FY 2026-27 Property Tax Rate Amendment

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Brad Branham, City Attorney

Tony McDowell & Lindsay Spangler
Finance & Management Svcs



Legislative Update

The Issue

- June 9th -The City Council approved a balanced FY 26-27 budget.
    - Based upon Buncombe County's 2026 property tax re-evaluation values.
- Thereafter, the N.C. General Assembly approved legislation which now requires Buncombe County to utilize the property tax values from last year (Based upon the 2021 re-evaluation).
- As a result, the City's budget is no longer balanced, and legally non-compliant.

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Legislative Update

Changes of Law

- **SL 2026-8** (Formerly SB 889) was ratified on June 19th.
  - Requires several counties, including Buncombe, to utilize 2025 tax values instead of the new 2026 re-evaluations.
- **SL 2026-47** (Formerly SB 474) was ratified on July 8th.
  - Created a potential exception for Buncombe County to utilize 2026 property values ONLY IF it adopted a revenue neutral tax rate.
- On July 14, the Buncombe County Commission voted not to exercise this exception, and therefore must use the 2025 property tax values.
- The County then voted to adjust its tax rate to balance its budget.

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Legislative Update

The Effect on Asheville

- As of the result of the State legislative changes, and the decision by Buncombe County, the City of Asheville's FY 26-27 budget MUST now utilize the 2025 property values, and not the 2026 values.
- This results in a significant revenue disparity.
- In order to comply with the City's legal obligation to balance its budget, Council must take action to re-balance its budget.
- **NCGS § 159-15 and SL 2026-47 permit the Council, after July 1st, to adjust the City's property tax rates if revenues are substantially less than anticipated.**

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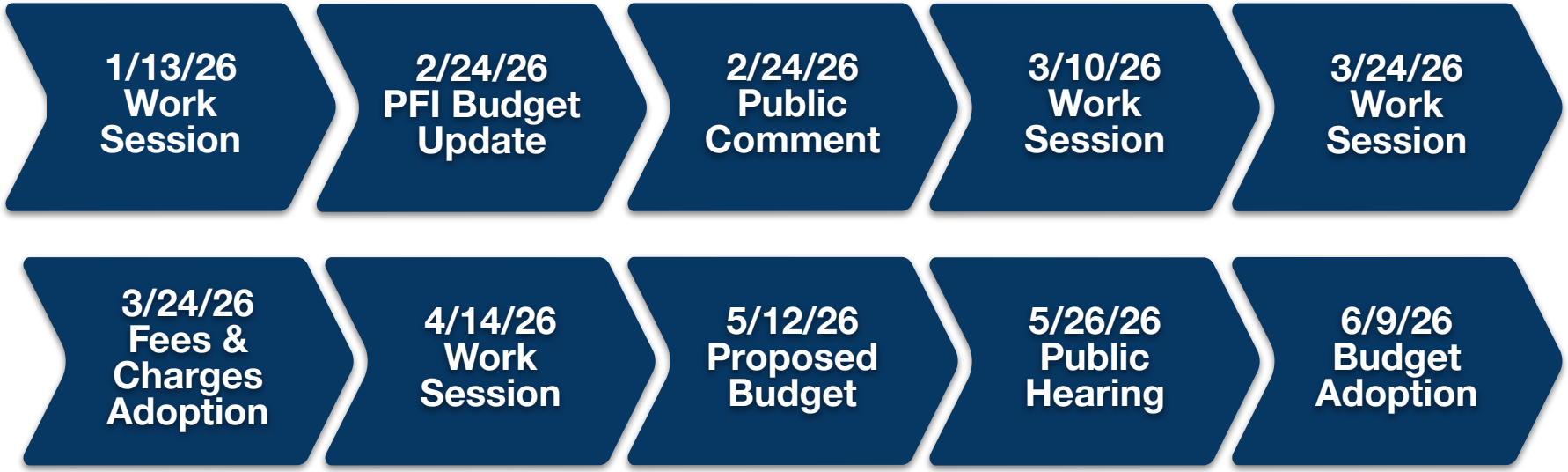
Property Tax Rate Implications

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Adopted FY27 Property Tax Rate

- On June 9, City Council approved a balanced budget of $275.7M for FY27.
- The budget included a tax rate of 37.69 cents, which allows the City to have a structurally balanced budget when applied to the property values from the County's 2026 reappraisal.

FY27 Budget Timeline



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Amended FY27 Property Tax Rate (Senate Bill 889 - June 19th)

- Based on the property tax values from 2025 which the County has opted to utilize, the FY27 tax rate needed to maintain a fiscally sound and structurally balanced General Fund budget is **50.78 cents** per $100 of assessed value.

  This rate represents a net-zero impact to the overall City FY27 property tax collections which Council approved on June 9th.

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Adopted Tax Revenue Calculation

Tax Base (2026 Values)	Tax Rate	Collection Rate	Total Property Tax Revenue
$28.4B	37.69 cents	99.5%	$106M

Amended Tax Revenue Calculation

Tax Base (2025 Values)	Tax Rate	Collection Rate	Total Property Tax Revenue
$20.8B	50.78 cents	99.5%	$106M

Note: If the adopted tax rate is applied to the amended tax base, it will result in a $28M revenue reduction.

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Example for Median Priced Home

	Home Value	Tax Rate	Annual City Tax Bill
Adopted FY27	$478,500	37.69 cents	$1,803
Amended FY27	$350,000	50.78 cents	$1,777

Note: This reflects a hypothetical scenario. Actual tax bills will vary based on home values.

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Amended FY27 Tax Rate: BID Fund

- On June 9, City Council approved a tax rate for the BID Fund of 7.63 cents based on the property values from the County's 2026 reappraisal.
- Based on the property tax values from 2025 which the County has opted to utilize, it's recommended that the BID tax rate revert to the original prior year tax rate of **8.77 cents** per $100 of assessed value.

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Summary

- In order to maintain a balanced budget, Council must adjust the tax rate to ensure the City has enough revenues to cover spending that was approved in the Adopted Budget.

- Impacts to individual taxpayers will vary based on home values.

- Overall, the impact to City property tax revenue collections is net-zero.

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Recommended Motion

- Motion to amend Section 4 of the FY 2026-27 Adopted Budget Ordinance to reflect a property tax rate of 50.78 cents per $100 of assessed valuation of taxable property; and to amend Section 5 of the FY 2026-27 Adopted Budget Ordinance to reflect a property tax rate of 8.77 cents per $100 of assessed valuation of taxable property within the Downtown Asheville Business Improvement District (BID).

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