


*City of Alexandria, Virginia*

MEMORANDUM

**AMENDED AS OF 4/5/07 – SEE PERSONAL PROPERTY TAX TABLE ON PAGE 3**

DATE: APRIL 4, 2007

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 2007 (FISCAL YEAR 2008)

**ISSUE:** Proposed real and personal property tax rates.

**RECOMMENDATION:** That City Council: (1) introduce and advertise the ordinance to consider a real estate tax rate of \_\_\_ cents and a personal property tax rate of \_\_\_ cents for calendar year 2007, and (2) schedule this ordinance for public hearing on Tuesday, April 24, 2007, and for second reading and final passage on Monday, May 7, 2007.

**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. One of these state law requirements is that the rates that Council chooses to advertise are the highest rates Council can consider adopting.

Given these advertising and public hearing requirements of the State Code, the following schedule for calendar year 2007 (FY 2008) has been planned:

<u>Date</u>	<u>Topic</u>
April 10:	Introduction of tax ordinances
April 13:	Advertisement of public hearings on effective tax rate increase and property tax rates ordinances
April 24:	Public hearing on the effective property tax rate increase and property tax rate ordinances
May 7:	Final adoption of the budget and tax ordinances

It should be noted, as further discussed below, that the State Code requires a separate public hearing on the real property tax rate 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

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" be placed in a local newspaper of general circulation. We are planning that separate hearing on the real property tax increase to be held on April 24, with the special notice of the hearing date placed in the *Alexandria Gazette Packet* and the *Washington Times* on or about April 13.

The total value of taxable real property within the City for 2007 has been assessed at \$34.2 billion including non-locally assessed properties. This reflects a 4.43% increase in total assessments. This increase was driven by a 13.3% increase in the value of commercial assessments plus an increase of 2.1% from new construction. This growth was tempered by a 2.9% drop in the average residential assessment. The current tax rate of 81.5 cents would result in a drop in the average residential tax bill of \$124.

The FY 2008 Proposed Operating Budget, which was prepared under the 2.25% budget increase target set by Council, reflects no change to the real property tax rate of \$0.815 per \$100 of assessed value. The proposed budget and the proposed ordinance assumes that the continuation of the dedication of 1 cent of the real estate tax rate for affordable housing, as well as one percent of real estate tax revenues for open space.

The FY 2008 Proposed Operating budget also reflected 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 and manufacturing businesses, and \$0.01 per \$100 of assessed value for privately owned boats and watercraft that are used for recreational purposes only.). The attached ordinance assumes that the personal property rates for machinery and tools, specially equipped vehicles for the disabled, and boats would not change for 2007. If Council wished to establish a lower personal property tax rate for clean special fuel vehicles, it could choose to do so as part of the add/delete process and then take action officially creating that new tax classification on May 7 when all of the property tax rates are set.

In order to determine what real estate tax rate to advertise, the following chart has been prepared which shows four alternative rates and what the revenue impact would be of those rates:

FY 2008 PROPOSED REVENUE	SUMMARY OF REAL ESTATE TAX REVENUE OPTIONS	RATE PER \$100 ASSESSED VALUE	REVENUE IMPACT FY 2007*	REVENUE IMPACT FY 2008**
\$271.1 million	Keep the rate constant.	81.5 cents	\$0	\$1.9 million
	A. Keep the average homeowner's bill flat (+2.4 cents)	83.9 cents	\$4.0 million	\$10.0 million
	B. Fully fund the proposed base budget, a 3% COLA for the City and School employees, and fully fund the proposed School Operating Budget (\$523.2 million, or +3.7 cents)	85.2 cents	\$6.2 million	\$14.4 million
	C. Keep the average homeowner's bill increase to the rate of inflation estimated at 3% (+4.9 cents)	86.4 cents	\$8.2 million	\$18.4 million

\*A change to the tax rate would generate additional FY 2007 revenue which would be available in the form of fund balances for possible designation. The fund balances could be designated for some or all of the following: FY 2008 operating budget, the FY 2008 CIP, for other special needs, could be left as an undesignated fund balance, or could be designated to help fund retiree health and life insurance benefits.

\*\*The FY 2008 revenue impacts are larger than that which is shown in Budget Memo #14 because the projected Calendar Year '08 tax base has been revised upward by 1.4% since the estimates in the Proposed Budget, on which the Budget Memo was based. For this same reason, the tax rate required to fund Option B has decreased from 85.8 cents to 85.2 cents per \$100 of assessed value.

In order to determine what personal property tax rates to advertise, the following chart has been prepared which shows four primary options. These four options assume that both the vehicle and business tangible equipment personal property rates would be set at equal tax rates. State law does allow a jurisdiction to set a lower business tangible equipment tax rate than the vehicle tax rate, but not a higher rate.

RATE INCREASE	REVENUE GENERATED FROM VEHICLES	REVENUE GENERATED FROM BUSINESS EQUIPMENT	TOTAL
\$0.10/\$100	\$1.3 million	\$0.4 million	\$1.7 million
\$0.15/\$100	\$1.9 million	\$0.7 million	\$2.6 million
\$0.20/\$100	\$2.6 million	\$0.9 million	\$3.5 million
\$0.25/\$100	\$3.2 million	\$1.1 million	\$4.3 million

**OTHER REVENUE ALTERNATIVES:** City Council is scheduled to discuss other revenue alternatives at its April 9 work session. Budget memo 14 (attached) includes additional information on real estate and personal property tax rates, as well as other possible tax rate and fee changes. If Council wishes to change any of these other tax or fee rates, Council will need to direct staff to prepare any tax ordinances requiring introduction on April 24, with hearing and adoption on May 7 to finance the budget, which is scheduled for adoption May 7.

