

BUDGET SUMMARY

	FY 06 Adopted	FY 06 Projected	FY 07 Adopted	FY 08 Adopted
Real Estate	\$ 62,995,195	\$ 63,123,664	\$ 74,766,776	\$ 84,231,599
Personal Property	10,600,000	11,272,800	11,857,777	13,437,663
Mobile Homes	75,000	80,000	80,000	85,000
Machinery and Tools	5,200,000	5,000,000	5,077,000	5,202,000
Public Service	1,400,000	1,362,000	1,325,000	1,325,000
Delinquent Real Estate Taxes	1,840,000	1,000,000	1,000,000	1,000,000
Delinquent Personal Property	389,840	342,500	655,000	680,000
Penalties and Interest	550,000	675,000	675,000	700,000
Total	\$ 83,050,035	\$ 82,855,964	\$ 95,436,553	\$ 106,661,262

BUDGET COMMENTS

General Property Taxes include revenues received from levies made on real and personal property of County residents and business establishments.

Real Estate Property Taxes on residential and business land and buildings are based upon a tax rate per \$100 of assessed value, which is adopted by the Board of Supervisors during the budget process. The tax rate is then applied to the assessed value of individual property, as determined by the Real Estate Assessor during the annual assessment. The Commonwealth of Virginia requires localities to assess real property at 100 percent of market value.

The projected FY 2007 revenue, when compared to the adopted FY 2006 figure represents an increase of 18.7 percent. This increase is attributed to projected growth due to new construction of 3.7 percent and an average reassessment of 15 percent. The projection continues the trends that the County has seen over the past few years as real estate market values continue to rise and new construction activity increases in both the residential and commercial sectors. The tax rate will be revisited in September when the newly-published landbook will be available. This will have actual numbers versus the estimates used here.

Personal Property Taxes are assessed by the Commissioner of the Revenue on four major property categories - individual personal property, business personal property, mobile homes, and machinery and tools. The tax rate is \$4.00 per \$100 of assessed value. Individual and business vehicles are assessed at 100 percent of loan value as determined by the National Automobile Dealers Association. Business equipment, machinery, and tools are assessed at 25 percent of capitalized cost. Mobile homes are assessed at current market value and are billed at the real estate tax rate. The State subsidizes localities for taxes on some vehicles used for personal use and, as a result, the collection of personal property taxes has partially shifted from local taxpayers to the State under the State’s “Car Tax” initiative. This has been limited to a specific dollar amount and is projected to remain the same over the next two years. The chart on page B-3 illustrates the impact:

BUDGET COMMENTS, Continued

	<u>FY 06</u> <u>Adopted</u>	<u>FY 07</u> <u>Adopted</u>	<u>FY 08</u> <u>Adopted</u>
<u>"Car Tax" Impacts</u>			
Local Collections	\$ 10,600,000	\$ 11,857,777	\$ 13,437,663
From the Commonwealth	<u>9,557,223</u>	<u>9,770,137</u>	<u>9,770,137</u>
	<u>\$ 20,157,223</u>	<u>\$ 21,627,914</u>	<u>\$ 23,207,800</u>

However, the 2005 General Assembly permanently capped the State’s share of the “Car Tax” beginning in 2006. The State is projected to pay approximately 61 percent of the “Car Tax” for an eligible personal use vehicle in FY 2007 and 56 percent in FY 2008.

Overall, personal use vehicle property collections are expected to grow by 7.3 percent in both FY 2007 and FY 2008.

Unaffected by the State’s “Car Tax” initiative are County personal property assessments on boats, airplanes, trucks, trailers, and business personal property.

Public Service Assessments are performed by the State Corporation Commission on property owned by regulated public utilities, which include railroads, electric, telephone, gas, and telecommunications companies. The assessments are based on value and the effective true tax rate. This rate is calculated by multiplying the nominal tax rate of \$.7850 by the median sales assessment ratio. The most recent information available is for 2004 when the ratio was 82.21 percent. This ratio has declined making the effective true tax rate \$.6453 per hundred. Public Service Assessments are projected to lower slightly due to the decline in the effective true tax rate.

Machinery and Tools are those items of business personal property that are used in a manufacturing application and the assessment of machinery and tools is based on costs. FY 2006 collections are expected to decrease slightly due to a change in the State definition of “idle” machinery.