

A property tax increase is being proposed for FY 2026 to ensure the community can continue to operate effectively and meet growing needs.

The proposed tax increase is from the current rate of .39 per \$100 to .44 per \$100.

- Each penny of increase equates to approximately \$4900 to the town.
- This breaks down to an approximate yearly tax increase of \$125, based on a property valued at \$250,000.
- Current Tax Rate .39 = \$975
- Proposed Tax Rate .44 = \$1,100

The reason for this proposed tax increase is based on Johnston County's Proposed Fire Protection Cost Share.

### **So, What Changed to Propose a Tax Increase?**

A Fire Protection Cost Share Policy between Johnston County and municipalities is being proposed to establish a cost-sharing model between the county and the town for fire protection services. This model was prepared by a committee and was based on objective metrics, such as call volume, real/personal property values, population and square miles. This model would distribute proportionally to each town's usage and benefit.

### **What does this mean?**

To provide some history on Town of Micro and Micro Fire Department contributions, the town and the fire department had conversations and agreements in place that stated what the town would contribute on an annual basis to the Fire Department.

These amounts were based on property tax revenue the town received. The last few years, the town contributed approximately 19-20% of property tax revenue received. For FY 2025 that meant the town had budgeted \$38,827 for the Fire Department. The town was able to increase the amount contributed to \$42,000.

### **Increased Costs to Town of Micro with Proposed Fire Protection Cost Share**

The Cost Share model estimates the Town of Micro for FY 2026 would need to increase their annual contribution from approximately **\$39,908** (based on previous agreed upon percentage rate of 19-20%) to **\$101,335**.

### **Proposed Phase-in Plan**

The county has proposed a phase-in plan that outlines the minimum increase the town must contribute each year. The amount of time for a phase-in is based on the funding

adjustment increase percentage. For Micro, since the increase would be greater than 50%, there would be a five (5) year phase-in plan.

What this means is Micro will have 5 years to increase their annual contributions until we are required to fund the town's proposed share at 100%.

Each year the town would be required to increase their contribution by 20% from the previous year. In FY 2026, the town would need to contribute approximately \$61,000 and continually increase an additional 20% each year for five years.

### **Additional Information**

For FY 2025, the town budgeted \$185,024 for property tax revenue and \$20,800 for vehicle tax revenue, for a total of \$205,824 in revenue.

Without a tax increase, there is no way the Town of Micro can absorb this type of increase. While the town has made significant progress in recent years, additional financial obligations could jeopardize that progress.

This has put both the town and fire department in difficult positions. The town has great respect and admiration for the Micro Fire Department. We want to thank Chief Creech and D/Chief Lassiter for the great communication and attending budget planning meetings.

Please be aware the town has attended numerous meetings and voiced our concerns about the significant impact this proposed policy would have on the town and our residents.

The Johnston County Mayors have also met several times to discuss this proposed policy and have advised the Johnston County Commissioners of the real concerns and burdens this will place on citizens.

Please be further aware, the town is considering all options, including the possibility of having Johnston County collecting fire tax inside city limits.