

Issue Analysis Form



Date: May 10, 2022
Public Hearing –
Consideration of Equalization
of Tax Rate Based on
Item: Assessment
County Finance / Interim
Lead Department(s): Assessor

Contact Person(s): Betsy Drewry / Jason Cowan

Description and Current Status

On March 29, the Board of Supervisors approved the advertisement of an effective real estate tax increase due to increase in assessed values. The advertisement was run in the *Progress Index* in the April 4, 2022 edition as required. See advertisement as **Attachment A**.

The County Administrator presented the introduced Fiscal Year 2022-2023 budget at the March 22, 2022 board meeting and recommended reductions in both the Real Property Tax Rate and Personal Property tax rate. Additionally, a recommendation was made to eliminate the Motor Vehicle License Fee (decal fee).

The Board received updated, higher real property assessed values at a budget work session on March 29. The Board acted to advertised tax rates lower than those included in the introduced budget.

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 14.3% over FY2022 values. The equalization rate is 75¢ (an 11¢ reduction from the current 86¢ rate). The advertised Real Estate tax rate is 82¢, which is 4¢ lower than the current 86¢ rate. The advertised rate of 82¢ represents a 9.3% increase over the equalization rate of 75¢. See attached Equalization Rate calculation prepared by Jason Cowan, Interim County Assessor, as **Attachment B**.

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 has been no recommendation to lower the tax rate to 75¢, and the advertised real estate tax rate was 82¢.

Requested Board Action:

No Board action is requested immediately following the public hearing. A separate action item is included in the Order of Business section of tonight's meeting, requesting the adoption of the Real Estate and Mobile Home tax rates.

A public hearing on all tax rates was heard on April 26, 2022, and only the Personal Property and Machinery and Tools tax rates were adopted. Action was delayed on the Real Estate and Mobile Home tax rates until May 10 (tonight).

- | | | |
|---|---|--|
| 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

Attachment C provides the fiscal impact to County and Schools of further reductions in the Real Property Tax rate below 82¢.

Notable General Fund expenditure increases included in the **modified advertised** FY2023 budget are discussed in the accompanying presentation as **Attachment D**, and were discussed during the budget public hearing on April 26.

Any desired Board expenditure revisions will be considered at upcoming work session(s) prior to budget adoption.

County Impact

On May10 the County will hold a public hearing on an effective tax rate increase (to not lower the rate to the equalization rate of 75¢) to comply with Code of Virginia § 58.1-3321.

Notes

ATTACHMENT A

Ukraine accuses retreating Russians of civilian massacre

accounts Sunday, saying soldiers shot and killed civilians without any apparent reason.

One resident, who refused to give his name out of fear for his safety, said that Russian troops went building to building and took people out of the basements where they were hiding, checking their phones for any evidence of anti-Russian activity and taking them away or shooting them.

Hanna Herega, another resident, said Russian troops shot a neighbor who had gone out to gather wood for heating.

"He went to get some wood when all of a sudden (the Russians) started shooting. They hit him a bit above the heel, crushing the bone, and he fell down," Herega said. "Then they shot off his left leg completely, with the boot. Then they shot him all over (the chest). And another shot went slightly below the temple. It was a controlled shot to the head."

The AP also saw two bodies, that of a man and a woman, wrapped in plastic that residents said they had covered and placed in a shaft until a proper funeral could be arranged.

The resident, who refused to be identified, said the man was killed as he left

slept. Inside the pit, AP journalists saw four bodies of people who appeared to have been shot at close range. The mayor's husband had his hands behind his back, with a piece of rope nearby, and a piece of plastic wrapped around his eyes like a blindfold.

Ukrainian Deputy Prime Minister Iryna Vereshchuk said Sunday that the mayor was killed while being held by Russian forces.

Kyiv Mayor Vitali Klitschko called on nations to immediately end Russian gas imports, saying they were funding the killings.

In a turnaround, Germany's defense minister said that the EU should consider doing just that. Ministers "would have to talk about halting gas supplies from Russia," Defense Minister Christine Lambrecht said Sunday night on German public broadcaster ARD. "Such crimes must not go unanswered."

