

McDowell on Wake County Real Property Tax

General

Wake County commercial and residential real-property owners pay yearly taxes on the currently assessed value of that property. Legislation in 2016 required that properties be re-assessed every four years. The latest re-assessment was completed in 2023 for the 2024 tax year.

Those who own commercial and residential properties in municipalities located within Wake County [such as the Town of Cary] pay **additional** yearly real property taxes on those properties. The various municipalities set the rates for this additional taxation.

Under North Carolina General Statute 105-289, The Department of Revenue is charged with the duty to exercise general and specific supervision over the valuation and taxation of property by taxing units throughout the State. The Property Tax Division of the North Carolina Department of Revenue is the division responsible for this administration.

Real property taxes on a property located within a municipality within Wake County are found by dividing the currently assessed value of the property by 100, then multiplying the result of that division by the **sum total** of the Wake County tax rate and the municipality's tax rate.

Example

Assume a property in the Town of Cary in 2023 was assessed at a value of \$450,000. Divide that assessment by 100:

equals 4,500.

Add the Wake County tax rate (.6750) to the Town of Cary tax rate (.345):

equals 1.020

Multiply these two numbers;

equals 4,590

which yields the amount in dollars of the property's **2023** real property tax: \$4,590.

The tax rates for Wake County and its municipalities from 2014 to 2023 are shown in a chart at the end of this treatise.

The **assessment values** of properties are set by employees of Wake County.

The Wake County **tax rate** is set by the Wake County Board of Commissioners, an elected body.

The Town of Cary **tax rate** is set by the Town of Cary Council, also an elected body.

In 2003, the General Assembly added subsection (e) to North Carolina General Statute 159-11, which requires each taxing unit to publish a revenue-neutral property tax rate (“revenue neutral tax rate”) as part of its budget for the fiscal year following the revaluation of its real property.

The purpose of this requirement is to give citizens and elected officials a means to judge if the county or municipality’s suggested increase in real-property tax revenue resulting from the inevitable increases in assessments is necessary, reasonable and justified.

Example

Based on the 2023 reassessment, the value of all taxable real property in **Wake County** increased [from \$181 billion in 2023 to \$272 billion in 2024] by 50.6%. If the County maintained its 2023 tax rate (.6570), its tax revenue would therefore also increase by 50.6% in 2024. Thus, the Legislature’s requirement that Wake County publish a revenue neutral tax rate, a rate that would [seemingly] yield the same amount of revenue in 2024 as was realized in 2023.

Wake County has published a “revenue neutral tax rate” of .4643. [This information was obtained through the Wake County citizen information number: 919-857-3800.]

Thus, if the Wake County Board of Commissioners adopts the revenue neutral tax rate, it will realize tax revenue in **2024** of: [total value of taxable real property \$272,448,270,000 divided by 100 times the “revenue neutral tax rate” .4643].

\$1,264,977,317

In **2023** Wake County realized real property tax revenue of: [total value of taxable real property \$180,965,711,000, divided by 100, times the 2023 tax rate .6570].

\$1,188,944,721

The increase in revenue

\$76,013,067

means that Wake County, if it adopts the revenue neutral tax rate, will realize **an additional \$76 million in revenue, an increase of 6.4%**.

The Wake County executive branch has not yet [to my knowledge] announced a tax rate that it will ask the Board of Commissioners to approve.

The North Carolina “revenue neutral tax rate” is – manifestly -- **not** revenue neutral under the usual and plain meaning of the English words.

NC General Statute 159-11(e) defines the revenue-neutral rate as 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 revaluation had occurred. The statute also instructs that the revenue-neutral rate is calculated as follows:

1. Determine a rate that would produce revenues equal to those produced for the current fiscal year.
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 revaluation.
3. Adjust the rate to account for any annexation, de-annexation, merger, or similar event.

