



**PRINCE WILLIAM**  
COUNTY

# Tax Policy Information & Considerations and Revenue Estimates

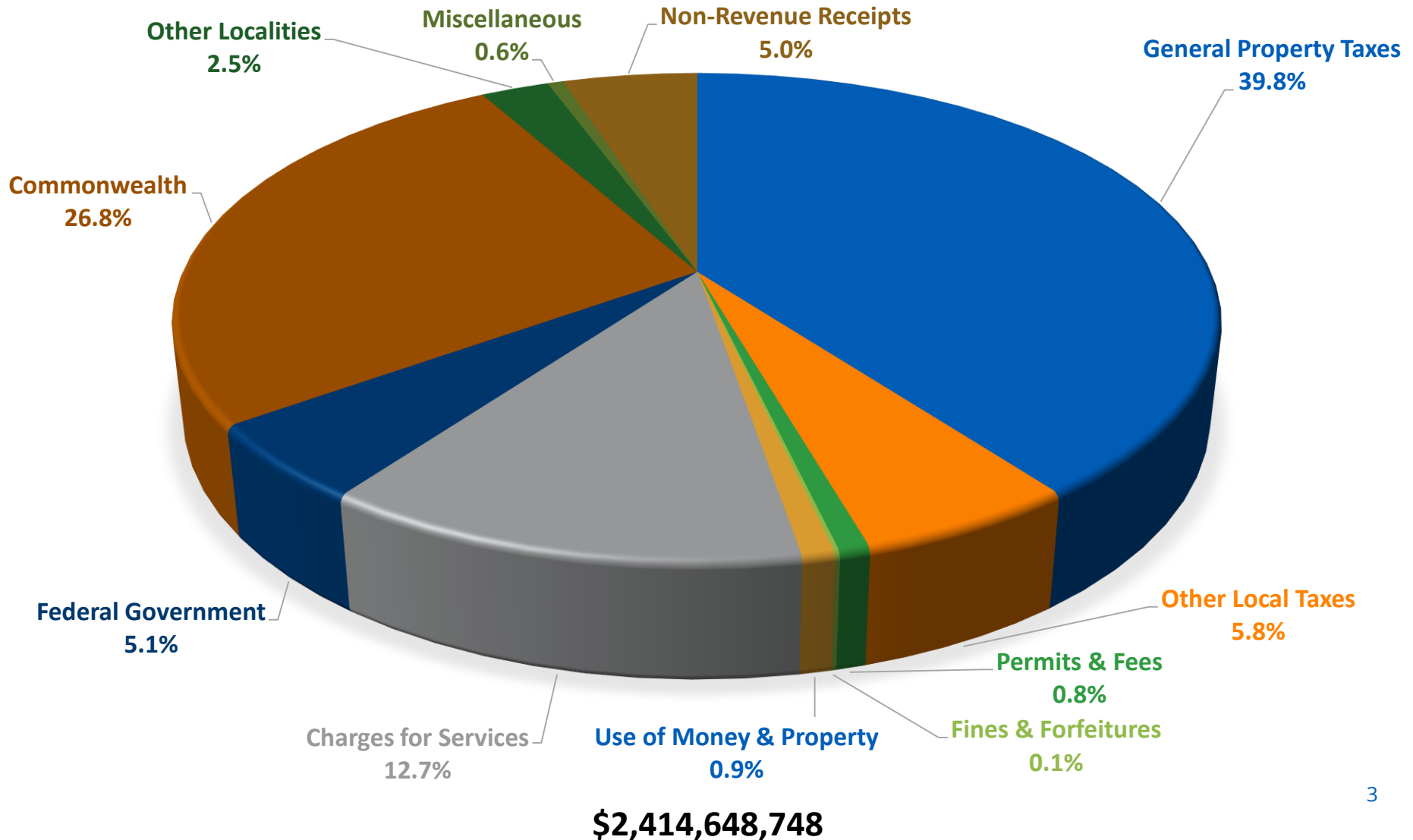
*Presented by: Michelle L. Attreed, Director of Finance/CFO*

# Overview of the County's Revenue

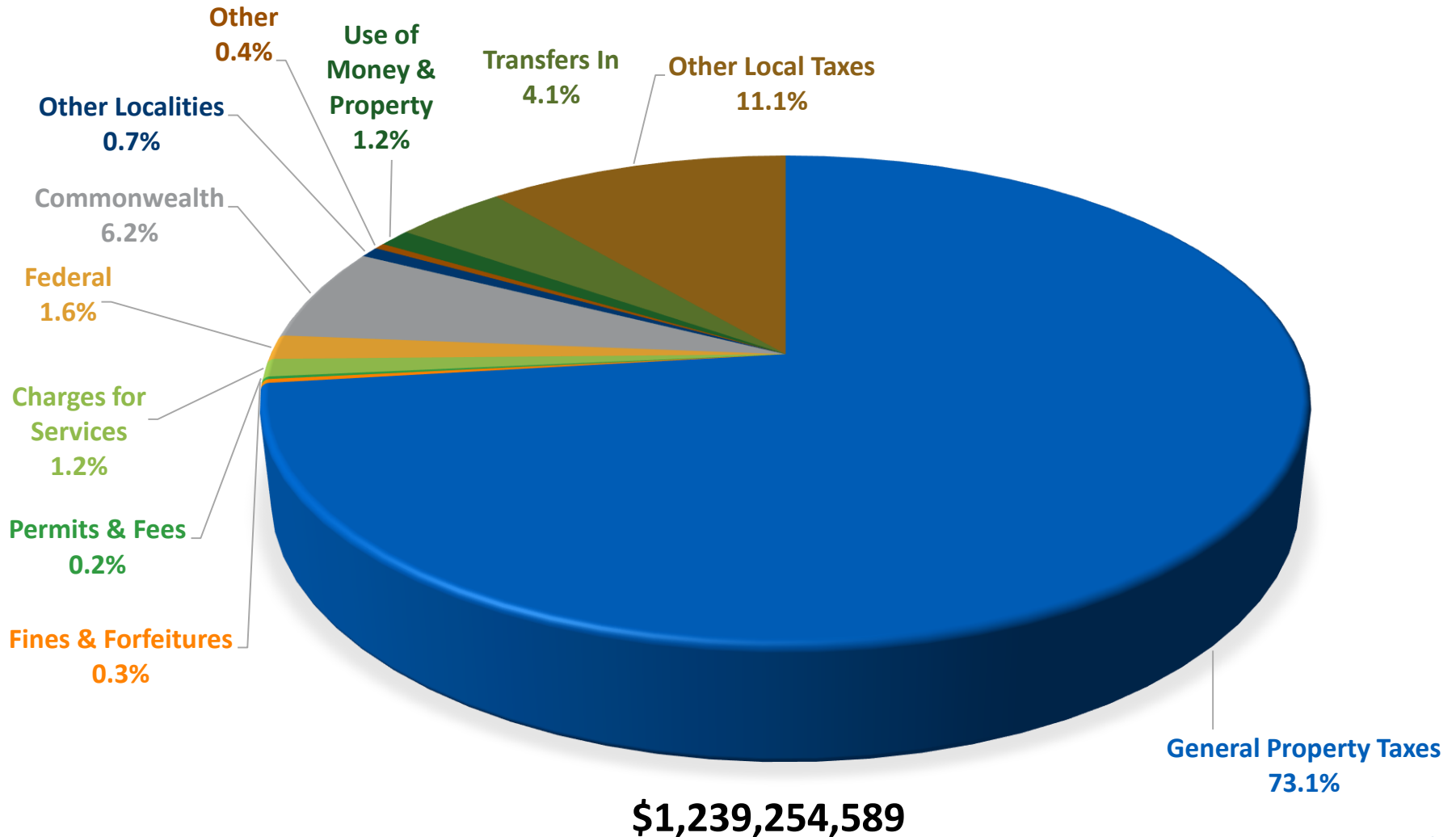
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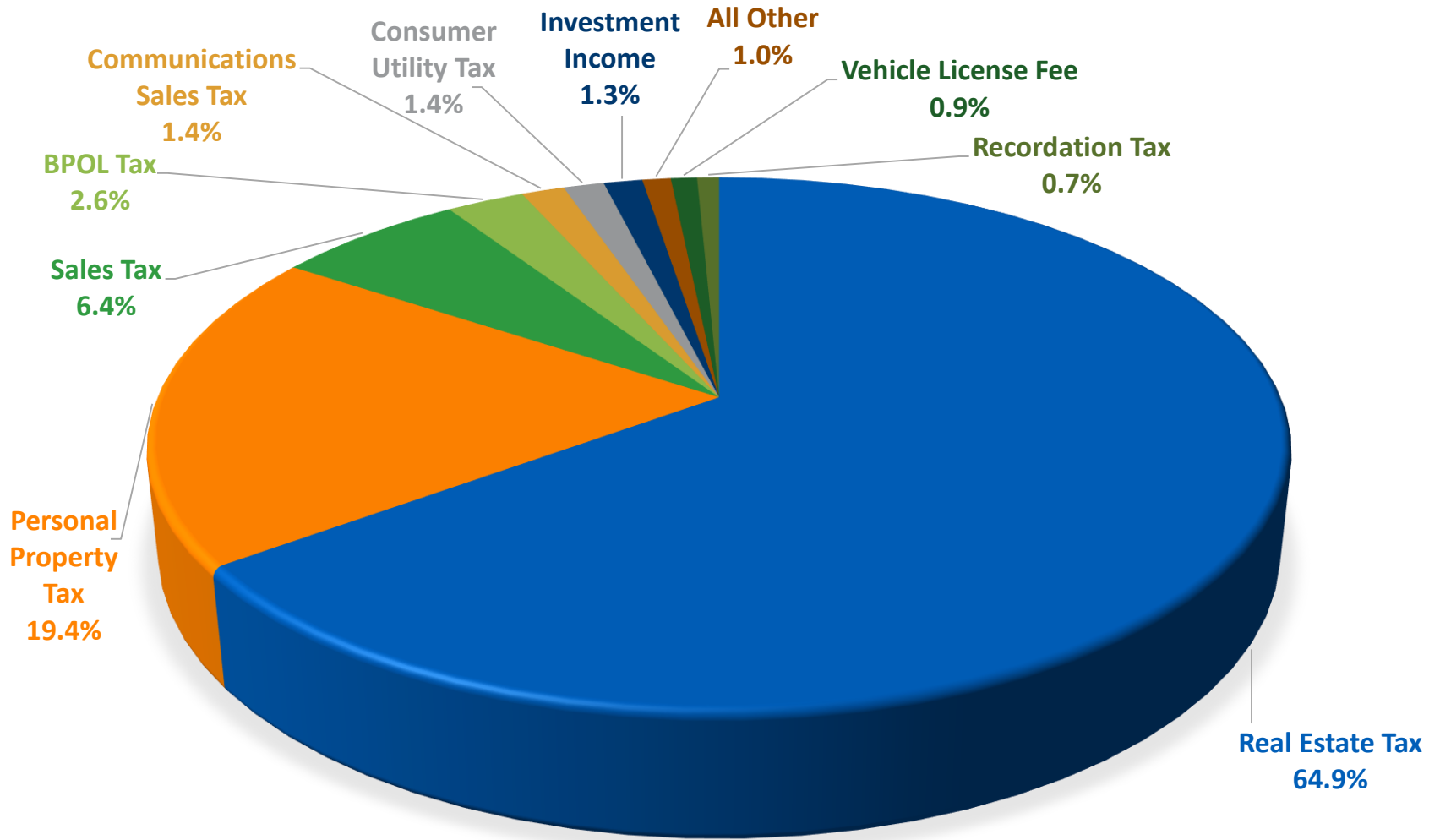
# FY 2020 Adopted Revenues – All Funds and All Sources



