

Issue Analysis Form



Date: April 10, 2018
Public Hearing –
Consideration of Equalization
of Tax Rate Based on
Assessment

Item:

Lead Department(s): County Finance

Contact Person(s): Betsy Drewry

Description and Current Status

The County Administrator proposed the Fiscal Year 2018-2019 budget at the February 27, 2018 board meeting and recommended a 5 cent increase in the Real Property Tax Rate for school capital projects. No other increase or change in established tax rates was recommended.

The board received information on an increase in assessed real property values at its pre-budget work session on February 6, 2018. The assessed values (excluding new construction and improvements) have grown by more than 1%. The equalization rate would be 85¢ (a 1¢ reduction from the current 86¢ rate).

If the assessed value increases by more than 1% (excluding new construction and improvements), §58.1-3321 Code of Virginia:

1. County must reduce tax rate so that revenues \leq 101% of prior year levies (equalization / "reduced rate")

OR

2. County may increase tax rate after advertising and holding public hearing with notice of the "effective tax rate increase"

There is no recommendation to lower the tax rate to 85¢, and in fact the proposed budget included a 5¢ increase in the real property rate for construction of a new elementary school.

Staff received authority to advertise the public hearing on March 7, 2018 and the advertisement was in *The Progress Index* on March 10, 2018 (see attached).

Requested Board Action:

There is no required board action following this public hearing.

Staff is requesting adoption of tax rates following the public hearing on tax rates (P-4).

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|--|---|--|
| Does this require IDA action? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does this require BZA action? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does This require Planning Commission Action? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does this require Board of Supervisors action? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does this require a public hearing? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| If so, before what date? [at least 30 days prior to public hearing] | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

Fiscal Impact Statement

The County Administrator's Proposed budget recommends an increase in the Real Property tax rate of 5 cents per \$100 of assessed value to fund school capital projects. The budget proposal included no recommendation to reduce the tax rate to the equalization rate of 85¢.

The overall General Fund budget, considering all revenue changes, is expected to increase by \$2,491,376, or 4.65%. Excluding the \$1,250,000 generated from the 5 cent real estate tax increase, the General Fund budget would increase by \$1,241,376 or 2.32%.

County Impact

On April 10 the County will hold a public hearing on an effective tax rate increase (to not lower the rate to the equalization rate of 85¢) to comply with Code of Virginia § 58.1-3321.

Notes

PRINCE GEORGE COUNTY, VIRGINIA NOTICE OF PROPOSED REAL PROPERTY TAX INCREASE

The County of Prince George proposes to increase property tax levies.

1. **Assessment Increase:** Total assessed value of real property, excluding assessments due to new construction and improvements to property, exceeds last year's total assessed value of real property by 1.2 percent.
2. **Lowered Rate Necessary to Offset Increased Assessment:** The tax rate which would levy the same amount of real estate tax as last year, when multiplied by the new total assessed value of real estate with the exclusion mentioned above, would be \$0.85 per \$100 of assessed value. This rate will be known as the "lowered tax rate."
3. **Effective Rate Increase:** The County of Prince George does not propose to adopt a tax rate lower than \$0.86 per \$100 of assessed value. The difference between the lowered tax rate and the proposed tax rate would be \$0.01 per \$100, or 1.2 percent. This difference will be known as the "effective tax rate increase."

Individual property taxes may, however, increase at a percentage greater than or less than the above percentage.

4. **Proposed Total Budget Increase:** Based on the proposed real property tax rate and changes in other revenues, the total budget of Prince George County will exceed last year's by 4.65 percent.
5. In addition, the County Administrator has recommended that the Prince George County Board of Supervisors advertise a 5 cent increase in the real property tax rate, from \$0.86 to \$0.91 per \$100 of assessed value, to fund school capital improvements.

A public hearing on the increase will be held on April 10, 2018 beginning at 7:30 p.m. in the Board of Supervisors Meeting Room, Third Floor of the County Administration Building, 6602 Courts Drive, Prince George, Virginia, (located at the intersection of Laurel Springs Road and Courts Drive in the County Government Complex).

Related documents are available for review in the Office of the County Administrator/Clerk to the Board of Supervisors, Third Floor Third Floor, County Administration Building, 6602 Courts Drive, Prince George, Virginia, Monday through Friday from 8:30 a.m. until 5:00 p.m.; Tel. 722-8600. All interested persons shall be given an opportunity to be heard.

Percy C. Ashcraft
County Administrator

Issued in accordance with § 58.1-3321, Code of Virginia, 1950, as amended.

PB-00344176

PROOF O.K. BY: _____ **O.K. WITH CORRECTIONS BY:** _____

PLEASE READ CAREFULLY • SUBMIT CORRECTIONS ONLINE

PB-00344176 (100%)

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Public Hearing

April 10, 2018

Consideration of Equalization of Tax Rate
Based on Assessment

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Increase in Assessed Values

- o The Board received information at its February 6 pre-budget work session on an increase in Assessed Values
- o Assessed Values **excluding new construction and improvements** are projected to increase by more than 1%

Increase in Assessed Values

- o If Assessed Values increase by more than 1% (net of new construction and improvements), §58.1-3321 Code of Virginia:
- o County must reduce tax rate so that revenues \leq 101% of prior year levies (equalization / “reduced rate”) OR
- o County may increase tax rate after advertising and holding public hearing with notice of the “effective tax rate increase”

Tax Rate

- o No recommendation to reduce current tax rate of 86¢ to the equalization rate of 85¢
- o The proposed budget included a 5¢ real property rate increase for construction of a new elementary school

Public Hearing Advertised

- o Staff received board authority to advertise a public hearing on March 7, 2018
- o A public hearing for the “effective rate increase” (not lowering real property rate to equalization rate of 85¢) advertised as required
- o **Progress Index**
- o March 10, 2018

Board Action

- o There is no board action requested following this public hearing
- o The board will hold a public hearing tonight on tax rates and action is requested following that public hearing (P-4)

Questions?