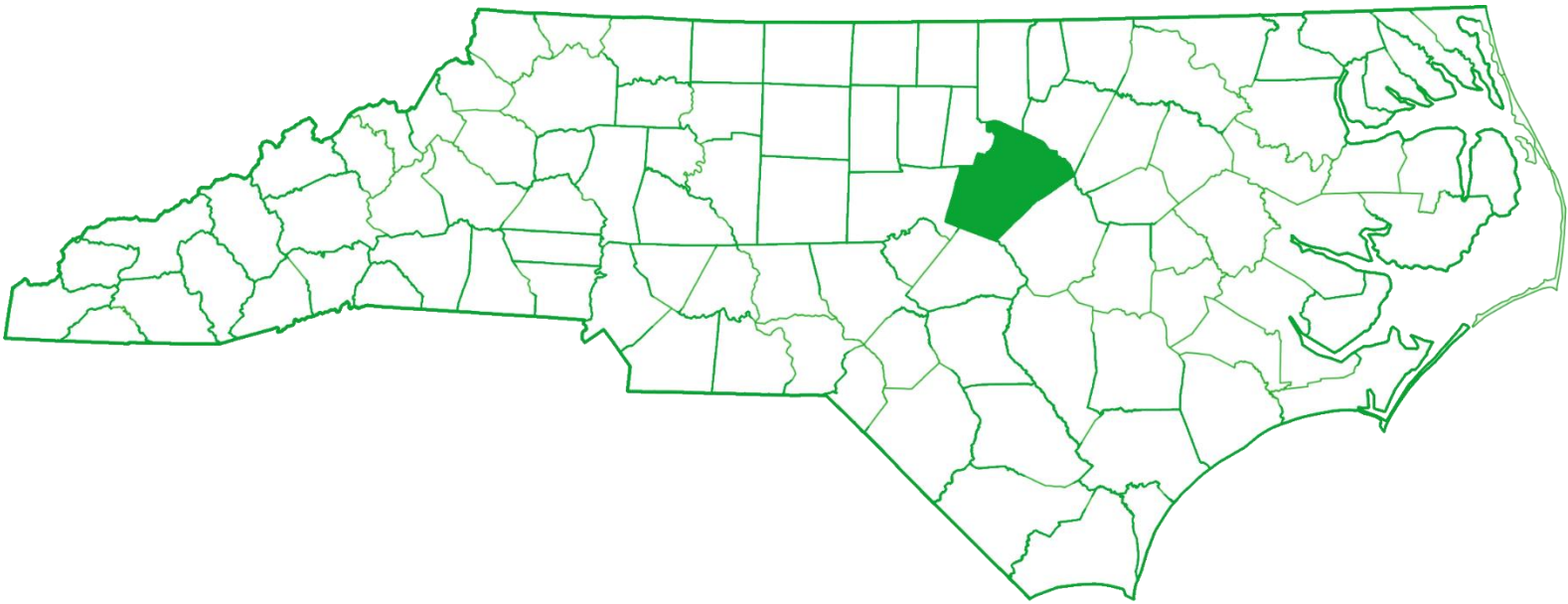


Wake County North Carolina

Cost of Community Services Study



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March 2024



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Acknowledgements

The University of Mount Olive's Lois G. Britt Agribusiness Center worked directly with the staff in Wake County to complete this Cost of Community Services study. The Cost of Community Services Study was identified as a potential planning tool for use by local planners and leaders in Wake County and is a project supported by the Wake County Board of Commissioners.

Mr. Edward Olive completed the research for the Wake County, North Carolina Cost of Community Services (COCS) Study. Mr. Olive serves as Director of the Lois G. Britt Agribusiness Center at the University of Mount Olive. He received his Bachelor of Science degree in AgriScience Education from the University of Mount Olive and a Master of Business Administration with a concentration in Marketing from Regent University.

The study was made possible through the cooperation of many county governmental officials. Department Directors for Wake County were instrumental in providing departmental information used in the study. The following Wake County employees provided leadership for the accumulation of data used in this study:

Dr. Jose Cabanas, Deputy County Manager
Teresa Furr, Wake Soil and Water Conservation District
Loren Hendrickson, Farmland Preservation Coordinator
Katherine Williams, Wake County Cooperative Extension Director
Patrick Flanary, Chief Financial Officer
Marcus Kinrade, Tax Administrator
Michelle Venditto, Director of Budget and Management Services
Timothy Maloney, Planning Development and Inspections Director

Executive Summary

Wake County, NC is growing by a net average of 56 people each day. Sixteen of those are attributed to natural increase (births – deaths) and 40 are new residents moving in from outside the county (as compared to residents who moved from the county)¹. While this may seem like a strength for the urban county that is home to the state’s capital of Raleigh which also is the county seat, but land is a finite resource and there is only so much space left to grow residential development in the county. There is also a need to seek a balance between growth and maintaining open space for recreation, agricultural production, and more.

Review of county government expenditures and revenue collections with respect to land use may be useful as local officials evaluate economic development and county planning opportunities. A Cost of Community Services (COCS) Study can provide county leaders with a better understanding of the net gain or loss for various land use categories.

The use of Cost of Community Services Studies to give a snapshot of county or municipality revenue-to-expenditure ratio was initiated by the American Farmland Trust (AFT). From 2001 to 2016, a report compiled by the AFT realized that land, nationwide, was being converted from agricultural uses to non-farm uses at a rate of 2,000 acres per day². North Carolina alone lost 11,117 farms and over 950,000 acres of agricultural land to other uses between 2002 and 2022. The trends are equally as alarming in Wake County with a loss of 182 farms in the county and 30,480 acres of farmland lost in the same time period³. Increase land values and competition for land for non-agricultural uses have been a huge threat to farmland over the past several years. A

¹ Wake County Growth and Population Trends. <https://www.wake.gov/departments-government/planning-development-inspections/planning/census-demographics/growth-and-population-trends#:~:text=Wake%20County%20is%20one%20of,people%20over%20the%20last%20decade>.

² American Farmland Trust, https://farmlandinfo.org/wp-content/uploads/sites/2/2022/08/AFT_FUT_Abundant-Future-7_29_22-WEB.pdf

³ USDA Census of Agriculture, State Data (2002, 2007, 2012, 2017, 2022), https://www.nass.usda.gov/Publications/AgCensus/2022/Full_Report/Census_by_State/North_Carolina/index.php

Cost of Community Services Study can serve as a valuable tool to plan for growth and to define a balance between agricultural lands and development.

The Wake County Cost of Community Services Study was conducted using the expenditure and revenue data for each department from the fiscal year 2021-22 Annual Comprehensive Financial Report provided by the Wake County Manager's Office. To accurately determine expenditure and revenue data, respective department directors or designated representatives were asked to provide a percentage breakdown of fiscal resources devoted to providing necessary community services to three land use groups. The percentage of county revenues derived from each land use was also determined. Land use designations evaluated were 1) residential, 2) commercial/industrial, and 3) agricultural/forestry.⁴

This Wake County COCS Study demonstrates the following outcomes for the fiscal year 2021-22:

- ***For each \$1 of county revenue contributed by residential uses, the county spent \$1.09 to provide necessary community services for those residential land owners.***

- ***For each \$1 of county revenue derived from commercial uses, Wake County spent \$0.08 for county-provided services.***

- ***For each \$1 of income received by Wake County for agricultural/forestry uses, the county spent \$0.24 to provide required community services.***

⁴ The land category designations are the following:

- Working and agricultural lands includes farms, forests and open space.
- Commercial and Industrial are combined and includes firms.
- Residential development includes all housing, including rentals.

Note also that in the event there was evidence of a migrant agricultural work force, temporary housing for these workers was considered part of agricultural land use. Additionally, the farm business has been separated from the farm residence, with the property value of farm residences assessed in the same manner as any other residences. Therefore farm residences would be included in the residential land use category.

Residential land uses created a net loss of \$86,694,652.83 while the other two land use categories generated surpluses of: \$645,189,460.53 from commercial and \$5,653,433.30 from agricultural (Table 1).

The ratios generated from expenditure/revenue data for all land uses in Wake County are similar to other Cost of Community Services Studies in North Carolina and across the country but are lower. These ratios show that commercial properties provide the highest net gain with every dollar of revenue only requiring 8 cents in services to commercial properties. Agricultural land follows with a cost of 24 cents on each dollar earned from the same properties and residential lands are actually a net loss to the county as residential land use requires \$1.09 in services for every dollar of revenue they bring to Wake County (Appendix Table 4B). The gain realized in commercial and agricultural properties help to cover the residential deficit.

Table 1. Wake County Cost of Community Services Study Findings				
Wake County	FY 2021-22 Actual	Residential	Commercial	Farmland
Total Revenues	\$1,653,241,667.00	\$946,688,193.87	\$699,149,195.82	\$7,404,277.31
Total Expenditures	\$1,089,093,426.00	\$1,033,382,846.70	\$53,959,735.29	\$1,750,844.01
Net contribution	\$564,148,241.00	(\$86,694,652.83)	\$645,189,460.53	\$5,653,433.30
Land use ratio*— Expenses/Revenue		\$1: \$1.09	\$1: \$0.08	\$1: \$0.24

*The cost of services provided for each \$1 of revenue.

