City of Asheville Staff Report

City Council Meeting Date: July 15, 2026

Staff Resources: Tony McDowell, CFO, Finance and Management Services Director, Lindsay Spangler, Budget & Performance Manager

Action Requested: Adoption of an amendment to the Fiscal Year 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).

Background:

- On June 9, 2026, City Council approved a balanced FY 2026-27 budget. The property tax rate included in the budget was 37.69 cents per $100 of assessed value, with values being determined by the 2026 property revaluation conducted by Buncombe County.
- Thereafter, the NC General Assembly approved legislation that has led to the Adopted Budget being no longer balanced and legally non-compliant.
    - SL 2026-8 (Formerly SB 889) requires several counties including Buncombe County to utilize 2025 tax values instead of the new 2026 revaluations.
    - SL 2026-47 (Formerly SB 474) created a potential exception for Buncombe County to utilize 2026 tax values only if it adopted a revenue neutral tax rate.
- On July 14, 2026, the Buncombe County Commission voted not to exercise the exception under SL 2026-47, therefore all municipalities in Buncombe County must now use the 2025 property tax values in their current budgets.
- NCGS § 159-15 and SL 2026-47 permit the City Council, after July 1, to adjust the City's property tax rates if revenues are substantially less than anticipated.
- 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 property tax collections which Council approved on June 9th.
- Council also sets the tax rate for the Business Improvement District. In June, Council adopted a revenue neutral rate for the BID. With this amendment, the tax rate for the BID will revert back to its original tax rate of 8.77 cents per $100 of assessed value.
- Impacts to individual taxpayers will vary based on home values.

Vendor Outreach:

- N/A

Council Vision 2036 Focus Area(s):

- Fiscally Resilient City

Council Priority Recovery Area(s):

- People; Infrastructure & Environment; Housing; Economic Recovery

Committee(s):

- N/A

Fiscal Impact:

- Passage of this amendment as written will have no impact on the FY 2026-27 Adopted Budget.

Suggested 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).

Attachment(s):

- Budget Ordinance Amendment

City of Asheville Budget Amendment Ordinance Number ____

Be it Ordained by the City Council of the City of Asheville:

That, as a result of legislative changes imposed by the State of North of Carolina, local governments in Buncombe County are now required to utilize property tax values from 2025 to establish their FY 27 annual budgets; and

That the City of Asheville has determined that these State legislative mandates, enacted after it had already adopted its FY 27 annual budget, will result in substantially less revenue than anticipated; and

1. That Section 4 of the City of Asheville Annual Operating Budget Ordinance be amended pursuant to NCGS § 159-15 to the following:

There is hereby levied for the fiscal year ending June 30, 2027, an Ad Valorem tax rate of $0.5078 per $100 assessed valuation of taxable property as listed on January 1, 2026 for purposes of raising the revenues from current year's property tax as set forth in the foregoing estimates of revenues and in order to finance the foregoing appropriations; and

2. That Section 5 of the City of Asheville Annual Operating Budget Ordinance be amended to the following:

There is hereby levied for the fiscal year ending June 30, 2027, an Ad Valorem tax rate of $0.0877 per $100 assessed valuation of taxable property as listed on January 1, 2026 for purposes of raising the revenues from current year's property tax for the Downtown Asheville Business Improvement District (BID).

That this ordinance shall be in full force and effect upon the date of final passage.

Read, approved and adopted this 15th day of July, 2026.

_____
Esther E. Manheimer, Mayor

_____
Brad Branham, City Attorney

_____
Magdalen Burleson, City Clerk