$200,000 Home	\$268,000	
2007 Tax	\$1,356	
Theoretical Tax @Proposed Rate .534	\$1,431	5.5%
County Proposed Tax	\$1,527	12.6%
Overtaxation	\$96.12	