According to the 2020 Census, Wake County had a population of 1,129,410 residents. This is recognized as a more than 20% increase in population from the 2010 US

Census population count of 900,993 for Wake County⁵. Since 2020, population projections exhibit an expectation of a continuing increase with estimates in 2022 of 1,175,021⁶ and a projected population increase to 1,363,836 by 2030 according to the NC Office of State Budget and Management⁷. Wake County had a tax rate of \$0.61 in the 2021-22 fiscal year.

Additionally, Wake County invests more in community services to land uses associated with commercial/industrial ventures (4.95%) than agriculture, horticulture, and forestry (0.16%) although the combined total of expenditures for the two land uses still just more than than 5% (5.12%) of the county's total expenditures for community services. In summary, Wake County expends a much lesser amount to provide services to agricultural and commercial land uses as compared with residential uses. The combined revenue from agricultural and commercial/industrial land uses are important to maintaining the fiscal stability of the county.

Studies have revealed when a rural community with a large base of farm and forestland begins to convert that land into residential development, the local government is virtually guaranteed to head down a path of deteriorating financial stability and increasing local property tax rates. Whether this is planned growth strategy or due to market forces and a lack of growth control measures⁸. Differential property tax programs are justified as a way to provide an incentive to keep land open and in active agricultural use. Even with the present-use value tax program, agricultural properties contribute a surplus of revenue that contributes to public services for Wake County residents.⁹

⁵ U.S. Census Bureau, 2020 Census, North Carolina County Population. <https://www.census.gov/quickfacts/fact/table/wakecountynorthcarolina/PST045223>

⁶ U.S. Census Bureau, 2020 Census, North Carolina County Population. <https://www.census.gov/quickfacts/fact/table/wakecountynorthcarolina/PST045223>

⁷ NC Office of Budget and Management. <https://www.osbm.nc.gov/facts-figures/population-demographics/state-demographer/countystate-population-projections/population-growth-2020-2030>

⁸ Dorfman, Jeffrey H. "The Fiscal Impacts of Land Uses on Local Government" Land Use Studies Initiative and Department of Agricultural & Applied Economics The University of Georgia, April 2006

⁹ Present-Use Value, or PUV, is a program established by N.C.G.S. §§ 105—277.2 to .7 and administered by the county tax assessor through which qualifying property can be assessed, for property tax purposes, based on its use as agricultural, horticultural or forest land. The present-use value is the value of the land based solely on its ability to produce income. Qualifying property is assessed at its present-use value rather than its market value. The tax office also maintains a market value for the land. The difference between the market value and the present-use value is maintained in the tax records as deferred taxes. When land becomes disqualified from the program, the deferred taxes for the current and three previous years with interest will usually become payable and due.

Introduction

Wake County, North Carolina is home to the state capital of Raleigh. While the county is now largely urban and is home to more than 290 companies employing more than 250 people each¹⁰ and more than 1.1 million people¹¹, agriculture still plays a major part in the Wake County economy. Cash receipts for agriculture in 2021 totaled \$62,199,063 according to the NC Department of Agriculture and Consumer Services¹². Wake County has a strong crops sector paired with livestock production. There is genuine support for agriculture in Wake County. Local leadership for Wake County recognized the need to determine the financial impact of various land uses within the county as a means for future planning and development. It is imperative not to overlook the economic impact of agriculture and agribusiness to the county and region while seeking growth and progress. Taking steps to preserve and protect agricultural lands in Wake County is beneficial to agriculture as well as the long-term wellbeing of Wake County and the region as a whole.

Simply put, saving land saves money. While residents and many commercial entities demand expensive public services and infrastructure, privately-owned working lands enhance community character and quality of life without requiring significant public expenditures. Their fiscal contributions typically are overlooked, but like other commercial and industrial land uses, agricultural (farm, ranch and forest) lands generate surplus revenues that play an essential role in balancing community budgets. This, perhaps, is the most important lesson learned from Cost of Community Services (COCS) Studies.¹³

¹⁰ 2023 Major Employers List – Wake County and RTP <https://raleigh-wake.org/business-advantages/data-demographics/major-employers>

¹¹ 2023 Census Quick Facts. <https://www.census.gov/quickfacts/fact/table/wakecountynorthcarolina/PST045223>

¹² 2022 NC Agricultural Statistics Book – County Highlights https://www.nass.usda.gov/Statistics_by_State/North_Carolina/Publications/Annual_Statistical_Bulletin/AgStat/Section06.pdf

¹³ Best, Wayne County Cost of Community Services Study (2011)

Numerous COCS Studies have been completed by a variety of researchers around the country for cities and rural communities. The maximum, median, and minimum ratios of local government revenues-to-expenditures collected from these studies are shown in Table 4A of the Appendix. The median ratio states that for every dollar the county generates from the residential category, it spends \$1.16 in services. The commercial/industrial and farm/forestland categories show that, on average, the government receives more than it spends and therefore, these land uses create a surplus. These numbers show the fallacy of depending on residential development as the road to a sound growth policy. Residential development to date has generated sufficient revenue to cover its associated expenditures in only one instance in various NC county studies or other county studies across the nation. The minimum reported ratio for national studies conducted and reported by the American Farmland Trust was 1:\$1.01 in Groton County, New Hampshire¹⁴. The COCS Study completed in 2015 for Pamlico County located in the coastal region of NC and with a population of 13,000 persons reported a ratio of 1:\$0.99 indicating that residential properties were at the breakeven point and was below the last reported minimum. The rural nature of the county, the lack of development pressure and minimal investments in community services by the county was ascertained to be the reason for this balance in revenue and expenditures for residential properties¹⁵.

American Farmland Trust developed this low-cost fiscal analysis to contribute local knowledge to decisions about land use. The purpose of this research is not to suggest any prescriptive course of action but to provide a snapshot of existing conditions. By using statistics and financial land use and economic data specific to Wake County, this COCS Study can help move public dialogue from emotion to analysis and from speculation to projection. It provides reliable financial data, allowing officials to make informed planning decisions and evaluate strategies that will maintain a balance in the distribution of future land uses¹⁶.

¹⁴ American Farmland Trust, Farmland Information Center (September 2016). Cost of Community Services Studies. https://farmlandinfo.org/wp-content/uploads/sites/2/2019/09/Cost_of_Community_Services_Studies_AFT_FIC_201609.pdf

¹⁵ Olive, Edward. 2015. Pamlico County North Carolina Cost of Community Services Study. <https://umo.edu/wp-content/uploads/Pamlico-County-Cost-of-Community-Services-Study-with-Appendix-Final-For-Print.pdf>

¹⁶ Best, Wayne County Cost of Community Services Study (2011)

Cost of Community Services Studies¹⁷

A Cost of Community Services (COCS) Study is a case study approach used to determine an individual community's public service costs versus revenues based on current land use, specifically residential, commercial/industrial, and farm/forest. Publicly available financial reports (Audited Financial Statements or the Annual Comprehensive Financial Report (ACFR)), departmental records and budgets, and assessor's data are used to allocate revenues and expenditures to determine the financial effects of the various land uses. COCS Studies are based on real numbers, making them different from traditional fiscal impact analysis, which is predictive and speculative. They show what services taxpayers receive from their local government and how local government revenues and expenditures relate to land use.

American Farmland Trust (AFT) first became interested in COCS Studies and growth-related issues in the 1980s because agricultural lands were converted *more commonly* to development than any other type of land. Farmland is desirable for building because it tends to be flat, well drained and has few physical limitations for development. It is also more affordable to developers than to farmers and ranchers. This discrepancy continues to grow especially in cases like Wake County due to their proximity metropolitan areas like Raleigh, Durham, and the Research Triangle Park. COCS Studies were originally used to investigate three commonly held claims:

1. Agricultural lands—including working agricultural and forest lands—are an interim land use that should be developed to their “highest and best use”;
2. Agricultural land gets an “unfair” tax break when it is assessed at its actual use value for farming or ranching instead of at its potential use value for development;
3. Residential development will lower property taxes by increasing the tax base.

¹⁷ Freedgood, [Cost of Community Services Studies: Making the Case for Conservation](#). American Farmland Trust, 2002.

In response to these claims, it is of particular relevance to consider the fiscal contributions of privately-owned natural resource lands in areas, such as Wake County, where farming and forestry are important industries. While both commercial and agricultural lands generate less revenue than residential properties in Wake County contributing 42.29% and 0.45% respectively, working lands require a relatively small amount of public expenditure in comparison due to their modest demands for infrastructure and public services. Agricultural land uses account for 0.06% of Wake County's expenditures while commercial and industrial uses result in a 4.52% of Wake County's expenditures for the 2021-22 fiscal year. This is compared with residential impacts which show revenues accounting for 57.26 of the total budget and expenditures accounting for 95.42% of the total county's expenditures for the fiscal year ending in June 2022. While it is true that an acre of land with a new house generates more total revenue than an acre of farmland, this information provides little insight into a community's fiscal balance. As a result, COCS Studies are used to determine the *net* fiscal impact of land uses in the present by comparing total revenues to total expenditures to ascertain the overall contribution of different land uses.

