

# 15-B

**MOTION:**

**March 2, 2021  
Regular Meeting**

**SECOND:**

**Res. No. 21-**

**RE:**

**DIRECT THE COUNTY EXECUTIVE TO ADVERTISE THE TAX RATES AND FEES NECESSARY TO SUPPORT THE COUNTY EXECUTIVE'S PROPOSED FISCAL YEAR 2022 BUDGET (TAX YEAR 2021)**

**ACTION:**

**WHEREAS**, the County Executive presented the Proposed Fiscal Year 2022 Budget on February 16, 2021; and

**WHEREAS**, decisions on the Fiscal Year 2022 budget will not be made until community input is received throughout March and April with budget adoption on April 27; and

**WHEREAS**, the public hearings for the budget, tax rates, and fees required by the Code of Virginia are scheduled to occur on April 13, 2021; and

**WHEREAS**, under Virginia law, local governing bodies shall only adopt tax rates and fees at or lower than the advertised tax rates and fees, not higher than the advertised tax rates and fees;

**NOW, THEREFORE, BE IT RESOLVED** that the Prince William Board of County Supervisors hereby directs the County Executive to advertise the tax rates and fees necessary to support the County Executive's Proposed Fiscal Year 2022 Budget (Tax Year 2021).

**Votes:**

**Ayes:**

**Nays:**

**Absent from Vote:**

**Absent from Meeting:**

**For Information:**

Office of Executive Management

Office of Management and Budget Director

Finance Director

**ATTEST:** \_\_\_\_\_

**Clerk to the Board**



# STAFF REPORT

<b>Board Meeting Date:</b>	March 2, 2021
<b>Agenda Title:</b>	Direct the County Executive to Advertise the Tax Rates and Fees Necessary to Support the County Executive’s Proposed Fiscal Year 2022 Budget (Tax Year 2021)
<b>Requested Action:</b>	Direct staff to advertise Proposed Fiscal Year 2022 Budget Tax Rates.
<b>Department / Agency Lead:</b>	Office of Executive Management
<b>Staff Lead:</b>	Christopher E. Martino, County Executive

## **EXECUTIVE SUMMARY**

The County Executive presented the Proposed Fiscal Year (FY) 2022 Budget to the Prince William Board of County Supervisors (Board) and community on February 16, 2021. During the meeting, the Board agreed to discuss the tax rate advertisement at the Board’s next meeting on March 2, 2021. Since 2016 (FY2017 Budget), the County Executive has advertised the tax rates as presented in the proposed budget unless otherwise directed by the Board.

The public hearings on the proposed budget and tax rates are scheduled for April 13, 2021. The tax rate advertisement must be sent to the local newspaper no later than March 4, 2021, to ensure publication on March 11, 2021, and meet Code of Virginia requirements for public notices. After tax rates are advertised, the Board may adopt tax rates lower than advertised, but cannot adopt rates higher than advertised without additional advertising and public hearings.

Staff recommends the Board direct the County Executive to advertise the tax rates and fees necessary to support the County Executive’s Proposed FY2022 Budget (Tax Year 2021). Highlights are as follows:

- Real property tax rate of \$1.125;
- Business tangible personal property tax for programmable computer equipment and peripherals employed in a trade or business of \$1.60;
- Business tangible personal property tax on programmable computer equipment and peripherals used in a data center of \$1.60;
- Other tax rates and fees necessary to support the County Executive’s Proposed FY2022 Budget.

## **BACKGROUND**

---

The County Executive presented the Proposed FY2022 Budget to the Board and community on February 16, 2021. Since 2016 (FY2017 Budget), the County Executive has advertised the tax rates as presented in the proposed budget unless otherwise directed by the Board. After the proposed budget presentation on February 16, 2021, the Board agreed to discuss the tax rate advertisement at the Board's next meeting on March 2, 2021. The Board's adopted meeting calendar has one public hearing scheduled for the Proposed FY2022 Budget on either March 9, 2021, or March 16, 2021, and public hearings scheduled for the Proposed FY2022 Budget and advertised tax rates and fees on April 13, 2021.

The public hearing for the Proposed FY2022 Budget requires advertisement seven (7) days prior to the date of the public hearing on April 13, 2021. The public hearing for the real estate tax rate, also scheduled for April 13, 2021, requires advertisement thirty (30) days prior to the date of the public hearing. Staff must provide the real estate tax rate advertisement to the local newspaper no later than March 4, 2021, for the advertisement to be published on March 11, 2021, and comply with the thirty (30) day advertisement requirement mandated by the Code of Virginia for the real estate tax rate. The public hearings for fees adopted by ordinances must be advertised once a week for two successive weeks prior to the public hearing date, which is also April 13, 2021. The second advertisement cannot appear sooner than seven (7) days after the first advertisement.

