

# CITY OF WINCHESTER, VIRGINIA

## PROPOSED CITY COUNCIL AGENDA ITEM

CITY COUNCIL/COMMITTEE MEETING OF: March 10, 2015 CUT OFF DATE:     

RESOLUTION      ORDINANCE X PUBLIC HEARING X  
 Public hearing to be held April 14, 2015

**ITEM TITLE:**

Amend Ordinance Section 27-10 pertaining to tax rate

**STAFF RECOMMENDATION:**

Tax rate options, review revenue neutral rate

**PUBLIC NOTICE AND HEARING:**

Following ordinance process; two readings and public hearing

**ADVISORY BOARD RECOMMENDATION:**

N/A

**FUNDING DATA:**

Funding appropriated as needed.

**INSURANCE:**

No liability assumed.

The initiating Department Director will place below, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda.

<u>DEPARTMENT</u>	<u>INITIALS FOR APPROVAL</u>	<u>INITIALS FOR DISAPPROVAL</u>	<u>DATE</u>
1. City Treasurer	<i>JB</i>		<u>2/27/15</u>
2. Commissioner of the Revenue	<i>ATB</i>		<u>2/27/15</u>
3. _____			
4. _____			
5. City Attorney	<i>AV</i>		<u>3/2/2015</u>
6. City Manager	<i>YS</i>		<u>4 Mar 2015</u>
7. Clerk of Council			

Initiating Department Director's Signature: *Mary Blowe* 2-27-15  
Date

Mary Blowe, Finance Director



APPROVED AS TO FORM:

CITY ATTORNEY

*[Signature]* 5/2/2015

# CITY COUNCIL ACTION MEMO

**To:** Honorable Mayor and Members of City Council  
**From:** Mary Blowe, Finance Director  
**Date:** March 10, 2015  
**Re:** Real Estate Tax Rate

**THE ISSUE:** The City of Winchester recently completed our biennial reassessment process. With these reassessment figures we have computed a revenue neutral tax rate for your consideration. We also include figures for other tax rate options.

**RELATIONSHIP TO STRATEGIC PLAN:** With this revenue neutral rate, City administration can work within our budget to maintain services and reallocate funds to accomplish a more liveable City for all. While also supporting our mission to be a financially sound City providing top quality municipal services while focusing on the customer and engaging our Community.

**BACKGROUND:** See below for a summary of our tax increases or revenue neutrality over the years.

Year	Tax Rate	Incr/(- Decr)	% change	Net:
2000	\$0.67			
2001	\$0.72	\$0.05	7.5%	Tax Increase
2002	\$0.72	\$0.00	0.0%	
2003	\$0.58	-\$0.14	-19.4%	Revenue Neutral
2004	\$0.63	\$0.05	8.6%	Tax Increase
2005	\$0.63	\$0.00	0.0%	
2006	\$0.69	\$0.06	9.5%	Tax Increase
2007	\$0.65	-\$0.04	-5.8%	Revenue Neutral
2008	\$0.68	\$0.03	4.6%	Tax Increase
2009	\$0.77	\$0.09	13.2%	Revenue Neutral
2010	\$0.77	\$0.00	0.0%	
2011	\$0.86	\$0.09	11.7%	Revenue Neutral
2012	\$0.95	\$0.09	10%	Tax Increase
2013	\$0.95	\$0.00	0	
2014	\$0.95	\$0.00	0	
2015	\$0.91	-\$0.04	-4.4%	Revenue Neutral

AVG:        \$0.017        2.3%

These figures have been reviewed by all City Staff as well as our auditors to ensure accuracy.

**BUDGET IMPACT:** The City's Revenue would remain consistent with the budget number in FY 2015. Total assessed value of real property, excluding additional assessments due to new construction or improvements to property, increased from last year's total assessed value of real property by 5%. The rate necessary to continue with approximately the same amount of real estate revenue to the City would decrease from .95 to .91, beginning with the June 5, 2015 billing cycle. Individual property taxes may, however, vary at a percentage greater than or less than the above percentage. The .91 per \$100 of assessed value is the computed revenue neutral tax rate, however, staff will be advertising the current rate of .95 to give Council flexibility during the budget making process. This rate cannot be raised once advertised, but can be reduced based on Council's budgetary decisions.

