

Dan Hoffman ([00:05](#)):

All right. Welcome Ann Burkholder and Jeff Barbour. Ann is our Commissioner of Revenue and Jeff is our Treasurer. Today, we're gonna talk a little bit about taxes. We're not gonna get into are they good? Are they bad? But I think it is helpful, especially for new residents to understand, the different roles here. You can think what you want about should taxes be higher, should taxes be lower? We collectively, especially people in this room at least, are here really just to carry out the mission of the City and collect taxes. Let's start off with you, Jeff. In the context of a city, what does a treasurer do?

Jeff Barbour ([00:58](#)):

Well, the Treasurer basically works very close with the Commissioner of Revenue, but the main responsibility of the Treasurer is to collect taxes. When the bills go out and you receive a bill and all of a sudden it says you have to pay on a certain due date, then that money comes to the Treasurer's Office in which we collect that money and share that. In the meantime, we'll work very closely with Ann, our Commissioner to work on the bills. And she sends the bill file over to me. And then we process the bill file, send the bills out. Then ultimately the money comes in on or before the due date.

Dan Hoffman ([01:40](#)):

What if they don't pay?

Jeff Barbour ([01:41](#)):

Well, if they don't pay, basically, we give them notices. We send out notices to them to let 'em know, 'Hey, this due date is come and gone. You didn't pay, and now need to pay.' Then, if they don't pay after a certain date, then we have other collection tools that the State allows me to use to collect those funds. But hopefully we don't get to that point. They pay when they get their second notice or they call in and say, 'well, I don't have this vehicle anymore,' if it's personal property. Then, ultimately they work with Ann's office and we get that straightened out. If they owe anything, they pay at that point. If they don't, then that's even better.

Dan Hoffman ([02:21](#)):

Gotcha. So, a good enough would be, you're kind of the billing and collections. Is that a good way to say it? Or how would you describe it?

Jeff Barbour ([02:30](#)):

Well, we send out the bills. Anne's office actually prepares the bill, the bill file and, and has those ready and submits 'em over to me. Then, we process 'em either in house or a third party printer. Then, we send those out. It goes out under my name, but kudos to Ann and her wonderful staff. They do all the work behind the scenes to prepare the bills. The bills go out, and I usually send personal property or mostly all the bills, I wanna give 'em at least 30 days to pay. And then, once they pay, they can pay to the office. They can physically come into the office or they can sit in their living room and pay. We have various payment options they can use to pay their bill.

Dan Hoffman ([03:12](#)):

It sounds like I should work my way back upstream a little bit. It sounds like it starts...talk about the Commissioner of Revenue's role there at that beginning part of the process.

Ann Burkholder ([03:25](#)):

Thank you, Dan. So as we go upstream, an easy way for people to think about it is, it's the the Commissioner's data on the Treasurer's bills. The Commissioner's job is not to make the rules, but we play by the rules. Some of our local taxes are set out at the State level and some are an option, which the City Council chooses to enact or not. So, if a person moves from one Virginia locality to another, they may notice some of the same change taxes, but they may notice some different ones. So in playing by the rules, my job is, in the role of my office is, we are the assessor of those taxes. We make sure that the assessments are fair and equitable according to the rules. For instance, we often say that we have same joy in issuing a refund as we do in issuing that assessment because our job is always to throw that dart and hit the center of the dart board, hit that bullseye, every single time to get the tax correct. How we do that varies by the taxes. But to understand our roles in general level, if you think about your tax bill, the assessment times the tax rate equals the tax bill. In Virginia, we have three parts to that tax and we have three elected bodies. So for our citizens, checks and balances are alive and well because there's a different elected official responsible for each part of that tax. The Commissioner does the assessment, the City Council sets the tax rate, and the Treasurer does the collection of the bill.

Dan Hoffman ([05:14](#)):

That was very well put. I try to ask questions to get to a good layman's response and that was spot on. So talk about some of the types of taxes that we have. We've got some that people, most people, probably never see. Or they might when they buy their first car, it might be the first they've ever heard of a tax related to that. Talk about some of the different types of taxes that you assess.

Ann Burkholder ([05:43](#)):

Sure. So the most obvious is real estate, and that is the largest source of revenue for the City. People are familiar with that because that is just about anywhere in the country. Virginia, however, is fairly simple in that we do not have lots of different tax rates, lots of different school taxes added onto that. Real estate is one of the simpler ones. The City does have some incentive programs, few things, but by and large, that one's simple. We have certain business taxes, which are a local option, such as the business license tax. Oddly, that's described as a license on the privilege of doing business in the city. So, the business will typically pay based on their gross receipts and at rates set by the City Council. A business also pays on their business personal property.

Dan Hoffman ([06:46](#)):

Got it. You used the phrase, let me jump in real quick. You used the phrase local option. Talk about what that means.

