

General Property Taxes

General Operating Fund

BUDGET SUMMARY

	FY07 Adopted	FY07 Projected	FY08 Plan	FY08 Adopted
Real Estate	\$74,907,927	\$74,776,925	\$84,231,599	\$85,511,272
Personal Property	11,857,777	13,175,387	13,437,663	14,207,457
Mobile Homes	80,000	85,000	85,000	85,000
Machinery and Tools	5,077,000	4,900,000	5,202,000	4,900,000
Public Services	1,325,000	1,201,614	1,325,000	1,100,000
Delinquent Real Estate Taxes	1,086,134	1,000,000	1,000,000	1,000,000
Delinquent Personal Property	655,000	653,500	680,000	680,000
Penalties and Interest	675,000	595,000	700,000	600,000
Total	<u>\$95,663,838</u>	<u>\$96,387,426</u>	<u>\$106,661,262</u>	<u>\$108,083,729</u>

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. Market value is the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale.

The projected FY 2008 revenue, when compared to the adopted FY 2007 figure represents an increase of 14.2 percent. This increase is attributed to projected growth in the landbook due to new construction of 8.1 percent and an average reassessment of 5.2 percent. In addition, it is expected that current collections will be 98 percent of the total levy. The projection is based on the current 77 cent per hundred tax rate. 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. The projections for reassessments are the smallest since FY 2002 and the projections for new construction growth are the largest since FY 2006. Reassessments are expected to still rise, although at a much more moderate rate. The growth projection is based on the large increase in the commercial real estate area.

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 with a total amount 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. The chart on page B-3 illustrates the impact.

BUDGET COMMENTS, Continued

	FY07 <u>Adopted</u>	FY07 <u>Projected</u>	FY08 <u>Plan</u>	FY08 <u>Adopted</u>
<u>"Car Tax" Impacts</u>				
Local Collections	\$11,857,777	\$13,175,387	\$13,437,663	\$14,207,457
From the Commonwealth	<u>9,770,137</u>	<u>9,770,137</u>	<u>9,770,137</u>	<u>9,770,137</u>
	<u>\$21,627,914</u>	<u>\$22,945,524</u>	<u>\$23,207,800</u>	<u>\$23,977,594</u>

In 2005 the General Assembly permanently capped the State's share of the "Car Tax" beginning in 2006. The State is projected to pay approximately 57 percent of the "Car Tax" for an eligible personal use vehicle in FY 2008.

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

Overall, personal property collections are expected to grow in FY 2008 by 10.9 percent.

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 \$.77 by the median sales assessment ratio. The most recent information available is for 2004 when the ratio was 75.81 percent. This ratio has declined making the effective true tax rate \$.5837 per hundred. Public Service Assessments are projected to decline 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 2008 collections are expected to remain flat compared to FY 2007 collections.