GREENSBORO’S TAXES ARE NOT THE SOLE REASON FOR ITS STRUGGLES

One of the claims you hear a lot around here is that Greensboro has the highest taxes among big cities in North Carolina. I’ve seen the claim in Facebook comments and quoted in newspaper articles. It appears to be taken as a given by some.

But it’s not a given. Each year, the city of Greensboro generates a report that compares Greensboro’s municipal expenses with those of four other large cities in the state: Charlotte, Durham, Raleigh and Winston-Salem.

The report looks at both taxes and fees, for both the city and the county. It’s done this way in order to do an apples-to-apples comparison of the costs borne by homeowners in different cities. Not all cities fund services using the same breakdown between taxes and fees. Not all counties are the same in how responsibilities are divided between city and county.

The report looks first at city property taxes, and yes, Greensboro’s combined city/county property-tax rate of $1.4025 per $100 valuation is the highest among the five cities. For a home in Greensboro valued at $150,000 (the standard of comparison for this report), the owner will owe an annual tax of $2,104.

But city and county fees also matter. These include water and sewer, waste disposal and vehicle taxes. The accompanying table shows that when city and county fees are included, Greensboro is in the middle of the pack.

To be sure, it would be a stretch to call Greensboro a low-tax (and -fee!) city. It’s closer to Durham at the upper end than to Raleigh at the lower end. But it’s not the most expensive city in North Carolina. And as the report also shows, compared with the previous year, Greensboro had the slowest growth of the city-only portion of these costs.

Of course no one likes taxes. But does any of this matter from the broader perspective of regional economics? Are local taxes important determinants of the strength of a city’s economy?

No, they’re not. If we look at employment growth as a measure of economic vitality, the high-growth cities in this group are Raleigh at the bottom of the table, but also Durham and Charlotte at the top. The low-growth cities are the two Triad cities in the middle, Greensboro and Winston-Salem. Overall, there’s no clear pattern.

And this shouldn’t be a surprise. The drivers of the Triad economy aren’t local taxes, but the ongoing transformation away from manufacturing, the relatively low level of training and education of the local workforce, and a very slow recovery from the last recession.

Also, consider the annual survey of corporate executives conducted by Area Development magazine. When asked to list the most important factors in location decisions, executives don’t even rank city and county taxes in the top 25!

So the next time someone tells you that Greensboro has the highest property taxes in the state, you’ll know that taxes are only part of the story, and that when fees are included at both the city and county level, Greensboro is in the middle of the pack.

More importantly, taxes are not why the Triad is still struggling to figure out what kind of economy it’s going to be in the 21st century.