Ann Burkholder ([06:54](#)):

There are certain [taxes], for instance business licenses. In our case, the City Council can decide, do we have it? Do we not have it? And if we do have it, on what types of businesses and at what tax rates?

Dan Hoffman ([07:09](#)):

But we are allowed to do it, cuz we're a Dillon Rule State. And we've talked about that a little bit before on this podcast. Because we're a Dillon Rule State, we can only do what the State explicitly allows us to do. So those local option ones, the State either has said we can do them, and we've decided to do them. Is that where that is?

Ann Burkholder ([07:32](#)):

Correct.

Dan Hoffman ([07:33](#)):

Got it. Okay.

Ann Burkholder ([07:34](#)):

And some of those are increasingly one-way streets at the State level. If you have it, you get to keep it. But localities can't always put new things in. So that's why governing bodies, since we are a Dillon Rule State and they do have limited options, they often don't wanna get rid of something they already have cuz they may not be able to replace it.

Dan Hoffman ([08:01](#)):

Yeah. One of the more odd ones, although it's not uncommon to tax cigarettes, is the cigarette tax. How does that one work here in the State of Virginia?

Ann Burkholder ([08:12](#)):

Sure. Virginia has a long-standing history and support with tobacco. We're a big tobacco state.

Dan Hoffman ([08:23](#)):

Yeah. <Laughs> It's kind of our thing. For better or for worse.

Ann Burkholder ([08:26](#)):

Right. So we have, we and I believe Missouri, have the two lowest cigarette tax rates in the country.

Dan Hoffman ([08:35](#)):

Really?

Ann Burkholder ([08:36](#)):

Yes. Because we are tobacco friendly. So, we're trying to balance that. There's a state tax on cigarettes. But until this past year, only cities and towns could have a local cigarette tax. The General Assembly now says counties may have this local tax as well. That's a tax paid per pack, and we sell the stamps up front.

Dan Hoffman ([09:06](#)):

And you're talking literal stamps by the way, for people that don't understand. Like didn't we just increase the budget for physical stamps. This is not some type of, you know, colloquialism for a digital process. No, you're actually selling stamps.

Ann Burkholder ([09:22](#)):

We do, but they're not like a postage stamp. They're a special heat transfer stamp. People might remember a few years ago going to Costco, and there a fenced-in area up near the registers. That's where the cigarettes were kept. Sometimes, you'd be in the check out line at Costco and you'd hear ja-jink, ja-jink, ja-jink. Cigarettes come in cartons that have a light glue on them. Then, the machine opens the carton, and it applies with the heat process whatever state and local stamps need to be applied.

Then, if say one of our convenience store owners goes to buy his cigarettes, he places the order and they're pre -,tamped for both Virginia and Winchester.

Dan Hoffman ([10:22](#)):

So when I hear old stories, I never understood this until now, about bootleg cigarettes. People would bootleg cigarettes to avoid paying the tax on em then, in that case. Is that why people would? It's not like an old prohibition era thing. That was a whole different ball game. So people would smuggle or bootleg cigarettes to avoid having to get that stamp and pay for the stamp. Is that right?

Ann Burkholder ([10:51](#)):

Tax evasion.

Dan Hoffman ([10:51](#)):

You're nodding yes, but I can't... <Laughs>

Ann Burkholder ([10:54](#)):

As long as we've had tax, we've had tax evasion?

Dan Hoffman ([10:59](#)):

Interesting. Well, that's a good point. <Laughs> That's a good point.

Ann Burkholder ([11:00](#)):

Tax avoidance is the American way. Tax evasion is illegal.

Dan Hoffman ([11:04](#)):

Is illegal. <Laughs> I've never heard it put that way. So, when people do evade that's when Jeff steps in, right?

Jeff Barbour ([11:17](#)):

No.

Dan Hoffman ([11:17](#)):

No? All right. Well, obviously, the law and the IRS get in charge of that, but if someone's not paying their tax, do you attempt to collect them or is it...Well, let me back up. When do you take the collection? When does that trigger? When does it go from collections to...I don't wanna pay my personal property tax. We don't just call up the IRS and say, 'they're avoiding their taxes' or the state. And we don't do anything like that. When does it go from you're avoiding to your evading versus the collections process?

Jeff Barbour ([11:56](#)):

I'll have to defer to Ann cause because honestly, the Treasure doesn't...

Ann Burkholder ([12:01](#)):

Are we talking about just cigarettes or are we talking about in general?

Dan Hoffman ([12:05](#)):

In general.

