

Issue Analysis Form



Date: May 10, 2022
Adoption of Real Property
and Mobile Homes – 2022-23
Item: Tax Rates
Lead Department(s): County Finance
Contact Person(s): Betsy Drewry

Description and Current Status

The County Administrator presented the Fiscal Year 2022-2023 introduced budget at the March 22, 2022 board meeting, and recommended reductions in the in the Real Property, Mobile Home, and Personal Property tax rates. No change was recommended in the Machinery and Tools tax rate. The Board of Supervisors, at a March 29 Budget Work Session, after receiving updated higher real property assessment estimates, further reduced the real property and personal property tax rates for advertisement to:

Real Property - **\$0.82** per \$100 of assessed value [**\$0.04 less than current rate**]
Personal Property - **\$3.90** per \$100 of assessed value [**\$0.35 less than current rate**]
Mobile Homes - **\$0.82** per \$100 of assessed value [**\$0.04 less than current rate**]
Machinery & Tools - \$1.50 per \$100 of assessed value [no change from current rate]

On April 26, 2022, a public hearing was held on the FY 2022-2023 tax rates, and the adoption of the Real Property and Mobile Homes tax rates was delayed because a public hearing on an effective tax increase due to increased real property assessed values is being held on May 10 (tonight). There is a 30 day advertisement requirement, and this public hearing could not be held on April 26.

The Board received public comments on the advertised tax rates on April 26, and will receive public comments on the effective tax increase in real estate taxes due to increased assessed values tonight (May 10). There is no action following that public hearing unless the Board chooses to equalize to \$0.75. The advertised real estate and mobile home tax rates was \$0.82 per \$100 of assessed value, \$0.04 less than the current rate of \$0.86.

Staff requests that the Board of Supervisors consider and adopt the real estate and mobile home tax rates as advertised.

Real Property - **\$0.82** per \$100 of assessed value [**\$0.04 less than current rate**]
Mobile Homes - **\$0.82** per \$100 of assessed value [**\$0.04 less than current rate**]

Board Action Requested:

Consider and possibly approve Real Estate and Mobile Home Tax Rates as advertised. 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]; held on April 26 Yes No

Fiscal Impact Statement

The County's introduced FY2023 budget recommended reductions in the Real Property, Personal Property, and the Mobile Home tax rates. No change was recommended in the Machinery & Tools tax rate. The Board took action to further reduce the Real Property, Personal Property and Mobile Home tax rates to advertise on March 29, 2022.

There is an expected increase in the assessed real property values amounts of more than 1% net of new construction and improvements, so there is an effective tax increase resulting from the increase in assessed values. A public hearing on this effective tax increase will be heard on May 10 (tonight).

The overall FY2023 General Fund budget as modified for advertisement, considering all revenue changes, totaled \$68,951,487, which is an increase of \$6,360,793, or 10.16% over the adopted budget for FY2022. These figures consider Board entertained revisions to the General Fund budget at a work session on March 29.

Key initiatives included in the FY2023 General Fund budget (as revised) are:

- Increased General Fund transfer to the Public School Division of \$18,553,165; \$1,496,522 more than FY2022 transfer [transfer budgeted in accordance with Revenue Sharing Calculation formula]
- Pay Increases for County staff - \$1,361,105
 - 5% Scale Adjustment for all County Pay Ranges to stay competitive with state mandated minimum wage increases and increases provided by our neighbors and government peers
 - Step placements for non-public safety employees based on relevant experience to address pay compression (similar to actions taken for public safety in FY2022)
 - Public Safety (Police; Fire/EMS; Sheriff) – increase of one step
 - Constitutional Officers and their employees – higher of 5% increase on Compensation Board funded salary for funded positions [State Supported through the Compensation Board] or County step placement increase

- State Supported Social Services employees – higher of 5% increase or County step placement increase [84.5% state funded]
- Riverside Criminal Justice Agency employees – higher of 5% increase or County step placement increase [state grant funds provided]
- Addition of four and one-half new General Fund positions to address increased workload and service demands
 - 1 Police Officer
 - 1 Information Technology Technician
 - 1 Social Services Benefits Program Specialist III (84.5% state funded)
 - 1 Victim Witness Advocate [converted from part-time Victim Witness Program Specialist]
 - 0.5 Part-Time Social Services Benefits Program Specialist III (84.5% state funded)
- Three position reclassifications and one career development increase to a Deputy Commissioner of Revenue are also proposed. One Assistant Commonwealth's Attorney will become a Deputy Commonwealth's Attorney; one ECC Manager V will become a Manager VI; and the Victim Witness Coordinator III will become a Coordinator IV.
- Funding of an increase in Virginia Retirement System contributions
- Continued funding of \$258,000 toward building maintenance
- Increased funding for Children's Services Act
- Increased funding for Riverside Regional Jail

The introduced budget does not include any reliance on fund balance, and keeps the projected fund balance well above policy required levels of 12.5%.