Town of Cary tax

Based on the 2023 reassessment, the value of all taxable real property in the Town of Cary increased [from **\$30,929,581,000 in 2023 to \$46,573,073,000 in 2024**] by 50.6%. [These figures were provided by Cary's 311 system, and can be verified on this website:

[https://app.powerbigov.us/view?](https://app.powerbigov.us/view?r=eyJrIjojN2QwZGIyNGItZTUwOS00NTgxLWFKMmYtZDE4MTA1NWw0MDk4IiwidCI6ImM1YTQxMmQxLTNhYmYtNDNhNC04YzViLTRhNTNhNmNjMGYyZiJ9)

[r=eyJrIjojN2QwZGIyNGItZTUwOS00NTgxLWFKMmYtZDE4MTA1NWw0MDk4IiwidCI6ImM1YTQxMmQxLTNhYmYtNDNhNC04YzViLTRhNTNhNmNjMGYyZiJ9](https://app.powerbigov.us/view?r=eyJrIjojN2QwZGIyNGItZTUwOS00NTgxLWFKMmYtZDE4MTA1NWw0MDk4IiwidCI6ImM1YTQxMmQxLTNhYmYtNDNhNC04YzViLTRhNTNhNmNjMGYyZiJ9)

The Town realized tax revenue in 2023 based on dividing \$30,929,581,000 by 100 and multiplying the quotient by the 2023 tax rate (.345) equals

\$106,707,054

To realize the same amount after the reassessment, the 2024 tax rate would be

.2292

The Town has published a (statutorily-defined) revenue neutral tax rate of

.245

This rate would yield an increase in tax revenue from 2023 of

\$7,358,545

or

6.9%

The Town Council is not required to adopt the published revenue neutral tax rate. It may adopt a rate higher, lower, or equal.

Town staff has proposed a rate of

.325

This would yield an increase in tax revenue for 2024 of

\$44,655,433

or increase over 2023 tax revenue [\$106,707,054] to a 2024 revenue [of \$151,362,487] which works out to a year-to-year increase of

41.8%

Notes

1. It is not relevant to compare the tax rates for years before and after a reassessment.
2. It is not relevant [and misleading] to compare the tax rates for the municipalities in Wake County. All have differing tax bases.

The chart below shows the tax rates for Wake County and the municipalities within the county from 2014 to 2023.

Tax Rates

TAXING UNIT	2023	2022	2021	2020*	2019	2018	2017	2016*	2015	2014
WAKE COUNTY ¹	.6570	.6195	.60	.60	.7207	.6544	.615	.6005	.6145	.578
ANGIER ²	.49	.49	.53	.53	.53	.53	.53	.53	.53	.53
APEX	.44	.41	.39	.38	.415	.415	.38	.38	.39	.39
CARY	.345	.345	.345	.35	.35	.35	.35	.35	.37	.35
CLAYTON	.60	.60	.58	.58	.58	.58	.55	.55	.55	.525
DURHAM	.5577	.5577	.5517	.5317	.5317	.5786	.5786	.5607	.5912	
FUQUAY VARINA	.455	.425	.395	.395	.4325	.4325	.4325	.4325	.385	.385
GARNER	.6270	.5521	.5121	.4971	.56	.5325	.5325	.5325	.5175	.50
HOLLY SPRINGS	.4216	.4216	.4216	.4216	.4825	.4325	.4325	.4325	.435	.435
KNIGHTDALE	.45	.45	.42	.42	.43	.43	.43	.43	.43	.43
MORRISVILLE ^{2,4}	.39	.39	.36	.36	.39	.39	.39	.39	.41	.39
RALEIGH ²	.4330	.3930	.3730	.3552	.4382	.4382	.4253	.4183	.421	.4038
ROLESVILLE ⁵	.46	.46	.46	.46	.48	.48	.48	.48	.44	.44
WAKE FOREST ²	.505	.495	.495	.495	.52	.52	.52	.52	.52	.52
WENDELL ^{3,6}	.47	.47	.47	.47	.49	.49	.49	.49	.49	.49
ZEBULON	.575	.575	.55	.55	.592	.592	.575	.575	.525	.525

* Real Estate reappraisal effective.

1 Properties not located within a municipality may be subject to a fire district tax and the RTP special district tax in addition to county taxes.

2 May be subject to a special district tax in addition to the municipal rate.

3 All property within this municipality is also subject to the current fire district tax.

4 Beginning with tax year 2012, the town assesses a stormwater fee on certain real estate properties.

5 Beginning with tax year 2019, the town included a solid waste fee on certain real estate properties.

6 Beginning with tax year 2021, the town included a stormwater fee on certain real estate properties.