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 rates than those approved for public hearing. Currently, the proposed advertised real estate rate of \$0.815 consists of \$0.805 for General Fund purposes, plus 1 cent for affordable housing purposes. 1 percent of real estate

tax collections are also dedicated for the open space fund account.

**FISCAL IMPACT:** None

**ATTACHMENTS:**

Attachment 1. Ordinance

Attachment 2. Budget Memo #14

**STAFF:**

Mark Jinks, Deputy City Manager

Bruce Johnson, Director, Office of Management and Budget

Laura Triggs, Acting Director, Finance

Eric Eisinger, Budget Analyst, Office of Management and Budget

Introduction and first reading:	4/10/07
Public hearing:	4/24/07
Second reading and enactment:	5/7/07

### 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 2007 tax rates for real property and tangible personal property. The proposed ordinance sets the 2007 real property tax rate at \$0. \_\_\_ on each \$100 of assessed value, compared with the 2006 rate of \$0.815. Personal property tax rates are unchanged from 2006, except for the rates for motor vehicles and business tangible personal property where a 2007 rate of \$ \_\_\_ is proposed compared with the 2006 rate of \$4.75. After the first reading and public hearing, City Council has the authority to lower the tax rates set forth in the proposed ordinance, but not to set higher rates.

#### Sponsor

#### Staff

Mark Jinks, Deputy City Manager  
Laura Triggs, Acting Director of Finance  
Bruce Johnson, Director of Management and Budget  
Eric Eisinger, Budget Analyst  
Roderick B. Williams, Assistant City Attorney

#### Authority

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

#### Estimated Costs of Implementation

None

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

None

1  
2  
3 ORDINANCE NO. \_\_\_\_\_

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

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 ~~2006~~ 2007 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 ~~\$ .815~~ \$\_\_ on each \$100 of the assessed value  
29 thereof, for the support of the city government, for the payment of principal and interest of the  
30 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 ~~2006~~ 2007 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

1 government, for the payment of principal and interest of the city debt and for other municipal  
2 expenses and 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 ~~2006~~ 2007 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 ~~2006~~ 2007 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 ~~\$.815~~ \$    on each  
26 \$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 ~~2006~~ 2007 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 ~~2006~~ 2007 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 ~~2006~~ 2007 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 ~~2006~~ 2007 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, 2007, *nunc pro*  
27 *tunc*.

28  
29 WILLIAM D. EUILLE  
30 Mayor

31  
32 Introduction: 4/10/07  
33 First Reading: 4/10/07  
34 Publication:  
35 Public Hearing:  
36 Second Reading:  
37 Final Passage:

38  
39  
40  
41 C:\Documents and Settings\jhenders\Local Settings\Temp\notesEA312D\~8286109.wpd




## City of Alexandria, Virginia

## MEMORANDUM

DATE: MARCH 23, 2007

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO # 14 : TAX ALTERNATIVES

---

In response to City Council's request at the budget work session on revenues on February 15 for staff to provide details on possible revenue alternatives to support the fiscal year (FY) 2008 budget, staff has identified a number of tax rates that could be increased and therefore added to the City's General Fund revenues. The tax alternatives affect both individual and business taxpayers. In all cases, the City has the statutory authority to increase the tax rates because (1) the current tax rates are not at the State maximum as enumerated in the Code of Virginia, (2) the maximum does not apply to the City, or (3) there is no maximum. City staff is not recommending for or against any of the alternatives. This memorandum simply conveys information for Council's consideration. This memo also includes information on tax policies related to alternative fuel vehicles. In addition to these options, in early April staff will present revised budget projections for all revenues.

*On April 10, Council will need to determine the maximum real estate tax rate it wishes to consider, as that is the date when Council needs to start the proposed rate advertisement and public hearing processes. On April 10, Council will also need to determine the maximum personal property tax rates it wishes to consider. In the next few weeks, Council also will need to direct staff to prepare any tax ordinances requiring introduction on April 24, with hearing and adoption on May 7 to help finance the budget, which is scheduled for adoption May 7.*

A summary table of all the options detailed below can be found at Attachment 1.

**I. REAL ESTATE TAX  
PAGE 4-14 FY 2008 PROPOSED BUDGET**

FY 2008 PROPOSED REVENUE	SUMMARY OF REAL ESTATE TAX REVENUE OPTIONS	RATE PER \$100 ASSESSED VALUE	REVENUE IMPACT FY 2007*	REVENUE IMPACT FY 2008
\$271.1 million	Keep the rate constant.	81.5 cents	\$0	\$0
	A. Keep the average homeowner's bill flat (+2.4 cents)	83.9 cents	\$4.0 million	\$8.1 million
	B. Fully fund the proposed base budget, a 3% COLA for the City and School employees, and fully fund the proposed School Operating Budget (\$523.2 million, or +4.3 cents)	85.8 cents	\$7.2 million	\$14.3 million
	C. Keep the average homeowner's bill increase to the rate of inflation estimated at 3% (+4.9 cents)	86.4 cents	\$8.2 million	\$16.5 million

\*A change to the tax rate would generate additional FY 2007 revenue which would be available in the form of fund balances for possible designation. The fund balances could be designated for some or all of the following: FY 2008 operating budget, the FY 2008 CIP, for other special needs, could be left as an undesignated fund balance, or could be designated to help fund retiree health and life insurance benefits.