The attachment to this staff report shows the tax rates necessary to fully fund the Proposed FY2022 Budget as presented by the County Executive on February 16, 2021. The attachment does not include Solid Waste Disposal Fees or Stormwater Management Fees which are proposed to remain unchanged from FY2021. The attached schedule does not include changes to development fee schedules (building, land, and Fire Marshal's Office) which are proposed to increase 4.5%.

The cigarette tax is a new tax funding the Proposed FY2022 Budget. Local authority to levy the cigarette tax does not become effective until July 1, 2021, and will require a future local ordinance for the Board's consideration after July 1, 2021. The cigarette tax will not be advertised at this time because the County does not have the authority to levy the tax until July 1, 2021. Future action will be required by the Board via local ordinance to levy the tax after July 1, 2021.

After tax rates are advertised, the Board may adopt tax rates lower than advertised, but cannot adopt rates higher than advertised without additional advertising and public hearings.

## **STAFF RECOMMENDATION**

---

It is the recommendation of staff that the Board of County Supervisors direct the County Executive to advertise the tax rates and fees necessary to support the County Executive's Proposed FY2022 Budget (Tax Year 2021).

### **Service Level / Policy Impact**

The advertised tax rates (attached) are the maximum the Board may establish when the budget is adopted. The tax rates may be reduced from the advertised amount at budget adoption scheduled for April 27, 2021.

### **Fiscal Impact**

The proposed real property tax rate of \$1.125, which is the current rate, provides the real estate tax rate necessary to fully fund the Proposed FY2022 Budget, including the school transfer. At a real property tax rate of \$1.125, the average residential tax bill would be \$4,675 which increases \$306 or 7.0%. The average commercial tax bill decreases 4.5%.

One cent (\$0.01) on the real estate tax rate is projected to generate \$6,828,853 in general revenue in FY2022. Each cent on the real estate tax rate equates to \$3,908,153 to the Schools (57.23%) and \$2,920,700 (42.77%) in accordance with the County/Schools Revenue Sharing Agreement.

### **Legal Impact**

Virginia Code Section 58.1-3321 provides that where a general reassessment of real property will result in an increase of one percent (1%) or more in the total real property levy, the County must either reduce the real estate levy rate to produce no more than 101% of the previous year's real estate tax levies or comply with certain procedures to retain or increase the real estate levy rate, including the publication of a maximum levy rate to be discussed at a public hearing. If real estate assessments are increasing and if the real estate tax rate to be advertised or adopted will likely increase the amount of the real estate tax levy by more than one percent (1%) of prior year real property tax levies, the Code of Virginia requires the governing body to publish notice of the increased real estate tax levies and conduct a separate public hearing on the advertised proposed real estate tax rate. Notice of the public hearing must be advertised at least thirty (30) days before the date of the public hearing.

Virginia Code Section 58.1-3007 requires that any proposed increase to any local tax levy be published in a newspaper having general circulation in the locality at least seven (7) days before the increase is made and a public hearing held to receive all citizen comments.

Section 15.2-2506 requires that a brief synopsis of the proposed budget shall be published once in a newspaper of general circulation and notice given of a public hearing at least seven (7) days prior to the public hearing. Furthermore, the public hearing must be held at least seven (7) days prior to the adoption of the budget.

County fees established and adopted by ordinance must have a duly advertised public hearing per the requirements of Virginia Code Section 15.2-107 and Section 15.2-1427, which requires an advertisement in a newspaper of general circulation in the County once a week for two successive weeks prior to the public hearings with the second publication not being sooner than one calendar week after the first publication.

The Virginia General Assembly amended Virginia Code Section 58.1-3830 in 2020 to authorize all counties, cities, and towns to levy a tax on the sale or use of cigarettes. The effective date of the Virginia Code amendment is July 1, 2021, and requires the adoption of an ordinance for the administration and enforcement of the cigarette tax. Because the effective date of the Board's authority to levy a cigarette tax is July 1, 2021, the Board's action to adopt the ordinance must occur on or after July 1, 2021.

**STAFF CONTACT INFORMATION**

---

Christopher E. Martino | (703) 792-6600  
David Sinclair | (703) 792-7181  
dsinclair@pwcgov.org

**ATTACHMENT**

---

Tax Rates Supporting Proposed Fiscal Year 2022 Budget

**Tax Rates Supporting Proposed FY2022 Budget**

**Adopted FY2021 and Proposed FY2022**

(Rates per \$100 assessed value)