Officials in France, Germany, Italy, Estonia and the U.K. separately condemned what was being described and vowed that Russia would be held accountable.

"This is not a battlefield, it's a crime scene," Estonian Prime Minister Kaja Kallas tweeted.



COUNTY OF PRINCE GEORGE NOTICE OF PUBLIC HEARING INTRODUCED ANNUAL FISCAL PLAN FOR THE YEAR ENDING JUNE 30, 2023

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 proposed Prince George County Annual Fiscal Plan (the "Budget") during its regular meeting of Tuesday, April 26, 2022, 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, 2022 and ending June 30, 2023.

A brief synopsis of the Introduced FY 2022-2023 Budget, as modified at a work session on March 29 appears. The contemplated expenditures for all purposes as contained in this budget are for informative and fiscal plan purposes only and should not be deemed to be an appropriation. No monies shall be paid out, or be available, 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 adopted by Prince George County Board of Supervisors may differ from this advertised budget.

A copy of the introduced FY 2022-2023 budget may be examined in the County Administrator's Office, Third Floor of the County Administration Building, (804) 722-8600, 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 proposed budget within such reasonable time as determined by the Board of Supervisors.

ANTICIPATED REVENUE:	Introduced FY23 as Modified*	Adopted
Local Sources	\$69,091,953	\$61,271,585
State Sources	65,931,133	58,591,133
Federal Sources	18,339,897	13,481,133
Other Sources	6,650,406	1,031,133
Total Anticipated Income:	\$160,013,389	\$134,391,133

ESTIMATED EXPENDITURES (net of transfers):	Introduced FY23 as Modified*	Adopted
Administration	\$1,254,015	\$1,181,133
Constitutional Officers	4,014,514	3,851,133
Community Development	1,339,775	1,261,133
Financial Services	2,841,457	2,801,133
Operations	4,187,849	3,931,133
Public Safety	14,551,275	13,431,133
Social Services	6,201,482	5,461,133
Other	34,561,120	30,841,133
Community Corrections	1,106,406	1,061,133
LOSAP	181,500	181,133
Education	91,150,334	77,671,133
Adult Education	974,715	931,133
Economic Development & Tourism	2,042,857	1,751,133
Stormwater	490,000	491,133
Water & Sewer Fund	17,299,621	8,871,133
Capital Projects	1,359,388	1,081,133
Debt Service	9,130,815	9,121,133
Special Welfare	15,000	11,133
(less Transfers)	(32,688,734)	(29,450,133)
Total Anticipated Expenditures:	\$160,013,389	\$134,391,133

The levies, per \$100 of assessed valuation, which appear below, are the County Administrator's proposed for Fiscal Year beginning July 1, 2022 and ending on June 30, 2023.

	Introduced as Modified FY23	Adopted
Real Estate	\$0.82	0.82

The levies, per \$100 of assessed valuation, which appear below, are the amounts proposed for the Calendar Year beginning January 1, 2022 and ending on December 31, 2022.

Tangible Personal Property	\$3.90
Machinery & Tools	\$1.50
Tangible Personal Property / Mobile Homes	\$0.82

By Authority of
Jeffrey D. Stoke
Interim County Administrator

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

PRINCE GEORGE COUNTY, VIRGINIA



NOTICE OF PROPOSED REAL PROPERTY TAX INCREASE

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

- 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 14.3 percent.
- 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 \$0.75 per \$100 of assessed value. This rate will be known as the "lowered tax rate."
- Effective Rate Increase:** The County of Prince George proposes to adopt a tax rate of \$0.82 per \$100 of assessed value. The difference between the lowered tax rate and the proposed tax rate would be \$0.07 per \$100, or 9.3 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.

- Introduced Total Budget as Modified 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 10.16 percent.

A public hearing on the increase will be held on May 10, 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.