The real estate tax is the City's largest source of revenue. For 2007 assessments the total tax bill grew 4.43% with reassessments totaling 2.25% and new construction adding 2.18%. Within that reassessment, the average residential real estate assessment dropped 2.9% and would see an average tax bill drop of \$124 in 2007. Breaking that statistic down further, the average single family house dropped 1.26% and would see a drop of \$69, and condominiums dropped by 6.39%, meaning that the average condo tax bill would decrease by \$190 if the tax rate remains unchanged. Commercial property tax assessments increased on average by 10.76% so that the tax bills for that property increase on average by that percentage if the tax rate remains unchanged.

REAL ESTATE TAX RATES\*

Tax YEAR	City of Alexandria	Arlington County	Fairfax County	Loudoun County	Prince William County
1987	1.34	0.92	1.32	0.88	1.30
1988	1.25	0.89	1.30	0.95	1.38
1989	1.10	0.78	1.19	0.88	1.38
1990	1.045	0.765	1.11	0.85	1.36
1991	1.045	0.765	1.11	0.94	1.36
1992	1.045	0.82	1.16	0.96	1.36
1993	1.07	0.86	1.16	1.00	1.36
1994	1.07	0.897	1.16	1.02	1.36
1995	1.07	0.94	1.16	0.99	1.36
1996	1.07	0.96	1.23	1.03	1.36
1997	1.07	0.986	1.23	1.06	1.36
1998	1.11	0.998	1.23	1.11	1.36
1999	1.11	0.998	1.23	1.11	1.36
2000	1.11	1.023	1.23	1.08	1.34
2001	1.11	1.023	1.23	1.08	1.31
2002	1.08	0.993	1.21	1.05	1.23
2003	1.035	0.978	1.16	1.11	1.16
2004	0.995	0.958	1.13	1.1075	1.07
2005	0.915	0.878	1.00	1.04	0.974
2006	0.815	0.818	0.89	0.89	0.8071
2007	0.815*	0.818	0.89	0.975**	0.8071***
Average Residential Tax Bill	\$4,153	\$4,387	\$4,380	\$4,848	\$3,414

\* Includes \$.01 for affordable housing and 1% of Real Estate Tax for Open Space Acquisition, equal to \$.00815 in 2008.

\*\* Includes \$.043 for Fire and EMS special tax district.

\*\*\* Includes \$.0466 for Fire and Rescue and \$.0025 for Gypsy Moth protection Special Tax District.

**II. PERSONAL PROPERTY TAX**  
**PAGE 4-28 FY 2008 PROPOSED BUDGET**

<b>FY 2008 PROPOSED REVENUE</b>	<b>SUMMARY OF PERSONAL PROPERTY TAX REVENUE OPTIONS</b>	<b>REVENUE IMPACT</b>
\$36.1 million *	A. Personal property tax rate on vehicles raised by 25 cents.	+\$3.2 million
	B. Business personal property tax raised by 25 cents.	+\$1.1 million
	A&B. Both the vehicle and business personal property tax rate raised by 25 cents.	+\$4.3 million
	C. Personal property tax rate raised on boats from \$0.01 to \$4.75	+\$17,500
	D. Administrative fees on delinquent personal property accounts increased from \$20 to \$45	+\$180,000
	E. Personal property tax rate for clean special fuel vehicles lowered to \$0.01	-\$0.6 million
	F. Personal property tax rate for clean special fuel vehicles lowered to \$3.35	-\$0.1 million

\*Excludes \$23.6 million state car tax reimbursement.

On April 10, Council will need to determine the maximum personal property tax rates it wishes to consider as that is the date when Council needs to start the proposed rate advertisement and public hearing processes.

**II.A. Personal Property Tax (Vehicle Personal Property Base Tax Rate)**

The personal property tax for vehicles and trucks (vehicle personal property) is assessed on any vehicle that has been parked, stored or garaged in the City for more than 30 days. The tax rate for vehicle personal property has been fixed at \$4.75 per \$100 of assessed value since 1989. Based on estimated 2007 assessments, a tax rate increase from \$4.75 to \$5.00 per \$100 of assessed value would generate an additional \$3.2 million in revenue. The tax rate would be the same as Arlington County's current rate, but because the City uses the "trade-in" value for assessment and not the "loan" value which runs about 8% lower, the City's effective rate would be higher than Arlington's.

<b>CITY CODE</b>	<b>STATE CODE</b>	<b>JURISDICTION</b>	<b>TAX RATE*</b>
§3-2-224 (b)	§58.1-3500	City of Alexandria: \$4.75 per \$100 of assessed value Arlington County: \$5.00 per \$100 of assessed value Fairfax County: \$4.57 per \$100 of assessed value Loudoun County: \$4.20 per \$100 of assessed value Prince William County: \$3.70 per \$100 of assessed value	
State Maximum: none			

\***Personal Property tax rate.** Alexandria, Fairfax, and Prince William use a different method of valuation (trade-in value) than Arlington and Loudoun (loan value) that values vehicles at a higher share of retail value (86% vs. 78%). The tax rates are misleading because they do not factor in differences in computing vehicle values. Adjusting for differences in computing vehicle values, Alexandria has the highest effective tax rate in the region. If the tax rate were increased to \$5.00 per \$100 of assessed value, the effective rate would be \$4.30.