# FY 2020 Adopted General Fund Revenues



# FY 2020 Adopted General Revenue Sources



**\$1,068,994,000**

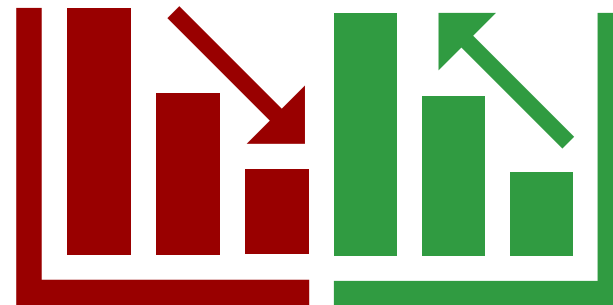
# FY 2020 General Revenue Update

General Revenue Source	Adopted	Q1 Revised	Q2 Revised
Real Property Tax	\$694.1 M	\$694.1 M	\$694.4 M
Personal Property Tax	207.2 M	207.2 M	211.9 M
Sales Tax	68.2 M	68.2 M	71.4 M
BPOL Tax	28.0 M	28.0 M	27.6 M
Communications Sales Tax	15.5 M	15.5 M	14.9 M
Consumer Utility Tax	14.6 M	14.6 M	14.6 M
Investment Income	13.9 M	13.9 M	11.2 M
All Other	10.2 M	10.2 M	11.1 M
Vehicle License Fee	9.4 M	9.4 M	9.4 M
Recordation Tax	7.9 M	7.9 M	8.5 M
<b>TOTAL</b>	<b>\$1,069 M</b>	<b>\$1,069 M</b>	<b>\$1,075 M</b>

# Diversification Principle

(Principles of Sound Financial Management – Section 3.01)

- The County will strive to maintain a **diversified and stable revenue system** to shelter it from short-term fluctuations in any one revenue source



# Equity Principle

(Principles of Sound Financial Management – Section 3.02)



- Major revenue sources should provide for the following four principles:
  - ✓ **Vertical Equity** – Revenue sources should provide for appropriate treatment of taxpayers at different income levels
  - ✓ **Horizontal Equity** – Revenue sources should treat taxpayers with the same income or wealth equally
  - ✓ **Neutrality** – Revenue sources should not unduly influence economic decisions by consumers or businesses except for targeted economic development or redevelopment programs approved by the BOCS
  - ✓ **Administrative and Compliance Costs** – Revenue administration and enforcement should not absorb an undue percentage of revenue collected

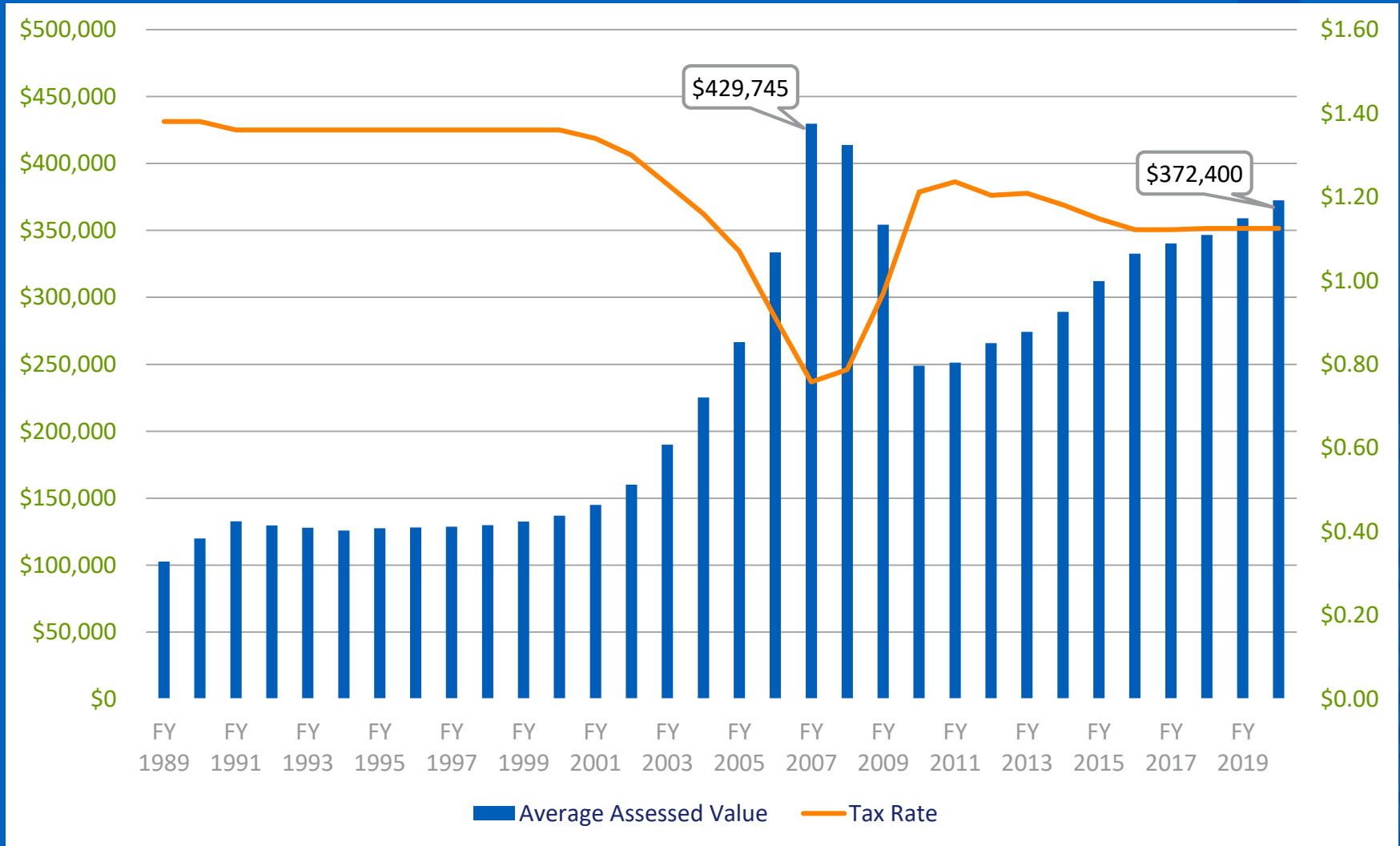


# Comparative Tax Burden & Affordability

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# History of Real Estate Tax Rate and Average Residential Assessed Value



Note: Fire Levy Not Included

# Current Average Residential Assessed Value

FY 2020 Average Residential Assessed Value \$372,400

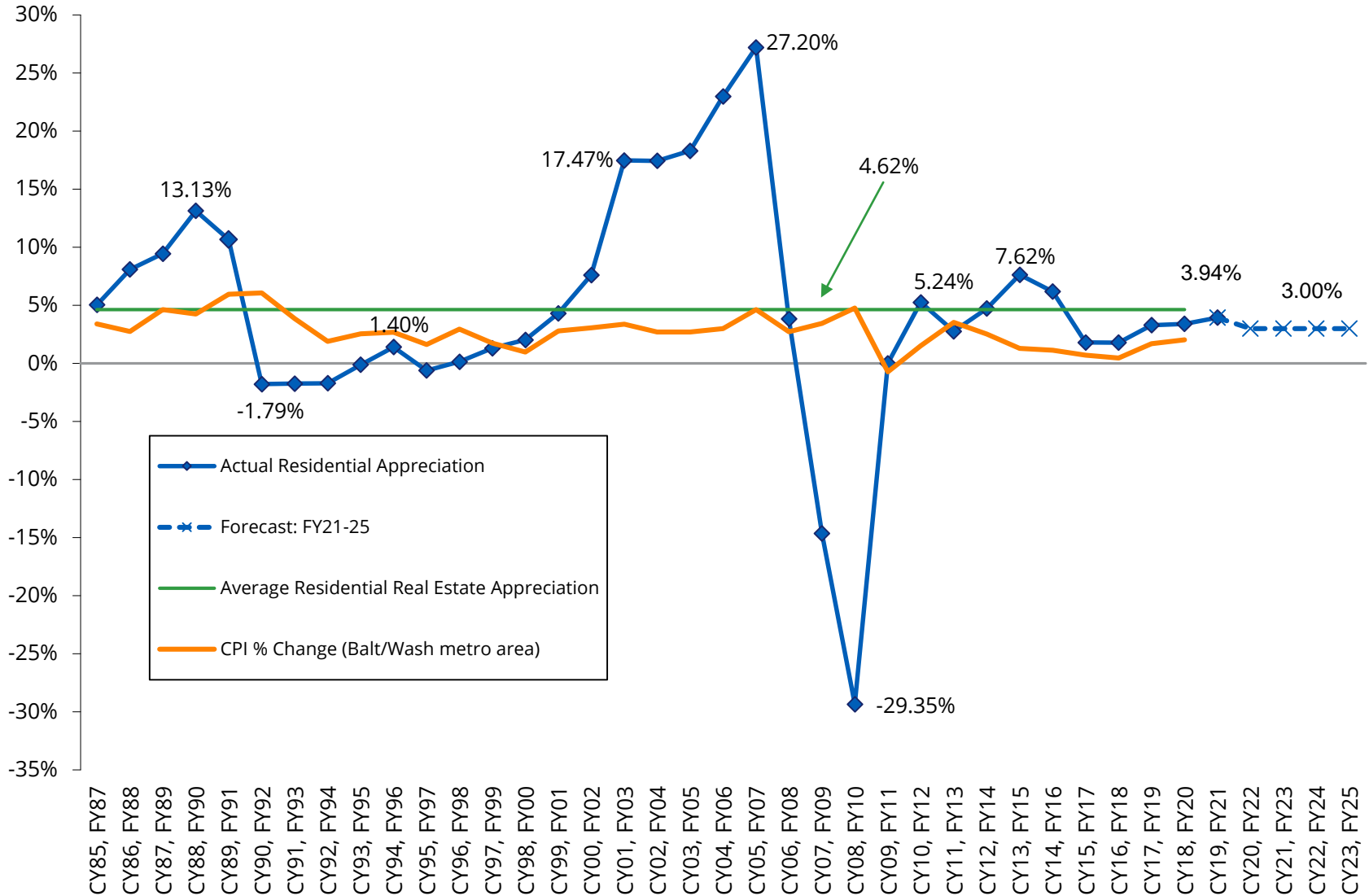
- 1/1/19 Land Book; CY 2018 Activity

Residential Appreciation 3.94%

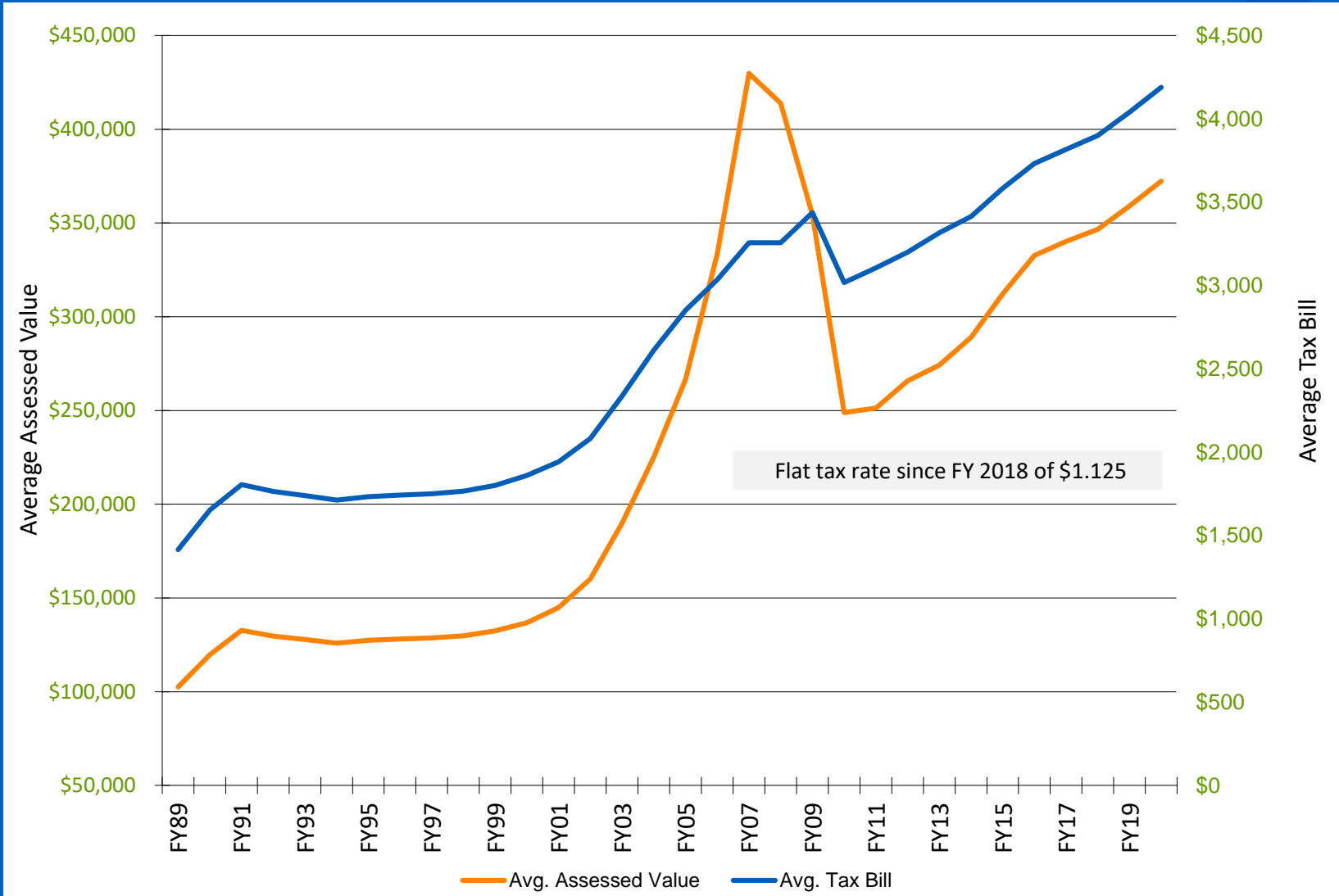
FY 2021 Average Residential Assessed Value \$387,073

