FY 2026-2027 TOWN OF EDENTON REVENUE-NEUTRAL TAX RATE CALCULATION

In a property revaluation year, the North Carolina General Statute 159-11(e) requires local governments to calculate the revenue-neutral property tax rate for comparative purposes.

Steps in Determining the Revenue-Neutral Rate

Step 1: Determine a rate that would produce revenues equal to those produced for the current fiscal year (tax levy).

Step 2: Increase the rate by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal.

Step 3: Adjust the rate to account for any annexation, de-annexation, merger, or similar event.

NCGS 159-11(e) - In each year in which a general reappraisal of real property has been conducted, the budget officer shall include in the budget, for comparison purposes, a statement of revenue-neutral property tax rate for the budget. The revenue-neutral property tax rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no appraisal had occurred. To calculate the revenue-neutral tax rate, the budget officer shall first determine a rate that would produce revenues equal to those produced for the current fiscal year and then increase the rate by a growth factor that would produce revenues equal to those produced for the current fiscal year and then increase the rate by a growth factor equal to the average annual percentage increase in the tax base due to the improvements since the last general appraisal. This growth factor represents the expected percentage increase in the value of the tax base due to improvements during the next fiscal year. The budget officer shall further adjust the rate to account for any annexation, de-annexation, merger, or similar event.

FY 2026 Projected Total Valuation before Revaluation	$691,771,082
FY 2026 Tax Rate	$0.455
Tax Levy at FY 2026 rate without revaluation = ($691,771,082/100) x 0.455	$3,088,398
FY 2027 Projected Total Valuation	$887,062,429
Tax Rate That Would Produce Revenue Equal to FY 2026 = $3,088,398/($887,062,429/100)	$0.3482

FY	Assessed Value	Percent Change
2023	$631,630,484	
2024	$643,577,191	1.89%
2025	$678,105,161	5.37%
2026	$691,771,082	2.02%
	Average Growth	3.09%

FY 2026 Revenue Neutral Rate (3.09% Growth Factor Applied) = 0.3482 * 1.0309	$0.3589