



FY 2015 Budget Work Session Tax Rate Advertisement



February 25, 2014

Budget Public Hearing

State Code of Virginia (section 15.2-2506) requires Counties to:

- Hold a public hearing prior to budget adoption
- Advertise a brief synopsis of the budget, at least seven days prior to the public hearing

Spotsylvania FY 2015 Budget Public Hearing

April 3, 2014 @ 6:30 pm

Courtland High School Auditorium



Tax Rate Public Hearing

When a County proposes an increase in the tax levy the State Code of Virginia (section 58.1-3007) requires Counties to:

- Advertise proposed increase at least 7 days prior to increasing levy
- Provide the public with an opportunity to address the Board about the proposed tax increases



Spotsylvania FY 2015 Budget Public Hearing

April 3, 2014 @ 6:30 pm

Courtland High School Auditorium

Real Property Tax rate

- Assessment Office re-assesses real property every two years to ensure all parcels are valued consistently at fair market value
- Overall assessed value \div \$100 x Tax Rate = RE revenue
 - Less relief/deferrals
 - Less uncollected taxes
- FY 2015 – July 1, 2014 thru June 30, 2015
 - Includes two tax dates – December 2014 and June 2015
- Current (CY 2013) RE rate = \$0.88 tax rate



Real Property Tax rate

2014 Real Property AV's increased 4.25% over 2013

What happens when reassessed AV's increase?

- If tax levied at current rate is 1% more than previous year, counties must determine the lowered tax rate
- Per State Code calculation, lowered tax rate = rate necessary to get 101% of prior year's tax revenue using new AV (no new construction)



Real Property Tax rate

- Lowered (equalized tax rate) = \$0.86
- If BOS wishes to increase RE tax rate above “lowered rate,”
 - Must advertise:
 - “lowered rate” calculation
 - 30 days in advance of public hearing
- Once tax rates are advertised the Board can adopt a rate lower than the advertised rate, but cannot adopt a rate higher than advertised without re-advertising.



Considerations – tax rate

Noted at FY 2015 Recommended Budget presentation:

Item	Amount
RE tax rate – rounding issue	\$374,000
2% adjustment to sworn Sheriff's Office staff	<u>\$258,000</u>
Total	\$632,000

- One penny on RE tax rate = ~\$1.2 million



Considerations – tax rate

Additional items of concern (magnitude known):

Item	Amount
2% to all other employees	\$761,000
Two add'l judges (admin support, bailiffs)	\$577,000
50 replacement MDTs (operating system outdated)	\$250,000
4 Deputies (mental health emerg. custody)	\$317,000
VRS savings	<u>(\$589,000)</u>
Subtotal (includes prior slide)	<u>\$1,948,000</u>
Schools' requested add'l transfer	<u>\$1,900,000</u>
Total	<u>\$3,848,000</u>



- One penny on RE tax rate = ~\$1.2 million
- Prior slide + this slide = between 3 and 4 pennies

Considerations – tax rate

Additional items of concern (magnitude unknown):

- Uncertainty re: State budget (revenues, Medicaid expansion, salary adj. for certain Comp Board positions)
- Further changes to AVs
- NADA values
 - Tax rate in recommended budget = \$6.37
 - Equalized against negative NADA impact = \$7.03
 - Each penny = ~\$67,000
- Fund balance projection (currently ~\$900K)
- Transportation \$ & transfer of decal/set-aside revenue
- Justification of decisions/actions to bond rating agencies
- Impact of CY 2014 tax rates on FY 2014 Budget



Decision?

Real Property Tax rate to advertise

