

Issue Analysis Form

Date: May 12, 2020
Item: Public Hearing – 2020-21 Tax Rates
Lead Department(s): County Finance
Contact Person(s): Betsy Drewry



Description and Current Status

The County Administrator proposed the Fiscal Year 2020-2021 budget at the February 25, 2020 board meeting and recommended no increase in the Real Property tax rate, Personal Property tax rate, or the Machinery and Tools tax rate.

If any tax rate increases are desired, [Code of Virginia § 58.1-3007](#) states that the public hearing must be published in a paper of general circulation at least seven days before the hearing. Prince George County as a practice, advertises tax rates, holds a public hearing and adopts rates by resolution regardless of whether there is an increase in the tax rates. The Board authorized the advertisement of a May 12, 2020 public hearing on tax rates on April 28, 2020. Advertised rates shown below:

Real Property: \$0.86 per \$100.00 of assessed value

Personal Property: \$4.25 per \$100.00 of assessed value

Machinery & Tools: \$1.50 per \$100.00 of assessed value

Mobile Home / Tangible Personal Property: \$0.86 per \$100.00 of assessed value

Real property taxes are due December 5, 2020 and June 5, 2021 and Personal property taxes are due June 26, 2020.

Attached is a copy of the advertisement that was published in the May 3, 2020 edition of *The Progress Index*.

Added note:

The Personal Property tax rates are **typically** required to be adopted by April 15th in order for the Commissioner of Revenue and the Treasurer's Office to print the tax bills and have them mailed by April 25th for the June 5th collection date. The tax rate proposed for Personal Property is \$4.25, the same as FY20. **The board approved a delayed June 26 due date for Personal Property and Real Estate Taxes at its April 14 regular meeting.**

Board Action Requested:

Approve Real Property, Personal Property, Machinery & Tools Tax and Mobile Home Tax Rates following the public hearing. A draft resolution is provided for consideration.

- 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 7 days prior to public hearing] Yes No

Fiscal Impact Statement

The County Administrator's Proposed budget recommended no increase in the Real Property, Personal Property, Machinery & Tools or the Mobile Home tax rates for FY 2020-21. There is an increase in the assessed real property values of 7.3% net of new construction and improvements. A public hearing was held on April 14, 2020 on an effective tax increase resulting from the increase in assessed values with no board action following the public hearing.

The overall FY2021 General Fund budget as proposed by the County Administrator, considering all revenue changes, increased by \$3,959,405, or 6.9%. **However, reductions to the proposed budget totaling \$1,396,657 were discussed with the board on April 22 and 29, 2020 during budget work sessions.** The updated FY2021 budget is \$2,562,749, or 4.44% over the adopted FY2020 budget.

Estimated General Fund reductions of \$1,079,532 are anticipated due to projected COVID-19 impacts. The proposed BPOL and Permit Fee increases were also withdrawn and result in reductions of \$189,499 and \$74,363 respectively. Additionally, a reduction of \$53,263 in School Resource Officer grant revenue is needed. General Fund reductions total \$1,396,657.

Proposed FY2021 General Fund Budget	\$61,720,893
COVID-19 Reductions (General Fund)	(1,079,532) \$351,033 Schools
SRO Grant Reduction	(53,263)
Remove BPOL Tax Increase	(189,499)
Remove Permit Fee Increase	(74,363)
*Cumulative Reductions	(\$1,396,657)
*Possible Revised FY2021 Budget	\$60,324,236

*Net of Possible RE Tax Rate Decrease

The Board will also consider the Real Estate Tax Rate for adoption. If the RE Tax Rate is reduced, the budget will **decrease by \$280,000 for each 1¢ reduction.** Any reduction will impact the local transfer to schools by \$118,944 and the County's General Fund by \$161,056.

If the tax rate is equalized to 80¢, the total reduction would be \$1,680,000; with a County reduction share of \$966,336 and a school reduction share of \$713,664.

