

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 17, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: PROPOSED REAL AND PERSONAL PROPERTY TAX RATES ORDINANCE FOR CALENDAR YEAR 2005 (FISCAL YEAR 2006)

ISSUE: Proposed Real and Personal Property Tax Rates Ordinance for Calendar Year 2005 (Fiscal Year 2006).

RECOMMENDATION: That City Council set the ordinance to establish the real and personal property tax rates for calendar year 2005 for public hearing on Saturday, April 16, 2005, and for second reading and final passage on Monday, May 2, 2005.

DISCUSSION: Under the requirements of the Virginia Code, City Council must annually establish a real property tax rate and personal property tax rates for each 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 2005 (FY 2006) is planned:

March 22:	Introduction of tax ordinances
March 24:	Advertisement of the budget
April 4:	Public hearing on the budget (comments on tax and fee rates can be made as part of the budget hearing)
April 7:	Advertisement of public hearings on effective tax increase and property tax rates ordinances
April 16:	Public hearing on the effective real property tax increase and property tax rates ordinances
May 2:	Final adoption of the budget and tax ordinances

It should be noted, as further discussed below, that the State Code requires a formal public hearing on the real property tax rate separate from the budget hearing. An "effective tax increase" hearing is required if the taxes levied for the year in which the proposed tax rate applies would increase by more than one percent (after the value of new construction has been deducted). An increase of more than one percent is termed by statute an "effective tax rate increase." This

would be the case in 2005 as taxes levied would increase 12.8 percent for all classes of real property (after the value of new construction has been deducted). Also, state law requires, in the circumstance of an increase in taxes levied in excess of 1%, to maintain or increase the current real property tax rate, that a special "notice of proposed real property tax increase" in a specific format and language be placed in a local newspaper of general circulation. We plan that the separate hearing on the "effective real property tax increase" be held on April 16th, with the special notice of the hearing date, as required specifically by state statute, printed in two newspapers prior to that hearing.

The attached ordinance reflects the City's proposed real and personal property tax rates. The FY 2005 Proposed Operating Budget reflects a proposed decrease in the real property tax rate from \$0.995 per \$100 of assessed value to \$0.955 per \$100 of assessed value. The FY 2006 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 would be the highest tax rates that the Council could consider and adopt. By state law, Council could adopt those rates or could adopt lower tax rates than those approved for public hearing. Currently, the proposed advertised rate of \$0.955 consists of \$0.945 for General Fund operating expenses and \$0.01 for the Open Space Fund account.

FISCAL IMPACT: The value of four cents on the real property is estimated at \$16.4 million, or \$5.4 million in FY 2005 and \$11.0 million in FY 2006. This represents the sum of the value of four cents for the June 2005, November 2005, and June 2006 real estate tax payments. This three payment date cost assumes that the to-be-adopted 2005 real property tax rate is also applied to the real property tax payment in June 2006, which occurs at the end of the FY 2006 budget.

ATTACHMENT: Ordinance

STAFF:

Mark Jinks, Assistant City Manager
Bruce Johnson, Director, OMB
Kendel Taylor, Budget Analyst

Introduction and first reading: 3/22/05
Public hearing: 4/04/05
Second reading and enactment: 5/02/05

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.

Summary

The proposed ordinance sets the city's 2005 tax rates for real property and tangible personal property. The ordinance sets the 2005 real property tax rate at \$0.945 on each \$100 of assessed value, a reduction of \$0.05 from the 2004 rate. Personal property tax rates are unchanged from 2004. City Council has the authority to lower the tax rates set forth in the proposed ordinance. The sum of \$0.01 on each \$100 of assessed value, out of the real property tax rate, continues to be dedicated to the Open Space Trust Fund Account. Under the City Charter, all funds in this account must be used exclusively for the acquisition and improvement of new open space parks in the City.