	Adopted <u>FY2021</u>	Proposed <u>FY2022</u>
<b>Real Estate:</b>		
All real property	\$ 1.125	\$ 1.125
<b>Special Levy Districts (Real Property Only):</b>		
Countywide Fire and Rescue Levy	\$ 0.0800	\$ 0.0800
Mosquito and Forest Pest Management Service District	0.0025	0.0025
Bull Run Mountain Service District	0.1230	0.1230
Lake Jackson Sanitary and Service District	0.1650	0.1650
234 Bypass Transportation Improvement District	0.0200	0.0200
Prince William Parkway Transportation Improvement District	0.0000	0.0000
<b>Tangible Personal Property:</b>		
General classification of tangible personal property, and all other classifications of tangible personal property except for those set forth below:	\$ 3.70	\$ 3.70
Programmable computer equipment and peripherals employed in a trade or business	1.35	1.60
Computer equipment and peripherals used in a data center	1.35	1.60
Tangible personal property used in a research and development business	1.00	1.00
Manufactured homes	1.125	1.125
Watercraft and boats pursuant to §58.1-3506(A)(1)(2), (1)(b), (12), (28), (29), (35) and (36), VA Code Ann.	0.00001	0.00001
Aircraft pursuant to §58.1-3506(A)(2), (3), (4) and (5), VA Code Ann.	0.00001	0.00001
Farm machinery as defined in §58.1-3505, VA Code Ann.	0.00001	0.00001
Privately-owned vans with a seating capacity of not less than seven nor more than fifteen persons, including the driver, used exclusively pursuant to a ridesharing arrangement	0.00001	0.00001
One vehicle owned or leased by a volunteer fire department or volunteer emergency medical services agency member who regularly responds to calls or regularly performs other duties for the agency or fire department	0.00001	0.00001
One vehicle owned or leased by an auxiliary volunteer fire department or volunteer emergency medical services agency member who regularly performs duties for the fire department or agency, and the motor vehicle identified is regularly used for such purpose	0.00001	0.00001
Vehicles specially equipped to transport physically handicapped individual persons	0.00001	0.00001
Certain personal property owned by elderly and handicapped persons pursuant to Section 26-44 of the PWC Code	0.00001	0.00001
Privately-owned camping and travel trailers used for recreational purposes, and privately owned trailers designed and used for the transportation of horses	0.00001	0.00001
Privately-owned motor homes used for recreational purposes only	0.00001	0.00001
<b>Machinery and Tools:</b>		
Machinery & Tools used in manufacturing, mining, water well drilling, processing or reprocessing, radio or television broadcasting, dairy, dry cleaning or laundry business, and all other classifications of machinery and tools except for those set forth below;	\$ 2.00	\$ 2.00
Heavy construction machinery used in a business	3.70	3.70

**Business Professional and Occupational License Tax - Adopted FY2021 and Proposed FY2022**

Rates are per \$100 Gross Receipts or \$100 Gross Purchases if Wholesale (Does Not Apply to Businesses in Towns)

	Adopted <u>FY2021</u>	Proposed <u>FY2022</u>
<b>Business Type:</b>		
Business, Personal, Repair and Other Services	\$ 0.21	\$ 0.21
Contractors, Builders, Developers	0.13	0.13
Financial Services	0.33	0.33
Hotels, Motels and Lodging Facilities	0.26	0.26
Professional Services	0.33	0.33
Public Utilities- Electric and Natural Gas as defined by Section 11.1-18 of the PWC Code	0.50	0.50
Public Utilities- All Others as defined by Section 11.1-18 of the PWC Code	0.29	0.29
Real Estate Services	0.33	0.33
Retail Merchant	0.17	0.17
Wholesale Merchant	0.05	0.05
Funds received by a person, firm, or corporation designated as the principal or prime contractor for identifiable federal appropriations for research and development services as defined by Section 11.1-17(a)(9) of the PWC Code	0.03	0.03

**Vehicle License Tax - Adopted FY2021 and Proposed FY2022**

Rates are per Vehicle Normally Garaged or Parked in the County (Does Not Apply to Vehicles in Towns)

	Adopted <u>FY2021</u>	Proposed <u>FY2022</u>
<b>Vehicle Type:</b>		
Automobiles, trucks and motor homes (any weight)	\$ 33.00	\$ 33.00
Motorcycles	20.00	20.00
Trailers	0.00	0.00

**Cigarette Tax - Adopted FY2021 and Proposed FY2022**

Local Authority Effective July 1, 2021 per Virginia Code §58.1-3830 Requiring Local Ordinance

	Adopted <u>FY2021</u>	Proposed <u>FY2022</u>
<b>Cigarette Tax:</b>		
Cigarette tax per cigarette sold	--	\$ 0.0150

**Personal Property Tax Relief for Qualifying Vehicles - Adopted FY2021 and Proposed FY2022**

Rates are the Percentage Credit Applied Against the Personal Property Tax Amount Otherwise Due for Qualifying Vehicles

	Adopted <u>FY2021</u>	Proposed <u>FY2022</u>
<b>Vehicle Assessed Value:</b>		
Assessed value of \$1,000 or less	100.0%	100.0%
Assessed value between \$1,001 and \$20,000	45.0%	45.0%
Assessed value over \$20,000 with such percentage applied as a credit to the first \$20,000 of assessed value	45.0%	45.0%