Wednesday - July 15, 2026 - 5:00 p.m.

Special Meeting

Present

Mayor Esther E. Manheimer, Presiding; Vice-Mayor S. Antanette Mosley; Councilman Bo Hess; Councilwoman Kim Roney (virtual); Councilwoman Sheneika Smith; Councilwoman Sage Turner; Councilwoman Maggie Ullman; City Manager DK Wesley; City Attorney Brad Branham; and City Clerk Magdalen Burleson

Consideration of Tax Rate Adjustments

Ordinance Number 5240 - Amendment to Fiscal Year 2026-27 Adopted Budget Ordinance - Ordinance Book No. 37 - Page 59

From staff report:

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

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.

Fiscal Impact:

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

City Attorney Branham said that the issue is (1) On June 9th -The City Council approved a balanced FY 26-27 budget - Based upon Buncombe County's 2026 property tax re-evaluation values; (2) 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); and (3) As a result, the City's budget is no longer balanced, and legally non-compliant.

He said the following are the changes of law: (1) **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; (2) **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; (3) On July 14, the Buncombe County Commission voted not to exercise this exception, and therefore must use the 2025 property tax values; and (4) The County then voted to adjust its tax rate to balance its budget.

The effect on Asheville is (1) 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; (2) This results in a significant revenue disparity; (3) In order to comply with the City's legal obligation to balance its budget, Council must take action to re-balance its budget; and (4) 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.

Finance Director Tony McDowell then outlined the property tax rate implications: (1) On June 9, City Council approved a balanced budget of $275.7M for FY27; and (2) 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.

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.***

He showed the following example for a 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.

Regarding the Business Improvement District (BID fund, (1) 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; and (2) 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.

In summary, (1) 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; (2) Impacts to individual taxpayers will vary based on home values; and (3) Overall, the impact to City property tax revenue collections is net-zero.

In response to Councilwoman Turner, Mr. McDowell said that next year Buncombe County will look at some updates as part of their budget process. The City will be in close contact with them throughout the process.

Mayor Manheimer said that since we don't know what to anticipate with our legislature, we will have to look at how we address our budget next year. She said that going through a revaluation is very confusing and this process has created distrust and that is unfortunate. She then clarified Buncombe County's actions at their meeting the night before. She said the City will do their best to communicate with clarity and transparency..

Councilwoman Turner said that she understood this concept, but would not be able to support the ordinance.

Councilwoman Roney appreciated staff's hard work in getting us to this point and navigating the overreach of the legislature, but her position remains as far as the previous budget vote. She is still in the same position regarding our resources and especially with compensation. If she was able to vote, (prohibited since she participated virtually), it would still be a no vote.

Councilman Hess was frustrated at the actions targeting Asheville and Buncombe County. The City fulfilled their responsibility and Council debated and adopted a balanced budget. As a result of the legislature, we are now forced to revisit a budget already complete. He believed local communities are best equipped to make local decisions, especially noting that we are still trying to recover from Tropical Storm Helene.

At 5:19 p.m., Mayor Manheimer opened public comment and when no one spoke, she closed the public hearing at 5:19 p.m.

Councilman Hess moved 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). This motion was seconded by Councilwoman Smith and carried on a 4-2 vote, with Vice-Mayor Mosley and Councilwoman Turner voting “no.” (Councilwoman Roney was not allowed to vote due to being virtual).

Closed Session

At 5:27 p.m., Councilman Hess moved to go into closed session for the following reasons: (1) To prevent disclosure of information that is privileged and confidential, pursuant to the laws of North Carolina, or not considered a public record within the meaning of Chapter 132 of the General Statutes. The statutory authorization is contained in N.C. Gen. Stat. § 143-318.11(a)(1).The law that makes the information privileged and confidential is N.C. Gen. Stat. § 143-318.10(e), and (2) To consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee. The statutory authorization is contained in N.C. Gen. Stat. § 143-318.11(a)(6). This motion was seconded by Councilwoman Turner and carried unanimously.

At 6:25 p.m., Mayor Manheimer adjourned the special meeting.

_____
Esther E. Manheimer, Mayor

_____
Magdalen Burleson, City Clerk