COCS Studies are conducted for a variety of other reasons, such as supporting existing land protection programs or developing new ones. Some communities are interested in raising awareness about the benefits of protecting natural resources, while others may have broader planning goals. Other primary reasons for COCS Studies are: to compare the impacts of different land uses, to direct new development toward existing infrastructure, or to supplement a comprehensive planning process. *Above all, COCS Studies are most valuable to communities that are concerned about farm and other agricultural lands.*

COCS Studies are best used in communities like Wake County that rely heavily on property taxes to generate revenues. Property taxes make up 70% of the county's revenue. It is important to recognize that COCS Studies are fiscal, not economic analyses and therefore do not examine direct economic benefits or secondary impacts of a given land use to the local or regional economy. COCS Studies are not intended to

judge the value of one land use over another or compare one type of new development to another. *The particular niche of a COCS Study is to identify existing land use relationships and evaluate the contribution of agricultural lands on equal ground with developed land uses.* Note, the data provided in COCS studies are “snapshots in time,” and as such are neither predictive nor speculative.

Table 1 classifies categories of information that a Cost of Community Services Study can provide and what their ultimate utility can illustrate to local governmental officials.

Table 1. Uses of Cost of Community Services Studies	
COCS Studies Do:	COCS Studies Do Not:
<ul style="list-style-type: none"> ○ Provide a baseline of information to help local officials and citizens make informed land use decisions. ○ Offer the benefit of hindsight to see the effect of development patterns to date. ○ Demonstrate the relative fiscal importance of privately owned land in agricultural, forest or other open space uses. ○ Make similar assumptions about apportioning costs to agricultural land as to commercial/industrial land. ○ Have a straightforward methodology and easy-to-understand findings. 	<ul style="list-style-type: none"> ○ Project future costs of services incurred by new development. ○ Determine the direct or indirect value of a particular land use to the local or regional economy. ○ Quantify the non-market costs and benefits that occur when agricultural land is converted to urban uses. ○ Judge the intrinsic value of any particular land use. ○ Compare the costs of different types of residential development. ○ Treat agricultural and other working lands as residential development.

Source: Freedgood, Julia. Cost of Community Services Studies: Making the Case for Conservation. American Farmland Trust. 2002.

Methodology

The following standard land use definitions are adapted to individual COCS Studies.

- **Agricultural development** (Farmland and Forestland) – All privately owned land and buildings associated with agricultural and forestry industries, including temporary housing for seasonal workers who are not permanent residents.
- **Residential development** – All single- and multi-family residences and apartment buildings, including farmhouses, residences attached to other kinds of businesses and rental units; all town-owned property used for active recreation or social functions for local residents.
- **Commercial and Industrial Development** – All privately-owned buildings and land associated with business purposes, the manufacturing of goods or the provision of services, excluding agricultural and forestry industries, and utilities. For simplicity, the term “commercial” will denote both industrial and commercial land uses for the remainder of this study. Likewise, “agricultural” will refer to farm and forest land uses.

There are three basic steps in the process of conducting a COCS Study:

1. Collect data: Obtain relevant reports and other financial records, interview officials, boards and departments.
2. Allocate revenues and expenditures by land use.
3. Analyze data and calculate revenue-to-expenditure ratios for each land use category.

The COCS revenue-to-expenditure ratio compares how many dollars' worth of local government services are demanded for each dollar collected. A ratio greater than 1.00 suggests that for every dollar of revenue collected from a given category of land, more than one dollar is spent. Conversely, an expenditure ratio less than 1.00 indicates that

for a given category of land, demand for publicly financed services is less than that sector's contribution to the local budget.

Most studies show that the COCS ratio is substantially above 1 for residential land while ratios for the other two land use categories are usually substantially below 1. Wake County financial records revealed that the COCS ratio for all land uses followed this trend with residential land uses above 1 and agricultural and commercial/industrial below 1.

COCS Method for Wake County

The Wake County Cost of Community Services Study is based on fiscal data from the 2021-2022 budget year for Wake County Government. The reported actual expenditures for Wake County for the fiscal year that ended on June 30, 2022 were \$1,089,096,426 for the seven departmental categories. A breakdown of the expenditures revealed that 95.42% of expenditures were to provide services to residential land uses, 4.52% were to provide services to commercial/industrial land uses and 0.06% were attributed to agriculture, horticulture, and forestry land uses.

Actual county revenues received from taxes, permits, sales and services, and other fees, services, and investments, during this same fiscal period were reported as \$1,653,241,667. Of this total, 57.26% was generated from residential property taxes and other revenue sources, 42.29% was generated by commercial/industrial land use, and 0.45% resulted from agriculture, horticulture, and forestry use. Each department provided data specific to county revenues and expenditures for each line item in the budget and the distribution of funds and services that were devoted to each land use: 1) Residential, 2) Commercial/Industrial, and 3) Agriculture/Horticulture/Forestland.

The Annual Comprehensive Financial Report for Wake County compiled by the Wake County Finance Department, directed by W. Patrick Flanary, Chief Financial Officer, and audited by Mauldin & Jenkins CPAs & Advisors, LLC, was used to derive the actual revenues and expenditures for the fiscal year ending June 30, 2022. Revenues and expenditures were allocated among the three defined land uses based on data provided by the individual county departments to the Farmland Preservation office. Data obtained was entered into a spreadsheet to derive the total amount of funds allocated by each department to each land use.

Categories included in Wake County's revenues were:

- Taxes
- Licenses and permits
- Intergovernmental
- Charges for services
- Miscellaneous
- Investment Income

Real property taxes were collected for the general fund at a rate of \$0.61 (61 cents) per \$100 of property value in 2021-2022.

Expenditures for the County came from the eight fund services: general government, public safety, economic and physical development, human services, cultural and recreational, education, and debt service. The largest county fund was, by far, education with expenditures of \$41.68 million.

Expenditures were allocated in one of two ways. For services that exclusively benefited households (as opposed to commercial establishments)—for example, public schools—100% of expenditures were allocated to the residential sector. For departments whose activities benefited both businesses (including agricultural businesses) and residences, expenditures were allocated based on the proportion of total value accounted for by each land use category.

If it was difficult to derive a direct percentage or distribution of the services devoted to a particular land use, a default percentage was determined based on the assessed property valuations for 2021-22 fiscal year for each land use. The information collected from the Wake County Tax Office is shown below. This default breakdown is as follows:

- 68.65% Residential (including Historic Property)
- 31.13% Commercial/Industrial
- 0.22% Agricultural (PUV)

Findings

Supporting information for the findings expressed in this section can be found in the Appendix.

Appendix Table 1 shows the distribution of revenues for Wake County in the 2021-22 fiscal year. The actual county fund revenues for 2021-2022 were \$1,653,241,667. Taxes, including Ad valorem property taxes which are based on the assessed value of real estate or personal property including motor vehicles, and sales tax generated the most revenue with \$1,477,822,526, or 89.39% of the county's total revenue. Licenses and permits made up 0.4% of total revenues of \$6,067,616. Intergovernmental revenues, including federal and state, and local totaled \$90,514,596 or 5.47% of total revenues. Charges for services revenue followed at \$78,449,963, which accounted 4.75% of revenue collected. Miscellaneous revenue and investment income accounted for the remaining 0.03% of the county's total revenue for 2021-22 contributing \$433,118 in miscellaneous revenue and investment losses of \$46,152. Additional detail of revenues collected is found in Appendix Table 6.

Appendix Table 2 shows the distribution of actual expenditures for the fiscal year 2021-2022 for Wake County (additional detail may be found in Appendix Table 7). Wake County actual expenditures for fiscal year 2021-2022 for the 7 county departments were \$1,089,093,426. Education represented the largest expenditure amount at almost \$575 million, or 52.77% of the total county government expenditures. Health and human services made up the next highest share of county expenditures at 17.25% which totals \$187,883,714 in actual expenditures. Public safety accounted for the third largest expenditure for the county at \$147,658,009 or just more than 13.5% of county expenditures required for those services. General Government had the next highest portion of county expenditures at 8.5%, or \$92,289,759. Community development and cultural line items made up 3.67% of expenditures with a total of \$39,964,599. General services administration expenditures totaled \$31.4 million, which made up nearly 3% of

the total expenditures. The final expenditure category is environmental services at \$15,122,997, which was 1.39% of the county's total expenditures for the 2021-22 year.

Appendix Table 3 provides the revenue-to-expenditure ratios that were developed through the Wake County Cost of Community Services Study. In summary, this COCS Study found that in Wake County, 94.89% of county expenditures were used to provide services for residential land use compared with 4.95% for commercial and 0.06% for farmland (including horticulture) and forestland. This was compared with the revenues which were divided into the same land use classification as follows: 57.26% from residential land uses, 42.29% from commercial and industrial uses and 0.45% from agricultural and forestry. ***In Wake County for each dollar of residential revenue earned, the county spent approximately \$1.09 to provide services to those residents during 2021-22.*** This ratio is slightly lower than the median of national COCS Studies noted by the American Farmland Trust, which is \$1:\$1.16. This revenue-to-expenditure ratio represents a net loss. A net loss is commonly found in COCS Studies with regard to residential land use as the majority of expenditures are used to benefit and serve residents of the county. The largest departmental expenditure in Wake County provided to residential property owners was attributed to Education, which makes up more than half of the county's total share for residential property uses.

