

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 12, 2013

TO: THE HONORABLE MAYOR EUILLE AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER 

SUBJECT: BUDGET MEMO #8: CONSIDERATION OF TAX ALTERNATIVES FOR THE FY 2014 BUDGET (COUNCILMAN WILSON'S REQUEST)

The purpose of this memorandum is in response to Councilman Wilson's request for details on possible revenue alternatives to support the fiscal year (FY) 2014 budget. Staff has identified a number of tax categories that could be increased and therefore add to the City's General Fund revenues. The tax alternatives affect both individual and business taxpayers. In all cases, the City has the statutory authority to increase the tax rates because: (1) the current tax rates are not at the State maximum as enumerated in the Code of Virginia; (2) the maximum does not apply to the City; or (3) there is no maximum. In addition to these options, in mid-April staff will present revised FY 2014 projections for all revenues.

Comparison tables for FY 2014 proposed tax rate changes and possible additional revenues can be found in Attachment I. Summary tables comparing the City's current tax rates with the rates applied by our comparator jurisdictions can be found in Attachment II. The tables included in each section below give the same information on a tax-by-tax basis.

PART I: CHANGES INCLUDED IN THE PROPOSED BUDGET

Real Estate Tax

The real estate tax is the City's largest source of revenue. For 2013 assessments, the total equalized assessments increased by 3.03 percent with reassessments increasing by 2.67 percent and new construction adding 0.36 percent. Within that reassessment, the average residential real estate assessment increased by 2.72 percent and, assuming a tax increase of 5.5 cents, would see an average tax bill increase of \$385 in calendar year 2013. Breaking that statistic down further, the value of the average single family home increased by 2.97 percent and would see an increase of \$546, and the value of the average condominium increased by 2.22 percent, meaning that the average condo tax bill would increase by \$210 if the tax rate increases to \$1.053 per \$100 in assessed value. Commercial property tax assessments increased by 4.15 percent (not including new growth) so that the tax bills for that class of property will increase on average by \$5,305 if the tax rate increases to \$1.053 per \$100 in assessed value.

Each additional cent increase would increase FY 2013 revenues by \$1.7 million, FY 2014 revenues by \$3.5 million and the average residential tax bill by \$70.

Table I: Real Estate Tax Rates and Revenues

FY 2014 Proposed Revenue	Proposed Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$351.5 million	\$0.998 per \$100 to \$1.053 per \$100	\$19.4 million	5.5%

Table II: Current Real Estate Tax Rate Comparison

Jurisdiction	Tax Rate
City of Alexandria	\$0.998 per \$100 of assessed value
Arlington County	\$0.971 per \$100 of assessed value
Fairfax County	\$1.075 per \$100 of assessed value
Loudoun County	\$1.235 per \$100 of assessed value
Prince William County	\$1.286 per \$100 of assessed value
State Maximum: None	

As an additional alternative, the City could assess the commercial and industrial add-on real estate tax (C&I tax) at the state maximum of \$0.125 per \$100 in value, which would set the commercial and industrial tax rate at \$1.178 per \$100 if both the proposed base rate above and the C&I tax are implemented. The pending new state transportation legislation will require the City and other Northern Virginia jurisdictions to deposit the amount received from assessing the maximum C&I tax or an equivalent amount from other sources into a special fund in order to receive 30 percent of the revenues generated from a 0.7 percentage point state sales tax increase, a 3.0 percent transient occupancy tax, and an additional \$0.25 per \$100 grantor's tax imposed in Northern Virginia. Both the City amounts deposited into the fund and the City's 30 percent share of the above revenues must be expended on transportation. Currently, both Arlington and Fairfax Counties assess the C&I tax. Arlington assesses the tax at the statutory maximum, while Fairfax County assesses the tax at a rate of \$0.11 per \$100. Fairfax County is considering increasing its C&I tax to the maximum for calendar year 2013.

