

BUDGET SUMMARY

| | FY09 Adopted | FY09 Projected | FY10 Plan | FY10 Proposed |
|------------------------------|----------------------|----------------------|----------------------|----------------------|
| Real Estate | \$83,124,054 | \$84,678,024 | \$85,742,773 | \$83,868,503 |
| Personal Property | 15,454,263 | 15,043,562 | 17,560,212 | 14,305,574 |
| Mobile Homes | 85,000 | 85,000 | 85,000 | 85,000 |
| Machinery and Tools | 4,900,000 | 5,000,000 | 4,900,000 | 5,000,000 |
| Public Services | 1,383,570 | 1,426,801 | 1,413,600 | 1,490,000 |
| Delinquent Real Estate Taxes | 1,100,000 | 1,160,000 | 1,100,000 | 1,100,000 |
| Delinquent Personal Property | 457,500 | 309,000 | 457,500 | 307,500 |
| Penalties and Interest | 600,000 | 600,000 | 600,000 | 625,000 |
| Total | <u>\$107,104,387</u> | <u>\$108,302,387</u> | <u>\$111,859,085</u> | <u>\$106,781,577</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 2010 revenue, when compared to the adopted FY 2009 figure represents an increase of 0.90 percent. This increase is the net of entirely added growth throughout the County in FY 2009 and the effect of the general reassessment that took place on January 1, 2009 in which the assessed value of more than 5,000 existing properties resulted in a .60% drop in overall taxable value between fiscal year 2009 and fiscal year 2010.

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

| | FY09 <u>Adopted</u> | FY09 <u>Projected</u> | FY10 <u>Plan</u> | FY10 <u>Proposed</u> |
|--------------------------|------------------------|--------------------------|---------------------|-------------------------|
| <u>"Car Tax" Impacts</u> | | | | |
| Local Collections | \$15,454,263 | \$15,043,562 | \$17,560,212 | \$14,305,574 |
| From the Commonwealth | <u>9,770,137</u> | <u>9,770,137</u> | <u>9,770,137</u> | <u>9,770,137</u> |
| | <u>\$25,224,400</u> | <u>\$24,813,699</u> | <u>\$27,330,349</u> | <u>\$24,075,711</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 63 percent of the "Car Tax" for an eligible personal use vehicle in FY 2010. This percentage increased from FY 2009 when it was 58 percent.

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 decrease in FY 2010 by 3.0 percent when compared to FY 2009 projections due to lower assessments on vehicles, particularly SUV's. With overall lower assessments and an increase in the percentage of the State's share of the "Car Tax" most taxpayers will see lower personal property tax bills beginning this June.

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 2007 when the ratio was 87.60 percent. This ratio has increased slightly making the effective true tax rate \$0.6745 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 2010 collections are expected to increase slightly when compared to the FY 2009 adopted budget.