- 1/1/20 Land Book; CY 2019 Activity

# Average Change in Real Estate Assessed Value



# History of Average Residential Assessed Value Compared to Average Real Estate Tax Bill



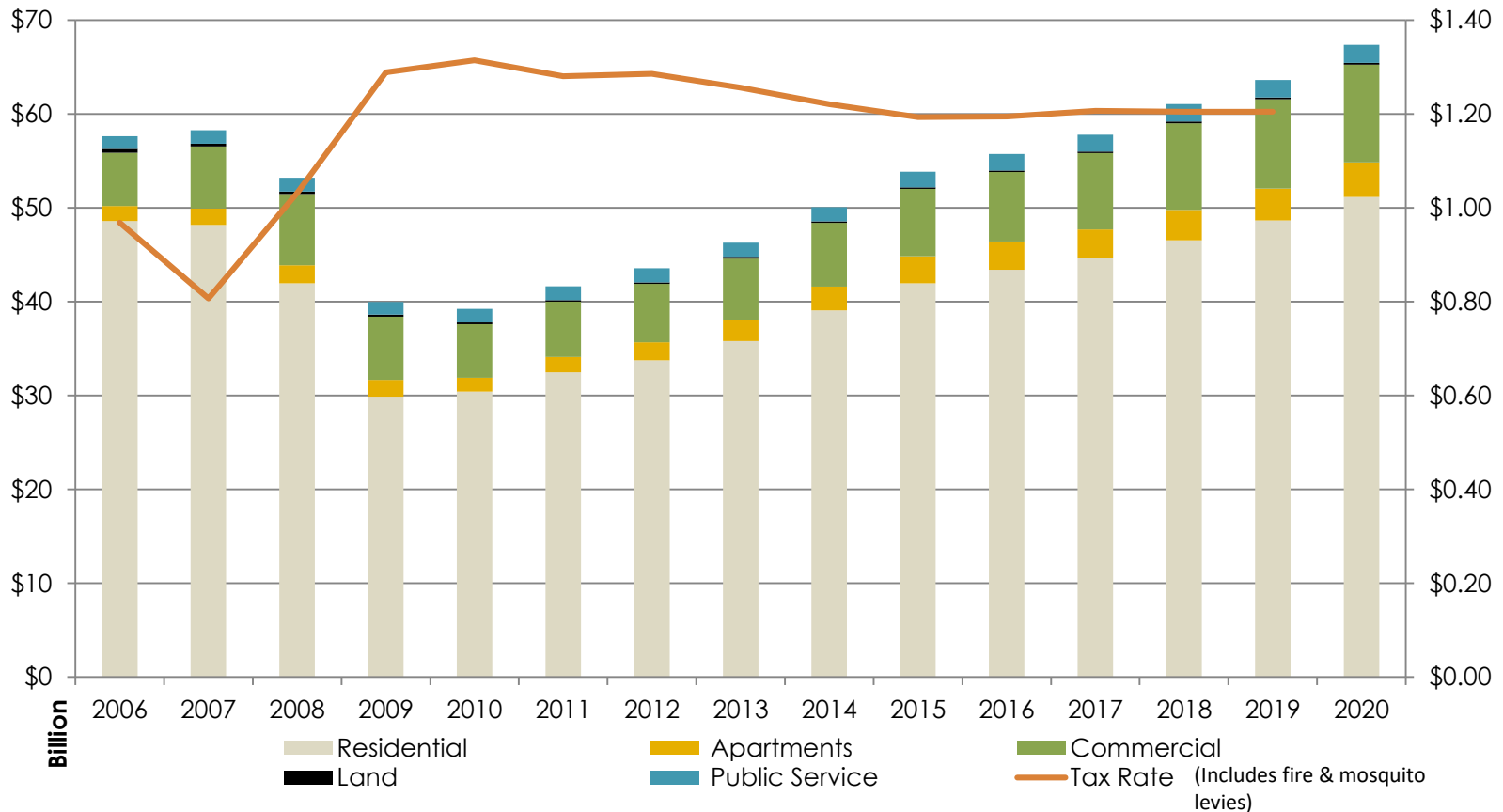
Note: Fire Levy Not Included

# Growing Land Book Values

Real Estate Tax Base Continues to Experience Growth



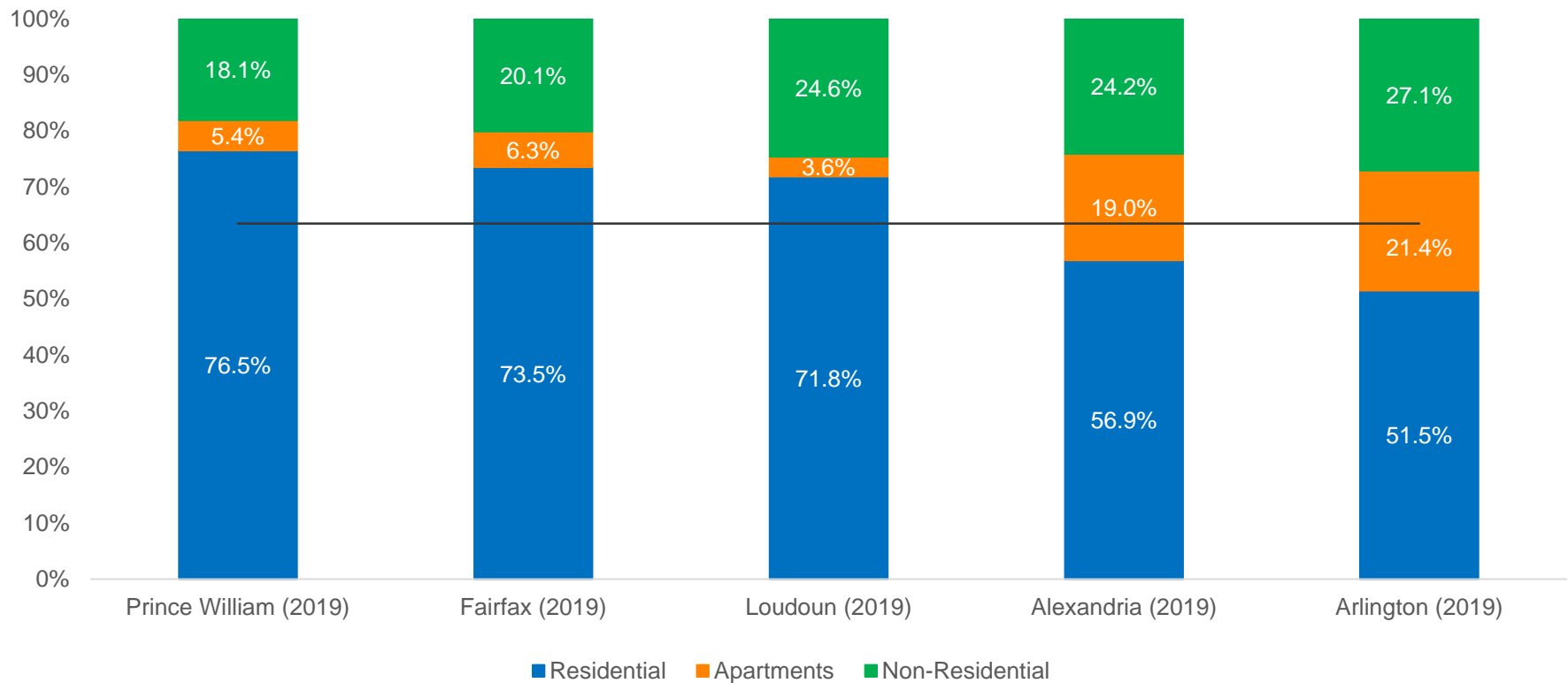
Assessed Value Exceeds \$60 Billion (62% Increase in Value Since 2010)



