

# City of Alexandria, Virginia

## MEMORANDUM

DATE: MARCH 12, 2010

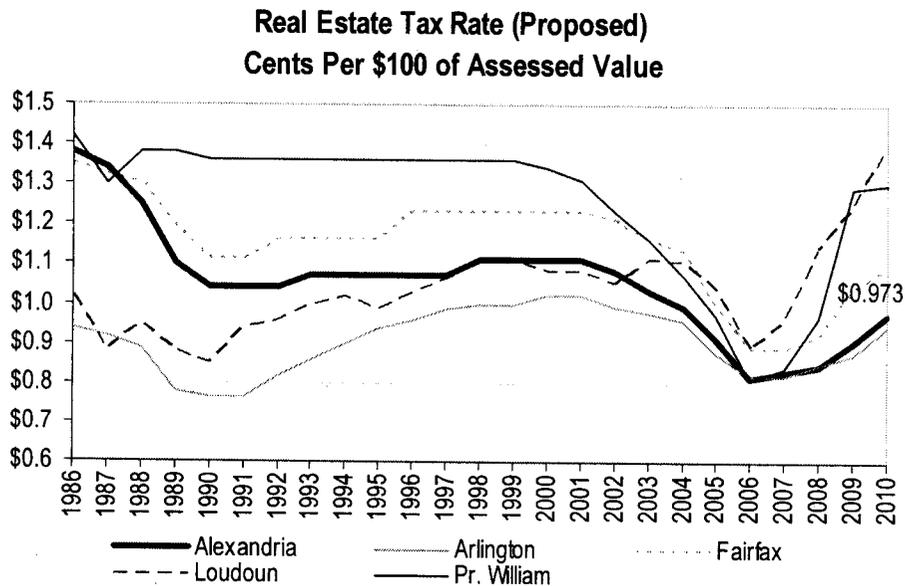
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 8 : REVENUE ISSUES

In the Revenues work session on February 14, Council asked for some modified graphs and new graphs to be added to the work session presentation that appears on the web site. These new and updated graphs will be included in the online version of the Revenues work session presentation. The memo also includes staff proposals from other jurisdictions for real estate and other tax changes.

The graph below shows Real Estate Tax Rates from 1986 through the proposed 2010 rates. Alexandria's proposed rate is higher only than Arlington County's.



**Real Estate changes in neighboring jurisdictions.** As shown in the table below, Arlington has proposed to increase its tax rate by 6.7 cents, Fairfax has proposed to increase its tax rate by 5.0 cents, Loudoun has proposed to increase its tax rate by 15.5 cents, and Prince William has proposed to increase its tax rate by 1 cent. It is likely that after the budgets of all the neighboring jurisdictions are approved, Alexandria will continue to have the second lowest tax rate in Northern Virginia.

**Proposed Tax Rates for Residential Properties (by jurisdiction)**

<b>Tax Year***</b>	<b>Alexandria</b>	<b>Arlington</b>	<b>Fairfax</b>	<b>Loudoun</b>	<b>Pr. William *</b>
1986	1.380	0.940	1.35	1.02	1.420
1987	1.340	0.920	1.32	0.88	1.300
1988	1.250	0.890	1.30	0.95	1.380
1989	1.100	0.780	1.19	0.88	1.380
1990	1.045	0.765	1.11	0.85	1.360
1991	1.045	0.765	1.11	0.94	1.360
1992	1.045	0.820	1.16	0.96	1.360
1993	1.070	0.860	1.16	1.00	1.360
1994	1.070	0.897	1.16	1.02	1.360
1995	1.070	0.940	1.16	0.99	1.360
1996	1.070	0.960	1.23	1.03	1.360
1997	1.070	0.986	1.23	1.06	1.360
1998	1.110	0.998	1.23	1.11	1.360
1999	1.110	0.998	1.23	1.11	1.360
2000	1.110	1.023	1.23	1.08	1.340
2001	1.110	1.023	1.23	1.08	1.310
2002	1.080	0.993	1.21	1.05	1.230
2003	1.035	0.978	1.16	1.11	1.160
2004	0.995	0.958	1.13	1.1075	1.070
2005	0.915	0.878	1.00	1.04	0.974
2006	0.815	0.818	0.89	0.89	0.8071
2007	0.830	0.818	0.89	0.96	0.8379
2008	0.845	0.848 **	0.92	1.14	0.97
2009	0.903	0.875 **	1.040	*** 1.245	1.289
2010	0.973	0.942 **	1.090	*** 1.4	1.299

\* Prince William includes a general tax levy of \$1.224 and two special levies of \$0.075 that are levied throughout the County.

\*\* The Arlington rate includes a County-wide add-on tax of \$0.01 for stormwater management initiatives. The Arlington rate also adds 12.5 cents for commercial properties for transportation purposes for a total commercial tax rate of \$1.067.