Revenue income for both commercial/industrial and agricultural/forestry resulted in a net gain to the county when evaluating the revenue-to-expenditure ratios. These land use revenues offset the net loss realized from residential land uses. Most COCS Studies are conducted in counties which are experiencing a loss of agricultural land because of an increase in residential development or are anticipating this to occur due to developmental pressures related to population growth. From 2010 to 2020, Wake County's population grew by 228,417 to more than 1.1 million residents, a growth of 25% from 2010 to 2020 according to Census numbers¹⁸. This population increase and anticipated continued growth in Wake County is important to recognize and note the

¹⁸ U.S. Census Bureau
<https://www.census.gov/quickfacts/fact/table/wakecountynorthcarolina/PST045223>

current financial condition with respect to residential land uses as compared with commercial and agricultural uses. The residential revenue-to-expenditure ratio provided in the COCS Study provides county leaders the ability to understand the importance of maintaining a balance in land uses as they relate to the county's fiscal stability. As residential development continues to evolve in Wake County, it is expected that this ratio will increase as the volume of services and the associated costs to provide these services to residents increase. By maintaining and supporting agricultural and commercial land uses in Wake County, county leaders can ensure a sustainable and fiscally responsible balance between these three important land use categories.

As noted, both commercial/industrial and agricultural/forestry land uses demonstrated a net gain to the county when the revenue-to-expenditure ratio was evaluated. ***For each \$1 of revenue generated from commercial/industrial land uses, Wake County spent \$0.08 to provide services to those commercial entities.*** Agricultural lands also represented a positive ratio of return for the county's investment in agricultural and forestry related expenditures. ***For each dollar of revenue derived from agricultural and forested land, Wake County spent \$0.24 to provide necessary services for those land uses.*** These ratios are much lower than the median of other studies from the American Farmland Trust and are slightly lower than other county studies in NC. The lower revenue-to-expenditure ratio noted for commercial/industrial land use explains the interest of county leaders and economic developers in counties across the state and nation to encourage and provide incentives for this type of land use. The net gain associated with agricultural lands, while often overlooked, serves as an important component of the necessary balance essential to the economic stability of county governments.

As noted, Appendix Tables 4A and 4B provide ratio comparisons with national Cost of Community Services Studies and NC studies. As mentioned in the Table 3 synopsis, the residential ratio calculated in the Wake County Cost of Community Services Study is lower to the median from national studies and most of the residential ratios in NC studies. Most studies show that the COCS ratio is substantially above 1 for residential

land use while ratios for the other two land use categories are usually substantially below 1. In the Appendix Tables 4A&B the median “national” residential revenue-to-expenditure ratio is 1:1.16, while the median commercial and agricultural are 1:0.30 and 1:0.37, respectively. In North Carolina, over nineteen counties have had Cost of Community Services studies conducted. The median residential revenue-to-expenditure ratio for these NC studies was 1:1.23, while the median commercial and agricultural are 1:0.36 and 1:0.59, respectively.

The agricultural land use ratio of revenue-to-expenditures in Wake County (1:0.24) is much lower than the median ratio nationwide (1:0.37) and lower than the median ratio for North Carolina studies (1:0.59).

The commercial/industrial ratio of 1:0.08 in Wake County is lower than the national median (1:0.30) and the median of the other North Carolina studies (1:0.36).

The break-even home value for Wake County is provided in Appendix Table 5. The revenue and cost of service numbers that lie behind the ratios reported in this study can also be used to calculate the home value necessary for a county to break-even on residential services provided. If one assumes that service cost is consistent across houses relative to the home value, such computations are straightforward. Further, this is not an unreasonable assumption as local government service costs will vary with house location, lot size, and with number of children, but are not particularly correlated with home value. Given this assumption, Appendix Table 5 presents an analysis which computes the residential property value needed to generate an exact balance between average revenues contributed by current housing units and the average value of public services consumed by households.

The “breakeven” house price was computed assuming that any new household would consume the average amount of services reflected in the 2021-2022 budget – i.e., that they would possess the average number of school children, consume an average amount of public health and social services, etc. The computation further assumes that

any new household would contribute the average amount of non-property tax revenues generated by existing residential properties, and takes as a benchmark the current property tax rate of 61.0¢ per \$100. Based on these assumptions, the breakeven property value was computed as \$304,481.04. It is important to note that this value is based on the 2022 year. This break-even value is high, but highlights the amount of expenditures for residential property uses that are covered by agricultural and commercial uses given the current property tax rate to help the county maintain its fiscal solvency.

Table 6 of the Appendix provides a listing of the actual revenues broken down by the land uses evaluated in the study. For fiscal year 2021-22, Wake County revenues totaled \$1,653,241,667. The breakdown percentages were provided by the county tax office and county manager's office after evaluation of departmental revenues. Table 6 accurately represents the distribution of each revenue line item and provides the percentage that is attributed to each land use. This information was compared with the expenditure information to calculate the ratio of Wake County's revenues-to-expenditures. The default breakdown percentage for both revenues and expenditures is: Residential (including historic) 68.65%; Commercial/Industrial 31.13%; Agriculture/Forestry 0.22% which was derived by county tax records and property valuations.

Appendix Table 7 details the expenditures, totaling \$1,089,093,426, for the county in fiscal year 2021-2022. These expenditures are distributed by land use with the percentages provided by county administrators. This information was used with the revenue data to calculate the ratio of county revenues-to-expenditures. The default breakdown percentage for both revenues and expenditures is: Residential (including historic) 68.65%; Commercial/Industrial 31.13%; Agriculture/Forestry 0.22% which was derived by county tax records and property valuations.

Discussion

COCS Studies provide a baseline of information to help local officials and citizens make informed land use decisions. They offer the benefit of hindsight to see the effect of development patterns to date. They also demonstrate the fiscal importance of privately owned land in farm and forest uses.

The ratios found in Wake County are slightly lower than the national median value for the residential sector. The residential ratio of \$1 of revenue to \$1.09 expenditure is within seven cents of the national median of \$1.16 and fourteen cents lower than the median for NC studies, \$1.23. The commercial ratio of \$1 of revenue to \$0.08 is lower than the national median of 30 cents and the NC median of 38 cents. Finally, the farmland (agricultural/forestry) ratio of \$1 to \$0.24 is lower than the national median of \$1 to \$0.37 and is less than the North Carolina median which is 59 cents (See Figure 1).

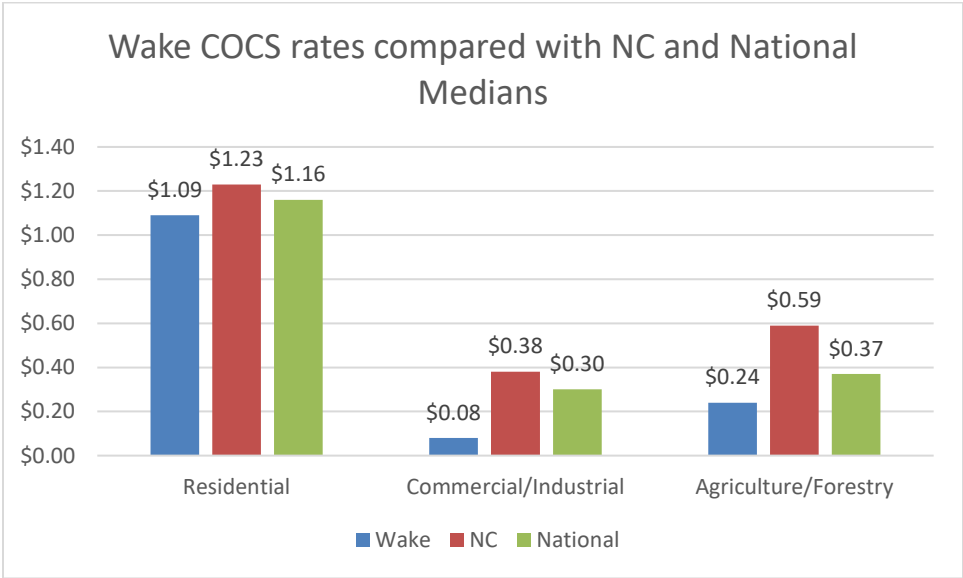


Figure 1: Wake Cost of Community Services Study Ratios Compared to NC and National Studies (American Farmland Trust)

The purpose of a COCS Study is to determine the net fiscal contribution of farm properties so these lands may be duly considered in the planning process, not to recommend one type of land use over another. Because the studies are descriptive,

they should not be used to predict the impact of a single development or to project future costs of services created by new development.

The results of this study, however, provide reliable financial information that demonstrates the importance of agricultural and forest lands to the fiscal stability of Wake County.