County Impact

The County as a practice holds a public hearing on the tax rates, whether they are increasing or not, and this public hearing was conducted on April 26. This practice allows public input on the tax rates under consideration. The public hearing is advertised at least seven(7) days prior to the public hearing in accordance with Code of Virginia § 58.1-3007. A public hearing is not required on the tax rates if there are no increases. Approval of the real property tax and mobile home tax rates will allow staff to finalize the local revenues for the FY2023 budget, scheduled for adoption on May 24.

The School system would like to move forward with the issuance of teacher contracts on May 11 following the adoption of the real estate tax rate, *if adopted*. Real Estate tax revenue is a shared revenue source with the school division. The proposed School local transfer has been calculated using the revenue sharing formula as in past years, with no new carve outs. If the Board adopts the Real Property and Mobile Home Tax Rates on May 10 as advertised, there is no recommendation to change the method for computing the school local transfer and the local transfer will remain unchanged [RE Tax Rate \$0.82 as advertised - \$18,553,165, \$1,496,522 higher than current FY2022 transfer].

Notes

See Attachment A for impacts of further reductions in RE and Mobile Home Tax rates to County and Schools.

Prince George County
Real Property and Mobile Home Tax Rate Attachment

ATTACHMENT A

					% of Shared Sources	
Growth In Revenues					59.83%	40.17%
	Real Estate Tax Revenues	Public Service Tax Revenues	Mobile Home Tax Revenues	Total	County Share	School Share
Shared with Schools? ----->	YES	NO	NO			
As Advertised	0.82 \$ 3,011,000	\$ 408,372	\$ 26,848	\$ 3,446,220	\$ 2,236,701	\$ 1,209,519
Value of \$0.01	\$ 348,000	\$ 27,907	\$ 1,852	\$ 377,759	\$ 237,967	\$ 139,792

Impact of Changes	0.81	\$ 2,663,000	\$ 380,465	\$ 24,996	\$ 3,068,461	\$ 1,998,734	\$ 1,069,727
	0.80	\$ 2,315,000	\$ 352,558	\$ 23,144	\$ 2,690,702	\$ 1,760,766	\$ 929,936
	0.79	\$ 1,967,000	\$ 324,651	\$ 21,292	\$ 2,312,943	\$ 1,522,799	\$ 790,144
	0.78	\$ 1,619,000	\$ 296,744	\$ 19,440	\$ 1,935,184	\$ 1,284,832	\$ 650,352
	0.77	\$ 1,271,000	\$ 268,837	\$ 17,588	\$ 1,557,425	\$ 1,046,864	\$ 510,561
	0.76	\$ 923,000	\$ 240,930	\$ 15,736	\$ 1,179,666	\$ 808,897	\$ 370,769
	0.75	\$ 575,000	\$ 213,023	\$ 13,884	\$ 801,907	\$ 570,929	\$ 230,978

FY2023 School Transfer As Advertised (0.82) = \$18,553,165; \$1,496,522 higher than FY2022 transfer of \$17,056,643.

School Transfer as Advertised	0.82	\$ 18,553,165	\$ 17,056,643	\$ 1,496,522	
	RE RATE	FY2023 School Transfer would be*	FY2022 School Transfer	Change FY23 FY22	Change from Advertised FY23 at \$0.82
Impact of Changes to School Transfer	0.81	\$ 18,413,373	\$ 17,056,643	\$ 1,356,730	\$ (139,792)
	0.80	\$ 18,273,581	\$ 17,056,643	\$ 1,216,938	\$ (279,584)
	0.79	\$ 18,133,789	\$ 17,056,643	\$ 1,077,146	\$ (419,376)
	0.78	\$ 17,993,997	\$ 17,056,643	\$ 937,354	\$ (559,168)
	0.77	\$ 17,854,205	\$ 17,056,643	\$ 797,562	\$ (698,960)
	0.76	\$ 17,714,413	\$ 17,056,643	\$ 657,770	\$ (838,752)
	0.75	\$ 17,574,621	\$ 17,056,643	\$ 517,978	\$ (978,544)

Some rounding differences may exist if implemented [\$1 to \$3]

*From all shared sources [RE; PPT; SALES TAX; CONSUMER UTILITY TAXES; MOTOR VEHICLE REGISTRATION FEE / LICENSE FEE]

MOTOR VEHICLE REGISTRATION FEE / LICENSE FEE BEING ELIMINATED FOR JUNE 2022

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 10th day of May, 2022:

Present:

Vote:

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

A-9

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

RESOLUTION; ESTABLISHMENT OF FY2023 TAX
LEVIES FOR REAL PROPERTY AND MOBILE HOMES

BE IT RESOLVED That the Board of Supervisors of the County of Prince George this 10th day of May, 2022 hereby establishes the following levies for the Real Property Tax for Fiscal Year 2023 beginning July 1, 2022 and ending June 30, 2023 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	\$0.82
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)	\$0.82

A Copy Teste:

Jeffrey D. Stoke
County Administrator