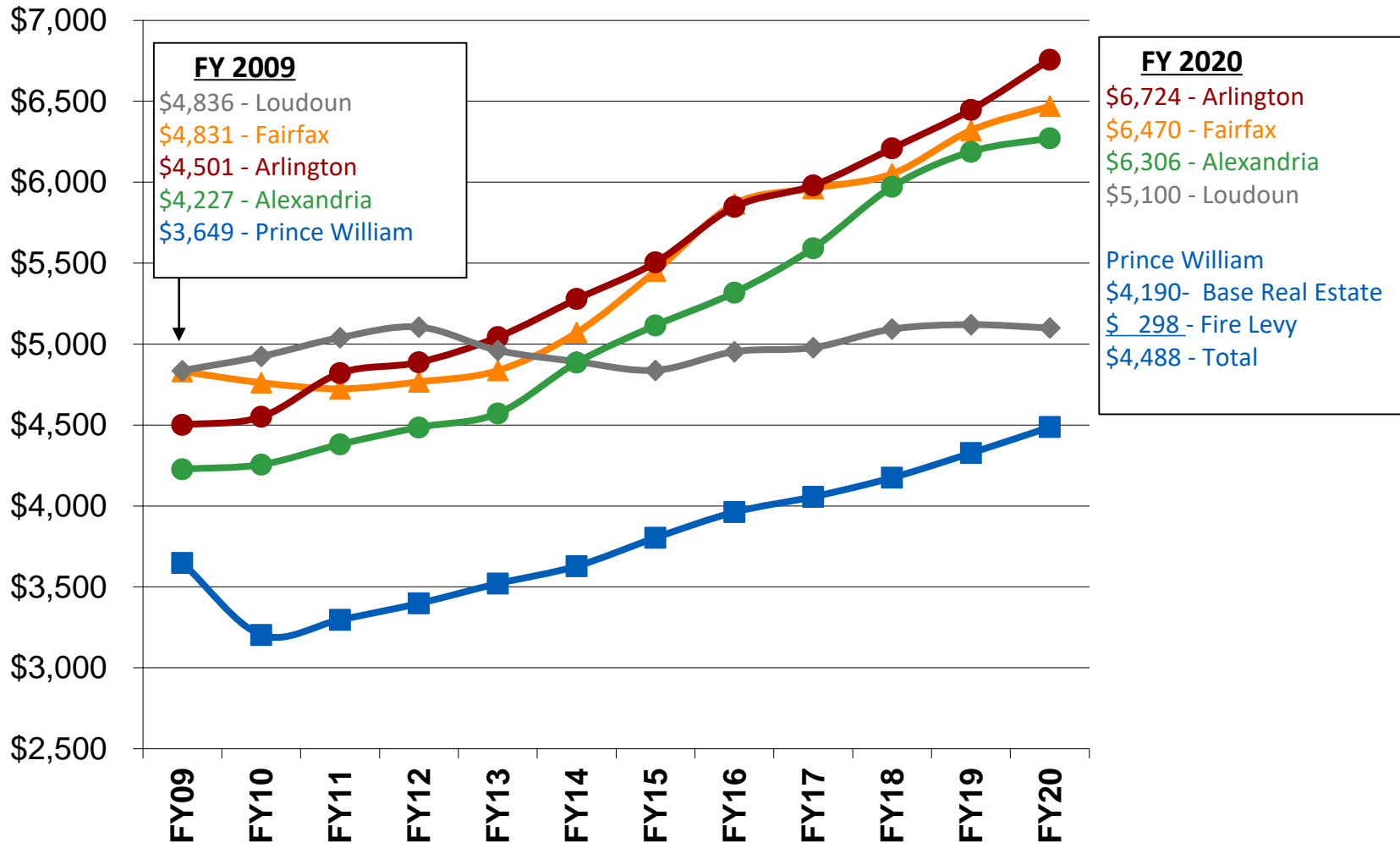
# Land Book Composition Comparison



Taxable Assessed Value of Real Estate, Residential vs. Non-Residential



# Average Residential Tax Bill Comparison

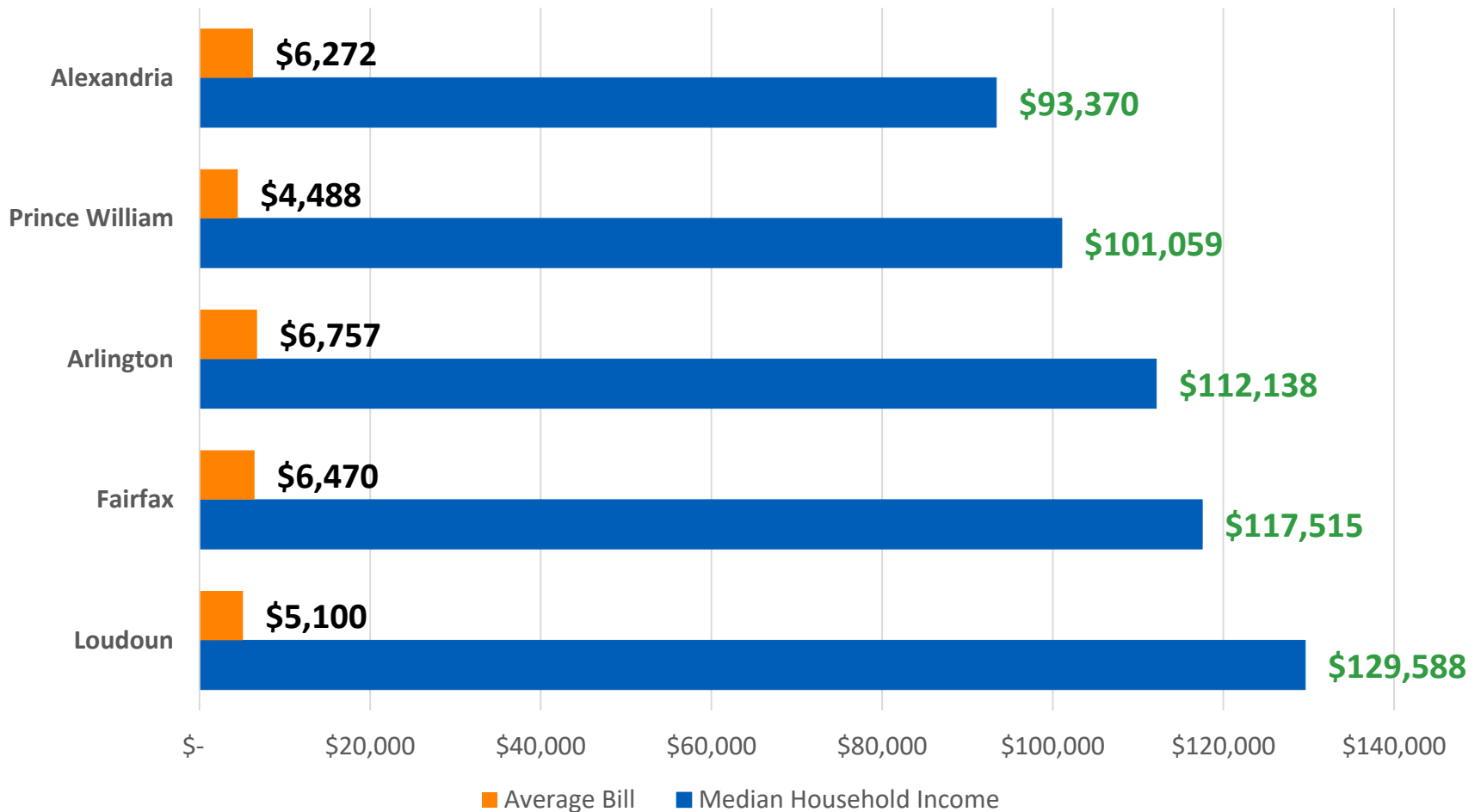


Note: All tax information taken from various jurisdictions websites



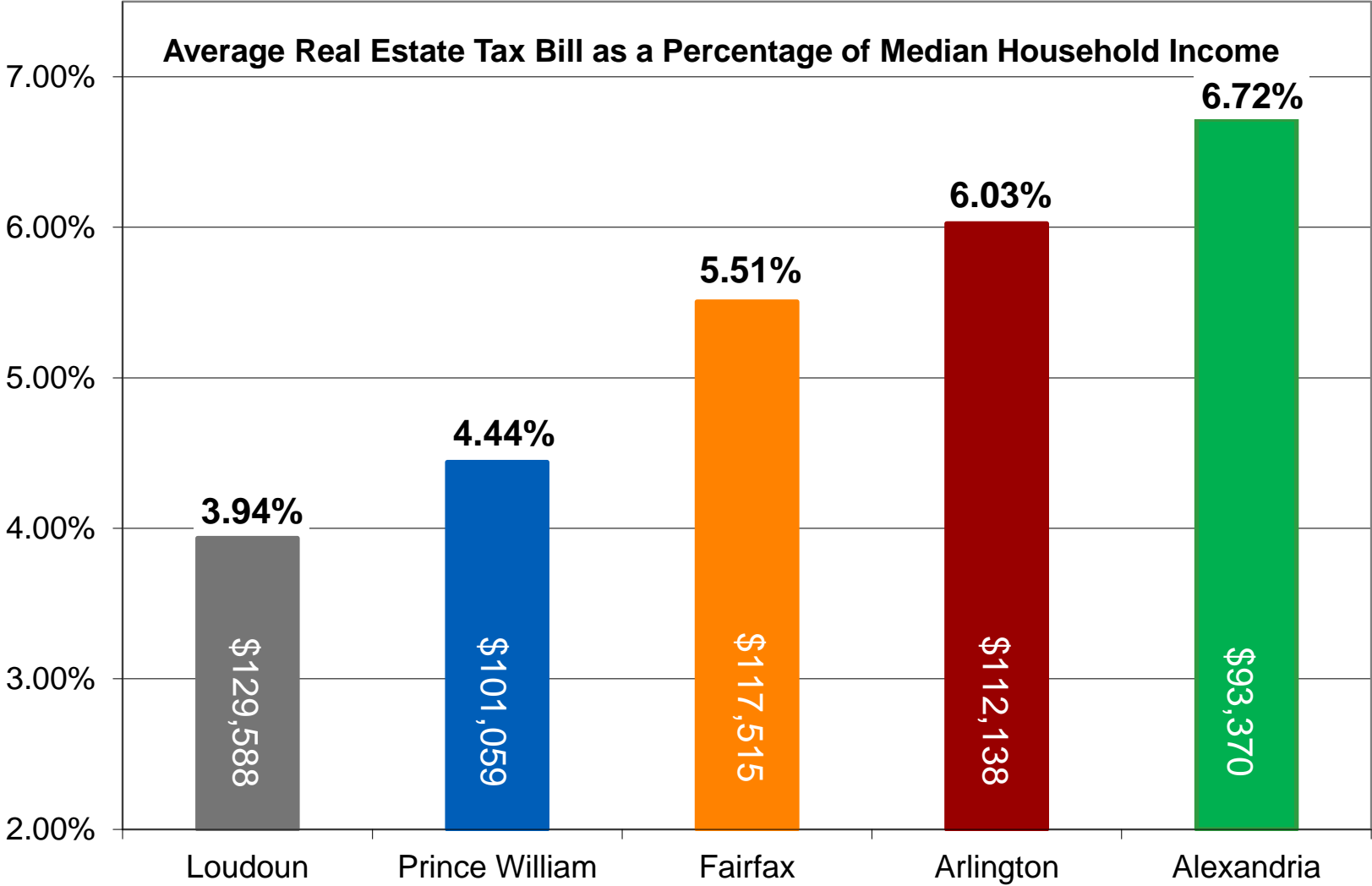
# Comparative Tax Bill / Median Household Income

## Average Real Estate Tax Bill and Median Household Income



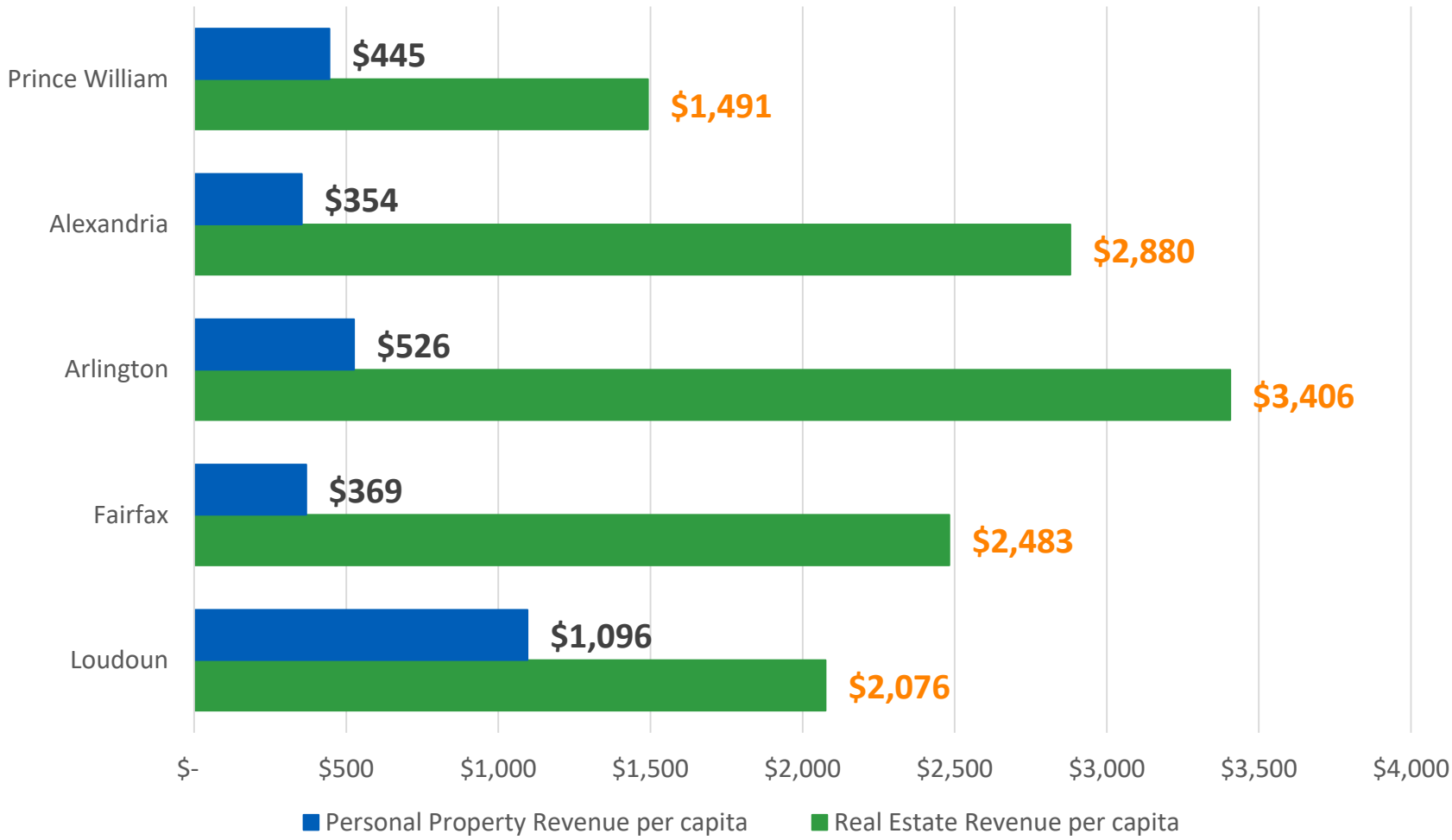
Sources: Adopted FY 20 Budgets  
Household Income: American Community Survey

# Comparative Tax Burden



Prince William County Percentage is based on Adopted FY20 real estate tax rate of \$1.125, fire levy tax rate of \$0.08, and average tax bill of \$4,488. Median Household Income Source: U S Census Bureau American Fact Finder 2017 American Community Surveys 5-Year Estimates

