

BOARD OF ALDERMEN

ITEM NO. D(1)

AGENDA ITEM ABSTRACT

MEETING DATE: 3 April 2012

SUBJECT: Report from Orange County Staff Regarding Upcoming Revaluation Process

DEPARTMENT: TOWN MANAGER'S OFFICE	PUBLIC HEARING: NO
ATTACHMENTS: A. Presentation	FOR INFORMATION CONTACT: David Andrews (918-7315) Arche McAdoo (918-7439)

PURPOSE

The purpose of this item is for the Board of Aldermen to receive a report from the Orange County Tax Administration department regarding the possibility and effects of Orange County's scheduled property revaluation in 2012.

INFORMATION

From Orange County Manager Frank Clifton:

"The County Tax Administrator is in the early stages of preparing for the Revaluation and these numbers are subject to change based upon real estate sales that occur between now and the final cut-off date used to prepare the January 2013 Valuation (subject to subsequent appeals or adjustments).

This information, while not directly impacting budgets for the coming fiscal year of 2012-13 is important looking beyond the upcoming fiscal year.

Falling real estate market values have impacted county-wide valuations. Unfortunately, the current trend is based upon less than 1000 qualified sales which is a relatively smaller sample given previous years transaction numbers...

We have advised the County Commission that based upon current state law and the calculated 'coefficient of dispersion' used to determine equity or inequality in real property assessments for taxing purposes, the scheduled 2013 Revaluation effort could be delayed (at their discretion) up until 2017 for implementation.

NC General Statutes require revaluations at a minimum of once every 8 years or within a shorter timeframe after real estate sales show that most real estate transactions are occurring in excess or below 15% of established tax valuation. Even with the depressed market of 2011, Orange County real estate sales are within the required range that indicates that equity exists for tax valuation purposes. The County is currently on a four year revaluation schedule."

FISCAL IMPACT

The effect of the revaluation, as currently modeled by Orange County, would mean a loss of \$590,000 in revenue. To remain revenue neutral with the Town's current tax rate of .5894, the Town would have to raise taxes by approximately 5.3% or 3.1 cents. This change would affect Fiscal Year 2013-2014.

RECOMMENDATION

Town staff recommends that the Board receive the report from Orange County staff.