- In Wake County residential development undoubtedly contributes the largest amount of revenue, over \$946 million, however its net fiscal impact was negative as reflected in the 2021-2022 fiscal year data. Residential land uses created a deficit of \$86.6 million, while the other two land use categories generated substantial surpluses: \$645,189,460.53 from commercial and \$5,653,433.30 from agricultural lands.
- During the 2021-2022 fiscal year, Wake County reported a budget surplus of more than \$564 million. This surplus was a result of the revenue generated by commercial/industrial and agricultural/forestry land uses.
- Residential, commercial and agricultural lands generated revenue from property and sales taxes and other fees with the largest surplus coming from commercial land uses. Wake County retains more county funds from commercial land use than any other land use in the study.
- Both commercial and agricultural lands pay more in local tax and other revenues than they receive in services, even with a reduced assessed value (Present-Use Value) for agricultural lands.

As American Farmland Trust has emphasized previously, this research also suggests that the development of strategies to retain this land base for the future of agricultural production would be a good long-term investment. Research conducted by the American Farmland Trust expects that without any intervention Wake County will lose

46,600 acres of farmland by 2040 in what it calls ‘business as usual’. In another option called ‘runaway sprawl’ Wake County could lose 56,700 acres of farmland. The option that American Farmland Trust encourages rural and agriculturally-based communities to focus on is ‘better built cities’ which projects the least number of acres (31,900) out of farmland than any other option by making agriculture a priority when making land use decisions, focusing on smart growth, in an effort to maintain farmland for future generations¹⁹. In addition to smart development, additional potential solutions are included below:

- Differential property tax programs, such as present-use value, are justified as a way to provide an incentive to keep land open and in active agricultural use.
- A balance of land uses, including agricultural lands, is needed to provide adequate revenue to pay for county services.

The findings of this study show the fiscal benefits that result from agricultural lands, helping residents to understand the delicate fiscal balance between taxes, other community revenues and the cost of public services. In addition, this information should be useful for county leaders and residents when faced with land use decisions now and in the future.

Agriculture in Wake County is a significant contributor to the economy. Fifteen percent of the county’s land is farmland. The county’s 62,323 acres of farmland generated more than \$62 million in total cash receipts from the sale of agricultural products in 2021²⁰. This study makes a significant statement: It is financially wise to keep land in agriculture. In addition to helping maintain fiscal balance, farmland helps sustain Wake County’s economy, contribute to economic diversity, and helps shape the overall quality of life in the region.

¹⁹ American Farmland Trust. Farms Under Threat 2040: Choosing an abundant future. https://farmlandinfo.org/wp-content/uploads/sites/2/2022/08/AFT_FUT_Abundant-Future-7_29_22-WEB.pdf

²⁰ 2023 NC Agricultural Statistics. NC Department of Agriculture & Consumer Services, Agricultural Statistics. https://www.nass.usda.gov/Statistics_by_State/North_Carolina/Publications/Annual_Statistical_Bulletin/AgStat/NCaStatBook.pdf

Wake County's desire to engage in a Cost of Community Services Study exemplifies the interest of local leaders in the future health of the county and provides a unique opportunity for these and future leaders. The fact that Wake County data exhibits a net gain for both commercial/industrial and agricultural/forestry land uses is similar to other studies, but does present an opportunity to plan for the future of agriculture and anticipated residential and commercial development. Many studies indicate that as residential development occurs and subsequent services are provided, residential development becomes an increased net loss to the local government with regard to revenue/expenditure evaluations. These same studies indicate that the net gain represented by commercial and agricultural uses in all cases is enough to offset the net loss of residential development thereby fortifying the need to have a balanced land use plan. Most local leaders plan for multiple community needs including: transportation, housing, economic development and environmental protection. Data, however, exhibits most people also want farms to remain in their future, but very few communities plan for farmers or farmland. Wake County is in a position, as it moves forward, to develop strategies to continue to protect farmland and promote smart growth and in so doing ensuring the fiscal strength and stability of the county.

Profile of Wake County

Wake County was established in 1771 in central North Carolina and is on the boundary of the state's piedmont and coastal plain. Raleigh was made the county seat upon creation of the county. In 1792, Raleigh was made the state capital. The county is made up of a total of 835 square miles²¹. The county is bordered by 6 counties: Chatham and Durham Counties to the west, Granville and Franklin Counties to the North, Johnston County to the east, and Harnett County to the south. According to NCPedia.org, Wake County is one of North Carolina's most urbanized counties. This is due largely to the impact of state governmental offices that are located in the county, colleges and universities, and many large businesses and corporations in and around the Research Triangle Park. While the county has transitioned from being largely rural and agricultural, the county is still home to almost 700 farms²² producing nursery crops, vegetables, row crops, and livestock. Manufacturing continues as a major component of the economy in Wake County today, largely based in technology, pharmaceutical products, and communications²³.

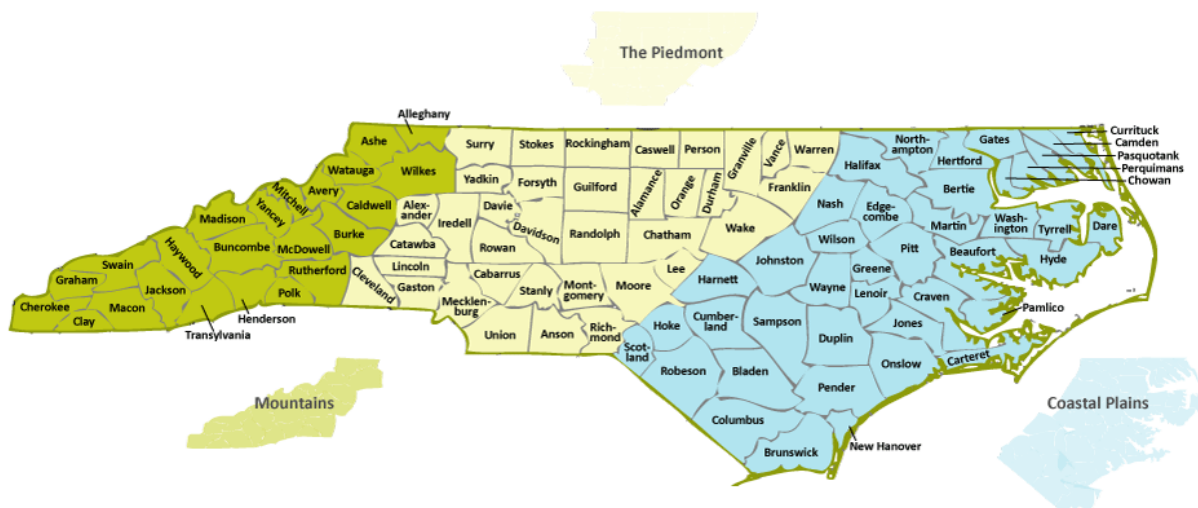


Figure 2: North Carolina regions by county
Source: <https://www.ncpedia.org/geography/regions>

²¹ Wake County. NCPedia. <https://www.ncpedia.org/geography/wake>

²² 2023 NC Agricultural Statistics. NC Department of Agriculture & Consumer Services, Agricultural Statistics.

https://www.nass.usda.gov/Statistics_by_State/North_Carolina/Publications/Annual_Statistical_Bulletin/AgStat/NCaStatBook.pdf

²³ Wake County. NCPedia. <https://www.ncpedia.org/geography/wake>

According to the Annual Comprehensive Financial Report from 2022, Wake County and its municipalities earned many top honors from various organizations and media outlets including²⁴:

- #1 best place to live in 2022
- #1 top city with the most resilient economies in the US
- #3 top hottest real estate market
- #3 hottest job market
- #7 best county to live in America

There are many other examples of accomplishments and acclamations. Each of these attract new residents and businesses to the area seeking these amenities and others. The ACFR goes on to mention the strong job growth and economic development climate that continues to push growth in Wake County. However, agriculture isn't mentioned in the economic diversity profile. While production agriculture may not be a top economic driver in the county, agricultural technology, research, manufacturing, and more play a vital role in the county and state's economy and this should not be overlooked or understated²⁵.

Agriculture

The 2022 US Census of Agriculture reported that of Wake County's 532,415 acres of land, 62,323 acres make up the county's 664 farms. This equates to about 12% of the county's land area. The average farm size in Wake County is 94 acres and the average age of a Wake County farmer is 57.7 years. Females make up 34% of Wake county farmers²⁶. As reported in the 2017 Census of Agriculture, 9% of farmers reported selling directly to consumers²⁷. In 2020, NC Extension Forestry reported 161,167 acres

²⁴ Wake County, NC Annual Comprehensive Financial Report, 2022

²⁵ Wake County, NC Annual Comprehensive Financial Report, 2022

²⁶ USDA Census of Agriculture, 2022.

https://www.nass.usda.gov/Publications/AgCensus/2022/Full_Report/Volume_1,_Chapter_2_County_Level/North_Carolina/st37_2_045_045.pdf

²⁷ NCDA Ag Statistics Book. (2022)

https://www.nass.usda.gov/Statistics_by_State/North_Carolina/Publications/Annual_Statistical_Bulletin/AgStat/NCaStatBook.pdf

in Wake County were forested with 73% reported as privately owned timberland²⁸. Farm and forested acres represent a significant land use in Wake County even with the increased residential and commercial development.