# Real Estate/Personal Property Tax Revenues per Capita



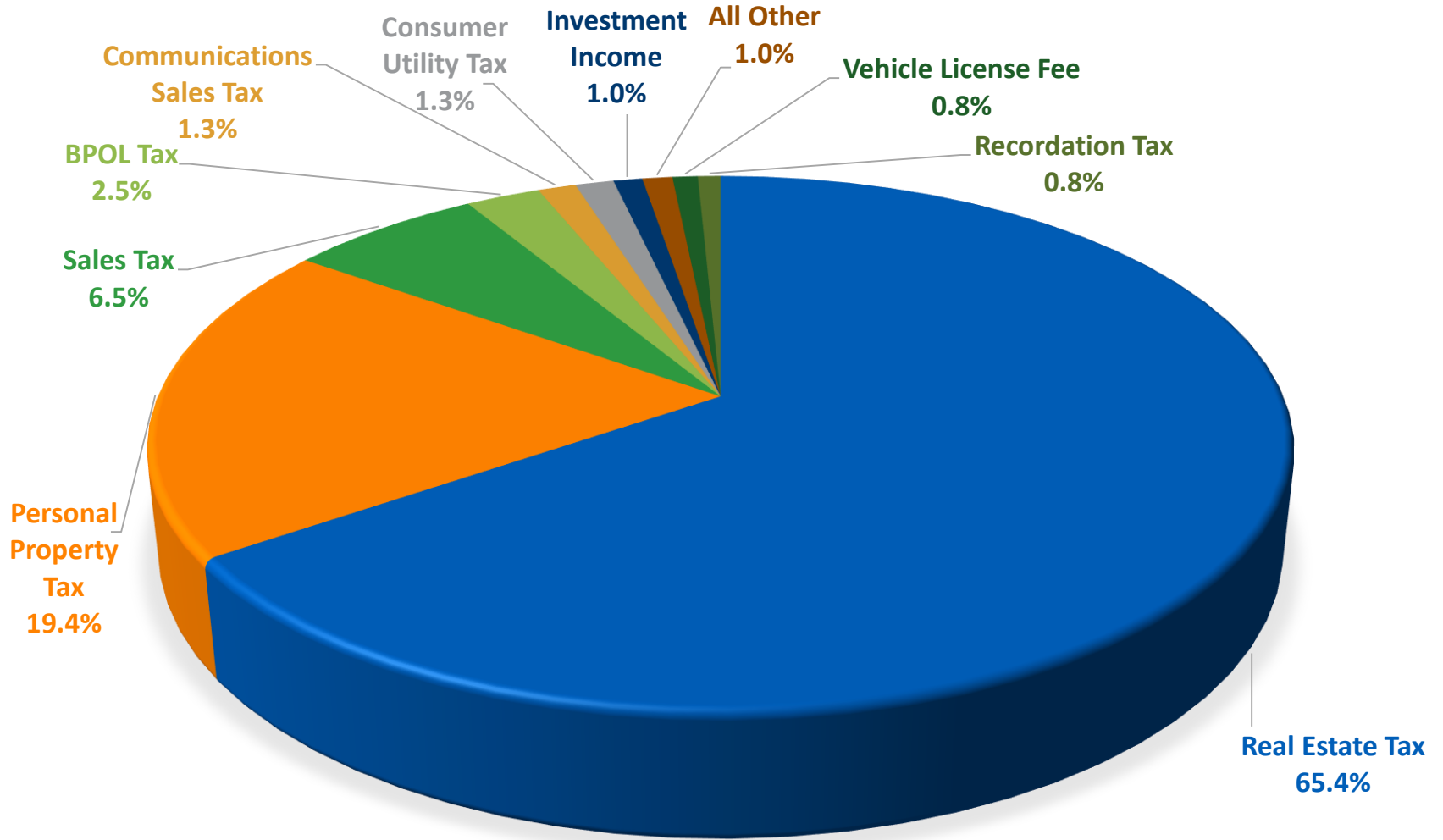
Sources: Adopted FY 20 Budgets

# FY 2021 Revenue Estimates

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# FY 2021 Proposed General Revenue Sources



**\$1,137,426,000**

# FY 2021 Proposed General Revenue Details



(\$ in 000s)	% to Total (FY 21)	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast
<b>Real Estate Tax Rate:</b>		<b>\$1.145</b>	<b>\$1.145</b>	<b>\$1.145</b>	<b>\$1.145</b>	<b>\$1.145</b>
Real Estate Taxes	<b>65.41%</b>	\$743,946	\$773,804	\$802,390	\$831,706	\$862,450
Personal Property Taxes	<b>19.44%</b>	\$221,060	\$231,170	\$242,180	\$253,400	\$264,810
Sales Tax	<b>6.50%</b>	\$73,949	\$76,167	\$78,452	\$80,806	\$83,230
Consumer Utility Tax	<b>1.29%</b>	\$14,700	\$14,810	\$14,920	\$15,030	\$15,140
Communications Sales Tax	<b>1.28%</b>	\$14,530	\$14,170	\$13,820	\$13,470	\$13,130
BPOL Tax	<b>2.50%</b>	\$28,430	\$29,280	\$30,160	\$31,060	\$31,990
Investment Income	<b>0.97%</b>	\$11,030	\$12,280	\$12,650	\$14,010	\$15,100
All Other	<b>2.62%</b>	\$29,781	\$30,450	\$31,072	\$31,694	\$32,334
<b>Total General Revenue</b>	<b>100.00%</b>	<b>\$1,137,426</b>	<b>\$1,182,131</b>	<b>\$1,225,644</b>	<b>\$1,271,176</b>	<b>\$1,318,184</b>
<b>School Portion</b>		\$645,987	\$671,474	\$696,274	\$722,229	\$749,029
<b>County Portion</b>		\$485,009	\$504,097	\$522,680	\$542,117	\$562,195
<b>Transportation Fund</b>		\$6,430	\$6,560	\$6,690	\$6,830	\$6,960
<b>Total General Revenue</b>		<b>\$1,137,426</b>	<b>\$1,182,131</b>	<b>\$1,225,644</b>	<b>\$1,271,176</b>	<b>\$1,318,184</b>

# County / Schools Revenue Split



- Each penny on the Real Estate Tax Rate generates \$6.5 million
  - County share \$2.8 million / School share \$3.7 million

	FY 2021 GENERAL REVENUE GENERATED AT TAX RATES	
	\$1.145 (Proposed)	\$1.170 (Advertised)
General Revenue	\$1,137,426,000	\$1,158,949,000
<b>\$ Increase over FY 2020</b>	<b>\$68,432,000</b>	<b>\$89,955,000</b>
% Increase over FY 2020	6.4%	8.4%
Schools Share (57.23%)	\$39,163,634	\$51,481,247
County Share (42.77%)	<u>29,268,366</u>	<u>38,473,753</u>
<b>Total</b>	<b>\$68,432,000</b>	<b>\$89,955,000</b>

*Note: FY 2020 Adopted General Revenues = \$1,068,994,000*

# Proposed Real Estate Tax Increase Impact

- Proposed 2¢ increase from \$1.125 to \$1.145
  - Average residential tax bill increases by \$242 (on home valued at \$387,073)
    - \$165 due to appreciation
    - \$77 due to tax rate

Tax Rate	Portion Due to Appreciation	Portion Due to Tax Rate	Average Annual Increase	Bi-Annual Increase
\$1.125	\$165	\$0	\$165	\$82.50
\$1.130	\$165	\$20	\$185	\$92.50
\$1.135	\$165	\$39	\$204	\$102.50
\$1.140	\$165	\$58	\$223	\$111.50
<b>\$1.145</b>	<b>\$165</b>	<b>\$77</b>	<b>\$242</b>	<b>\$121.00</b>
\$1.150	\$165	\$97	\$262	\$131.00
\$1.155	\$165	\$116	\$281	\$140.50
\$1.160	\$165	\$136	\$301	\$150.50
\$1.165	\$165	\$155	\$320	\$160.00
\$1.170	\$165	\$174	\$339	\$169.50

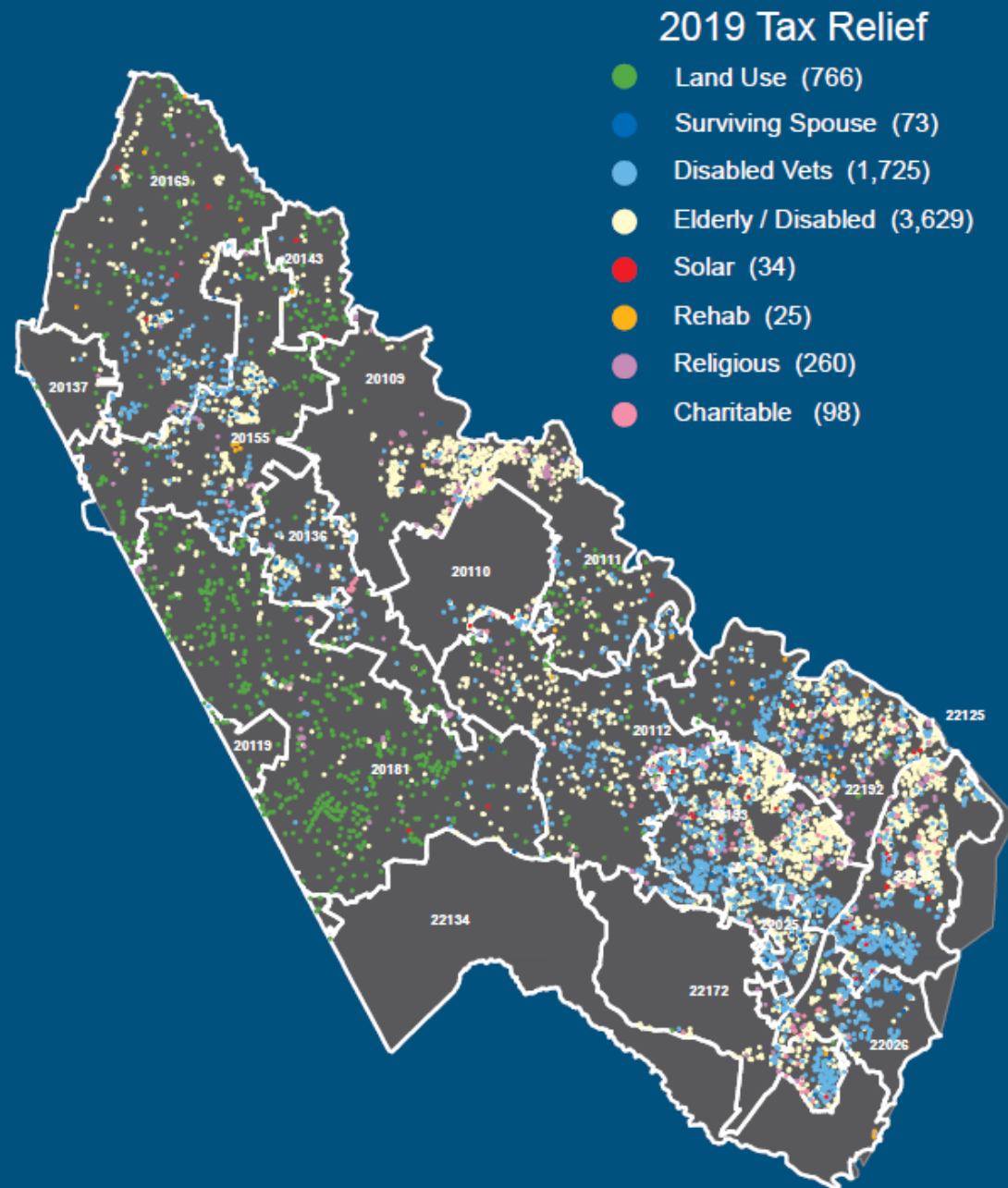


# Tax Exemption / Tax Relief



# Tax Exemption / Tax Relief

= \$34.1 M or nearly 5.5 pennies on the real estate tax rate



# Code of Virginia



- The County can only provide tax exemption and/or tax relief where authority is granted by the General Assembly through the Code of Virginia
- Two forms of tax exemption / tax relief are provided for by the General Assembly:
  - **Mandated** – locality **must** offer the tax exemption / tax relief
    - Posed to voters in Virginia by referenda
  - **Allowable** – locality **may** offer the tax exemption / tax relief
  - Typically authorized by local ordinance

# Tax Exemption for Churches and Other Religious Bodies (Mandated)



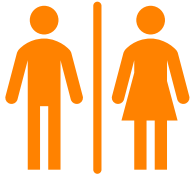
- § 58.1-3606(A)(2) of the Code of Virginia
- Exemption of real and personal property taxes on real and personal property exclusively occupied or used for religious worship or for the residence of the minister
- **260 properties / \$5.6 million real estate taxes exempt in TY 19**
- **187 vehicles / \$109 thousand personal property taxes exempt in TY 19**

