

Issue Analysis Form



Date: April 9, 2019
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 2019-2020 budget at the February 26, 2019 board meeting and recommended no increase in the Real Property Tax Rate or any other established tax rates.

The board received information on an increase in assessed real property values at its pre-budget work session on December 19, 2018. The assessed values (excluding new construction and improvements) have grown by more than 1%. The equalization rate would be 83¢ (a 3¢ 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 83¢. The proposed budget included significant increases in our projected payments to Riverside Regional Jail of \$676,886 (50%) and an increase in Comprehensive Services Act (CSA) spending of \$690,000 (54.8%).

Staff received authority to advertise the public hearing on March 7, 2019 and the advertisement was in *The Progress Index* on March 11, 2019 (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-3).

- Does this require IDA action? Yes No
- Does this require BZA action? Yes No
- Does This require Planning Commission Action? Yes No
- Does this require Board of Supervisors action? Yes No
- Does this require a public hearing? Yes No
- If so, before what date? [at least 30 days prior to public hearing] Yes No

Fiscal Impact Statement

The County Administrator's Proposed budget recommended no increase in the Real Property tax rate. The budget proposal included no recommendation to reduce the tax rate to the equalization rate of 83¢.

If the tax rate was lowered to the equalization rate the impact to County & Schools is shown below.

Entity	Each 1¢	3¢
County	\$142,875	\$428,625
Schools (MOU 42.85%)	\$107,125	\$321,375

The overall General Fund budget, considering all revenue changes, is expected to increase by \$2,270,115, or 4.1%.

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 83¢) 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 3.3 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 \$0.83 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 \$0.03 per \$100, or 3.3 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 4.1 percent.

A public hearing on the increase will be held on April 9, 2019 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.

PB00419416

Public Hearing

April 9, 2019

Consideration of Equalization of Tax Rate
Based on Assessment

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Increase in Assessed Values

- o The Board received information at its December 19 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”

Equalization Rate Calculation

	FY 2018	FY 2019	FY 2020
Residential/Agricultural	\$ 2,111,880,200	\$ 2,165,701,900	\$ 2,273,155,000
Multi-Family	101,555,400	102,755,300	104,452,700
Commercial/Industrial	<u>464,682,200</u>	<u>463,799,400</u>	<u>474,520,500</u>
Total Land Book	\$ 2,678,117,800	\$ 2,732,256,600	\$ 2,852,128,200
	1.1%	2.0%	4.4%
LESS: NC, NP, D*	\$ 15,680,200	\$ 16,753,100	\$ 29,504,400
Net Assessment	\$ 2,662,437,600	\$ 2,715,503,500	\$ 2,822,623,800
Assessment Change	\$ 12,513,100	\$ 37,385,700	\$ 90,367,200
Rate	\$ 0.86	\$ 0.86	\$ 0.86
Equalization Rate	0.6%	0.6%	1.1%
			3.3%
*New Construction, New Parcels, Discovery			
Tax Levies (Projected)	\$ 23,031,813.08	\$ 23,497,406.76	\$ 24,528,302.52
Tax Change	\$ 242,462	\$ 465,594	\$ 1,030,896
	1.1%	2.0%	4.4%

Tax Rate

- o No recommendation to reduce current tax rate of 86¢ to the equalization rate of 83¢
- o The proposed budget included no increase in the Real Estate Tax Rate and leaving the rate at 86¢
- o If lowered Impact to County / Schools:
 - o Each 1¢ County \$142,875; Schools \$107,125 [MOU % is 42.85%]
 - o 3¢ Revenue Loss would be \$750,000 [\$428,625 County & \$321,375 Schools]
- o Significant budget increases for FY2020
 - o Increase from Riverside Regional Jail \$676,886 (50%)
 - o Increase in CSA spending \$690,000 (54.8%)

Public Hearing Advertised

- Staff received board authority to advertise a public hearing on March 7, 2019
- A public hearing for the “effective rate increase” (not lowering real property rate to equalization rate of 83¢) advertised as required
- **Progress Index**
- March 11, 2019

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-3)

Questions?