

City of Alexandria, Virginia

MEMORANDUM

2/16
4-22-03

~~24~~
~~3-25-03~~

DATE: MARCH 17, 2003

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER

SUBJECT: PROPOSED REAL AND PERSONAL PROPERTY TAX RATES ORDINANCE FOR CALENDAR YEAR 2003 (FISCAL YEAR 2004)

ISSUE: Proposed Real and Personal Property Tax Rates Ordinance for Calendar Year 2003 (Fiscal Year 2004).

RECOMMENDATION: That City Council:

- (1) Introduce the ordinance to establish the real and personal property tax rates for calendar year 2003 and pass it on first reading; and
- (2) Set it for public hearing on Tuesday, April 22, and for second reading and final passage on Tuesday, April 29.

DISCUSSION: Under the requirements of the Virginia Code, City Council must annually establish a real property tax rate and personal property tax rates for the calendar year (even if the rates do not change from the prior calendar year). The Virginia Code also establishes certain advertising and public hearing requirements prior to the adoption of these property tax rates. Given these advertising and public hearing requirements of the State Code, the following schedule for calendar year 2003 (FY 2004) is proposed:

- March 25: Introduction of tax ordinance
- April 2: Public hearing on the budget
- April 22: Public hearing on the effective real property tax increase and property tax rates ordinance
- April 29: Final adoption of the budget and tax ordinance

It should be noted that the State Code requires a separate public hearing on the proposed real property tax rate in certain circumstances. Under the Code, when increased assessments will increase real estate taxes (at the current tax rate) by more than 1% over the prior year's taxes, then in order to levy a tax rate above an "effective tax rate," a special "notice of proposed real property tax increase" must be placed in a local newspaper of general circulation. Excluding new construction, the calculation of the "effective tax rate" - - i.e., the rate which would produce the

same amount of real estate tax revenue in CY 2003 as in CY 2002 -- equates to a 92.8 cent tax rate. We propose that the separate hearing on this effective tax rate increase be held on Tuesday, April 22, with the special notice of the hearing date placed in the Alexandria Journal and the Alexandria Gazette Packet prior to that hearing.

The state also requires the City to publish information on the fiscal impact of tax exempt properties. For 2003, the total estimated value of taxable and non-taxable locally and non-locally assessed real property within the City is \$21.9 billion, with \$0.7 billion as the estimate of the value of non-governmental tax exempt property, \$1.9 billion as the estimate of the value of governmental tax exempt property, and \$19.3 billion as the value of taxable property. The state also requires the City to publish the estimated amount of forgone annual real estate taxes from non-governmental tax exempt property. This is estimated at \$7.3 million at the proposed tax rate of \$1.05.

The attached ordinance reflects the City's proposed real and personal property tax rates. The FY 2004 Proposed Operating Budget reflects a proposed decrease in the real property tax rate from \$1.08 per \$100 of assessed value to \$1.05 per \$100 of assessed value.

The FY 2004 Proposed Operating budget reflects no change to the various personal property tax rates (\$4.75 per \$100 of assessed value for tangible personal property, \$3.55 per \$100 of assessed value for vehicles with specially designed equipment for use by the physically disabled, \$4.50 per \$100 of assessed value for machinery and tools used in mining or manufacturing businesses, and \$0.01 per \$100 of assessed value for privately owned boats and watercraft that are used for recreational purposes only).

The real and personal property tax rates that are approved by City Council for public hearing and final consideration are the highest tax rates that the Council may consider and adopt (without revoting the proposed rates and then readvertising and holding a new hearing). By state law, Council could adopt the rates approved for public hearing, or could adopt lower tax rates.

FISCAL IMPACT: The value of three cents on the real property for FY 2004 is estimated at \$8.6 million. This represents the sum of the value of three cents for the June 2003 (\$2.8 million), November 2003 (\$2.8 million), and June 2004 (\$3.0 million) real estate tax payments. This three payment date fiscal impact assumes that the real property tax rate that is applied to calendar year 2003 is also applied to at least the first real property tax payment in CY 2004, which occurs at the end of the FY 2004 budget that City Council now has under consideration. The value of one cent on the tangible personal property tax rate is \$0.1 million.