# Tax Relief for Disabled Veterans (Mandated)



- § 58.1-3219.5 of the Code of Virginia
- Exemption of all or part of the real estate taxes on a home and up to one acre of land
- No income or net worth requirements
- **1,725 beneficiaries / \$8.5 million taxes exempt in TY 19**

# Tax Relief for Surviving Spouses of Disabled Veterans and Tax Relief for Surviving Spouses of Members of the Armed Forces Killed in Action (Mandated)



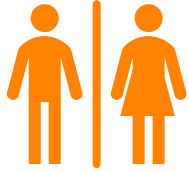
- § 58.1-3219.5 / § 58.1-3219.9 of the Code of Virginia
- Exemption of all or part of the real estate taxes on a home and up to one acre of land
- No income or net worth requirements
- Tax relief for surviving spouses of members of armed forces killed in action limited to exemption on up to \$383,300 of assessed value
- **73 beneficiaries / \$344 thousand taxes exempt in TY 19**

# Tax Relief for Elderly and Disabled (Allowable)



- § 58.1-3210 / § 58.1-3506.1 of Code of Virginia
- Local ordinance adopted by BOCS in 1980
- Age 65+ or totally and permanently disabled individuals
- Subject to net worth and sliding scale income requirements established by BOCS
- Exemption of all or part of the real estate taxes on a home and up to one acre of land
  - **3,629 beneficiaries / \$11.8 million taxes exempt TY 19**
- Relief of tax and license fee for one vehicle per applicant
  - **4,685 beneficiaries / \$1.4 million taxes exempt TY 19**

# Tax Relief for Surviving Spouses of Certain Persons Killed in the Line of Duty ["First Responders"] (Allowable)



- § 58.1-3219.14 of Code of Virginia
- Local ordinance adopted by BOCS in 2018
- Exemption of all or part of the real estate taxes on a home and up to one acre of land
- No income or net worth requirements
- Tax relief limited to exemption on up to \$383,300 of assessed value
- **2 beneficiaries / \$9 thousand taxes exempt TY 19**



# Tax Exemption for Volunteer & Auxiliary Fire Company Members (Allowable)



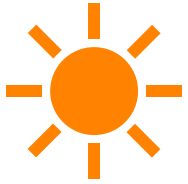
- § 58.1-3506(A)(15) of Code of Virginia identifies vehicles owned by volunteer fire department members as a separate classification of tangible personal property for taxation
- § 46.2-752 of Code of Virginia and Prince William County Code Section 13-82 permit exemption from the Motor Vehicle License Tax for Volunteer & Auxiliary Fire Company members
  - County exempts one vehicle per volunteer or auxiliary fire company member from the motor vehicle license tax by adopting a personal property tax rate of \$0.00001 for this classification
- **361 vehicles / \$224 thousand taxes exempt in TY 19**

# Tax Exemption for Rehabilitated Real Estate (Allowable)



- § 58.1-3221 of Code of Virginia
- Local ordinance adopted by BOCS in 1997
- Provides real estate tax exemption for real estate that is substantially repaired, rehabilitated, or replaced
  - Must increase the value of the original structure by at least 25% to qualify
  - Subject to minimum age and maximum size increase requirements by property type
- **25 parcels / \$71 thousand taxes exempt in TY 19**

# Tax Exemption for Certified Solar Energy Equipment, Facilities or Devices Program (Allowable)



- § 58.1-3661 of Code of Virginia
- Local ordinance adopted by BOCS in 1980
- Provides real estate tax exemption based on the certified cost of the purchase and installation of the solar energy equipment
- **34 parcels / \$14 thousand taxes exempt in TY 19**

# Tax Relief Based on Use Value (Allowable)



- § 58.1-3231 of the Code of Virginia
- Local ordinance adopted by BOCS in 1991
- Use Value Assessment Program permits use value taxation for land in agricultural, horticultural, forestal or open space use
- **763 parcels / \$4.2 million taxes deferred in TY 19**

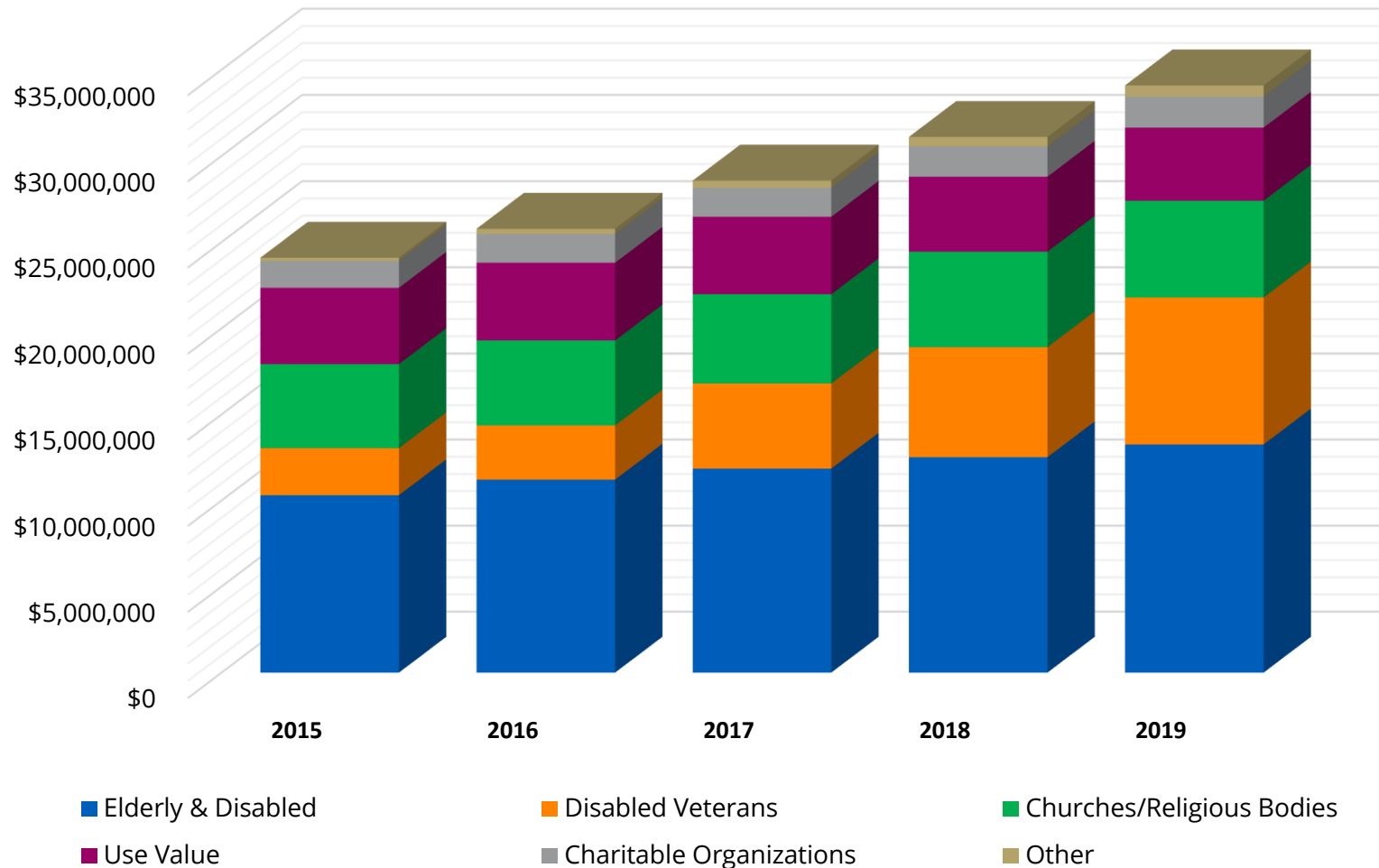
# Charitable Organizations (Allowable)



- Tax exemptions granted to certain charitable organizations by the General Assembly prior to 2003 or by ordinances adopted by the BOCS between 2004, 2011 and 2019
- **98 parcels / \$1.8 million taxes exempt in TY 19**

# Growth in Real Estate Tax Relief Programs

## Tax Relief Dollars by Program per Tax Year (TY)



# Total Tax Exemption / Tax Relief

Category of Tax Exemption / Tax Relief	Type of Property*	# of Participants, Organizations, Vehicles or Parcels	Average Tax Dollars Relieved / Exempt	Total Tax Dollars Relieved / Exempt
Elderly & Disabled	RE	3,629	\$3,260	\$11.83 M
Disabled Veterans	RE	1,725	\$4,945	\$8.53 M
Churches and Other Religious Bodies	RE	260	\$21,577	\$5.61 M
Use Value	RE	763	\$5,544	\$4.23 M
Charitable Organizations	RE	98	\$18,265	\$1.79 M
Elderly & Disabled	PP	4,685	\$301	\$1.41 M
Surviving Spouses	RE	73	\$4,658	\$0.34 M
Volunteer & Auxiliary Company Members	PP	361	\$609	\$0.22 M
Churches and Other Religious Bodies	PP	187	\$588	\$0.11 M
Rehabilitated Real Estate	RE	25	\$2,800	\$0.07 M
Certified Solar Energy	RE	34	\$410	\$0.01 M
<b>Total (Equivalent to almost 5.5 pennies on the TY 19 RE tax rate)</b>				<b>\$34.1 M</b>
* Note: RE = Real Estate and PP = Personal Property				

# **Business Tangible Property (BTP) Tax – Computer & Peripheral Equipment**

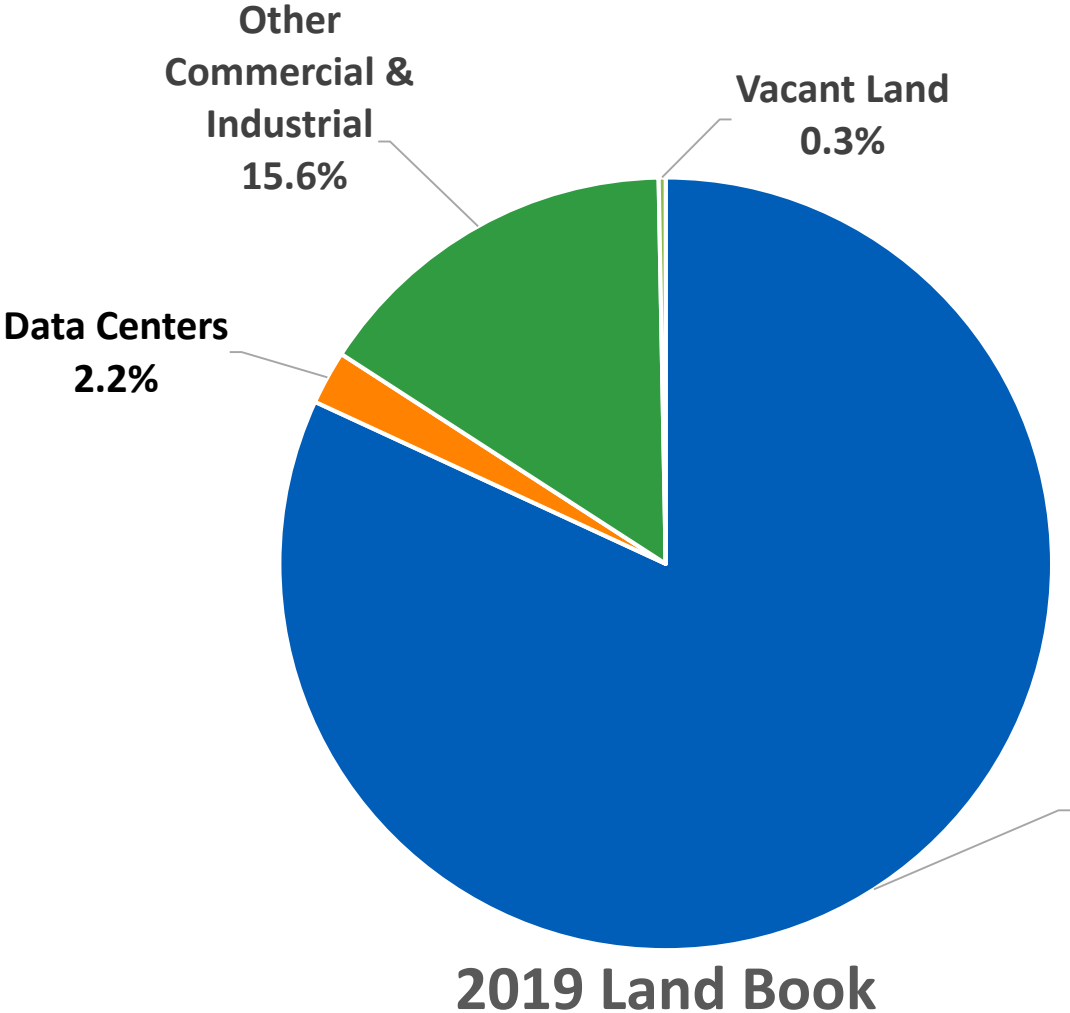
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# History of Computer & Peripheral Tax Rate