Ann Burkholder ([12:06](#)):

Okay. So cigarettes are kind of their own thing, but in general, there are two pieces to how you got that tax. One is the filing of it and one is the collections of it. Let's say we've assessed someone, and then, they're not paying, then that's gonna be Jeff's responsibility. Jeff is typically gonna make sure, before he takes court action, to contact us to say, 'are you confident in your assessment? Do you wanna look it over to make sure it's accurate?' Now. Suppose somebody is not filing their taxes. The law requires the Commissioner to, in effect, file on that business or person's behalf. So let's say Dan has a restaurant, and he's not filing and remitting his meals tax. That was a trust tax. It was never your money.

Dan Hoffman ([13:08](#)):

You're supposed to pass it along.

Ann Burkholder ([13:10](#)):

You're supposed to be passing it through. My office would then issue you, to the best of our ability, a statutory assessment based on what we thought you should have been. That's then collectable under the law, but now we have two issues. One is the Commissioner's Office could summon you. We use court as a last resort, but we could summons you either to our office or court because of your failure to file. The Treasurer's Office could summons you to his office or to court because of your failure to pay.

Dan Hoffman ([13:44](#)):

Okay.

Jeff Barbour ([13:45](#)):

Yeah. And then that's when I come in. That aspect we call it the Treasurer's summons or the Commissioner summons. We can bring someone into our office, swear them under oath, then they basically have to answer every question that we ask them.

Dan Hoffman ([13:58](#)):

So that's when we move from avoidance to evasion at that point. Gotcha.

Jeff Barbour ([14:04](#)):

And the thing is with my office, as Anne was saying, just in case you do have a restaurant...

Dan Hoffman ([14:11](#)):

I don't. <Laughs>

Jeff Barbour ([14:12](#)):

You don't, but the thing is if people, whether they're [inaudible] or whether they filed and they don't pay, as Ann said, it's a trust tax. Ultimately, after a certain period of time, if it's over a thousand dollars, then it becomes a felony, in which I can go to the Commonwealth's Attorney and work with the Commonwealth's Attorney and then get the restaurant owner charged with embezzlement.

Dan Hoffman ([14:37](#)):

Got it. It's interesting the way that phrase a trust tax. It's basically a pass through. When you get your bill at the restaurant, you see on it, meals tax and it's currently in this city, at least it's 6%. For those of you who might be angry at the restaurant, that's not the restaurant's choice. They have to put it on there. They're legally bound to collect it, and then turn it over to us. So, if you get that at a restaurant and you're mad, don't take it out on the waiter. Don't take it out on the restaurant. That's absolutely not their choice. They don't have any say in that matter. Do we have anything else that's like that? That's a trust tax.

Ann Burkholder ([15:19](#)):

Well, we have motel tax, which is, the lodging tax. We have a short-term rental tax. There's in admissions tax. There's sales tax, a portion of which goes to the Stat and one goes to the local level. Now, an example of that with which most people will be familiar, but our offices don't handle is your payroll taxes. When we get our paychecks, our employer has withheld a portion of our money to remit on our behalf to the Federal government or the State government. And if our employer fails to do that, then our employers committing embezzlement.

Dan Hoffman ([16:01](#)):

Interesting. Yeah. There's the motel tax, the bed tax. You mentioned the admissions tax. What is that?

Ann Burkholder ([16:11](#)):

That is, for instance, if you go to one of our local movie theaters and you buy a ticket, you would pay an admission to that. If areas that have large concert venues, they would pay an admission to that. It doesn't apply to, we do a lot of charity fundraisers here in Winchester. We are very charitable. It doesn't apply to something like that or to say a school sporting event.

Dan Hoffman ([16:39](#)):

Okay. Got it. So now we've been upstream, midstream. Let's go to where the flow of money ends. At some point, it has to come to the City to be used for all the various public good we do. How does that handoff work? So it goes from the resident or the business to the Treasurer. What happens then?

Jeff Barbour ([17:03](#)):

Once the money comes into our office in one form or another, then on a daily basis, we take whatever money came in that given day and we transfer it to our local bank that we deal with. And then that money basically is out there. Finance basically takes over to monitor what money's in there. Ultimately, that money then is divvied up, spent accordingly with authority, invested by yourself as the City Manager and Finance Department. Then, the City Council as well, dictating what we can spend it on, what we can't spend it on at times. So that happens on a gradual basis. And my responsibility is to get it into the bank 48 hours from the day that it has been collected to get it to the bank.

Dan Hoffman ([18:02](#)):

Interesting. I think particularly younger folks who may not have a lot of experience in banking or personal finance yet, the City, although it might seem like we are a large government institution, we have a bank account just like everybody else. We have a bank that holds our money. We have checks. We don't do a lot of hard copy checks. We have a very few that we actually do. We do have that ability.

