

Levy Limit Fiscal Impact Analysis

The Tax Foundation presented a hypothetical NC levy limit that would include annual adjustments based on growth and inflation.

The revenue-neutral rates in revaluation years already include annual growth. To model the fiscal impact of potential levy limits, we compared actual property tax revenues (as budgeted in the year of the last county revaluation) with two scenarios:

1. revenues at a revenue-neutral rate that same year, and
2. revenues at a revenue-neutral rate plus a 2.5% allowable increase that same year (slightly higher than the 2% used in the Tax Foundation examples).

Summary Results of Fiscal Impacts in Counties in Revaluation Years

Here are sample fiscal impacts on counties (with a few of the larger municipalities within them), if a levy limit had been in place during their most recent revaluation years (reval year noted in parenthesis):

- **Iredell County, Statesville and Mooresville included, (2023-2024):**
\$47–\$53 million reduction in property tax revenue, nearly 20% of total levy.
- **Jackson County, (2025-2026):**
\$6.5–\$7.75 million reduction in property tax revenue, ~13% of the total levy this year.
- **Tyrrell County, (2025-2026):**
8–11% reduction in property tax revenue despite having one of the lowest median tax bills in the state (~\$1,200/year).
- **Wayne County, (2025-2026):**
\$6.5–\$8.4 million reduction in property tax revenue, up to 10% of total levy per year.
- **Forsyth County, Winston-Salem and Lewisville included, (2025-2026):**
\$32–\$46 million reduction in property tax revenue. *Notably, Forsyth County Schools had a \$46 million deficit in the same year.*
- **Davie County, Mocksville included, (2025-2026):**
\$3.8-\$4.6 million reduction in property tax revenue, or 7-9% of their current levy.
- **Transylvania County, (2025-2026):**
\$1.9-\$3 million reduction in property tax revenue, or 4-7% of their current levy.
- **Caldwell County, (2025-2026):**
\$1.7-\$3 million reduction in property tax revenue, or 3-6% of their current levy despite having the average increase above revenue neutral for revaluation counties last year.
- **Alamance County, Burlington included, (2023-2024):**
\$5-\$7.4 million reduction in property tax revenue, or 3-5% of their combined levy in FY23'-24'. This would have established a lower revenue base going forward, compounding the long-term fiscal impact. In the most recent budget cycle, Alamance increased property taxes by over 5% despite making cuts in every area outside of mandated services, where costs rose substantially.

- **New Hanover County, (2025-2026):**
\$5.5-\$11.5 million reduction in property tax revenue, 2-5% of their current levy despite having a lower than average increase compared to other counties who revalued.

The total fiscal impact of a levy limit in just ten counties analyzed ranges from approximately **\$110 to nearly \$150 million per year depending on how strict the levy limit is**. Forsyth is the only county among these that is also one of the state's ten largest counties, and the analysis includes Tyrrell, NC's smallest county, so this estimate is not skewed by county size.

Key Findings:

- **The heaviest impact is not concentrated in the largest or higher-cost counties.**
The counties most affected by a levy limit are not primarily the largest or fastest-growing jurisdictions where affordability concerns are most frequently raised. In fact, six counties increased levies by 10% or more above revenue-neutral after their 2025 revaluations. Half of those were smaller Tier 1 counties with low per-capita tax bases, including Tyrrell, Warren, and Wayne Counties. The remaining counties included Jackson, Person, and Chatham. Over the last five years, a similar pattern is noticeable: nearly half of counties who have increased their tax rates more than 10% above revenue neutral have been Tier 1 counties.
- **Smaller counties would face disproportionate fiscal strain.**
A levy limit allowing growth plus up to 2.5% for inflation would have reduced total property tax revenues by nearly 10% in Tyrrell, Wayne, Stokes, Martin, and Warren Counties in the most recent year. It would have had less than a 1% impact on higher wealth counties like Orange and Dare. Counties often cited as having "high taxes" are not necessarily the same counties that would experience the largest impacts under a levy limit.
- **Homeowners in most of these counties would experience little personal benefit.**
In Tyrrell County, the average homeowner pays ~\$1,200 in property taxes. The strictest levy limit after last year's revaluation would have saved this homeowner ~\$120 this year, or just \$10 per month, while taking nearly 11% from Tyrrell's limited property tax revenue. In Winston Salem, a strict levy limit would have saved a homeowner paying \$3,000 this year just over \$200. Meanwhile, it would have cost Winston Salem and Forsyth County over \$45 million in property taxes in a year when the deficit in the county school system was nearly exactly that amount.
- **Targeted relief tools are more efficient and more effective.**
Expanding property tax relief programs—particularly the Homestead Exclusion and Circuit Breaker—would more directly assist cost-burdened homeowners while producing a much smaller and more targeted fiscal impact. In fact, the Tier 1 counties would see very little fiscal impact from the changes we recommend in the attached document "[Meaningful Property Tax Reform & Relief in NC.](#)" These tools would also be especially important for elderly homeowners on fixed incomes in high-cost and fast growing counties who aren't currently reached by statewide programs – and would help them in more substantial ways than levy limits would (see attached: "[Benefit to Cost-Burdened Homeowners](#)").