According to the 2022 Agricultural Statistics Book published by the NC Department of Agriculture and Consumer Services and the United States Department of Agriculture National Agricultural Statistics Service, Wake County ranks in the top 25 counties in North Carolina for milk cows (23rd) and turkeys raise (23rd) in 2021. Wake County is ranked 28th cash receipts from crops in 2021. Sweetpotatoes are the highest ranking crop in Wake County at 24th. Wake County farmers earned a total of \$62,199,063 in cash receipts from the sale of agricultural products²⁹.

It is commendable to note that the Wake County Soil and Water Conservation District with support from the Wake County Board of Commissioners has created the Farmland Preservation Program to help protect farmland from the significant losses that have been experienced. The county webpage shares the goals of the program which includes the promotion of agricultural values, promoting agriculture as a part of the county's economy, and to place permanent protection for agricultural lands to prevent the land from converting to non-agricultural uses. In the past year, two huge successes have been achieved. In 2023, Carol and Talmage Brown worked with Farmland Preservation staff and Triangle Land Conservancy to sell a conservation easement to protect the 112 acres of farmland and forestland and keep it in agricultural production. In January of 2024, another Wake County farm worked with the same partners to permanently protect their 125 acres for agriculture, open space, and wildlife habitats. These are huge milestones that will help to generate long-term success in protecting farmland from development³⁰.

²⁸ NC State Extension Forestry. 2020 Forestry Contributions Wake, NC. <https://content.ces.ncsu.edu/wake-county-forestry-impacts-2020>

²⁹ NCDA Ag Statistics Book. (2023)

https://www.nass.usda.gov/Statistics_by_State/North_Carolina/Publications/Annual_Statistical_Bulletin/AgStat/NCAgStatBook.pdf

³⁰ Wake County celebrates biggest farmland preservation project in history. <https://www.wake.gov/news/wake-county-celebrates-biggest-farmland-preservation-project-history>

Education

Wake County residents are highly educated. From 2018 to 2022, a majority (94%) of the population over 25 years of age in Wake County completed high school, which is higher than the state graduation rate for that same time. Similarly, 55.7% of Wake County residents have a Bachelor's degree or higher, compared to 33.9% statewide³¹.

The Wake County Public School System serves a total of 159,995 students in 198 schools. The system is the 15th largest school system in the United States. The schools are distributed as follows: 119 elementary, 38 middle, 31 high schools, 7 alternative schools, and three schools that fall into a different category. Wake County Public Schools employs 20,119 including 10,899 teachers. The school system has an operating budget of \$2.16 billion with a per-pupil expenditure of \$13,194³².

The county also has numerous colleges and universities. Wake Tech Community College operates nine campuses across the county, in addition to providing online education and enrollment for high school students seeking advanced college credit courses. In the 2022-2023 school year, Wake Tech served a total of 66,028 students with 31,071 seeking degrees and 34,957 non-degree seeking and basic skills students³³.

Wake County is home to seven four-year colleges and universities. These include Campbell University (Law School), Meredith College, NC State University, Saint Augustine's University, Shaw University, Southeastern Baptist Theological Seminary, and William Peace University.

Economy

As it would be expected, Wake County is one of the state's twenty least economically distressed counties as indicated by the Tier 3 designation. The North Carolina

³¹ US Census Bureau. <https://www.census.gov/quickfacts/fact/table/wakecountynorthcarolina/PST045223>

³² Wake County Public School System – District Facts. <https://www.wcpss.net/domain/100>

³³ Wake Tech Annual Report 2022-2023. <https://www.waketech.edu/about-wake-tech/administrative-offices/communications/annual-reports/2023>

Department of Commerce (NCDC) ranks each of the state's 100 counties into three tiers based on the economic well-being of each county. Tier 1 is most distressed, and Tier 3 is least distressed. North Carolina uses these designations to encourage economic growth through incentives in distressed counties.³⁴.

The median household income in Wake County in 2018-2022 as reported by Census was \$96,734 compared to the state median income figure of \$66,186.00. Wake County's poverty rate is 7.5%, which is lower than the reported state rate of 13%³⁵.

Agriculture and agribusiness provided jobs for 10.5% of Wake County's working residents according to a study completed by Dr. Mike Walden in 2008³⁶. While that info is dated, it shows that agriculture has long been a major employer in Wake County. Dr. Walden's information is now available for the state rather than by county. Agriculture now contributes more than \$103.2 billion to the gross state product and represents 16% of the state's total workforce³⁷. It would be insightful to consider updating the numbers with current data to share current impacts of agriculture on the county's economy.

Wake County and the Research Triangle Park area is home to nearly 300 companies that employ 250 or more people. These businesses make a significant impact on the county's economy. Almost weekly, there is an announcement of a new or existing business that will create or grow its footprint in Wake County and bring more jobs to the county. While this is a sign of progress, it also points to taking some of the limited agricultural land out of agricultural and forestry production. Existing commercial and industrial businesses can be categorized into the following based on the major employers in Wake County in 2023³⁸:

- Technology
- Healthcare
- Retail Trade

³⁴ County Tier Designations. NC Department of Commerce. <https://www.commerce.nc.gov/grants-incentives/county-distress-rankings-tiers#TierRankingbyCounty-495>

³⁵ US Census Bureau. Quick Facts. <https://www.census.gov/quickfacts/fact/table/wakecountynorthcarolina/PST045223>

³⁶ Walden, Michael. (2008). Agriculture and Agribusiness in Wake County.

³⁷ Walden, Michael. (2023) Agriculture and Agribusiness: North Carolina's number one industry.

³⁸ Wake County, NC Data & Demographics. Major employers. <https://raleigh-wake.org/business-advantages/data-demographics/major-employers>

- Manufacturing
- Pharmaceuticals

Population

Wake County is home to a diverse base of residents. Of the county's April 1, 2020 Census county of 1,129,410 persons, the majority are White (Not Hispanic) at 57%, 18% are African-American (Not Hispanic), 11% identify as Hispanic or Latino, 9% are Asian (Not Hispanic) and the remaining 5% are American Indian, Native Hawaiian or Pacific Islander, or identify as two or more races³⁹.

Table 2 illustrates the reported age distribution by the U.S. Census Bureau in Wake County.

Wake County Population By Age 2020 Census Counts		
2020 Median Age	36.3	
Total Pop 0-19	300,859	26.6%
Total Pop 20-24	76,866	6.8%
Total Pop 25-34	164,659	14.6%
Total Pop 35-44	164,821	14.6%
Total Pop 45-54	155,187	13.7%
Total Pop 55-64	127,993	11.3%
Total Pop 65+	139,025	12.3%

Table 2. U.S. Census Bureau, April 1, 2020 Census Counts

The U.S. Census Bureau additionally reported the urban to rural representation in Wake County to be 95% to 5% respectively⁴⁰.

³⁹ Wake, NC. US Census Bureau. <https://www.census.gov/quickfacts/fact/table/wakecountynorthcarolina/PST045223>

⁴⁰ U.S. Census Bureau Profile of General Population and Housing.

<https://data.census.gov/table/DECENNIALDP2020.DP1?g=050XX00US37183&y=2020&d=DEC%20Demographic%20Profile>

Taxation

The property tax rate for Wake County during the period studied was 61 cents per \$100 of property value. This is the greatest income generator for Wake County according to the revenue data.

While property taxes are an important revenue stream for the County, the continuation of deferred tax programs for agricultural lands is important as well. As noted, agricultural and forested lands contributed \$7,380,073.92 in property taxes to Wake County in 2021-22. This contribution was significant and was instrumental in concert with the taxes collected from commercial/industrial properties in offsetting the deficit between revenues and expenditures collected and spent respectively to provide services to residential property owners in Wake County.

In North Carolina, certain agricultural, horticultural and forested acres are taxed under a deferred tax program enacted by the NC General Assembly in 1974 designated as the Present Use Value Taxation Program. The importance of this program to the viability of agricultural and forested working lands and to the economic well-being of the county cannot be understated.

The greatest asset a farmer or forest landowner has is their land. This deferred taxation program allows landowners that are:

- *actively engaged in the commercial production or growing of crops, plants, or animals;*
- *actively engaged in the commercial production or growing of fruits, vegetables, nursery products, or floral products;*
- *actively engaged in the commercial growing of trees;*

to be considered for present-use value classification. In addition to these parameters, there are criteria related directly to ownership, property size, income, and management practices that ultimately determine whether property may be taxed based upon its present-use value or its market value. Generally stated, present-use value (PUV) is the value of land in its current use as

agricultural land, horticultural land, or forestland, based solely on its ability to produce income and assuming an average level of management. This program allows landowners to continue to contribute to the local economy through taxation, but does not stifle the ability of the agricultural operation to remain profitable and continue to contribute to the County's economy through sales of market products and the need for and presence of allied industries to support these sales.

Properties that qualify for present-use value classification are assessed at their present-use value rather than their market value. Present-use value is usually less than market value and qualifying tracts are assessed at this lower value. The tax office establishes a market value for the land, and the difference between the market value and the present-use value is maintained in the tax assessment records as deferred taxes. When land becomes disqualified from the present-use value program, the deferred taxes for the current year and the three previous years with accrued interest will usually become due and payable⁴¹.