**Effective Personal Property Tax Rate for vehicles among local jurisdictions**

JURISDICTION	TAX RATE	VALUATION	EFFECTIVE RATE
Alexandria	\$5.00 (option)	86%	\$4.30
Alexandria	\$4.75	86%	\$4.09
Arlington	\$5.00	78%	\$3.90
Fairfax	\$4.57	86%	\$3.93
Loudoun	\$4.20	78%	\$3.28
Prince William	\$3.70	86%	\$3.18

**II.B. Personal Property Tax (Business Personal Property Tax Rate)**

The business personal property tax (BPP) is an annual tax levied against businesses that own or lease business equipment, furniture and fixtures that are located in the City on January 1 of each year. The BPP tax rate is \$4.75 per \$100 of assessed value. The tax rate has been the same since 1989. BPP also includes machinery and tools used in the manufacturing process, which are taxed at \$4.50 per \$100 of assessed value. The State has recently made amendments to the machinery and tools classification related to idle machinery and tools. While state guidelines have not as yet been written, it would appear that this state law change will have little fiscal impact on the City.

Based on the total tax assessed in 2006, less machinery and tools, raising the base tax rate for BPP from \$4.75 to \$5.00 per \$100 of assessed value could generate an additional \$1.1 million in tax revenue. This rate increase could only occur if the City also raised the personal property tax on vehicles to \$5.00. The Business Personal Property tax can be equal to or lower than the vehicle personal property tax but it cannot be higher.

CITY CODE	STATE CODE	JURISDICTION	TAX RATE
§3-2-221	§58.1-3500	City of Alexandria: \$4.75 per \$100 of assessed value Arlington County: \$5.00 per \$100 of assessed value Fairfax County: \$4.57 per \$100 of assessed value Loudoun County: \$4.20 per \$100 of assessed value Prince William County: \$3.70 per \$100 of assessed value	
State Maximum: none			

**II.C. Personal Property Tax (Personal Property Tax Rate for Boats)**

The current tax rate for recreational boats and watercraft is \$0.01 per \$100 of assessed value. In 1998, citizens began to complain about the process and cost for obtaining a boat slip in the City's marina, including the personal property taxes charged for recreational boats. In response, City Council reduced the tax rate from \$4.75 per \$100 of assessed value to the current rate of \$0.01 per \$100 of assessed value. Using the 2006 assessed value for boats, staff estimates that raising the tax rate on recreational boats and watercraft to \$4.75 per \$100 of assessed value could result in \$17,500 in additional revenue. However, if the City raised its tax rate on boats many boat owners would remove their boats from the City marina during cold weather months to avoid the

tax, making the City marina appear less appealing to City waterfront visitors. At the time the City lowered the tax on boats, it also increased marina slip fees. Those fees are now comparable to similar fees in the area.

CITY CODE	STATE CODE	JURISDICTION	TAX RATE
§3-2-224 (d)	§58.1-3500	City of Alexandria: \$0.01/\$4.75 for large boats Arlington County: \$5.00 for all boats Fairfax County: \$0.01/\$4.57 for large boats Loudoun County: \$4.20 all boats Prince William County: \$0.00001 for all boats	
State Maximum: none			

#### II.D. Personal Property Tax (Vehicle Personal Property Administrative Fees)

The City currently levies an administrative fee of \$20.00 on delinquent personal property tax accounts that are submitted to the delinquent tax collection process (set-off debt, collection agency and Department of Motor Vehicles Vehicle Registration Withholding Program). The Code of Virginia provides localities with the authority to impose fees, to cover the administrative costs or collection agency's fees, for the collection of delinquent tax accounts. These fees are assessable in addition to any penalty and interest applied to the delinquent account as authorized by State and local law. Currently, the Code of Virginia authorizes localities to impose an administrative fee not to exceed \$30.00 if a judgment has not been entered and \$35.00 if a judgment has been entered. However, localities can assess a fee up to \$25.00 for the State's Set-Off Debt Collection Program (one of our biggest collection programs). Based on total fees paid in 2006, staff estimates that raising the administrative fee charged on the collection of delinquent personal property tax accounts from the current fee of \$20 to \$45 would produce an increase of \$180,000 in additional revenue.

CITY CODE	STATE CODE	JURISDICTION	TAX RATE
§3-2-230 (b)	§58.1-3958	City of Alexandria: \$20* Arlington County: \$20 DMV+\$20 Collections+ \$25 Set-Off Fairfax County: \$30 + \$20 DMV Loudoun County: \$30 + \$25 Set-Off+ \$30 Court Prince William County: \$30 DMV+\$30 Collections+\$25 Set-Off	
State Maximum: \$25 for Set-Off Debt, \$30 for Other Collections			

\* The City levies a flat \$20 amount on all delinquent accounts including DMV, Collections, and Set-Off. The current system is not configured to accommodate a bifurcated fee structure.

**I.E-F. Personal Property Tax (Vehicle Personal Property Clean Special Fuel Vehicles)**

City Council also requested information regarding a tax reduction or tax credit for owners of alternative fuel vehicles. Loudoun County currently taxes "clean special fuel" vehicles at a lower tax rate of \$0.01 per \$100 of assessed value. Arlington County, as a part of its FY 2008 Proposed Budget, is proposing personal property tax relief to owners of vehicles that qualify as "clean fuel." Arlington County's proposed budget did not stipulate a tax rate; it is still to be determined.

The Code of Virginia, §58.1-3506, provides authority for localities to classify certain types of tangible personal property for taxation. Section 20 of the Code provision allows for motor vehicles that use "clean special fuels" as defined in section 46.2-749.3 of the Code to be assessed separately for taxation. "Clean special fuel" is defined as follows:

"Clean special fuel" means any product or energy sources used to propel a highway vehicle, the use of which, compared to conventional gasoline or reformulation gasoline, results in lower emissions of oxides of nitrogen, volatile organic compounds, carbon monoxide or particulates or any combination thereof. The term includes compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, hythane (a combination of compressed natural gas and hydrogen), and electricity."