**OPTIONS:** Council may elect to adopt a tax rate higher or lower than the proposed revenue neutral rate, but have budgetary consequences that can be analyzed. At the current assessments, if Council were to raise the tax rate by 1 cent this would yield approximately \$289,000.

	Increase in Budget	Total RE Budget
TAX LEVY @ \$0.95/100	\$1,152,000	27,386,821
TAX LEVY @ \$0.94/100	\$864,000	27,098,538
TAX LEVY @ \$0.93/100	\$576,000	26,810,256
TAX LEVY @ \$0.92/100	\$288,000	26,521,974
TAX LEVY @ \$0.91/100	\$0	26,233,691

**RECOMMENDATIONS:** It is the recommendation of City staff that Council adopt a tax rate necessary to accomplish Council's choices in the FY 2016 budget.

**CITY OF WINCHESTER  
REAL ESTATE TAX RATE CALCULATION  
TAX YEAR 2015**

PREVIOUS YEAR (2014) TOTAL REAL ESTATE TAX LEVY		t,rc	\$ 26,065,963
MULTIPLY BY 101%			101%
ALLOWABLE 2015 REAL ESTATE TAX LEVY		rc	<u>\$ 26,326,623</u>
2015 TAXABLE ASSESSMENT		t	\$ 2,912,434,100
LESS:			
AGRICULTURE DEFERRED LAND USE	Total Land Use	-	t
HORTICULTURE DEFERRED LAND USE	Included in Total	(1,699,828)	t
HISTORIC REHABILITATION		<u>(17,604,042)</u>	t (19,303,870)
NEW LOTS		-	t
NEW CONSTRUCTION (NEW BUILDINGS)		(10,307,000)	t
NEW CONSTRUCTION (EXISTING BUILDINGS)		<u>-</u>	t <u>(10,307,000)</u>
2015 NET TAXABLE ASSESSMENT FOR REVENUE-NEUTRAL CALCULATION		rc	<u>\$ 2,882,823,230</u>
ALLOWABLE 2015 REAL ESTATE TAX LEVY			\$ 26,326,623
DIVIDE BY 2015 NET TAXABLE ASSESSMENT			2,882,823,230
ALLOWABLE TAX RATE WITHOUT PUBLIC HEARING		rc	<u>\$ 0.9132</u>

**Legend:**

rc-recalculated

t- traced sample of assessed values to source documentation (field data sheets, subdivision plats CAMRA system, H.T.E billing register, etc)

## ARTICLE II. REAL PROPERTY TAX.

### DIVISION 1. IMPOSITION OF TAX

#### SECTION 27-10. LAND, LOTS, AND BUILDINGS.

On all tracts of land, lots, and improvements thereon not exempt from taxation there shall be a tax of ninety-~~five~~ five cents (\$0.9~~5~~5) for every one hundred dollars (\$100.00) of the assessed value thereof for general city and school purposes. All City taxes on real estate for each year shall be due and payable during the year for which the same are assessed in two approximately equal installments as follows:

- One-half on or before June fifth; and
- One-half on or before December fifth.

All taxes annually imposed on real estate shall be payable by the persons who on the first day of January in each and every year are the respective owners of record thereof.

(Ord. No. 044-88, 11-15-88; Ord. No. 011-91, 4-23-91; Ord. No. 017-92, 11-10-92; Ord. No. 015-93, 05-06-93; Ord. No. 017-94, 05-10-94; Ord. No. 010-96, 05-14-96; Ord. No. 006-99, 3-30-99; Ord. No. 007-2000, 04-11-00; Ord. No. 011-2001, 04-10-01; Ord. No. 012-2003, 4-22-03; Ord. No. 027-2003, 07-22-03; Ord. No. 013-2004, 4-28-04; Ord. No. 010-2005, 04-12-05; Ord. No. 10-2007, 4-24-2007; Ord. No. 2008-16, 4-8-2008; Ord. No. 2009-13, 4-21-09; Ord. No. 2011-06, 4-12-11; Ord. No. 2012-08, 4-17-12).

**State Law References**--Code of Virginia, §§58.1-3200; 58.1-3916; 15.1-160; City Charter §5.01 (1994).