

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 18, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #102: TAX OPTIONS AVAILABLE FOR FY 2009 ADD-DELETE PROCESS

In order to help Council members structure their add/delete lists, Mayor Euille requested a simple table that showed the various tax options available to City Council during add-delete. The following four tables layout those options for unrestricted FY 2008 and 2009 General Fund Revenues, FY 2008 and FY 2009 Revenues restricted to transportation purposes.

Table 1: FY 2009 Unrestricted General Fund Revenues

Real Estate Tax Rate Increase (in cents)(1)	Real Estate Tax Rate Increase (\$ in M)	+1.0 % Meals Tax Rate Increase (\$ in M)	+1.0% Transient Occupancy Tax Rate Increase (\$ in M)(2)	Total of Columns A, B and C (\$ in M)
+0.5 cents	1.8	3.7	1.6	7.1
+1.0 cents	3.5	3.7	1.6	8.8
+1.5 cents	5.3	3.7	1.6	10.6
+2.0 cents	7.0	3.7	1.6	12.3
+2.5 cents	8.8	3.7	1.6	14.1
+3.0 cents	10.5	3.7	1.6	15.8

(1) Up to a 3 cent rate increase has been advertised for the general real estate tax rate.

(2) Up to a 2% rate increase has been advertised for the transient occupancy tax rate.

Table 2: FY 2008 Unrestricted General Fund Revenues (One-time funds recommended for non-recurring expenses, particularly FY 2009 or FY 2010 Capital Improvement Program projects)

Real Estate Tax Rate Increase (in cents)	Real Estate Tax Rate Increase (\$ in M)
+0.5 cents	.9
+1.0 cents	1.8
+1.5 cents	2.6
+2.0 cents	3.5
+2.5 cents	4.4
+3.0 cents	5.3

Table 3: FY 2009 Transportation Only General Fund Revenues (Restricted by law to transportation related operating programs or capital projects)

Real Estate Tax Rate Add-On (in cents)(3)	Real Estate Tax Rate Increase (\$ in M)	Less BPOL tax relief for retailers (4)	Net tax revenues
+0.5 cents	0.5	-	0.5
+1.0 cents	1.0	-0.3	0.7
+1.5 cents	1.5	-0.3	1.2
+2.0 cents	2.0	-0.3	1.7

(3) Up to a two cent increase in the transportation tax add-on for commercial/industrial properties only was advertised.

(4) The add-on commercial real estate tax study committee recommended that business license tax relief be provided to retailers by raising the tax liability threshold from \$100,000 in gross receipts to \$1,000,000 in gross receipts.

Table 4: FY 2008 Transportation Only General Fund Revenues (Restricted by law to transportation related operating programs or capital projects and one-time funds recommended for non-recurring expenses, particularly FY 2009 or FY 2010 Capital Improvement Program transportation projects.)

Real Estate Tax Rate Add-On (in cents)	Real Estate Tax Rate Increase (\$ in M)
+0.5 cents	0.3
+1.0 cents	0.5
+1.5 cents	0.8
+2.0 cents	1.0