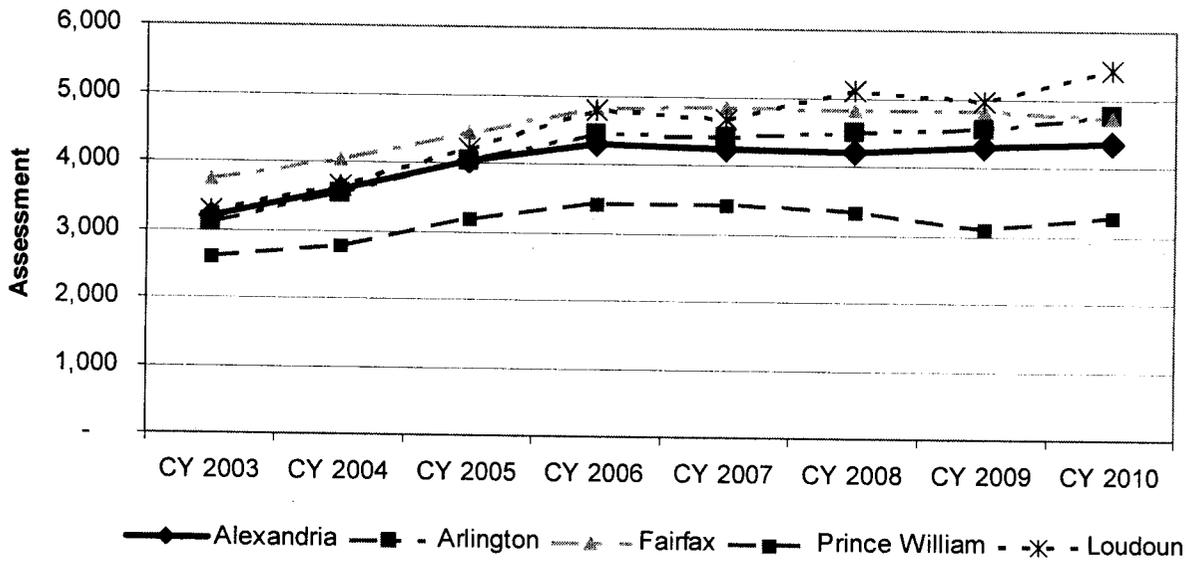
\*\*\* The Fairfax rate also adds 11 cents for commercial properties for transportation purposes for a total of \$1.20.

The table below shows the advertised tax rate by jurisdiction as of March 8.

Arlington County	Fairfax County	Loudoun County	Prince William County
\$0.952	TBD	TBD	\$1.311

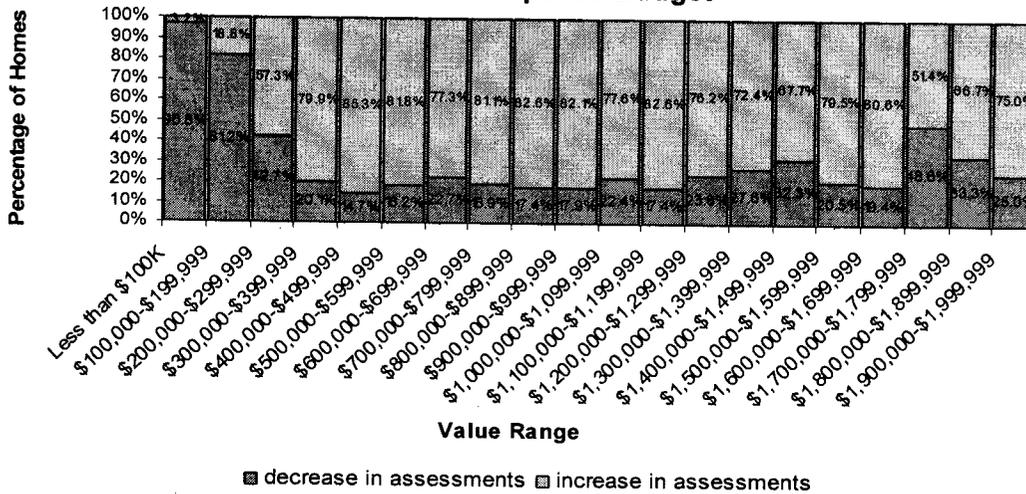
As requested at the Revenues work session, the graph shows the average tax assessment by jurisdiction. Under the proposed budget, Alexandria's average residential tax assessment is lower than all area jurisdictions except for Prince William County's, where the average home value is much lower. Since 2006, Alexandria's average tax assessment has been the second lowest but for Prince William.

**Comparison of Local Tax Assessments**  
CY 2003 - CY 2010 Proposed



The graph below shows the percentage of homes with tax increases under the 7 cent tax rate increase in the proposed budget, by CY 2010 assessed value.

**Percentage of Homes with Tax Increases Under 7 cent rate  
increase in Proposed Budget**



**Revenue proposals in neighboring jurisdictions**

**Arlington County**

The Proposed Budget presented several tax and fee increases included in the County Manager’s base budget. These include:

- Increase the solid waste rate by \$3.76 per year,
- Increase Department of Community Planning, Housing Development, and Parks Recreation, and Cultural Resources, and Code fees
- Increase water/sewer rates by \$0.54 per thousand gallons.

Tax and fees provided to the County Board but not included in the County Manager’s base budget include:

- Increasing parking ticket fines by \$10 per infraction,
- Increase motor vehicle license fee from \$25 to \$33 per year,
- Increase household solid waste rate by \$14.80 to cover full cost of leaf collections,
- Increase sanitary district tax for stormwater from \$0.1 per \$100 to \$0.13,
- Increase residential and commercial electricity and natural gas tax rates,
- Increase other Police, Recreation, and Environmental Services fees

**Fairfax County**

The Proposed Budget included the implementation of a \$33 vehicle registration fee.

It was also recommended that the County Board examine the possibility of imposing a Meals Tax, which would require a voter referendum, and the eventual imposition of an admissions tax of 10%.

## **Prince William County**

Prince William is in the process of implementing an EMS fee.

Tax and fee alternatives included in the presentation to the Board of County Supervisors but not included in the proposed budget include:

- Increase in the personal property tax rate from \$3.75 to \$3.85,
- Increase in the commercial real estate tax rate of up to 12.5 cents per \$100
- Increase in the motor vehicle license fee from \$24 to \$38.75
- Meals tax increase, requiring voter referendum
- Admissions tax, requiring enabling legislation
- Cigarette tax, requiring enabling legislation