Tax relief is an important issue for farmers. Farmers need land to operate and property taxes on farmland can be a significant expense. Taxes on farm buildings and other assets are often substantial as well. Legislation exists that supports the concept that taxes on agricultural land should be proportionate to its demand on community services and its ability to generate income. As demonstrated in Cost of Community Services (COCS) Studies across the state and nation, farmland provides more in property tax revenues than it requires in public services and by keeping farmland productive it serves to control the cost of community services.

⁴¹ Simpson, Tony, Present-Use Value Program Guide, NC Department of Revenue, April 2023. <https://www.ncdor.gov/2023-04-04-present-use-value-program-guidepdf/open>

Since overtaxed agricultural land may be more susceptible to conversion to non-agricultural uses, tax relief measures can also be considered a farmland protection tool. The expense of property taxes may discourage farmers from buying land and can force existing farmers to sell.

Farmers' savings from deferred property tax programs can be significant and may make the difference between staying in business and selling out. The retention and support of agriculture in Wake County is, as previously stated, essential to the economic stability and quality of life appreciated by Wake County residents.

Appendix: Supporting Tables

Table 1 Wake County Total Revenue for 2021-2022

Source	Revenue	Percentage
Taxes	\$1,477,822,526.00	89.39%
Licenses and Permits	\$6,067,616.00	0.4%
Intergovernmental	\$90,514,596.00	5.47%
Charges for Services	\$78,449,963.00	4.75%
Miscellaneous	\$433,118.00	0.03%
Investment Income	-\$46,152.00	-0.003%
Total	<u>\$1,653,241,667.00</u>	<u>100%</u>

Source: **Audited Financial Statements**, Wake County, NC, ACFR, Fiscal Year Ending, June 30, 2022

Table 2 Wake County Actual Expenditures for 2021-2022

Item	Expenditure	Percentage
General Government	\$92,289,759.00	8.5%
Health and Human Services	\$187,883,714.00	17.25%
Education	\$574,744,372.00	52.77%
Community Development and Cultural	\$39,964,599.00	3.67%
Environmental Services	\$15,122,997.00	1.39%
General Services	\$31,429,976.00	2.89%
Public Safety	\$147,658,009.00	13.5%
Total	<u>\$ 1,089,093,426.00</u>	<u>100%</u>

Source: **Basic Financial Statements (ACFR)**, Wake County, NC, Fiscal Year Ending, June 30, 2022

Table 3 Revenue-to-Expenditures in Wake County 2021-2022

Revenue-to-Expenditure Ratios in Dollars			
	Residential	Commercial	Agricultural
Expenditures	\$1,033,382,846.70 (94.89%)	\$53,959,735.29 (4.95%)	\$1,750,844.01 (0.16%)
Revenue	\$946,688,193.87 (57.26%)	\$699,149,195.82 (42.29%)	\$7,404,277.31 (0.45%)
Revenue-to-Expenditure Ratio^a	1:1.09	1:0.08	1:0.24

^a This ratio measures the cost of services used by a given land sector for each dollar of county revenue contributed to that sector. The formula used is (Revenue/Revenue):(Expenditure/Revenue).

Tables 4A & B Comparison of Revenue-to-Expenditures in Other Counties

Revenue-to-Expenditure Ratios from National Studies from AFT^a

	Residential	Commercial	Agricultural
Minimum	1:1.01	1:0.04	1:0.02
Median*	1:1.16	1:0.30	1:0.37
Maximum	1:2.27	1:1.04	1:2.04

*Median cost per dollar of revenue raised to provide public services to different land uses.

Revenue-to-Expenditure Ratios from Local NC Studies^b

	Residential	Commercial	Agricultural
Union County (2006) ^c	1:1.30	1:0.41	1:0.24
Orange County (2006)	1:1.32	1:0.24	1:0.72
Alamance County (2006)	1:1.47	1:0.23	1:0.59
Henderson County (2008)	1:1.16	1:0.40	1:0.49
Gaston County (2008)	1:1.23	1:0.41	1:0.88
Franklin County (2009)	1:1.12	1:0.53	1:0.76
Durham County (2010)	1:1.15	1:0.33	1:0.59
Guilford County (2010)	1:1.35	1:0.29	1:0.62
Wayne County (2011) ^d	1:1.24	1:0.34	1:0.47
Yadkin County (2011)	1:1.18	1:0.38	1:0.61
Catawba County (2013)	1:1.23	1:0.54	1:0.75
Pitt County (2013)	1:1.29	1:0.36	1:0.62
Davie County (2014)	1:1.14	1:0.50	1:0.67
Iredell County (2015)	1:1.35	1:0.30	1:0.47
Craven County (2015) ^d	1:1.10	1:0.33	1:0.20
Pamlico County (2015) ^e	1:0.99	1:0.71	1:0.51
Duplin County (2016) ^f	1:1.14	1:0.30	1:0.41
Lee County (2017) ^f	1:1.32	1:0.47	1:0.31
Wilson County (2017) ^f	1:1.08	1:0.36	1:0.66

^a These figures are derived from Cost of Community Services summarized on the American Farmland Trust website (https://farmlandinfo.org/wp-content/uploads/sites/2/2019/09/Cost_of_Community_Services_Studies_AFT_FIC_201609.pdf).

^b Source: Renkow, Mitch. "Land Preservation Notebook." (<http://www.cals.ncsu.edu/wq/lpn/cost.html>)

^c Source: Dorfman, Jeffrey H. "The Fiscal Impacts of Land Uses on Local Government" Land Use Studies Initiative and Department of Agricultural & Applied Economics The University of Georgia, April 2006

^d Source: Best, Kathy. University of Mount Olive Cost of Community Services Study, Wayne (2011); Craven (2015)

^e Source: Olive, Edward F. University of Mount Olive Cost of Community Services Study, Pamlico (2015)

^f Source: Maddox, Sandy and Edward F. Olive. University of Mount Olive Cost of Community Services Study, Duplin (2016); Lee (2017); and Wilson (2017)

Table 5. Breakeven Analysis for Residential Property Value Wake County, NC 2021-2022

(1)	Property tax rate (cents per \$100 of property value)		61.0
(2)	Residential Non-Property Tax Revenue Contribution in FYE June 30, 2022	\$	153,465,131.43
(3)	Total residential expenditures in FYE June 30, 2022	\$	1,033,382,846.70
(4)	Total Expenditures needing to be paid for by property taxes [(3) – (2)]	\$	879,917,715.28
(5)	Number of residential properties in the county		473,753
(6)	Per household expenditures needing to be paid for by property taxes [(4) ÷ (5)]		\$1,857.33
	Breakeven property value [(6) ÷ (1)]		<u>\$ 304,481.04</u>

Table 6 Wake County Actual Revenues by Land Use Category for 2021-2022

Item	Total	Residential	Commercial/Industrial	Agriculture, Horticulture, Forestry	Breakdown
TAXES	\$1,477,822,526.00				
Ad valorem property tax - current	\$1,155,062,632.00	\$773,891,963.00	\$378,860,543.00	\$2,310,126.00	67-32.8-0.2
Ad valorem property tax - prior	\$4,069,509.00	\$1,059,394.00	\$281,612.00	\$2,728,503.00	26-6.92-67
Tax penalties, interest and other	\$3,505,590.00	\$866,146.00	\$353,778.00	\$2,285,666.00	24.7-10-65.3
Sales Tax	\$283,904,751.00	\$0.00	\$283,904,751.00	\$0.00	0-100-0
Leased rental vehicle tax	\$4,006,083.00	\$0.00	\$4,006,083.00	\$0.00	0-100-0
Real Property transfer tax	\$25,354,056.00	\$17,405,559.44	\$7,892,717.63	\$55,778.92	Default
Payments in lieu of taxes	\$1,919,905.00	\$0.00	\$1,919,905.00	\$0.00	0-100-0
LICENSES AND PERMITS	\$6,067,616.00				
Beer and wine license	\$97,032.00	\$0.00	\$97,032.00	\$0.00	0-100-0
Marriage Licenses	\$179,340.00	\$179,340.00	\$0.00	\$0.00	100-0-0
Building and construction permits	\$4,241,911.00	\$2,173,131.01	\$2,068,355.80	\$424.19	51.23-48.76-.01
Weapon permits	\$480,890.00	\$480,890.00	\$0.00	\$0.00	100-0-0
Other permits	\$1,068,443.00	\$602,189.00	\$465,523.00	\$731.00	56.36-43.57-.07
INTERGOVERNMENTAL	\$90,514,596.00				
Federal and State	\$72,757,301.00				
Human Services	\$69,241,542.00	\$69,241,542.00	\$0.00	\$0.00	100-0-0
Payments in lieu of taxes	\$439,687.00	\$301,845.13	\$136,874.56	\$967.31	Default
Aid to public libraries	\$611,651.00	\$611,651.00	\$0.00	\$0.00	100-0-0
Public Library	\$0.00	\$0.00	\$0.00	\$0.00	100-0-0
Public Safety	\$103,213.00	\$103,213.00	\$0.00	\$0.00	100-0-0
Other federal and state	\$2,361,208.00	\$1,620,969.29	\$735,044.05	\$5,194.66	Default
Local	\$17,757,295.00				
ABC Board	\$17,521,465.00	\$2,000,000.00	\$15,521,465.00	\$0.00	11.41-88.59-0