Based on total calendar year 2013 commercial and industrial assessments of \$8.98 billion, each cent of the C&I tax would produce \$0.9 million in revenues, increasing the average tax bill for affected properties by \$381 from the proposed 2013 base rate. Assessing the maximum C&I tax rate would produce \$11.2 million in revenues. If the C&I tax is added to the proposed base rate of \$1.053 per \$100, the average tax bill for affected properties would increase by \$4,764 (11.87%) from the proposed 2013 base rate or \$6,861 (18.04%) from the average 2012 tax bill.

Table III: Commercial and Industrial Real Estate Tax Rates and Revenues

FY 2014 Proposed Revenue*	Possible Rate Change	Potential Additional Revenue*	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$89.6 million	\$0.998 per \$100 to \$1.178 per \$100	\$16.2 million	18.1%

*Proposed and additional revenues apply solely to properties affected by the C&I tax.

Table IV: Current C&I Tax Rate Comparison

Jurisdiction	Tax Rate
City of Alexandria	N/A
Arlington County	\$0.125 per \$100 of assessed value
Fairfax County	\$0.11 per \$100 of assessed value
Loudoun County	N/A
Prince William County	N/A
State Maximum: \$0.125 per \$100 of assessed value	

Vehicle Personal Property Tax

The vehicle personal property tax is assessed on vehicles that are normally parked, stored, or garaged in the City for more than 30 days or that are registered to a City address with Virginia DMV. The vehicle personal property tax rate has been fixed at \$4.75 per \$100 of assessed value since 1989. Based on FY 2012 collections, increasing the tax rate to \$5.00 per \$100 would generate an additional \$2.0 million in revenue.

Table V: Personal Property Tax Rates and Revenues

FY 2014 Proposed Revenue*	Proposed Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$46.0 million	\$4.75 per \$100 to \$5.00 per \$100	\$2.0 million	4.3%

*Excludes decal fees.

Table VI: Current Personal Property Tax Rate Comparison

Jurisdiction	Tax Rate
City of Alexandria	\$4.75 per \$100 of assessed value
Arlington County	\$5.00 per \$100 of assessed value
Fairfax County	\$4.57 per \$100 of assessed value
Loudoun County	\$4.20 per \$100 of assessed value
Prince William County	\$3.70 per \$100 of assessed value
State Maximum: None	

Personal Property Tax Relief

Through the Personal Property Tax Relief Act of 1998 (PPTRA), the Commonwealth of Virginia grants partial relief of the personal property tax levied on the first \$20,000 of the assessed value for qualifying vehicles. In 2004, the General Assembly passed legislation capping PPTRA relief at \$950 million for the entire State, beginning with the year 2006. Each locality must annually recalculate relief to equitably distribute the locality's PPTRA reimbursement from the State. Currently, the reimbursement covers 100 percent of the taxes on all vehicles assessed at less than \$1,000 and a percentage of the tax on all other qualifying vehicles. The percentage covered varies each year depending on the number and total value of qualifying vehicles.

In addition to increasing the personal property tax rate to \$5.00 per \$100, the City could change the manner in which the City applies Personal Property Tax Relief to the taxes assessed on qualifying vehicles. Under the proposed structure, rather than calculating one relief percentage for all qualifying vehicles valued at more than \$1,000, the City would apply one relief percentage to qualifying vehicles assessed between \$1,001 and \$10,000 and another percentage to qualifying vehicles assessed at more than \$10,000. Based on 2012 valuations, tax relief of 62.95 percent would be applied to qualifying vehicles assessed between \$1,001 and \$10,000, and tax relief of 55 percent would be applied to the taxes on the first \$20,000 in value for qualifying vehicles assessed at more than \$10,000. The actual percentages for 2013 cannot be determined until 2013 assessments are completed in July.

This proposed change, combined with the increase in the tax rate, would have the following effects on the amounts paid by taxpayers:

1. There would be no change to the taxes due from the taxpayer for qualifying vehicles valued at less than \$18,000;
2. The amount due from the taxpayer would increase by \$71.55 or 21.5 percent for qualifying vehicles assessed at \$18,000;
3. The amount due from the taxpayer would increase by \$92 or 15.1 percent for qualifying vehicles assessed at \$25,000;
4. The amount due from the taxpayer would increase by \$109.50 or 11.6 percent for qualifying vehicles assessed at \$32,000.