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

ATTACHMENT B

<u>Class</u>	<u>Class</u>	<u>Parcels</u>	<u>FY23*</u>	<u>Value A</u>	<u>FY22</u>	<u>FY21</u>
2	Residential	11,854	\$ 2,744,166,300	16.2%	\$ 2,362,212,200	\$ 2,288,886,700
3	Multi-Family	146	\$ 154,956,600	26.2%	\$ 122,834,900	\$ 121,078,500
4	Commercial/Industrial	556	\$ 561,957,200	12.2%	\$ 500,783,968	\$ 516,961,100
5	Ag.: 20>100	823	\$ 137,890,000	10.9%	\$ 124,338,400	\$ 123,112,500
6	Ag.: >100	294	86,338,500	-1.4%	87,555,300	92,749,800
Total		13,673	\$ 3,685,308,600	15.2%	\$ 3,197,724,768	\$ 3,142,788,600
Land Book Change			\$ 487,583,832	15.2%	\$ 54,936,168	
LESS: Growth from NC, NP, Discovery			\$31,858,100	1.0%	\$261,236.42	
Market Value Change from RA			\$ 455,725,732	14.3%		
TAXABLE Value for Equalization Rate			\$ 3,653,450,500			
FY22 TAX RATE				\$ 0.86	*FY23 Furnished 3/28/22; 6pm	
FY23 REASSESSMENT EQUALIZATION RATE				\$ 0.75		

Rate Advertised \$ 0.82
 Equalization Rate \$ 0.75
 % Difference 9.3%

		<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	\$31,693,654	0.86	\$ 31,419,674.30		\$27,500,433
Tax Change		\$4,193,221	15.2%	\$ 3,919,241.30	14.3%	\$472,451

ATTACHMENT C

Prince George County
Real Property and Mobile Home Tax Rate Attachment

Growth In Revenues						% of Shared Sources				
Real Estate Tax Revenues	Public Service Tax Revenues	Mobile Home Tax Revenues	Total			59.83%		40.17%		
					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		
					Reduction from Advertised Rate	County Share	Reduction from Advertised Rate	School Share	Reduction from Advertised Rate	
Impact of Changes	0.81	\$ 2,663,000	\$ 380,465	\$ 24,996	\$ 3,068,461	\$ (377,759)	\$ 1,998,734	\$ (237,967)	\$ 1,069,727	\$ (139,792)
	0.80	\$ 2,315,000	\$ 352,558	\$ 23,144	\$ 2,690,702	\$ (755,518)	\$ 1,760,766	\$ (475,935)	\$ 929,936	\$ (279,583)
	0.79	\$ 1,967,000	\$ 324,651	\$ 21,292	\$ 2,312,943	\$ (1,133,277)	\$ 1,522,799	\$ (713,902)	\$ 790,144	\$ (419,375)
	0.78	\$ 1,619,000	\$ 296,744	\$ 19,440	\$ 1,935,184	\$ (1,511,036)	\$ 1,284,832	\$ (951,869)	\$ 650,852	\$ (559,167)
	0.77	\$ 1,271,000	\$ 268,837	\$ 17,588	\$ 1,557,425	\$ (1,888,795)	\$ 1,046,864	\$ (1,189,837)	\$ 510,561	\$ (698,958)
	0.76	\$ 923,000	\$ 240,930	\$ 15,736	\$ 1,179,666	\$ (2,266,554)	\$ 808,897	\$ (1,427,804)	\$ 370,769	\$ (838,750)
	0.75	\$ 575,000	\$ 213,023	\$ 13,884	\$ 801,907	\$ (2,644,313)	\$ 570,929	\$ (1,665,772)	\$ 230,978	\$ (978,541)

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 exist from above [\$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

May 10, 2022

Consideration of Equalization of Tax Rate Based on
Assessment

PUBLIC HEARING

Increase in Assessed Values

- The Board received preliminary information at its March 1 pre-budget work session on an increase in Assessed Values and discussed at its March 22 meeting
- The Board received updated information on assessed real property values at its March 29 budget work session
- Assessed Values ***excluding new construction and improvements*** are projected to increase by more than 1%