ATTACHMENT: Ordinance

STAFF: Mark Jinks, Assistant City Manager
Kendel Taylor, Office of Management and Budget

Introduction and first reading:
Public hearing:
Second reading and enactment:

03/25/03
04/22/03
04/29/03

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE to amend and reordain Section 3-2-181 (LEVIED; AMOUNT) of Division 1 (REAL ESTATE), and Section 3-2-221 (LEVIED ON TANGIBLE PERSONAL PROPERTY OTHER THAN MOBILE HOMES, AUTOMOBILES, TRUCKS, ANTIQUE MOTOR VEHICLES, TAXICABS, MOTOR VEHICLES WITH SPECIALLY DESIGNED EQUIPMENT FOR USE BY THE HANDICAPPED, MOTORCYCLES, CAMPERS AND OTHER RECREATIONAL VEHICLES, BOATS AND TRAILERS; AMOUNT), Section 3-2-222 (LEVIED ON MACHINERY AND TOOLS USED IN MINING OR MANUFACTURING BUSINESS; AMOUNT), Section 3-2-223 (LEVIED ON MOBILE HOMES; AMOUNT) and Section 3-2-224 (LEVIED ON AUTOMOBILES, TRUCKS, TRAILERS, SEMI-TRAILERS, ANTIQUE MOTOR VEHICLES, TAXICABS, MOTORCYCLES, CAMPERS AND OTHER RECREATIONAL VEHICLES, BOATS AND TRAILERS; AMOUNT) of Division 3 (TANGIBLE PERSONAL PROPERTY AND MACHINERY AND TOOLS), all of Article M (LEVY AND COLLECTION OF PROPERTY TAXES), Chapter 2 (TAXATION), Title 3 (FINANCE, TAXATION AND PROCUREMENT) of The Code of the City of Alexandria, Virginia, 1981, as amended.

Summary

The proposed ordinance sets the city's 2003 tax rates for real property and tangible personal property.

Sponsor

Staff

Mark Jinks, Assistant City Manager
Carol Moore, Acting Deputy Director of Management and Budget
Kendel Taylor, Budget Analyst
Steven L. Rosenberg, Senior Assistant City Attorney

Authority

Article X, § 4, Virginia Constitution
§ 2.02(a)(1), Alexandria City Charter

Estimated Costs of Implementation

None

Attachments in Addition to Proposed Ordinance and its Attachments (if any)

None

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3-25-03

ORDINANCE NO. _____

AN ORDINANCE to amend and reordain Section 3-2-181 (LEVIED; AMOUNT) of Division 1 (REAL ESTATE), and Section 3-2-221 (LEVIED ON TANGIBLE PERSONAL PROPERTY OTHER THAN MOBILE HOMES, AUTOMOBILES, TRUCKS, ANTIQUE MOTOR VEHICLES, TAXICABS, MOTOR VEHICLES WITH SPECIALLY DESIGNED EQUIPMENT FOR USE BY THE HANDICAPPED, MOTORCYCLES, CAMPER AND OTHER RECREATIONAL VEHICLES, BOATS AND TRAILERS; AMOUNT), Section 3-2-222 (LEVIED ON MACHINERY AND TOOLS USED IN MINING OR MANUFACTURING BUSINESS; AMOUNT), Section 3-2-223 (LEVIED ON MOBILE HOMES; AMOUNT) and Section 3-2-224 (LEVIED ON AUTOMOBILES, TRUCKS, TRAILERS, SEMI-TRAILERS, ANTIQUE MOTOR VEHICLES, TAXICABS, MOTORCYCLES, CAMPER AND OTHER RECREATIONAL VEHICLES, BOATS AND TRAILERS; AMOUNT) of Division 3 (TANGIBLE PERSONAL PROPERTY AND MACHINERY AND TOOLS), all of Article M (LEVY AND COLLECTION OF PROPERTY TAXES), Chapter 2 (TAXATION), Title 3 (FINANCE, TAXATION AND PROCUREMENT) of The Code of the City of Alexandria, Virginia, 1981, as amended.

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That Section 3-2-181 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-181 Levied; amount.

There shall be levied and collected for the calendar year ~~2002~~2003 on all real estate located within the territorial boundaries of the city and subject to taxation for city purposes under the constitution and laws of this state and city, a tax of ~~\$1.08~~1.05 on each \$100 of the assessed value thereof, for the support of the city government, for the payment of principal and interest of the city debt and for other municipal expenses and purposes.

Section 2. That Section 3-2-221 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-221 Levied on tangible personal property other than mobile homes, automobiles, trucks, antique motor vehicles, taxicabs, motor vehicles with specially designed equipment for use by the handicapped, motorcycles, campers and other recreational vehicles, boats and boat trailers; amount.