So, once it leaves your office, it's not too dissimilar to any other business or any other checking account that you might have, just a lot bigger probably than most personal checking accounts. So thank you. This has been very helpful. Anything I've missed that the general public would be might help from knowing

Ann Burkholder ([19:16](#)):

Yes! Which is you always have a right with your taxes. If we send you a bill, you have a right to say 'this isn't right.' Or, 'I think it should be something else.' And that can either be a formal appeals process or an informal appeals process. We know that the common perception is that we're jacking things up to make as much money as possible. Now, my job and Jeff's job is not to make as much money as possible. Our job is to get it right. So, as I said earlier, our job is always to take it right. So whether we adjust something higher or we adjust it lower, our job is to get it right. And by and large, the more we get it right, and the more we get people on the tax rolls who weren't on the tax rolls, the City's budget is a much more smooth and predictable and steady process. We encourage people if you ever have a question or you think something's not right, call us, email us, come visit us. It is your right. And we are happy to review.

Dan Hoffman ([20:27](#)):

And you guys are over at...

Jeff Barbour ([20:31](#)):

The Creamery Building. It's on Kent Street. Our physical address is 21 South Kent Street. Ann's suite is suite 100. Mine is suite 101. But if you walk into the door, the office, we're about 15-foot apart. It's a suite, so it's like we're in a big, you know, separated, but we're not. We're very close. And our offices work very close with each other. Our hours of operation, we open at eight o'clock to the public. We're open 'til 4:30, even though we're in the office until five. So from 4:30 to 5:00, we're closing out for the day. We're there to answer any question anybody might have. So to echo, what Ann just said is, we have the open door policy. We're here for you. We're here to serve. So we'd love for you if you have any questions give us a call, stop by and see us, or send us an email. We'd be happy to share with you, and we'll get back to you as quick as we can. But if we don't one of our staff will.

Dan Hoffman ([21:28](#)):

So, and that's applicable for anyone living in Winchester. A lot of this, what we've talked about today, if you live in the county, Frederick County, or anywhere in Virginia, a lot of this information we talked about today is still very applicable. There are Commissioners of Revenue and Treasurers all over the State of Virginia. If you're listening to this and you don't live in Winchester, find your local Commissioner of Revenue and Treasurer and ask those same questions. But if you're in Winchester, feel free to reach out to either of those offices. I know a lot of times, the general public doesn't understand where my offices end and yours begin, but really if you contact anybody here at City Hall, Commissioner of Revenue's office, even if you show up over at the courts and you're asking about it, well, someone friendly will greet you and point you in the right direction. Cuz it can be complicated sometimes and that's why we talked about this today. All right. Thank you guys for very much for coming in. I appreciate it. And I'll see you around.

Ann Burkholder ([22:30](#)):

Thank you.

Jeff Barbour ([22:31](#)):

Thank you.

Dan Hoffman ([22:37](#)):

Okay. So now you've met our Commissioner of Revenue and our Treasurer. Just a reminder, they are kind of employees. They're Constitutional Officers.

Amy Simmons ([22:48](#)):

Right. Elected, yeah.

Dan Hoffman ([22:48](#)):

They don't work for me, everybody. They are kind of, based on the State of Virginia and the City structure, they're independent of the City Manager's office.

Amy Simmons ([23:00](#)):

But we support them.

Dan Hoffman ([23:02](#)):

Oh yeah. We try to work as collaboratively as possible with them and our Finance Department works closely with them.

Speaker 4 ([23:08](#)):

They have webpages on our website, we help them with promotions.

Dan Hoffman ([23:12](#)):

Exactly. IT. We're making a lot of investments in it over there to make their processes a little more accessible and online. We've developed a working relationship with them that I think is very positive.

Amy Simmons ([23:27](#)):

Yeah.

Dan Hoffman ([23:28](#)):

And just a reminder it for everybody. Sometimes I ask questions that I know the answer to so that we can get a good layman's response to how these things work. If you're listening to this and you're like, how does the City Manager not know what the admissions tax is? It might be because I want you guys to know what the admission tax is.

Amy Simmons ([23:48](#)):

Just in case you don't.

Dan Hoffman ([23:49](#)):

Just in case you don't. So keep that in mind when you listen to all these podcasts that...

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Amy Simmons ([23:54](#)):

You're not a dummy? <Laughs>.

Dan Hoffman ([23:55](#)):

Yeah. I'm not a dummy most of the time. So thanks to them for coming in and what's our next topic? Do we know what's on the agenda?

Amy Simmons ([24:07](#)):

Oh gosh. You asked me too fast. I do know that. Oh, it's 911 dispatching.

Dan Hoffman ([24:11](#)):

Oh yeah. That's gonna be a fun. So we get away from taxes and we'll talk about emergency stuff. Cool. Well, thanks for listening to this, the second half of the Rouss Review City Works portion. We'll see you around City Hall.