- Prior to 1999 the Computer & Peripheral Business Tangible Property (BTP) Tax rate in Prince William County was \$3.70 per \$100 of assessed value
- To assist in the attraction of the tech industry/data centers, the County lowered the rate
  - In 1999, the rate was lowered to \$1.50
  - In 2001, the rate was lowered to \$1.25

# The Data Center Piece of the Land Book Pie



Data Centers account for approximately \$1.4 B of the County's \$63.8 B 2019 Land Book and 12.6% of all commercial & industrial value

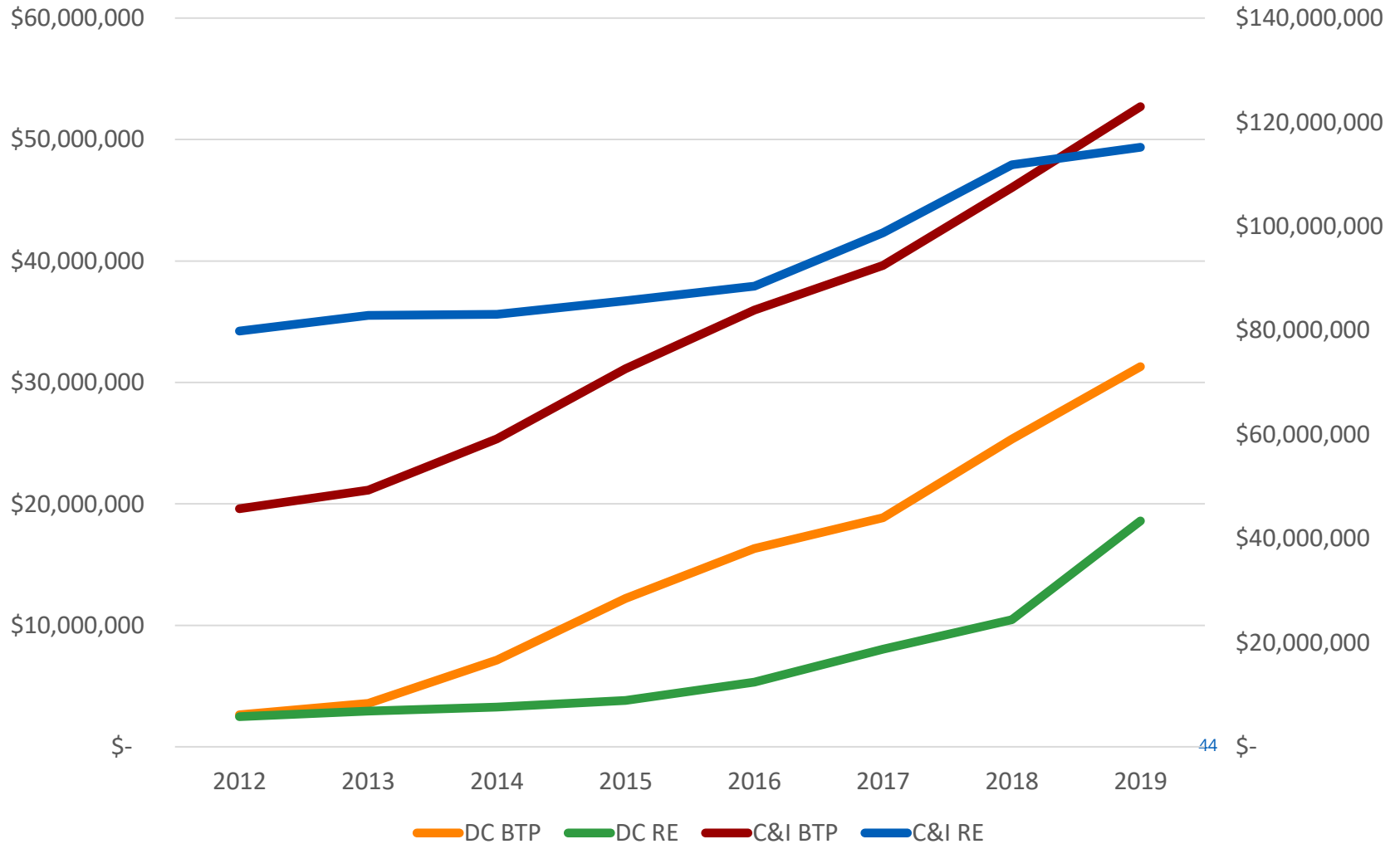
Residential  
81.9%

# Data Center Revenues

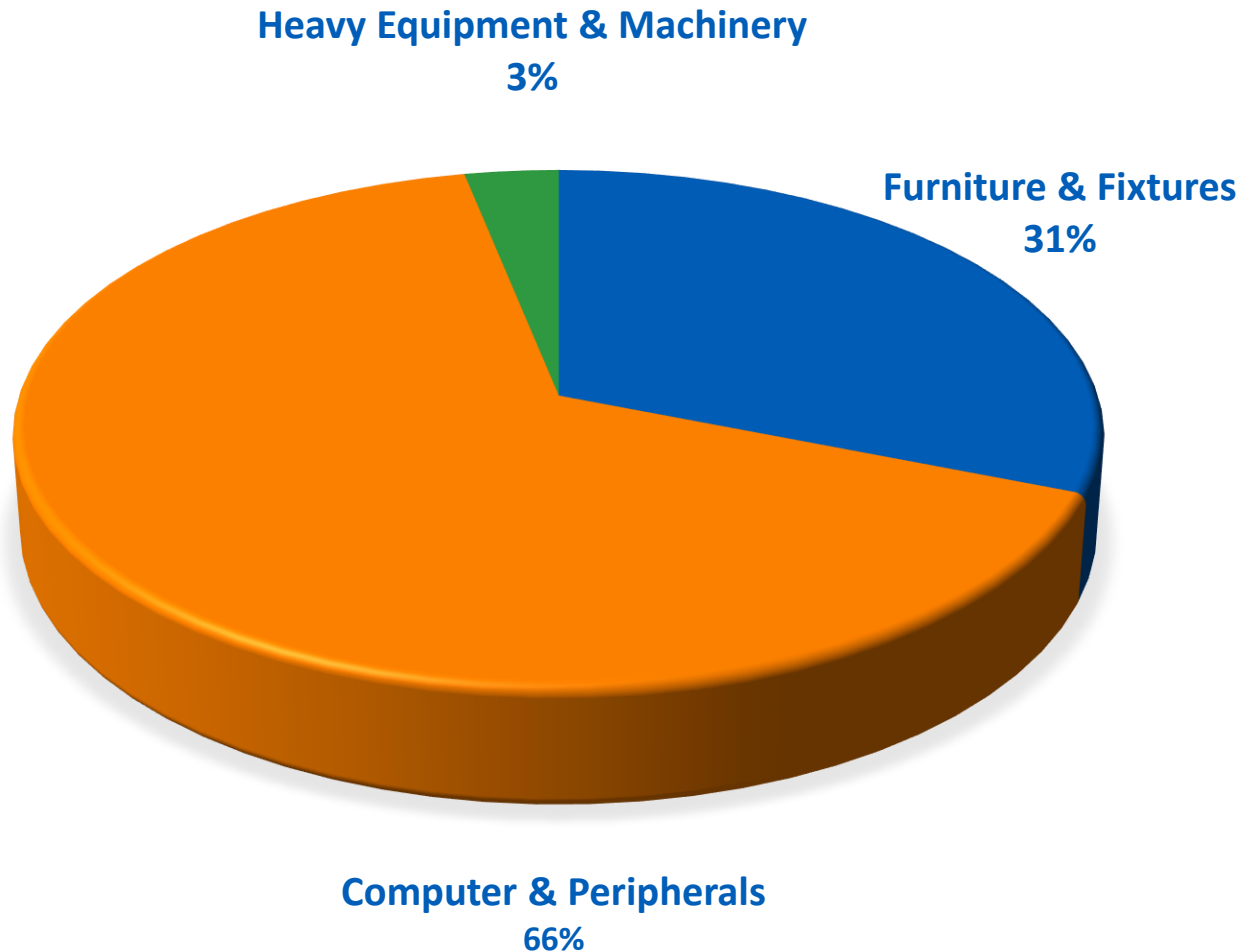
## 8-Fold Growth in Just Eight Years

Year	Real Estate	Business Tangible	Fees & Licensing	Total	Y-O-Y Growth
2012	\$2,486,739	\$2,640,391	\$293,815	\$5,420,945	-
2013	\$2,940,868	\$3,580,675	\$337,617	\$6,859,160	26.5%
2014	\$3,278,709	\$7,140,582	\$303,873	\$10,723,164	56.3%
2015	\$3,820,731	\$12,212,627	\$321,908	\$16,355,266	52.5%
2016	\$5,334,616	\$16,324,418	\$288,187	\$21,947,221	34.1%
2017	\$8,042,117	\$18,851,999	\$676,584	\$27,570,700	25.6%
2018	\$10,473,014	\$25,329,067	\$322,264	\$36,124,345	31.0%
2019	\$18,605,239	\$31,304,253	\$451,896	\$50,361,388	39.4%

# Data Center Tax Revenue Growth Compared to C&I



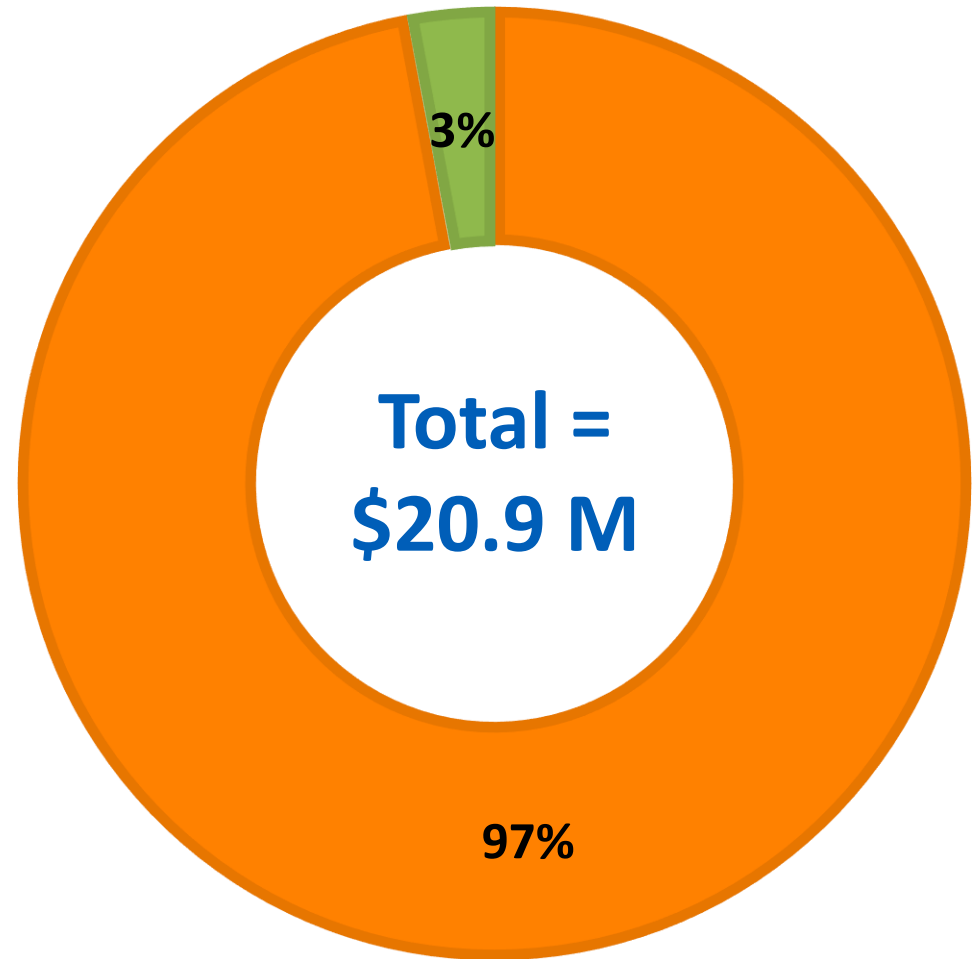
# Total Business Tangible Property (BTP) Tax Roll



