

PURPOSE

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.

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.

Public Service Assessments are performed by the State Corporation Commission or the State Department of Taxation on property owned by regulated public utilities, which include railroads, electric, telephone, gas, and water companies.

BUDGET SUMMARY

	FY 96 <u>Budget</u>	FY 97 <u>Budget</u>
Real Estate	\$23,684,000	\$25,620,694
Personal Property	8,127,000	9,885,964
Personal Property - Mobile Homes	75,000	75,000
Personal Property - Machinery	3,500,000	3,600,000
Public Service	1,100,000	1,150,000
Delinquent Real Estate Taxes	854,744	947,716
Delinquent Personal Property	125,000	243,722
Delinquent Mobile Homes	5,250	11,667
Penalties	285,000	380,000
Interest on Delinquent Taxes	<u>184,750</u>	<u>187,000</u>
Total	<u>\$37,940,744</u>	<u>\$42,101,763</u>

BUDGET COMMENTS

Real Estate revenues increase by \$1,936,694, or 8.2 percent. That total increase can be portrayed as follows:

Tax Rate (\$883,472) A tax rate increase of 3 cents from 84 cents to 87 cents per hundred dollars of assessment provides about 40 percent of the total increase.

New Growth (\$461,122) Approximately two thirds of the total increase is an addition to the taxable real estate of new construction.

Reassessments (\$592,100) The 2.5 percent overall reassessment increase reflects a market which is relatively flat.

The average existing home, valued at \$102,312 in FY 96 and paying \$859 in taxes, will be valued at \$104,870 in FY 97 and will pay, at 87 cents, \$912. This represents an increase of 6.2 percent, \$53.00 annually, or approximately \$4.41 a month.

Personal Property taxes are projected to increase by 8.2 percent over estimated FY 96 revenues. Part of the increase is attributed to additional auto registrations, as well as upgrades in values of existing vehicles in the County.

Machinery and Tools is similar to personal property, but the basis of assessment is cost, not market. Values have increased slightly to produce revenues that are 2.9 percent more than FY 96. This increase is due to some plant expansions and investment by current business in additional equipment.

Public Service are payments in lieu of taxes from utilities and CSX Railroad. They are programmed to increase by 4.6 percent over FY 96. The basis of this increase is a change in methodology in valuing property and equipment.

In recent years, improved collection efforts produced increased collections of Delinquent Taxes, Penalties, and Interest. The County historically has collected over 99 percent of real and personal property taxes within the first three years. FY 97 indicates an increase reflecting a fairly stable, but small, balance of delinquent taxes and an aggressive collection policy.