

Issue Analysis Form



Date: March 22, 2022
Authority to Advertise Public Hearing – Consideration of Equalization of Tax Rate Based on Assessment

Item:

Lead Department(s): County Finance / Assessor

Contact Person(s): Betsy Drewry / Jason Cowan

Description and Current Status

The Interim County Administrator will propose the Fiscal Year 2022-2023 Introduced Budget at the March 22, 2022 board meeting and recommend reductions in the Real Property and Personal Property tax rates, based on Board consensus of spending priorities.

The assessed values (excluding new construction and improvements) have grown by more than 1%. Estimated FY2023 assessed values, net of new construction and improvements, have grown by 7.3% over 2021 values. The equalization rate would be 76¢ (a 10¢ reduction from the current 86¢ rate). The introduced budget will recommend a tax rate of 83¢, 3¢ less than the current rate, but not the equalization rate of 76¢. See attached Equalization Rate calculation prepared by Jason Cowan, Interim County Assessor, and Cindy Mabe, former Real Estate Appraiser.

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 76¢, and the introduced budget proposes lowering the real property tax rate from 86¢ to 83¢.

Requested Board Action:

Staff is requesting authority to advertise the public hearing on March 22, 2022 to meet the 30 day advertising requirement and to be able to conduct the public hearing on April 26, 2022. The advertisement will be advertised in *The Progress Index* as soon as possible to comply with §58.1-3321 Code of Virginia.

If the Board agrees to keep RE Tax Rate above 76¢ there will be no required board action following the public hearing. Tax rates will be set in a separate board action.

Staff will request adoption of tax rates following the public hearing on tax rates.

- | | | |
|---|---|--|
| 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's Introduced FY2022-2023 budget, developed with Board consensus on spending priorities, recommends reducing the Real Property tax rate to 83¢, not 76¢, the equalization rate.

Lowering the tax rate from 86¢ to 83¢, provides increased real property, mobile home and public service tax revenues of \$3,363,979 over FY2022 levels; \$1,164,528 of which is provided to the public school system. [RE Tax Increase \$2,899,000; Mobile Home Tax Increase \$28,700; Public Service Tax Increase \$436,279]

Lowering the tax rate to the equalization rate of 76¢ would provide a total increase of \$754,666 in real property, mobile home and public service tax revenues over FY2022 levels. This is a loss in resources of \$2,609,313 from the 83¢ rate. The increased transfer to schools would be \$200,047 from real property taxes at 76¢, instead of \$1,164,528 (\$964,481 less).

Notable General Fund expenditure increases that will be included in the introduced FY2023 budget are:

- An increase in transfer to the public school system of \$1,538,269 (sources are shared revenues from real property taxes, personal property taxes, sales tax, state personal property tax relief funds, motor vehicle license fees, and consumer utility tax revenues at 40.17%).
- Pay Increases to County employees at a total cost of \$1,361,105 that:
 - improve salary ranges by 5% and address compression for non-public safety employees
 - provide a 5% improvement in pay ranges and a step increase for public safety employees
 - meet mandated 5% state pay increase, and new population level minimums for state-supported positions (Social Services, Riverside Criminal Justice Agency, and Constitutional Office employees)

- Mandated increases to the Riverside Regional Jail of \$365,807
- Mandated increases in state retirement contributions (all employees) and Line of Duty Act coverage (first responders) for employees of \$228,469
- Expected employer health insurance premium increases of \$249,843
- Inflationary increases in vehicle and heating fuel of \$95,800; and inflationary increases in contracted services of \$38,821
- Expected increases to Children's Services Act (through Social Services) of \$294,374
- Increases to the capital fund for the purchase of vehicles and school buses of \$887,091
- Increases to the capital fund for Fire/EMS apparatus and equipment of \$187,630 (devoted 3¢ of Real Property tax revenue by ordinances 74-4 and 74-6) – caused by growth in value of 1¢
- 4.5 new General Fund Positions for Social Services (1.5); Police (1) and Information Technology (1) at \$260,987; and the conversion of one part-time Victim Witness Position to full-time at \$33,378 (1); 84.5% of the Social Services position costs are recovered from the state (\$86,620)
- Continued employment of four County positions added during fiscal year 2022 (3 Fire / Medics and 1 Administrative Associate for the County Garage) at \$299,705
- Increase to General Fund Contingency of \$464,374