Tax Revenue Sources shared with the school division are
 Real Estate Tax Revenue
 Personal Property Tax Revenue + State PPTRA
 Local Sales Tax
 Consumer Utility Taxes
 Motor Vehicle License Fees

RATE	REDUCTION	TOTAL \$ IMPACT	57.52% COUNTY	42.48% SCHOOL
\$ 0.86				
\$ 0.85	\$ (0.01)	\$ (280,000.00)	\$ (161,056.00)	\$ (118,944.00)
\$ 0.84	\$ (0.02)	\$ (560,000.00)	\$ (322,112.00)	\$ (237,888.00)
\$ 0.83	\$ (0.03)	\$ (840,000.00)	\$ (483,168.00)	\$ (356,832.00)
\$ 0.82	\$ (0.04)	\$ (1,120,000.00)	\$ (644,224.00)	\$ (475,776.00)
\$ 0.81	\$ (0.05)	\$ (1,400,000.00)	\$ (805,280.00)	\$ (594,720.00)
\$ 0.80	\$ (0.06)	\$ (1,680,000.00)	\$ (966,336.00)	\$ (713,664.00)

Despite reductions to the proposed budget, there are prior operating and capital commitments that must be honored and some mandated increases. Those increases are:

Description:	Amount	Notes
Capital / Debt Reserve Transfer	1,262,500	New Elementary School & Other County/School Projects
Increase to Debt Fund Transfer	122,788	
FY2020 Mid-Year Positions	216,071	Deputy Sheriff, Asst Commonwealths Atty, Apparatus Technician
School Resource Officers (3)	198,792	Grant Revenue = \$159,789 (approved Mid-Year FY20)
VRS & Group Life Increases	56,012	
Worker's Comp & LODA Increases	67,493	
Riverside Regional Jail Increase	156,904	
Crater Detention Increase	25,818	
E-Mail Exchange On-Line (Cloud)	64,512	
Virtual Server Replacement	20,000	
E-911 Maintenance Contract Increases	48,779	
CSA Increase	55,300	
Expected Utility Cost Increases	29,070	
Increase in Cleaning & Lawn Care Contracts	21,785	
Increase in Auditing Contract	6,500	
Expanded Cyber Coverage	16,000	
Contingency Increase (over FY20)	203,754	Offsets one-time permit revenue of \$241,000
TOTAL	2,572,078	

County Impact

The County should hold a public hearing on the tax rates and advertise such public hearing at least seven(7) days prior to the public hearing to comply with Code of Virginia § 58.1-3007.

Notes



**COUNTY OF PRINCE GEORGE
NOTICE OF PUBLIC HEARING
MODIFIED PROPOSED ANNUAL FISCAL PLAN FOR THE YEAR ENDING JUNE 30, 2021**

Notice is hereby given pursuant to Section 15.2-2506, Code of Virginia (1950, as amended), that the Prince George County Board of Supervisors will conduct a public hearing for the purpose of receiving comments on the modified proposed Prince George County Annual Fiscal Plan (the "Budget") during its regular meeting of Tuesday, May 12, 2020, beginning at 7:30 p.m., in the Boardroom of the County Administration Building, Third Floor, 6602 Courts Drive, Prince George, Virginia, for the Fiscal Year beginning July 1, 2020 and ending June 30, 2021.

A brief synopsis of the FY 2020-2021 Budget appears below. The contemplated expenditures for all purposes as contained in this budget are for informative and fiscal planning purposes only and should not be deemed to be an appropriation. No monies shall be paid out, or be available to be paid out, for any contemplated expenditures in this budget unless and until there has first been an appropriation of such contemplated expenditures by the Prince George County Board of Supervisors. The budget as advertised has been modified since the County Administrator's budget was proposed on February 25, 2020. Fiscal impacts from the COVID-19 pandemic necessitated reductions in both the County and School Division proposed FY 2020-2021 budgets. The advertised budget is \$3,507,899 less than the budget proposed on February 25, 2020. The budget adopted by the Prince George County Board of Supervisors may differ from this advertised budget.

A copy of the proposed FY 2020-2021 budget may be examined in the County Administrator's Office, Third Floor of the County Administration Building, (804) 722-8800, 6602 Courts Drive, Prince George, Virginia, during the hours of 8:30 a.m. to 5:00 p.m., Monday through Friday. It is available online at <http://www.princegeorgecountyva.gov>. The hearing is open to the public. All persons desiring to be heard will be given an opportunity to comment on the proposed budget within such reasonable time as determined by the Board of Supervisors.