Sponsor

Staff

- Mark Jinks, Assistant City Manager
- Daniel A. Neckel, Director of Finance
- Bruce Johnson, Director of Management and Budget
- Kendel Taylor, Budget Analyst
- Ignacio B. Pessoa, City Attorney

Authority

Article X, § 4, Virginia Constitution
§§ 2.02(a)(1), 6.15 Alexandria City Charter

Estimated Costs of Implementation

None

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

2
3 None

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50

ORDINANCE NO. _____

1
2
3 AN ORDINANCE to amend and reordain Section 3-2-181 (LEVIED; AMOUNT) of Division 1
4 (REAL ESTATE), and Section 3-2-221 (LEVIED ON TANGIBLE PERSONAL
5 PROPERTY OTHER THAN MOBILE HOMES, AUTOMOBILES, TRUCKS, ANTIQUE
6 MOTOR VEHICLES, TAXICABS, MOTOR VEHICLES WITH SPECIALLY DESIGNED
7 EQUIPMENT FOR USE BY THE HANDICAPPED, MOTORCYCLES, CAMPERS AND
8 OTHER RECREATIONAL VEHICLES, BOATS AND TRAILERS; AMOUNT), Section
9 3-2-222 (LEVIED ON MACHINERY AND TOOLS USED IN MINING OR
10 MANUFACTURING BUSINESS; AMOUNT), Section 3-2-223 (LEVIED ON MOBILE
11 HOMES; AMOUNT) and Section 3-2-224 (LEVIED ON AUTOMOBILES, TRUCKS,
12 TRAILERS, SEMI-TRAILERS, ANTIQUE MOTOR VEHICLES, TAXICABS,
13 MOTORCYCLES, CAMPERS AND OTHER RECREATIONAL VEHICLES, BOATS
14 AND TRAILERS; AMOUNT) of Division 3 (TANGIBLE PERSONAL PROPERTY AND
15 MACHINERY AND TOOLS), all of Article M (LEVY AND COLLECTION OF
16 PROPERTY TAXES), Chapter 2 (TAXATION), Title 3 (FINANCE, TAXATION AND
17 PROCUREMENT) of The Code of the City of Alexandria, Virginia, 1981.

18
19 THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:
20

21 Section 1. That Section 3-2-181 of The Code of the City of Alexandria, Virginia,
22 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:
23

24 Sec. 3-2-181 Levied; amount.
25

26 There shall be levied and collected for the calendar year ~~2004~~ 2005 on all real estate located
27 within the territorial boundaries of the city and subject to taxation for city purposes under the
28 constitution and laws of this state and city, a tax of ~~\$.995~~ \$.945 on each \$100 of the assessed
29 value thereof, for the support of the city government, for the payment of principal and interest of
30 the city debt and for other municipal expenses and purposes.
31

32 Section 2. That Section 3-2-221 of The Code of the City of Alexandria, Virginia,
33 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:
34

35 Sec. 3-2-221 Levied on tangible personal property other than mobile homes, automobiles,
36 trucks, antique motor vehicles, taxicabs, motor vehicles with specially
37 designed equipment for use by the handicapped, motorcycles, campers and
38 other recreational vehicles, boats and boat trailers; amount.
39

40 There shall be levied and collected for the calendar year ~~2004~~ 2005 on all tangible personal
41 property, other than mobile homes, automobiles, trucks, antique motor vehicles, taxicabs, motor
42 vehicles with specially designed equipment for use by the handicapped, motorcycles, campers
43 and other recreational vehicles, boats and trailers, owned or held by residents or citizens of the
44 city or located within the territorial boundaries of the city or otherwise having a situs within the
45 city and subject to taxation for city purposes under the constitution and laws of this state and city,
46 a tax of \$4.75 on every \$100 of assessed value thereof, for the support of the city government, for

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

3
4 Section 3. That Section 3-2-222 of The Code of the City of Alexandria, Virginia,
5 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

6
7 Sec. 3-2-222 Levied on machinery and tools used in mining or manufacturing business;
8 amount.