\$2.5 B of net assessed value generates \$52.7 M of BTP tax revenue for the County

# The Data Center Piece of the Computer & Peripheral Tax Pie

■ Data Centers ■ Other Businesses



# Business Tangible Property (BTP) Tax: Computer & Peripheral Equipment

- County's BTP Tax rate for computer & peripheral equipment used in a business is currently adopted at \$1.25 per \$100 of assessed value; lower than most peer jurisdictions

Jurisdiction	BTP Tax Rate - Computer & Peripherals Used in Business	BTP Tax Rate - Computer & Peripherals Used in a Data Center
Prince William	\$1.25	n/a
Stafford	\$5.49	\$1.25
Arlington	\$5.00	n/a
Alexandria	\$4.75	n/a
Fairfax	\$4.57	n/a
Loudoun	\$4.20	n/a
Chesterfield	\$3.60	\$0.24
Henrico	\$3.50	\$0.40
Fauquier	\$2.30	n/a
Virginia Beach	\$4.00	\$0.40

## Other VA localities with Reduced Tax Rates for Computer & Peripherals

*Caroline, Fredericksburg, King George, and Spotsylvania - \$1.25; Chesapeake - \$0.48; Danville - \$0.25*

# Business Tangible Property (BTP) Tax: Computer & Peripheral Equipment (cont'd)

- BOCS can adopt a separate classification and BTP Tax rate for computer & peripheral equipment used in a data center
  - § 58.1-3506 (43) of Code of Virginia specifically defines a data center
  - Note: the BTP Tax rate for computer & peripheral equipment used in a data center cannot exceed the BTP Tax rate for computer & peripheral equipment used in a business



# Gradually Increase BTP Tax Rate for All Computer & Peripheral Equipment

- Consider gradually increasing the BTP Tax rate for computer & peripheral equipment used in a business or data center over a three- to five-year period up to the effective tax rate for personal property
  - \$3.70 per \$100 assessed value is the adopted personal property tax rate for motor vehicles,
  - Tax paid by most County residents is offset by the Commonwealth's Personal Property Tax Relief resulting in a lower effective tax rate (ETR) -- \$2.00 for TY 2019 / FY 2020

	3-Year Phase In	5-Year Phase In	6-Year Phase In	6-Year Phase In
Current Rate	\$1.25	\$1.25	\$1.25	\$1.25
Year 1	\$1.50	\$1.40	\$1.30	\$1.35
Year 2	\$1.75	\$1.55	\$1.40	\$1.40
Year 3	\$2.00	\$1.70	\$1.55	\$1.55
Year 4	Adjust to ETR	\$1.85	\$1.70	\$1.70
Year 5	Adjust to ETR	\$2.00	\$1.85	\$1.85
Year 6	Adjust to ETR	Adjust to ETR	\$2.00	\$2.00

Tax Rate Increment	Revenue Generated	County / Schools Share
\$0.05	<b>\$0.836 million</b>	\$358k / \$478k
\$0.10	<b>\$1.672 million</b>	\$715k / \$957k

# Computer & Peripheral BTP Tax Rate (cont'd)



- **Pros:** Phased-in approach less burdensome for businesses; allows businesses to plan; rate still competitive with peers. Reduces perceived inequality of residents paying a higher PP rate than businesses, including data centers, currently pay on C&P.
- **Cons:** Could deter business expansion or location in the County; may induce other governments to undercut County rate; increasing the computer & peripheral tax rate is not a trend amongst peer governments.

# Implementation

- Business Tangible Property tax applied to computer & peripheral equipment in existence on January 1, 2020 (self-reported)
- Bills typically generated and mailed in the July-August timeframe
- Tax payments due October 5, 2020

## **Other Fees**

- Motor Vehicle License Tax**
  - Out-of-State License Plate Fee**
- 



# Motor Vehicle License Tax



- Vehicles that are principally garaged or parked in the County must be registered with the County
- Rates cannot exceed rates imposed by State
  - \$40.75 autos / \$45.75 trucks / \$28.75 motorcycles
- Approximately 517,000 vehicles registered in the County; 56.2% automobiles
- Exemptions provided for:
  - Active duty military not claiming Virginia as their home of record
  - Elderly and disabled
  - Volunteer Fire & Rescue members
  - Antique, government-issued or medal of honor plates

# Peer Comparison: Motor Vehicle License Tax

- Motor Vehicle License Tax rates have been unchanged in PWC since 2006

Jurisdiction	Auto	Truck	Motorcycle
Prince William	\$24	\$24	\$12
Alexandria	\$33	\$33	\$21
Arlington	\$33	\$33	\$18
Chesterfield	\$40	\$40	\$15
Fairfax	\$33	\$38	\$18
Fauquier	\$25	\$25	\$15
Henrico	\$20	\$25	\$15
Loudoun	\$25	\$25	\$25
Stafford	\$23	\$23	\$23
Virginia Beach	\$30	\$35	\$23
<b>Median</b>	<b>\$30</b>	<b>\$33</b>	<b>\$18</b>
<b>Average</b>	<b>\$29</b>	<b>\$31</b>	<b>\$19</b>

Immediate Peer Group (Alexandria, Arlington, Fairfax and Loudoun)			
<b>Median</b>	<b>\$33</b>	<b>\$33</b>	<b>\$20</b>
<b>Average</b>	<b>\$31</b>	<b>\$32</b>	<b>\$21</b>

# Increase to Motor Vehicle License Tax

- Increasing Motor Vehicle License Tax to \$33 for autos/trucks and \$20 for motorcycles
- **Estimated to generate approximately \$3.5 million in additional revenue**
  - County share \$1.5 million / School share \$2.0 million

Rates	Revenue Generated	County Share	School Share
<b>\$33 / \$20</b>	\$3.54 million	\$1.51 million	\$2.03 million
<b>\$30 / \$18</b>	\$2.37 million	\$1.01 million	\$1.36 million
<b>\$27 / \$15</b>	\$1.18 million	\$0.50 million	\$0.68 million

- **Pros:** Generally affordable; rates still competitive with peer jurisdictions; two other counties have increased rates in recent years; relatively easy to administer.
- **Cons:** Not means tested (imposed as a flat fee – not linked to value).

# Out-of-State License Plate Fee

- § 15.2-973 of the Code of Virginia
  - Permits local jurisdictions to adopt an ordinance that **imposes a license fee, in an amount not exceeding \$100 annually**, upon the owners of motor vehicles that do not display current Virginia license plates and are not otherwise exempted from the requirements of displaying such license plates.
- § 46.2-662 of the Code of Virginia
  - Specifies that in addition to any penalty authorized under Title 46.2, any local jurisdiction may adopt an ordinance **imposing a penalty of up to \$250** upon the resident owner of any motor vehicle that, following the end of the first 30 days of residency in Virginia, is required to register such vehicle in Virginia but has not done so. The locality may impose the penalty upon the resident owner annually for as long as the motor vehicle remains unregistered in Virginia.



# Out-of-State License Plate Fees in Other Jurisdictions

Jurisdiction	Fee / Penalty	Registration Window
Fairfax	\$100 / \$250 (2010) (2015)	30 days
Loudoun	\$100 / \$250 (2019) (2019)	60 days
Arlington	\$100 / n/a (2007) (2007)	30 days

- These jurisdictions have dedicated compliance staffing for effective program enforcement
  - Fairfax – 8 of 20 compliance FTEs
  - Loudoun – 2 of 6 compliance FTEs
  - Arlington – 6 compliance FTEs

# Out-of-State License Plate Hotline & Complaints

- Tax Evader Hotline and Web reporting was discontinued in early 2019 due to lack of effectiveness (ordinance, staff, technology)
- Approximately 100 citizen complaints were received annually via Hotline, Web & BOCS offices
  - Investigation process involved site visits, research, warning notices, statutory billings and more often than not exonerations; **additional PPT revenue generated only 11% of time**
- Without an ordinance PWC staff lacks authority with regard to license plate fees or penalties
- ALPR technology exists & has been discussed but privacy discussions at the general assembly call it's use into question

# Impose Out-of-State License Plate Fee (and Penalty)

- Requires a County ordinance
- Dedicated compliance FTEs would make the program most effective
- **Amount of revenue the fee could generate:**
  - **500 vehicles - \$50,000**
  - **700 vehicles - \$70,000**
  - **1,000 vehicles - \$100,000**

▪ **Pros:** Diversifies the tax base; relieves citizen complaints.

▪ **Cons:** Relatively small revenue source to administer.

# Future Considerations

- C&I Tax
  - Meals Tax
  - Cigarette Tax
  - Admissions Tax
- 



# Potential New Revenue: Commercial & Industrial (C&I) Tax



- § 58.1-3221.3 of Code of Virginia allows cities and counties within NVTB boundaries to impose a 12.5¢ property tax on commercial and industrial properties **dedicated to regional transportation**

Jurisdiction	Rate
Arlington County	\$0.125
Fairfax City	\$0.095
Fairfax County	\$0.125

- New road or public transit construction, planning, design and right-of-way acquisition
- Other capital costs related to transportation projects that add new capacity, service or access along with associated operating costs
- Issuance and debt service costs on bonds issued to support capital costs for the purposes above

# C&I Tax (cont'd)



- **Estimated to generate \$14.2 million in new tax revenue dedicated for transportation at \$0.125 rate**

- **Pros:** Diversifies tax base; increases commercial share of total property tax; easy to administer; infrastructure improvements will benefit many businesses paying the tax; could help fund road projects or related debt service (i.e.; 2019 referendum)
- **Cons:** Greater impact on capital intensive businesses; tax collected immediately but infrastructure may take years to materialize; increases business costs and may impact business location decisions

# Potential New Revenue: Meals Tax

- Must be approved in a voter referendum
- Maximum tax counties can levy is 4%
- **Estimated to generate approximately \$28-\$32 million in new tax revenue**

Jurisdiction	Rate
Albemarle	4.0%
Alexandria	4.0%
Arlington	4.0%
Henrico	4.0%
Manassas City	4.0%
Spotsylvania	4.0%
Stafford	4.0%
Virginia Beach	5.5%

- **Pros:** Diversifies the tax base; notable share of tax burden would be exported to non-residents; consumption taxes generally more accepted than wealth or income taxes; requires no state action.
- **Cons:** May be regressive; targets specific industry/activity; low passage rates across Commonwealth; requires referendum.

# Potential New Revenue: Cigarette Tax

- Requires enabling legislation by the General Assembly
- Code of Virginia § 58.1-3831 gives Fairfax and Arlington Counties the authority to levy a cigarette tax not to exceed 5¢ per pack or the amount levied by the State (now 30¢ per pack), whichever is greater
- **Estimated to generate approximately \$3.6 million in new tax revenue**

Jurisdiction	Rate
Alexandria	\$1.15
Arlington	\$0.30
Fairfax	\$0.30
Manassas City	\$0.65
Manassas Park	\$0.50
Norfolk	\$0.75
Virginia Beach	\$0.75
Winchester	\$0.25

*No tax for the counties of:* Chesterfield, Hanover, Henrico, Loudoun, and Stafford

- **Pros:** Diversifies the tax base; exports a share of the tax burden.
- **Cons:** Declining base; requires state authorization.



# Potential New Revenue: Admissions Tax

Jurisdiction	Rate
Alexandria	10%
Virginia Beach	10%

- Cities and towns have the authority to levy the tax under their “general taxing powers” found in their charters
- Requires enabling legislation from the General Assembly (not to exceed 10%)
- **Estimated to generate approximately \$2.0-\$2.1 million in new tax revenue**

- **Pros:** Diversifies the tax base; tax can be applied to narrow or broad range of venues and types of events.
- **Cons:** Risk of competition from less costly venues.

# Budget Calendar

- ~~• Proposed FY2021 Budget (evening) February 18~~
- ~~• Community Meeting (9 a.m.) BOCS Chambers February 22~~
- ~~• Planning Commission – CIP Work Session (6 p.m.) March 4~~
- Budget Work Sessions (afternoon) March
- PWCS Budget Presentation (evening) March 31
- Budget Recap (afternoon) April 14
- Budget Public Hearing (evening) April 14  
April 16
- Budget Markup (evening) April 21
- Budget Adoption (evening) April 28

# Questions?



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