

# City of Alexandria, Virginia

## MEMORANDUM

DATE: APRIL 12, 2010

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO # 54: BUSINESS LICENSE (BPOL) TAX RATES  
ACROSS THE REGION & EFFECT OF BPOL PROFESSIONAL SERVICES  
RATE INCREASE

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This is in response to Council Member Krupicka's request for information regarding the revenue impact of a decrease in Alexandria's business license tax rate for Professional Services from its current rate of \$0.58 per \$100 to match Arlington's rate of \$0.36 per \$100. The memo also includes the tax rates for several BPOL categories across neighboring jurisdictions.

The table below includes the tax rates across region for several categories of BPOL tax.

**Business License Professional and Occupational License Tax Rates  
(Per \$100 Gross Receipts)**

	Alexandria City	Arlington County	Fairfax County	Loudoun County	Prince William County
Professional Services	0.58	0.36	0.31	0.33	0.33
Finance Services	0.35	0.36	0.31	0.33	0.33
Personal Services	0.35	0.35	0.19	0.23	0.21
Business Services	0.35	0.35	0.19	0.17	0.21
Repair Services	0.35	0.35	0.19	0.16	0.21
Retail	0.20	0.20	0.17	0.17	0.17
Contractor	0.16	0.16	0.11	0.13	0.13
Wholesale Merchants	0.05	0.08	0.04	0.05	0.05

If the City were to decrease its BPOL rate for Professional Services from \$0.58/\$100 to match Arlington's rate of \$0.36/\$100, the revenue reduction to the City in FY 2011 is estimated at approximately \$2.2 million. Each penny reduction in the tax reduces revenues by an estimated \$100,000. This analysis assumes no economic knock-off effects from the tax reduction, as it is not likely that lowering the professional rate (doctors, lawyers, engineers) will affect business location and decision making.