

BUDGET SUMMARY

	FY08 <u>Adopted</u>	FY08 <u>Projected</u>	FY09 <u>Proposed</u>	FY10 <u>Proposed</u>
Real Estate	\$82,611,272	\$82,611,272	\$83,124,054	\$85,742,773
Personal Property	14,207,457	14,589,292	16,104,263	17,560,212
Mobile Homes	85,000	85,000	85,000	85,000
Machinery and Tools	4,900,000	4,900,000	4,900,000	4,900,000
Public Services	1,100,000	1,363,570	1,383,570	1,413,600
Delinquent Real Estate Taxes	1,000,000	1,000,000	1,100,000	1,100,000
Delinquent Personal Property	680,000	457,500	457,500	457,500
Penalties and Interest	600,000	625,000	600,000	600,000
Total	<u>\$105,183,729</u>	<u>\$105,631,634</u>	<u>\$107,754,387</u>	<u>\$111,859,085</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 assessment process. 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 proposed FY 2009 revenue, when compared to the adopted FY 2008 figure represents an increase of 0.62 percent. This increase is entirely attributed to growth in the County as the dates for reassessments have been changed to January 1. There was no general reassessment on January 1, 2008 and the next one will occur on January 1, 2009. The FY 2010 figure is based on an overall landbook increase of 3.15 percent with 2 percent expected from reassessments and 1.15 percent expected from growth.

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

	FY08 <u>Adopted</u>	FY08 <u>Projected</u>	FY09 <u>Proposed</u>	FY10 <u>Proposed</u>
<u>"Car Tax" Impacts</u>				
Local Collections	\$14,207,457	\$14,589,292	\$16,104,263	\$17,560,212
From the Commonwealth	<u>9,770,137</u>	<u>9,770,137</u>	<u>9,770,137</u>	<u>9,770,137</u>
	<u>\$23,977,594</u>	<u>\$24,359,429</u>	<u>\$25,874,400</u>	<u>\$27,330,349</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 58 percent of the "Car Tax" for an eligible personal use vehicle in FY 2009.

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 2009 by 6.2 percent when compared to FY 2008 projections and 5.6 percent in FY 2010.

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 \$0.77 by the median sales assessment ratio. The most recent information available is for 2006 when the ratio was 77.84 percent. This ratio has increased slightly making the effective true tax rate \$0.5994 per hundred. Public Service Assessments are projected to increase slightly as the assessment ratio is expected to rise.

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 2009 and FY 2010 collections are expected to remain flat compared to FY 2008 collections.