The estimated number of special fuel vehicles in the City is currently 818. In order for a vehicle to qualify as clean fuel by Department of Motor Vehicles standards, it must be exclusively powered by "clean special fuel." It is important to note that not all hybrids qualify for clean special fuel license plates, but the following do: Toyota Prius, Honda Insight, Honda Civic, Ford Escape, Toyota Highlander, Lexus RX400 Mercury Mariner and the Honda Accord.

By effectively exempting "clean special fuel" powered vehicles from taxation, the City would lose \$580,711 in personal property tax revenue (an average of \$710 per vehicle), based on 2006 assessed values. However, the revenue loss could be less if City Council chose to assign a slightly lower tax rate to this class of vehicles. If, for example, City Council imposes the same tax rate as applied to handicap-equipped vehicles (\$3.55 per \$100 of assessed value), the revenue loss would be \$146,719 or \$179 per vehicle. These costs would increase substantially in future years as it appears that the hybrid technology will become a larger and larger part of the City's vehicle tax base. It should be noted that as an overall policy, a tax exemption or targeted tax reductions for "clean special fuel" vehicles should be structured and be large enough to serve as an incentive for someone to buy a "clean special fuel" vehicle and not as a reward for someone who is already planning to purchase such a vehicle.

CITY CODE	STATE CODE	JURISDICTION	TAX RATE
§3-2-224 (b)	§58.1-3506 §46.2-749.3	City of Alexandria: \$4.75 per \$100 of assessed value Arlington County: \$5.00 (TBD) Fairfax County: \$4.57 Loudoun County: \$0.01 Prince William County: \$3.70	
State Maximum: none			

**III. CONSUMER UTILITY TAX (RESIDENTIAL UTILITY TAX)  
PAGE 4-33 FY 2008 PROPOSED BUDGET**

FY 2008 PROPOSED REVENUE	SUMMARY OF REVENUE OPTIONS	REVENUE IMPACT
\$9.6 million	Increase residential cap on: (A) Electricity by \$0.60 from \$2.40/month to \$3.00/month (B) Gas by \$0.60 from \$2.40/month to \$3.00/month (C) Water for Commercial Consumers from 15% Of the monthly bill to 20% of monthly bill to A maximum of \$3.00.	\$0.5 million  \$0.4 million  \$0.4 million

The City levies a tax against consumers of utility services (electricity, natural gas, and water). The tax is levied and collected by the utility companies through the billing process and is remitted to the City. The City tax for residential customers is currently capped at \$2.40 per month for electricity and gas services. There is no City cap for water service. The State allows localities to impose a tax rate up to \$3.00 per month for each service.

Arlington County is considering a tax initiative with respect to utility taxation in order to generate revenue for their Environmental Sustainability Fund. Arlington County is proposing to establish a residential utility tax on the amount of electricity and natural gas consumed by residential properties in its FY 2008 budget. The tax rate would be capped at \$1.10 per month for each utility. Currently, Arlington only imposes the utility tax for gas and electricity on commercial users. Arlington does not impose a utility tax on water for either residential or commercial users.

In FY 2006, utility tax revenue collected by the City from all gas and electricity consumers was \$7.8 million. Based on FY 2006 collections, if the City increases the cap on the utility tax rate by \$0.60 per month to \$3.00 per month on residential gas and electricity consumers, and by 5% on the City's estimate for a typical household bill of water consumers, as allowed by State law, it is projected that the City would collect an additional \$0.9 million in revenue. This means that a



customer who uses gas and electricity could see a monthly bill increase of \$1.20 per month or \$14.40 per year. Given that consumer utility tax rates are capped and given how much gas and electricity each household likely uses, it is likely that nearly all households are paying at the monthly cap rate regardless of utility use. This means that the tax is not an incentive to energy conservation and is in all intent a "flat tax" with an inherently regressive structure.

The City estimates that a typical residential household's water bill is \$9.82/month, generating \$1.47 in revenues. A tax increase of 5% would increase the typical monthly tax liability by \$0.49 per month or \$5.88 annually. The average tax would increase to \$1.96 per month, well under the maximum \$3.00 cap rate.

**Electricity and Gas**

CITY CODE	STATE CODE	JURISDICTION	TAX RATE
§3-2-373 to §3-2-374	§58.1-3814	City of Alexandria: Max \$2.40 per month Arlington County: Max \$1.10 per month (proposed) Fairfax County: Max \$4.00 per month Loudoun County: Max \$2.70 per month Prince William County: Max \$3.00 per month	
State Maximum: \$3.00 per month			

**Water**

CITY CODE	STATE CODE	JURISDICTION	TAX RATE
§3-2-61 to §3-2-64	§58.1-3814	City of Alexandria: 15% Arlington County: None Fairfax County: None Loudoun County: None Prince William County: None	
State Maximum : \$3.00 per month ; other jurisdictions' water service is provided by public entities.			

