

Issue Analysis Form



Date: March 10, 2020
Authority to Advertise Public
Hearing – Consideration of
Equalization of Tax Rate
Based on Assessment

Item:

Lead Department(s): County Finance / Assessor

Contact Person(s): Betsy Drewry / Rod Compton

Description and Current Status

The County Administrator proposed the Fiscal Year 2020-2021 budget at the February 25, 2020 board meeting and recommended no increase in the Real Property Tax Rate or Personal Property tax rate.

The board received preliminary information on an increase in assessed real property values at its pre-budget work session on December 16, 2019. The board received updated information at its budget work session on March 7, 2020. The assessed values (excluding new construction and improvements) have grown by more than 1%. Estimated FY2021 assessed values, net of new construction and improvements, have grown by 7.3% over 2020 values. The equalization rate would be 80¢ (a 6¢ reduction from the current 86¢ rate). See attached Equalization Rate calculation prepared by Rod Compton, County Assessor.

If the assessed value increases by more than 1% (excluding new construction and improvements), §58.1-3321 Code of Virginia:

1. County must reduce tax rate so that revenues \leq 101% of prior year levies (equalization / "reduced rate")

OR

2. County may increase tax rate after advertising and holding public hearing with notice of the "effective tax rate increase"

There is no recommendation to lower the tax rate to 80¢, and the proposed budget proposed keeping the real property tax rate at 86¢.

Requested Board Action:

Staff is requesting authority to advertise the public hearing on March 10, 2020 to meet the 30 day advertising requirement and to be able to conduct the public hearing on April 14, 2020. The advertisement will be advertised in *The Progress Index* as soon as possible to comply with §58.1-3321 Code of Virginia.

If the Board agrees to keep RE Tax Rate at 86¢ there will be no required board

action following the public hearing.

Staff will request adoption of tax rates following the public hearing on tax rates.

- | | | |
|---|---|--|
| Does this require IDA action? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does this require BZA action? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does This require Planning Commission Action? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does this require Board of Supervisors action? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does this require a public hearing? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| If so, before what date? [at least 30 days prior to public hearing] | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

Fiscal Impact Statement

The County Administrator's Proposed budget recommends no increase in the Real Property tax rate or personal property tax rate. The FY 2021 budget proposal included no recommendation to reduce the tax rate to the equalization rate of 80¢.

The overall General Fund budget, considering all revenue changes, is expected to increase by \$3,959,405, or 6.9%. **Budgeted** current real property tax revenues have been increased by \$1,900,000, or 8.1%.

Notable General Fund expenditure increases included in the proposed FY2021 budget were:

- A \$1,262,500 contribution to debt reserves to pay for construction of a new Walton Elementary school and other school and county capital projects
- Seven additional General Fund positions at a cost of \$503,424; (3 of which are public safety)
- Increase in the operating transfer to the Public Schools of \$222,532
- Increased technology software, contract and hardware needs of \$162,748
- Increase to Riverside Regional Jail of \$156,904

County Impact

If staff receives authority to advertise a public hearing, on April 14 the County will hold a public hearing on an effective tax rate increase (to not lower the rate to the equalization rate of 80¢) to comply with Code of Virginia § 58.1-3321.

Notes

PRINCE GEORGE COUNTY
FY2021 EQUALIZATION RATE

02-02-2020

	FY 2019	FY 2020	FY 2021
Residential/Agricultural	\$ 2,165,701,900	\$ 2,284,265,700	\$ 2,472,951,900
Multi-Family	102,755,300	104,347,200	119,018,600
Commercial/Industrial	463,799,400	477,855,106	511,236,400
Total Land Book	\$ 2,732,256,600	\$ 2,866,468,006	\$ 3,103,206,900
	2.0%	4.9%	8.3%
LESS: NC, NP, D*	\$ 16,753,100	\$ 29,504,400	\$ 26,181,200
Net Assessment	\$ 2,715,503,500	\$ 2,836,963,606	\$ 3,077,025,700
Assessment Change	\$ 37,385,700	\$ 104,707,006	\$ 210,557,694
Rate	0.86	0.86	0.86
Equalization Rate			0.80
*New Construction, New Parcels, Discovery PLUS Parcels converted from Exempt to Taxable LESS Parcels converted from Taxable to Exempt.			
Tax Levies (Projected)	\$ 23,497,406.76	\$ 24,651,624.85	\$ 26,687,579.34
Tax Change	\$ 465,594	\$ 1,154,218	\$ 2,035,954
	2.0%	4.9%	8.3%

PRINCE GEORGE COUNTY, VIRGINIA



NOTICE OF PROPOSED REAL PROPERTY TAX INCREASE

The County of Prince George proposes to increase property tax levies.

1. **Assessment Increase:** Total assessed value of real property, excluding assessments due to new construction and improvements to property, exceeds last year's total assessed value of real property by 7.3 percent.
2. **Lowered Rate Necessary to Offset Increased Assessment:** The tax rate which would levy the same amount of real estate tax as last year, when multiplied by the new total assessed value of real estate with the exclusion mentioned above, would be \$0.80 per \$100 of assessed value. This rate will be known as the "lowered tax rate."
3. **Effective Rate Increase:** The County of Prince George does not propose to adopt a tax rate lower than \$0.86 per \$100 of assessed value. The difference between the lowered tax rate and the proposed tax rate would be \$0.06 per \$100, or 7.3 percent. This difference will be known as the "effective tax rate increase."

Individual property taxes may, however, increase at a percentage greater than or less than the above percentage.

4. **Proposed Total Budget Increase:** Based on the proposed real property tax rate and changes in other revenues, the total budget of Prince George County will exceed last year's by 6.9 percent.

A public hearing on the increase will be held on April 14, 2020 beginning at 7:30 p.m. in the Board of Supervisors Meeting Room, Third Floor of the County Administration Building, 6602 Courts Drive, Prince George, Virginia, (located at the intersection of Laurel Springs Road and Courts Drive in the County Government Complex).

Related documents are available for review in the Office of the County Administrator/Clerk to the Board of Supervisors, Third Floor Third Floor, County Administration Building, 6602 Courts Drive, Prince George, Virginia, Monday through Friday from 8:30 a.m. until 5:00 p.m.; Tel. 722-8600. All interested persons shall be given an opportunity to be heard.

Percy C. Ashcraft
County Administrator

Issued in accordance with § 58.1-3321, Code of Virginia, 1950, as amended.

Board of Supervisors
County of Prince George, Virginia

Resolution

At a regular meeting of the Board of Supervisors of the County of Prince George held in the Boardroom, Third Floor, County Administration Building, 6602 Courts Drive, Prince George, Virginia this 10th day of March, 2020:

Present:

Vote:

Donald R. Hunter, Chairman
Alan R. Carmichael, Vice-Chairman
Floyd M. Brown, Jr.
Marlene J. Waymack
T. J. Webb

A-4

On motion of _____, seconded by _____, which carried unanimously, the following Resolution was adopted:

RESOLUTION; AUTHORITY TO ADVERTISE A PUBLIC HEARING
FOR AN EFFECTIVE REAL PROPERTY TAX INCREASE –
EQUALIZED RATE CONSIDERATION

NOW, THEREFORE, BE IT RESOLVED That the Board of Supervisors of the County of Prince George this 10th day of March, 2020, does hereby authorize the advertisement of a public hearing to be held on April 14, 2020, for an Effective Real Property Tax Increase – Equalized Rate Consideration.

A Copy Teste:

Percy C. Ashcraft
County Administrator