



TOWN OF BOONE

TO: Mayor & Council
FROM: Greg Young, Town Manager
DATE: May 31, 2006
RE: Revenue Neutral Tax Rate

The general reappraisal of real property for the Town of Boone follows the schedule set forth by Watauga County Commissioners, in this instance being four years. State law requires that units of local government publish a revenue neutral tax rate in the budget immediately following the completion of the general reappraisal of real property. The purpose of the revenue neutral tax rate is to provide citizens with comparative information.

The FY 2006-2007 operating budget follows the general reappraisal of real property for the Town of Boone. The revenue neutral tax rate as defined by G.S. 159-11(e), is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue for the current fiscal year if no reappraisal had occurred. The rate is then adjusted by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal.

The reappraisal produced a tax base of \$1,276,804,100, and the growth factor since the last general reappraisal is 1.22 percent. Using the formula mandated by state law, the revenue neutral tax rate for the Town of Boone is 29.7 cents. The proposed property tax rate for FY 2006-2007 is 35.5 cents, which represents a decrease from the property tax rate of 40 cents for FY 2005-2006.