**IV. CONSUMER UTILITY TAX (COMMERCIAL UTILITY TAX)  
PAGE 4-33 FY 2008 PROPOSED BUDGET**

FY 2008 PROPOSED REVENUE	SUMMARY OF COMMERCIAL UTILITY TAX REVENUE OPTIONS	REVENUE IMPACT
	Increase tax rate on: (A) Electricity for commercial consumers by 10% from \$0.97 + .004610 per Kilowatt Hours (kWh) to \$1.07 + 0.005071 per kWh (B) Electricity for industrial consumers by 10% from \$0.97 + .003755 per Kilowatt Hours (kWh) to \$1.07 + 0.004131 per kWh (C) Water for Commercial consumers from 15% of the first \$150 to 20% of the first \$150	\$0.4 million  \$10,033  \$0.25 million

In FY 2006, utility tax revenue collected by the City from all electricity consumers was \$5.5 million. Based on FY 2006 collections, if the City increases the utility tax rates as shown above on commercial and industrial electricity, and water consumers, the City could expect to collect an additional \$.65 million. While the state code is not clear, it appears that the City is already at the state maximum rate for commercial gas usage.

**Electricity**

CITY CODE	STATE CODE	JURISDICTION	TAX RATE
§3-2-373 to §3-2-374	§58.1-3814	City of Alexandria: \$.97 + \$.004610 per kWh Arlington County: \$1.15 + \$.00649 per kWh Fairfax County: \$.92 + \$.00594 per kWh Loudoun County: \$.92 + \$.005393 per kWh Prince William County: \$2.29 + \$.013487 per kWh	
State maximum : none			

**Water**

CITY CODE	STATE CODE	JURISDICTION	TAX RATE
§3-2-61 to §3-2-61	§58.1-3814	City of Alexandria: 15% on first \$150 Arlington County: None Fairfax County: None Loudoun County: None Prince William County: None	
State maximum : None			

**V. BUSINESS LICENSE TAXES  
PAGE 4-34 FY 2008 PROPOSED BUDGET**

FY 2008 PROPOSED REVENUE	SUMMARY OF BUSINESS LICENSE TAX REVENUE OPTIONS	REVENUE IMPACT
\$32.1 million	A. Business license tax rate for business service, personal service, and repair service increased by \$0.01	\$0.3 million
	B. Business license tax rate for financial services increased by: (1) \$.05 to \$0.36 (2) \$0.10 to \$0.45 (3) \$0.23 (to cap of \$0.58)	\$0.2 million \$0.3 million \$0.8 million

**V. A. Business License Taxes (Business Service, Personal Service and Repair Service)**

The City of Alexandria, as do all Virginia localities, levies a business professional occupational license tax (business license tax on gross receipts) on any person, firm, corporation, or partnership that engages in business in the City. The tax rate for each business is based on the assigned business categories: Professional Services, Financial Services, Repair, Personal and Business Services, Retail Merchants, Retail/Wholesale Merchants, and Wholesale Merchants. The City currently charges the State maximum rate for all license categories except Business Services and Financial Services. The tax rate is multiplied by business' gross tax receipts to determine the tax due.

Business Services is one of the largest business license tax categories and includes both personal services and repair services. The current tax rate for the Business Services category is \$0.35 per \$100 of gross receipts. The State cap is \$0.36 per \$100 of gross receipts for this category. Based on FY 2006 collections from approximately 3,841 business licenses issued for this classification, raising the tax rate by \$0.01 to the State maximum would generate \$0.3 million in additional tax revenue.

If the City was to raise the business license tax rate for this category, it would have the highest business license tax rate for this category when compared to all the other major Northern Virginia jurisdictions. Business license taxes have been the one local tax on businesses that the business community most dislikes and wants lowered. Raising this tax would telegraph a negative message to the business community in the region and would be counterproductive to the City's economic development efforts.

CITY CODE	STATE CODE	JURISDICTION	CURRENT TAX RATE
§9-1-72 §9-1-71.1	§58.1-3706	City of Alexandria: \$0.35 per \$100 of gross receipts Arlington County: \$0.35 per \$100 of gross receipts Fairfax County: \$0.19 per \$100 of gross receipts Loudoun County: \$0.16/\$0.17 per \$100 of gross receipts Prince William County: \$0.21 per \$100 of gross receipts	
State Maximum: \$0.36 per \$100 for Business Services			

**V. B.1-3. Business License Taxes (Financial Services)**

In the mid-1990s, the Code of Virginia was amended to allow for a separate business license category entitled "Financial Services." At that time, the Code of Virginia authorized jurisdictions to set the tax rate for "Financial Services" at \$0.58 per \$100 of gross receipts. Alexandria citizens and taxpayers complained that "Financial Services" was a broad category containing business activities that were not completely "Professional" in nature and therefore did not warrant the same tax rate as "Professional Services." The City Council then established a separate "Financial Services" category at the same tax rate as business services and assigned a tax rate of \$0.35 per \$100 of gross receipts.

If the City was to raise the business license tax rate for this category, it would have the highest business license tax rate for this category by far when compared to all the other major Northern Virginia jurisdictions. Business license taxes have been the one local tax on businesses that the business community most dislikes and wants lowered. Raising this tax would telegraph a negative message to the business community in the region and would be counterproductive to the City's economic development efforts. In particular, the financial services sector is a potential "niche" growth sector in the City as it includes venture capital and investment management businesses.