<u>ANTICIPATED REVENUE:</u>	<u>Modified Proposed FY21</u>	<u>Adopted FY20</u>
Local Sources	\$58,832,670	\$56,345,197
State Sources	54,996,025	54,411,867
Federal Sources	11,340,366	11,048,323
Other Sources	1,081,553	1,285,871
Total Anticipated Income:	\$126,240,594	\$123,088,958

<u>ESTIMATED EXPENDITURES (net of transfers):</u>	<u>Modified Proposed FY21</u>	<u>Adopted FY20</u>
Administration	\$1,107,556	\$1,179,411
Constitutional Officers	3,889,426	3,428,059
Community Development	1,238,383	1,253,531
Financial Services	2,487,079	2,324,079
Operations	3,834,883	3,778,929
Public Safety	12,870,075	12,211,451
Social Services	5,098,623	5,054,387
Other	30,228,211	28,832,940
Community Corrections	1,082,893	1,054,417
LDSAP	181,500	181,500
Education	71,714,978	71,477,254
Adult Education	996,048	979,187
Economic Development & Tourism	1,311,319	1,585,000
Stormwater	490,000	485,000
Water & Sewer	8,502,513	8,538,263
Capital Projects	887,733	582,537
Debt Service	9,650,871	7,987,412
Special Welfare	15,000	15,000
<i>(less Transfers)</i>	<i>(28,916,285)</i>	<i>(27,518,100)</i>
Total Anticipated Expenditures:	\$126,240,594	\$123,088,958

The levies, per \$100 of assessed valuation, which appear below, are the County Administrator's proposed for the Fiscal Year beginning July 1, 2020 and ending on June 30, 2021. The rates adopted by the Prince George County Board of Supervisors may be lower than the rates advertised.

	<u>Modified Proposed FY21</u>	<u>Adopted FY20</u>
Real Estate	\$0.88	\$0.86

The levies, per \$100 of assessed valuation, which appear below, are the amounts proposed for the Calendar Year beginning January 1, 2020 and ending on December 31, 2020. The rates adopted by the Prince George County Board of Supervisors may be lower than the rates advertised.

Tangible Personal Property	\$4.25	\$4.25
Machinery & Tools	\$1.50	\$1.50
Tangible Personal Property / Mobile Homes	\$0.88	\$0.86

By Authority of
Percy C. Ashcraft
County Administrator

All proposed amounts and tax rates are subject to revision by the Board of Supervisors and final tax rates and total budget will be published upon adoption by the Prince George County Board of Supervisors.

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

PLEASE READ CAREFULLY • SUBMIT CORRECTIONS ONLINE

PB-00485884 (100%)

ADVERTISER: PRINCE GEORGE COUNTY
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SITE: 4.848X11.5
PUBLICATION: PB-PROGRESS-INDEX

PROOF CREATED AT: 5/1/2020 10:16:32 AM
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PROOF DUE: 05/01/20 10:59:55

Public Hearing

May 12, 2020

Proposed FY2021 Tax Rates

Public Hearing Advertised

- o A public hearing for proposed FY2021 tax rates advertised – Board authorized advertisement on April 28

- o **Progress Index**

- o Sunday, May 3, 2020

Advertised Tax Rates

- o Real Property: \$0.86 per \$100.00 of assessed value [no change]
- o Personal Property: \$4.25 per \$100.00 of assessed value [no change]
- o Machinery & Tools: \$1.50 per \$100.00 of assessed value [no change]
- o Mobile Home / Tangible Personal Property: \$0.86 per \$100.00 of assessed value [no change]

Proposed Budget – Tax Rate

- o The County Administrator’s proposed budget (presented February 25, 2020) included no increases in the Real Property, Personal Property, Machinery & Tools, or Mobile Homes Tax Rates

Proposed Budget – Tax Rate

- o PROPOSED FY2021 Budget (February 25, 2020) - Overall General Fund Budget was \$61,720,893 and increased by \$3,959,405; 6.9% over FY2020
- o Since the February 25 budget proposal, **General Fund** revenue projections have been reduced because
 - o COVID-19 pandemic impacts
 - o Withdrawal of recommended increases in Permit Fees and BPOL tax rates
- o Staff provided formal revenue updates to the board on April 22, 2020 and expenditure reductions were discussed on April 29, 2020 [**General Fund Reductions of \$1,396,657**]
- o Revised General Fund Budget for Adoption - \$60,324,236; \$2,562,748; 4.4% increase over FY2020

Proposed Budget - Tax Rate

Proposed 2/25/2020 - \$61,720,893

Reductions - (\$1,396,657)

Revenues:	
COVID-19 Reductions (Gen Fund) [RE Tax; PP Tax; Mobile Home Tax; Sales Tax; BPOL Taxes; Motor Vehicle Licenses; Lodging Tax GF Portion]	(1,079,532)
SRO Grant Correction	(53,263)
Remove BPOL Tax Increase	(189,499)
Remove Permit Fee Increase	(74,363)
Total Changes	(1,396,657)
Revised General Fund Budget	\$60,324,236