There shall be levied and collected for the calendar year ~~2002~~2003 on all tangible personal property, other than mobile homes, automobiles, trucks, antique motor vehicles, taxicabs, motor vehicles with specially designed equipment for use by the handicapped, motorcycles, campers and other recreational vehicles, boats and trailers, owned or held by residents or citizens of the city or located within the territorial boundaries of the city or otherwise having a situs within the city and subject to taxation for city purposes under the constitution and laws of this state and city, a tax of \$4.75 on every \$100 of assessed value thereof, for the support of the city government, for

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the payment of principal and interest of the city debt and for other municipal expenses and purposes.

Section 3. That Section 3-2-222 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-222 Levied on machinery and tools used in mining or manufacturing business; amount.

There shall be levied and collected for the calendar year ~~2002~~2003 on all machinery and tools used in a mining or manufacturing business taxable on capital and subject to taxation for city purposes under the constitution and laws of this state and city, a tax of \$4.50 on each \$100 of assessed value thereof, for the support of the city government, for the payment of principal and interest of the city debt and for other municipal expenses and purposes.

Section 4. That Section 3-2-223 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-223 Levied on mobile homes; amount.

There shall be levied and collected for the calendar year ~~2002~~2003 on all vehicles without motor power, used or designed to be used as mobile homes as defined in section 46.2-100 of the Code of Virginia, owned or held by residents or citizens of the city or located within the territorial boundaries of the city or otherwise having a situs within the city and subject to taxation for city purposes under the constitution and laws of this state and city, a tax of ~~\$1.08~~1.05 on each \$100 of assessed value thereof, for the support of the city government, for the payment of principal and interest of the city debt and for other municipal expenses and purposes.

Section 5. That Section 3-2-224 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-224 Levied on automobiles, trucks, trailers, semi-trailers, antique motor vehicles, taxicabs, motorcycles, campers and other recreational vehicles, boats and trailers; amount.

(a) Except as provided in subsections (b), (c) and (d), there shall be levied and collected for the calendar year ~~2002~~2003 on all automobiles, trucks, trailers, semi-trailers, antique motor vehicles (as defined in section 46.2-100 of the Code of Virginia, 1950, as amended, which may be used for general transportation purposes as provided in subsection C of section 46.2-730 of the Code of Virginia, 1950, as amended), taxicabs, motorcycles, campers and other recreational vehicles, boats and boat trailers owned or held by residents or citizens of the city or located within the territorial boundaries of the city or otherwise having a situs for taxation in the city, a tax of \$4.75 on every \$100 of assessed value thereof, for the support of the city

government, for the payment of principal and interest of the city debt and for other municipal expenses and purposes.

(b) There shall be levied on and collected for the calendar year ~~2002~~2003 on all automobiles, trucks, trailers and semi-trailers with a gross vehicle weight of 10,000 pounds or more which are used to transport property for hire by a motor carrier engaged in interstate commerce, and are owned or held by residents or citizens of the city, are located within the territorial boundaries of the city or otherwise have a situs for taxation in the city, a tax of \$4.50 on every \$100 of assessed value thereof, for the support of the city government, for the payment of principal and interest of the city debt and for other municipal expenses and purposes.

(c) There shall be levied on and collected for the calendar year ~~2002~~2003 on all automobiles and trucks which are equipped with specially designed equipment for use by the handicapped and are owned or held by residents or citizens of the city, are located within the territorial boundaries of the city or otherwise have a situs for taxation in the city, a tax of \$3.55 on every \$100 of assessed value thereof, for the support of the city government, for the payment of principal and interest of the city debt and for other municipal expenses and purposes.

(d) There shall be levied on and collected for the calendar year ~~2002~~2003 on all privately owned pleasure boats and watercraft, which are used for recreational purposes only, and are owned or held by residents or citizens of the city, or are located within the territorial boundaries of the city or otherwise have a situs for taxation in the city, a tax of \$.01 on every \$100 of assessed value thereof, for the support of the city government, for the payment of principal and interest of the city debt and for other municipal expenses and purposes.

Section 6. That this ordinance shall become effective upon the date and at the time of its final passage.

KERRY J. DONLEY
Mayor

Introduction: 3/25/03
First Reading: 3/25/03
Publication:
Public Hearing:
Second Reading:
Final Passage:

N.B. Underlining is not part of the ordinance but denotes material that is new or amended. Strike-outs or dashes are not part of the ordinance but denote material that is being deleted.