CITY CODE	STATE CODE	JURISDICTION	CURRENT TAX RATE
§9-1-72 §9-1-71.1	§58.1-3706	City of Alexandria: \$0.35 per \$100 of gross receipts Arlington County: \$0.36 per \$100 of gross receipts Fairfax County: \$0.31 per \$100 of gross receipts Loudoun County: \$0.33 per \$100 of gross receipts Prince William County: \$0.33 per \$100 of gross receipts	
State Maximum: \$0.58 per \$100 for Financial Services			

**VI. CIGARETTE TAX**  
**PAGE 4-39 FY 2008 PROPOSED BUDGET**

FY 2008 PROPOSED REVENUE	SUMMARY OF CIGARETTE TAX REVENUE OPTIONS	REVENUE IMPACT
\$2.8 million	(A) Cigarette tax increasing 5 cents per pack	\$0.2 million
	(B) Cigarette tax increasing 10 cents per pack	\$0.4 million

The City levies a tax on every person who sells, distributes, or uses cigarettes. The tax rate is \$0.70 for each package of 20 cigarettes. The tax is currently administered by the Northern Virginia Cigarette Tax Board, a regional, inter-jurisdictional enforcement authority. The cigarette tax rate has been increased six times since 1990. The last tax rate change was in 2005. There is no tax rate cap for the City. However, the State maximum for counties is \$0.30 per pack. Based on FY 2006 collections, raising the tax rate from \$0.70 to \$0.75, the City could generate an additional \$0.2 million in tax revenue. Raising the rate to \$0.80 would generate \$0.4 million in tax revenue. This projection is based on the assumption that cigarette purchasers will continue to purchase cigarettes in the City at the same rate as in FY 2006.

CITY CODE	STATE CODE	JURISDICTION	TAX RATE
§3-2-102	§58.1-1001 §58.1-3830 §58.1-3840	City of Alexandria: \$0.70 Arlington County: \$0.30 Fairfax County: \$0.05 Loudoun County: N/A Prince William County: N/A Fairfax City: \$0.50 Falls Church \$0.65	
State Maximum: none for the City, \$0.30 for Counties			

**VII. TRANSIENT LODGING TAX  
PAGE 4-40 FY 2008 PROPOSED BUDGET**

FY 2008 PROPOSED REVENUE	SUMMARY OF TRANSINET LODGING REVENUE OPTIONS	REVENUE IMPACT
\$8.3 million	A. Transient tax to 6%/\$1: B. Transient tax to 6%/\$1.50: C. Exemption removed for government employees:	\$0.6 million \$1.1 million \$0.2 million

**VII.A. Transient Lodging Tax (Base Tax Rate)**

The City's transient lodging tax is assessed on persons who rent rooms from any public or private hotel, inn, or motel within the City for 90 days or less. The tax rates have varied over the years from 2.0% to 5.65% percent of the room charge. The current tax rate is 5.5% of the room charge plus \$1 per room per night. Under the Code of Virginia, there is no tax rate cap for cities and towns that assess the transient lodging tax. However, counties are limited by various caps ranging from two percent to six percent of the room charge. These transient lodging taxes are in addition to the 5% state sales tax of which the City gets 1% of the rate.

In 1999 when Council lowered the transient lodging tax from 5.65% to 5.5% plus \$1 per night, it also increased ACVA's funding substantially. While the \$1 portion of the transient lodging tax never was, nor is now, a dedicated tax, there was some quid pro quo for the ACVA budget increase in the year the \$1 per night tax was established. Similarly, if Council wished to raise the transient lodging tax rate or close the exemption detailed in the next paragraph, then it might want to consider setting aside some of the increased revenues for expanded marketing activities, or for other City budget priorities.

**VII.B. Transient Lodging Tax (Exemption for federal, State or local government employee)**

The City currently allows an exemption on transient lodging tax for room rentals incurred by any federal, State or local government employee on official business when the room rental is paid directly by the government, or when it is paid by the individual and later reimbursed by the government entity. During the past year, staff conducted several studies regarding the exemption policies of Alexandria hotels and the Washington Metropolitan area localities. Our studies showed that we are the only jurisdiction that allows an exemption from transient lodging tax if the rental is paid by an employee with personal funds that are later reimbursed by the government.

Based on the data obtained from hotels over the last six months regarding the exempt rentals, staff estimates that elimination of the government employee exemption would generate at least an additional \$0.2 million. The Alexandria Hotel Association is aware of the wider tax exemption for government employees in Alexandria, and has indicated that the exemption is used by some hotels as a marketing tool. If Council wished to narrow this exemption, the resultant additional tax revenues could be also earmarked.

CITY CODE	STATE CODE	JURISDICTION	TAX RATE
§3-2-142	§58.1-3819 §58.1-3840	<b>City of Alexandria: 5.5% of the room charge + \$1 per night/room</b> Arlington County: 5.25% of the room charge Fairfax County: 4.00% of the room charge Loudoun County: 5.00% of the room charge Prince William County: 5.00% of the room charge Fairfax City: 2.00% of the room charge Falls Church: 5.00% of the room charge	
State Maximum: none for cities; 2% - 6% for counties			

**VIII.A-B. RESTAURANT MEALS TAX**  
**PAGE 4-41 FY 2008 PROPOSED BUDGET**

FY 2008 PROPOSED REVENUE	SUMMARY OF RESTAURANT MEALS TAX REVENUE OPTIONS	REVENUE IMPACT
\$10.6 million	(A) Restaurant Meals Tax to 3.5% (B) Restaurant Meals Tax to 4.0%	\$1.7 million \$3.4 million

The City of Alexandria levies a 3% meal and beverage tax on the purchase of food and beverages. The tax rate has remained at 3% for the last 24 years. Under the Code of Virginia, there is no tax rate cap for cities and towns that assess the meal sales tax. However, counties are limited by a 4% cap. This tax is in addition to the 5% State sales tax on restaurant meals.

Staff estimates that a tax increase of one half percent would produce an additional \$1.7 million in tax revenue and a one percent increase in the tax rate would generate an additional \$3.4 million in tax revenue.