Increase in Assessed Values

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

Equalization Rate Calculation ATTACHMENT D

Class	Class	Parcels	FY23*	Value Δ	FY22	FY21
2	Residential	11,854	\$ 2,744,166,300	16.2%	\$ 2,362,212,200	\$ 2,288,886,700
3	Multi-Family	146	\$ 154,956,600	26.2%	\$ 122,834,900	\$ 121,078,500
4	Commercial/Industrial	556	\$ 561,957,200	12.2%	\$ 500,783,968	\$ 516,961,100
5	Ag.: 20>100	823	\$ 137,890,000	10.9%	\$ 124,338,400	\$ 123,112,500
6	Ag.: >100	294	86,338,500	-1.4%	87,555,300	92,749,800
Total		13,673	\$ 3,685,308,600	15.2%	\$ 3,197,724,768	\$ 3,142,788,600
Land Book Change			\$ 487,583,832	15.2%	\$ 54,936,168	
LESS: Growth from NC, NP, Discovery			\$31,858,100	1.0%	\$261,236.42	
Market Value Change from RA			\$ 455,725,732	14.3%		
TAXABLE Value for Equalization Rate			\$ 3,653,450,500			
FY22 TAX RATE				\$ 0.86	*FY23 Furnished 3/28/22; 6pm	
FY23 REASSESSMENT EQUALIZATION RATE				\$ 0.75		

Rate Advertised	\$ 0.82
Equalization Rate	\$ 0.75
% Difference	9.3%

		Full Assessed Values		Assessed Values Net of NC, NP, Discovery		FY22
Tax Levies (Gross; not budgeted)	at \$0.86	\$31,693,654	0.86	\$ 31,419,674.30		\$27,500,433
Tax Change		\$4,193,221	15.2%	\$ 3,919,241.30	14.3%	\$472,451
	at \$0.82	\$30,219,531	0.82	\$ 29,958,294.10		
		\$2,719,098	9.9%	\$ 2,457,861.10	8.9%	

Tax Rate

- No recommendation to reduce current tax rate of 86¢ to the equalization rate of 75¢
- The modified introduced budget as advertised included a reduction in the Real Estate Tax Rate to 82¢ [drop of 4¢]

Tax Rate Reduction Impact

- The RE Tax rate impacts Public Service Taxes in addition to Real Estate Taxes, and our Mobile Home Tax rate mirrors the Real Estate Tax Rate
- If lowered Impact to County / Schools:
 - Each 1¢ RE = \$348,000 (shared with schools)
 - Each 1¢ PS = \$27,907
 - Each 1¢ MH = \$1,852
 - Total 1¢ = \$377,759 [Share - County \$237,967; School \$139,792]
 - 7¢ revenue reductions from advertised budget would be \$2,644,313 [from advertised rate of 82¢ to 75¢]
 - County = \$1,665,772
 - School = \$ 978,541

Tax Rate & Budget

ATTACHMENT D

- **Proposed** General Fund budget increase \$6,360,793; 10.16% over FY2022 [Advertised FY2023 GF Budget \$68,951,487]
- Significant **proposed** budget increases for FY2023
 - Increase in transfer to Schools of \$1,496,522
 - Pay increases for County employees that provides pay range improvement; addresses pay compression for non-public safety employees; provides a step increase for public safety employees; and meets mandated increases for state supported positions
 - Additional General Fund positions (4.5) and 3 position reclassifications and one career development increase
 - Budgeting for County Vehicle and School Bus Purchases instead of borrowing (\$887,091)
 - Increased in contributions to Riverside Regional Jail, Children's Services Act, Riverside Criminal Justice Agency, Appomattox Regional Library System, Hopewell PG Healthy Families, and Crater Area Agency on Aging
 - Inflationary increases for utilities, fuel and contracted services

Public Hearing Advertised

- Staff received board authority to advertise a public hearing on March 29, 2022
- A public hearing for the “effective rate increase” (not lowering real property rate to equalization rate of 75¢) advertised as required
 - **Progress Index**
 - April 4, 2022 edition

Board Action

- There is no board action requested immediately following this public hearing
- A separate action item in the Order of Business section of tonight's agenda requests board adoption of the Real Estate and Mobile Home Tax Rates [request and recommendation is 82¢]
- A Public Hearing on the Tax Rates was held on April 26, and the Personal Property and Machinery and Tools Tax Rates were adopted
- Action was delayed on Real Estate and Mobile Home Rates until tonight (May 10)

Questions?