County Impact

If staff receives authority to advertise a public hearing, on April 26 the County will hold a public hearing on an effective tax rate increase (to not lower the rate to the equalization rate of 76¢) to comply with Code of Virginia § 58.1-3321. A public hearing to establish a real property and mobile home tax rate not higher than 83¢ will also be held on April 26.

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 12.4 percent.¹
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 \$0.76 per \$100 of assessed value. This rate will be known as the "lowered tax rate."
3. **Effective Rate Increase:** The County of Prince George proposes to adopt a tax rate of \$0.83 per \$100 of assessed value. The difference between the lowered tax rate and the proposed tax rate would be \$0.07 per \$100, or 9.2 percent. This difference will be known as the "effective tax rate increase." The current real property tax rate is \$0.86 per \$100 of assessed value.

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

4. **Introduced 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 10.35 percent.

A public hearing on the increase will be held on April 26, 2022 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.

Jeffrey D. Stoke
Interim County Administrator

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

¹Total Assessed values are estimated; final assessed values will be completed March 31, 2022.

<u>Class</u>	<u>Class</u>	<u>Parcels</u>	<u>FY23</u>	<u>Value Δ</u>	<u>FY22</u>	<u>FY21</u>
2	Residential	11,854	\$ 2,736,776,900	15.9%	\$ 2,362,212,200	\$ 2,288,886,700
3	Multi-Family	146	\$ 125,711,100	2.3%	\$ 122,834,900	\$ 121,078,500
4	Commercial/Industrial	556	\$ 540,833,300	8.0%	\$ 500,783,968	\$ 516,961,100
5	Ag.: 20>100	823	\$ 138,017,400	11.0%	\$ 124,338,400	\$ 123,112,500
6	Ag.: >100	294	85,574,700	-2.3%	87,555,300	92,749,800
Total		13,673	\$ 3,626,913,400	13.4%	\$ 3,197,724,768	\$ 3,142,788,600
Land Book Change			\$ 429,188,632	13.4%	\$ 54,936,168	
LESS: Growth from NC, NP, Discovery			\$31,858,100	1.0%		
Market Value Change from RA			\$ 397,330,532	12.4%		
TAXABLE Value for Equalization Rate			\$ 3,595,055,300			
FY22 TAX RATE				\$ 0.86		
FY23 REASSESSMENT EQUALIZATION RATE				\$ 0.76		

Rate to Advertise \$ 0.83
Equalization Rate \$ 0.76
% Difference 9.2%

		<u>Full Assessed Values</u>		<u>Assessed Values Net of NC, NP, Discovery</u>		<u>FY22</u>
Tax Levies (Gross; not budgeted)	at \$0.86	\$31,191,455	0.86	\$ 30,917,475.58		\$27,500,433
Tax Change		\$3,691,022	13.4%	\$ 3,417,042.58	12.4%	\$472,451
	at \$0.83	\$30,103,381	0.83	\$ 29,838,958.99		
		\$2,602,948	9.5%	\$ 2,338,525.99	8.5%	

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 22nd day of March, 2022:

Present:

Vote:

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

A-10

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

RESOLUTION; AUTHORITY TO ADVERTISE A PUBLIC HEARING FOR AN EFFECTIVE REAL PROPERTY TAX INCREASE – EQUALIZED RATE CONSIDERATION.

NOW, THEREFORE, BE IT RESOLVED That the Board of Supervisors of the County of Prince George this 22nd day of March, 2022, does hereby authorize the advertisement of a public hearing to be held on April 26, 2022, for an Effective Real Property Tax Increase – Equalized Rate Consideration.

A Copy Teste:

Jeffrey D. Stoke
Interim County Administrator