CITY CODE	STATE CODE	JURISDICTION	TAX RATE
§3-2-242	§58.1-3833 §58.1-3840	<b>City of Alexandria: 3.0%</b> Arlington County: 4.0% Fairfax County: N/A Loudoun County: N/A Prince William County: N/A Fairfax City: 2.0% Falls Church: 4.0%	
State Maximum: none for cities; 4.0% for counties			

**IX. ADMISSION TAX**  
**PAGE 4-42 FY 2008 PROPOSED BUDGET**  
**(Other Miscellaneous Local Tax Revenues)**

FY 2008 PROPOSED REVENUE	SUMMARY OF ADMISSION TAX REVENUE OPTIONS	REVENUE IMPACT
\$1.0 million	(A) admission tax cap increase to \$1.00 (B) admission tax cap increase to \$0.75	\$0.7 million \$0.3 million

The City's admission tax was enacted into law on July 1, 2005. The tax rate was established as 10% of the admission charge, not to exceed \$0.50 for each admission sold. The admission tax is collected by any person who owns, operates, conducts, promotes or produces an event for which an admission fee is charged. The majority of the City's admission tax revenue is generated by two large movie theaters. In FY 2006, the City collected \$1.1 million in admission tax revenue. Staff estimates that raising the tax rate to 10 percent of the admission charge, not to exceed \$1.00, would produce about \$0.7 million in additional revenue. A \$0.75 tax cap would raise \$0.3 million.

CITY CODE	STATE CODE	JURISDICTION	TAX RATE
§3-2-383	§58.1-3817 §58.1-3840	City of Alexandria: 10% on the first \$5.00 Arlington County: N/A Fairfax County: N/A Loudoun County: N/A Prince William County: N/A Fairfax City: N/A Falls Church N/A	
State Maximum: none for cities; 10% for counties			



**Attachment 1**

		<b>From</b>	<b>To</b>	<b>Change</b>
<b>I.</b>	<b>Real Estate Tax</b>			
I.A.		\$0.815/\$100	\$0.839/\$100	+\$8.1 million
I.B.		\$0.815/\$100	\$0.859/\$100	+\$14.3 million
I.C.		\$0.815/\$100	\$0.864/\$100	+\$16.5 million
<b>II.</b>	<b>Personal Property Tax</b>			
II.A.	Vehicle Personal Property Tax	\$4.75/\$100	\$5.00/\$100	+\$3.2 million
II.B.	Business Personal Property Tax	\$4.75/\$100	\$5.00/\$100	+\$1.1 million
II.A&B.	Vehicle + Business	\$4.75/\$100	\$5.00/\$100	+\$4.3 million
II.C.	Boats Personal Property Tax	\$.01/\$100	\$4.75/\$100	+\$17,000
II.D.	Late Fees – Personal Property	\$20/Per	\$45/Per	+\$180,000
II.E.	Elimination of Property tax on Alternative Fuel Vehicles	\$4.75/\$100	\$0.01/\$100	-\$0.6 million
II.F.	Reduction of Property Tax on Alternative Fuel Vehicles	\$4.75/\$100	\$3.55/\$100	-\$0.2 million
<b>III.</b>	<b>Residential Consumer Utility tax</b>			<b>+\$1.3 million</b>
III.A.	Electricity Cap	Max \$2.40/month	\$3.00/month	+\$0.5 million
III.B.	Gas cap	Max \$2.40/month	\$3.00/month	+\$0.4 million
III.C.	Water	15%/monthly bill	20%/monthly bill	+\$0.4 million
<b>IV.</b>	<b>Commercial Consumer Utility tax</b>			
IV.A.	Electricity for commercial consumers	\$0.97 + .004610 per Kilowatt hour	\$1.07 per +.005071 per kWh	+\$0.4 million
IV.B.	Electricity for industrial consumers	\$.97 + .003755 per kWh	\$1.07 +.004131 per kWh	+\$10,033
IV.C.	Water for Commercial consumers	15% of first \$150	20% of first \$150	+\$0.25 million
<b>V.</b>	<b>Business License Tax</b>			
V.A.	Business Services	\$0.35/\$100	\$0.36/\$100	+\$0.3 million
V.B.1.	Financial Services	\$0.35/\$100	\$0.40/\$100	+\$0.2 million
V.B.2.	Financial Services	\$0.35/\$100	\$0.45/\$100	+\$0.3 million
V.B.3.	Financial Services	\$0.35/\$100	\$0.58/\$100	+\$0.8 million
<b>VI.</b>	<b>Cigarette Tax</b>			
VI.A.	Cigarette tax increase	\$0.70/pack	\$0.75/pack	+\$0.2 million
VI.B.	Cigarette tax increase	\$0.70/pack	\$0.80/pack	+\$0.4 million
<b>VII.</b>	<b>Transient Lodging</b>			
VII.A.	Base Tax Rate	5.5%	6%	+\$0.6 million
VII.B.	Room Per Night	\$1	\$1.50	+\$0.5 million
VII.C.	Removing Gov't. Exemption			+\$0.2 million

<b>VIII.</b>	<b>Restaurant Meals Tax</b>			
VIII.A.	Restaurant Meals Tax	3%	3.5%	+\$1.7 million
VIII.B.	Restaurant Meals Tax	3%	4.0%	+\$3.4 million
<b>IX.</b>	<b>Admissions Tax</b>			
IX.A.	Admissions Tax	Max \$0.50	Max \$1.00	+\$0.7 million
IX.B.	Admissions Tax	Max \$0.50	Max \$0.75	+\$0.3 million