Proposed Budget - Tax Rate

- o Despite making General Fund Reductions of \$1,396,657, there are prior operating and capital commitments and mandated increases in the FY2020 General Fund Budget

Description:	Amount	Notes
Capital / Debt Reserve Transfer	1,262,500	New Elementary School & Other County/School Projects
Increase to Debt Fund Transfer	122,788	
FY2020 Mid-Year Positions	216,071	Deputy Sheriff, Asst Commonwealths Atty, Apparatus Technician
School Resource Officers (3)	198,792	Grant Revenue = \$159,789 (approved Mid-Year FY20)
VRS & Group Life Increases	56,012	Established by VRS Board
Worker's Comp & LODA Increases	67,493	Largely due to expanded benefits for first responders
Riverside Regional Jail Increase	156,904	Increase in per diem [\$43 to \$46]
Crater Detention Increase	25,818	
E-Mail Exchange On-Line (Cloud)	64,512	Recurring cost of approved FY2020 upgrade
Virtual Server Replacement	20,000	Needed server replacement
E-911 Maintenance Contract Increases	48,779	State mandated dual authentication
CSA Increase	55,300	
Expected Utility Cost Increases	29,070	
Increase in Cleaning & Lawn Care Contracts	21,785	
Increase in Auditing Contract	6,500	
Expanded Cyber Coverage	16,000	
Contingency Increase (over FY20)	203,754	Offsets one-time permit revenue of \$241,000
TOTAL	2,572,078	

Proposed Budget – Tax Rate

- o Impact of a reduction in the Real Property Tax Rate
- o Each 1¢ of the Real Property Tax has a value of \$280,000

			57.52%	42.48%
RATE	REDUCTION	TOTAL \$ IMPACT	COUNTY	SCHOOL
\$ 0.86				
\$ 0.85	\$ (0.01)	\$ (280,000.00)	\$ (161,056.00)	\$ (118,944.00)
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\$ 0.80	\$ (0.06)	\$ (1,680,000.00)	\$ (966,336.00)	\$ (713,664.00)

**Action Requested May 12,
2020 - Approval of FY2021
Tax Rates by Resolution**

Questions?

Board of Supervisors
County of Prince George, Virginia

Resolution

At a regular meeting of the Board of Supervisors of the County of Prince George held in the Boardroom, Third Floor, County Administration Building, 6602 Courts Drive, Prince George, Virginia this 12th day of May, 2020:

Present:

Donald R. Hunter, Chairman
Alan R. Carmichael, Jr., Vice-Chairman
Floyd M. Brown, Jr.
Marlene J. Waymack
T. J. Webb

Vote:

P-1

On motion of _____, seconded by _____, which carried unanimously, the following Resolution was adopted:

RESOLUTION; ESTABLISHMENT OF 2020 TAX
LEVIES FOR REAL PROPERTY, TANGIBLE
PERSONAL PROPERTY, MOBILE HOMES, AND
MACHINERY AND TOOLS

BE IT RESOLVED That the Board of Supervisors of the County of Prince George this 12th day of May, 2020 hereby establishes the following levies for the Real Property Tax for Fiscal Year 2021 beginning July 1, 2020 and ending June 30, 2021 pursuant to Section 58.1-3001 of the Code of Virginia (1950, as amended).

<u>Class of Property</u>	<u>Rate per \$100 of Assessed Valuation</u>
1. Real Property	\$0.86

BE IT FURTHER RESOLVED, That the Board of Supervisors of the County of Prince George this 12th May, 2020 hereby establishes the following levies for the Tax Year 2020 beginning January 1, 2020 and ending December 31, 2020 pursuant to Section 58.1-3001 of the Code of Virginia (1950, as amended).

1. All tangible personal property not identified below (Section 58.1-3500)	\$4.25
2. Mobile homes, an industrial building unit constructed on a chassis for towing to the point of use and designed to be used, without a permanent foundation; for a continuous year-round occupancy as a dwelling; of two or more such units separately towable, but designed to be joined together at the point of use to form a single dwelling, and which is designed for removal to, and installation of erection on other sites (Section 58.1-3503.6)	\$0.86

3. Machinery and tools used in a manufacturing, mining, processing or reprocessing, radio or television broadcasting, or dairy business (Section 58.1-3507) \$1.50
4. Farm machinery and implements, farm tools, farm livestock including all horses, poultry, grains and feed used for the nurture of farm livestock and poultry (Section 58.1-3505) -0-

A Copy Teste:

Percy C. Ashcraft
County Administrator