9
10 There shall be levied and collected for the calendar year ~~2004~~ 2005 on all machinery and
11 tools used in a mining or manufacturing business taxable on capital and subject to taxation for
12 city purposes under the constitution and laws of this state and city, a tax of \$4.50 on each \$100 of
13 assessed value thereof, for the support of the city government, for the payment of principal and
14 interest of the city debt and for other municipal expenses and purposes.

15
16 Section 4. That Section 3-2-223 of The Code of the City of Alexandria, Virginia,
17 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

18
19 Sec. 3-2-223 Levied on mobile homes; amount.

20
21 There shall be levied and collected for the calendar year ~~2004~~ 2005 on all vehicles without
22 motor power, used or designed to be used as mobile homes as defined in section 46.2-100 of the
23 Code of Virginia, owned or held by residents or citizens of the city or located within the
24 territorial boundaries of the city or otherwise having a situs within the city and subject to taxation
25 for city purposes under the constitution and laws of this state and city, a tax of ~~\$.995~~ \$.945 on
26 each \$100 of assessed value thereof, for the support of the city government, for the payment of
27 principal and interest of the city debt and for other municipal expenses and purposes.

28
29 Section 5. That Section 3-2-224 of The Code of the City of Alexandria, Virginia,
30 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

31
32 Sec. 3-2-224 Levied on automobiles, trucks, trailers, semi-trailers, antique motor
33 vehicles, taxicabs, motorcycles, campers and other recreational vehicles,
34 boats and trailers; amount.

35
36 (a) Except as provided in subsections (b), (c) and (d), there shall be levied and
37 collected for the calendar year ~~2004~~ 2005 on all automobiles, trucks, trailers, semi-trailers,
38 antique motor vehicles (as defined in section 46.2-100 of the Code of Virginia, 1950, as
39 amended, which may be used for general transportation purposes as provided in subsection C of
40 section 46.2-730 of the Code of Virginia, 1950, as amended), taxicabs, motorcycles, campers and
41 other recreational vehicles, boats and boat trailers owned or held by residents or citizens of the
42 city or located within the territorial boundaries of the city or otherwise having a situs for taxation
43 in the city, a tax of \$4.75 on every \$100 of assessed value thereof, for the support of the city

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

3
4 (b) There shall be levied on and collected for the calendar year ~~2004~~ 2005 on all
5 automobiles, trucks, trailers and semi-trailers with a gross vehicle weight of 10,000 pounds or
6 more which are used to transport property for hire by a motor carrier engaged in interstate
7 commerce, and are owned or held by residents or citizens of the city, are located within the
8 territorial boundaries of the city or otherwise have a situs for taxation in the city, a tax of \$4.50
9 on every \$100 of assessed value thereof, for the support of the city government, for the payment
10 of principal and interest of the city debt and for other municipal expenses and purposes.

11
12 (c) There shall be levied on and collected for the calendar year ~~2004~~ 2005 on all
13 automobiles and trucks which are equipped with specially designed equipment for use by the
14 handicapped and are owned or held by residents or citizens of the city, are located within the
15 territorial boundaries of the city or otherwise have a situs for taxation in the city, a tax of \$3.55
16 on every \$100 of assessed value thereof, for the support of the city government, for the payment
17 of principal and interest of the city debt and for other municipal expenses and purposes.

18
19 (d) There shall be levied on and collected for the calendar year ~~2004~~ 2005 on all
20 privately owned pleasure boats and watercraft, which are used for recreational purposes only, and
21 are owned or held by residents or citizens of the city, or are located within the territorial
22 boundaries of the city or otherwise have a situs for taxation in the city, a tax of \$.01 on every
23 \$100 of assessed value thereof, for the support of the city government, for the payment of
24 principal and interest of the city debt and for other municipal expenses and purposes.

25
26 Section 6. That this ordinance shall become effective January 1, 2005, *nunc pro*
27 *tunc*.

28
29 WILLIAM D. EUILLE
30 Mayor
31

32
33 Introduction: 3/22/05
34 First Reading: 3/22/05
35 Publication:
36 Public Hearing:
37 Second Reading:
38 Final Passage:
39
40
41
42
43
44
45
46