Other Local	\$235,830.00	\$175,830.00	\$60,000.00	\$0.00	74.55-25.45-0
CHARGES FOR SERVICES	\$78,449,963.00				
Environmental	\$332,047.00	\$332,047.00	\$0.00	\$0.00	100-0-0
Client Fees	\$924,646.00	\$924,646.00	\$0.00	\$0.00	100-0-0
Insurance	\$370,865.00	\$370,865.00	\$0.00	\$0.00	100-0-0
Medicaid Fees	\$15,334,556.00	\$15,334,556.00	\$0.00	\$0.00	100-0-0
Medicare Fees	\$37,034.00	\$37,034.00	\$0.00	\$0.00	100-0-0
Human Services Reimbursements	\$813,160.00	\$813,160.00	\$0.00	\$0.00	100-0-0
Inspection Fees	\$1,104,668.00	\$565,921.42	\$538,636.12	\$110.47	51.23-48.76-0.01
Library Fees	\$108,523.00	\$108,523.00	\$0.00	\$0.00	100-0-0
Parks and recreation fees	\$87,289.00	\$87,289.00	\$0.00	\$0.00	100-0-0
EMS fees	\$36,756,427.00	\$36,756,427.00	\$0.00	\$0.00	100-0-0
Facility use fees	\$28,952.00	\$28,952.00	\$0.00	\$0.00	100-0-0
Fire/Rescue fees	\$146,817.00	\$121,200.00	\$25,617.00	\$0.00	82.55-17.45-0
Sheriff fees	\$3,985,574.00	\$3,985,574.00	\$0.00	\$0.00	100-0-0
Planning fees	\$1,719,699.00	\$1,202,844.00	\$515,505.00	\$1,350.00	69.94-29.98-.08
Court facility fees	\$874,890.00	\$874,890.00	\$0.00	\$0.00	100-0-0
Parking fees	\$964,312.00	\$964,312.00	\$0.00	\$0.00	100-0-0
Rental/Lease Income	\$269,541.00	\$0.00	\$269,541.00	\$0.00	0-100-0
Record fees	\$6,927,476.00	\$6,927,476.00	\$0.00	\$0.00	100-0-0
Reimbursements	\$3,145,198.00	\$2,159,178.43	\$979,100.14	\$6,919.44	Default
Tax collection fees	\$1,215,193.00	\$810,888.00	\$396,650.00	\$7,655.00	66.73-32.27-0
Vending income	\$415,854.00	\$415,854.00	\$0.00	\$0.00	100-0-0
Other fees and charges	\$2,887,242.00	\$2,887,242.00	\$0.00	\$0.00	100-0-0
MISCELLANEOUS	\$433,118.00	\$297,335.51	\$134,829.63	\$952.86	Default
INVESTMENT INCOME (LOSS)	-\$46,152.00	-\$31,683.35	-\$14,367.12	-\$101.53	Default
	\$1,653,241,667.00	\$946,688,193.87	\$699,149,195.82	\$7,404,277.31	

*Default percentage: Residential (including historic) 68.65%; Commercial/Industrial 31.13%; Agriculture/Forestry 0.22%.

Table 7 Wake County Actual Expenditures by Land Use Category for 2021-2022

Item	Total	Residential	Commercial/Industrial	Agriculture, Horticulture, Forestry	Breakdown
GENERAL GOVERNMENT	\$92,289,759.00				
County Commissioners	\$751,448.00	\$751,448.00	\$0.00	\$0.00	100-0-0
County Manager	\$3,150,225.00	\$3,150,225.00	\$0.00	\$0.00	100-0-0
County Attorney	\$3,380,884.00	\$3,380,884.00	\$0.00	\$0.00	100-0-0
Board of Elections	\$7,775,453.00	\$7,775,453.00	\$0.00	\$0.00	100-0-0
Budget & Management Services	\$1,409,737.00	\$1,409,737.00	\$0.00	\$0.00	100-0-0
Communications office	\$1,395,637.00	\$1,395,637.00	\$0.00	\$0.00	100-0-0
Facilities design & construction	\$2,096,741.00	\$2,096,741.00	\$0.00	\$0.00	100-0-0
Finance	\$3,339,043.00	\$3,339,043.00	\$0.00	\$0.00	100-0-0
Human Resources	\$4,852,877.00	\$4,852,877.00	\$0.00	\$0.00	100-0-0
Information Services	\$20,802,157.00	\$20,802,157.00	\$0.00	\$0.00	100-0-0
Register of Deeds	\$3,425,826.00	\$2,351,829.55	\$1,066,459.63	\$7,536.82	Default 65.73-30.64-
Tax Administration	\$9,662,630.00	\$6,351,248.00	\$2,960,629.00	\$350,753.00	0.0363
Quasi-governmental	\$902,847.00	\$619,804.47	\$281,056.27	\$1,986.26	Default
Non-departmental	\$19,251,774.00	\$13,216,342.85	\$5,993,077.25	\$42,353.90	Default
COVID-19 Response	\$8,000,000.00	\$8,000,000.00	\$0.00	\$0.00	100-0-0
Public Agencies	\$2,092,480.00	\$1,436,487.52	\$651,389.02	\$4,603.46	Default
HEALTH AND HUMAN SERVICES	\$187,883,717.00				
Human Services					
Social services economic self					
sufficiency	\$53,215,712.00	\$53,215,712.00	\$0.00	\$0.00	100-0-0
Child welfare	\$32,053,065.00	\$32,053,065.00	\$0.00	\$0.00	100-0-0
Public Health	\$29,994,927.00	\$29,994,927.00	\$0.00	\$0.00	100-0-0
Health Clinics	\$19,393,755.00	\$19,393,755.00	\$0.00	\$0.00	100-0-0
Administration and operations	\$22,091,597.00	\$22,091,597.00	\$0.00	\$0.00	100-0-0
Behavioral health - managed					
care	\$22,818,342.00	\$22,818,342.00	\$0.00	\$0.00	100-0-0

Housing	\$8,316,316.00	\$8,316,316.00	\$0.00	\$0.00	100-0-0
EDUCATION	\$574,744,372.00				
Wake County Public Schools					
Current Expense	\$543,317,051.00	\$543,317,051.00	\$0.00	\$0.00	100-0-0
Capital Outlay	\$0.00	\$0.00	\$0.00	\$0.00	100-0-0
Other Restricted	\$888,050.00	\$888,050.00	\$0.00	\$0.00	100-0-0
Wake Technical College					
Current Expense	\$28,501,243.00	\$28,501,243.00	\$0.00	\$0.00	100-0-0
Other Education Initiatives	\$2,038,028.00	\$2,038,028.00	\$0.00	\$0.00	100-0-0
COMMUNITY DEVELOPMENT AND CULTURAL	\$39,964,599.00				
Administration	\$918,921.00	\$918,921.00	\$0.00	\$0.00	100-0-0
Parks and Recreation	\$3,469,193.00	\$3,469,193.00	\$0.00	\$0.00	100-0-0
Building inspections	\$6,402,339.00	\$3,279,918.27	\$3,121,780.50	\$640.23	
Veterans services	\$345,783.00	\$345,783.00	\$0.00	\$0.00	100-0-0
Geographic Information Services	\$2,067,720.00	\$2,067,720.00	\$0.00	\$0.00	100-0-0
Public Libraries	\$26,760,643.00	\$26,760,643.00	\$0.00	\$0.00	100-0-0
ENVIROMENTAL SERVICES	\$15,122,997.00				
Environmental Services	\$15,122,997.00	\$10,381,937.44	\$4,707,788.97	\$33,270.59	Default
GENERAL SERVICES ADMINISTRATION	\$31,429,976.00				
General Services Administration	\$31,429,976.00	\$31,429,976.00	\$0.00	\$0.00	100-0-0
PUBLIC SAFETY	\$147,658,009.00				
Sheriff Department					
Sheriff Department	\$50,751,224.00	\$29,496,611.39	\$20,051,808.60	\$1,202,804.01	58.12-39.51-2.37
Detention	\$48,317,816.00	\$48,317,816.00	\$0.00	\$0.00	100-0-0
CCBI	\$7,412,481.00	\$5,088,668.21	\$2,307,505.34	\$16,307.46	Default

Law enforcement special separation allowance	\$1,409,729.00	\$967,778.96	\$438,848.64	\$3,101.40	Default
Emergency Medical Services	\$34,639,180.00	\$23,779,797.07	\$10,783,176.73	\$76,206.20	Default
Fire Services	\$3,175,197.00	\$2,179,772.74	\$988,438.83	\$6,985.43	Default
Public Safety Communications	\$1,952,382.00	\$1,340,310.24	\$607,776.52	\$4,295.24	Default
	\$1,089,093,426.00	\$1,033,382,849.70	\$53,959,735.29	\$1,750,844.01	

*Default percentage: Residential (including historic) 68.65%; Commercial/Industrial 31.13%; Agriculture/Forestry 0.22%.