Changing the manner in which tax relief is applied would have no effect on the amount of taxes collected.

Table VII: Personal Property Tax Relief Structure and Revenues

FY 2014 Proposed Revenue	Proposed Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$23.6 million	Changing from calculating one single relief percentage for all qualifying vehicles valued at more than \$1,000 to a multi-tiered relief structure. All qualifying vehicles valued at \$1,000 or less will continue to receive 100 percent relief.	None	N/A

Table VIII: Current Personal Property Tax Relief Structure Comparison

Jurisdiction	Current Application
City of Alexandria	100% for vehicles assessed at \$1,000 or less; applied evenly to all remaining on first \$20,000 in value
Arlington County	100% on the first \$3,000 in value for all qualifying vehicles; remaining applied to taxes assessed on value between \$3,001 and \$20,000
Fairfax County	100% for vehicle assessed at \$1,000 or less; applied evenly to all remaining on first \$20,000 in value
Loudoun County	100% for vehicle assessed at \$1,000 or less; applied evenly to all remaining on first \$20,000 in value
Prince William County	100% for vehicle assessed at \$1,000 or less; applied evenly to all remaining on first \$20,000 in value

Cigarette Tax

The City levies a tax on every person who sells, distributes, or uses cigarettes. The tax is currently administered by the Northern Virginia Cigarette Tax Board, a regional, inter-jurisdictional enforcement authority. The current tax rate is 80 cents for each package of cigarettes. In FY 2012, the City collected \$2.7 million in cigarette tax revenue for the General Fund. Based on FY 2012 actual revenue and FY 2013 collections-to-date, increasing the tax rate from \$0.80 to \$0.90 would generate an additional \$0.3 million in tax revenue. This projection is based on the assumption that cigarette purchasers will continue to purchase cigarettes in the City at the same rate as in FY 2012 and FY 2013.

Table IX: Cigarette Tax Rates and Revenues

FY 2014 Proposed Revenue	Proposed Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$2.6 million	\$0.80 per pack to \$0.90 per pack	\$0.3 million	12.8%

Table X: Current Cigarette Tax Rate Comparison

Jurisdiction	Tax Rate
City of Alexandria	\$0.80 per pack
Arlington County	\$0.30 per pack
Fairfax County	\$0.30 per pack
Loudoun County	N/A
Prince William County	N/A
State Maximum: none for the City; \$0.30 for counties	

PART II: OTHER POSSIBLE CHANGES

Business Personal Property Tax

The business personal property tax (BPP) is an annual tax levied against businesses that own or lease business equipment, furniture and fixtures that are located in the City on January 1 of each year. The base BPP tax rate of \$4.75 per \$100 of assessed value has been the same since 1989. BPP also includes machinery and tools used in the manufacturing process, which are taxed at \$4.50 per \$100 of assessed value.

Based on the total tax assessed in FY 2012, less machinery and tools, raising the base tax rate for BPP from \$4.75 to \$5.00 per \$100 of assessed value could generate an additional \$0.8 million in tax revenue. This rate increase could only occur if the City also raised the personal property tax on vehicles to \$5.00. The BPP tax rate can be equal to or lower than the vehicle personal property tax, but it cannot be higher. The proposed budget recommends no change in this rate.

Table XI: BPP Tax Rates and Revenues

FY 2014 Proposed Revenue	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$16.7 million	\$4.75 to \$5.00	\$0.8 million	4.8%

Table XII: Current BPP Rate Comparison

JURISDICTION	TAX RATE
City of Alexandria	\$4.75 per \$100 of assessed value
Arlington County	\$5.00 per \$100 of assessed value
Fairfax County	\$4.57 per \$100 of assessed value
Loudoun County	\$4.20 per \$100 of assessed value
Prince William County	\$3.70 per \$100 of assessed value
State Maximum: none	

Personal Property Tax for Boats

The current tax rate for recreational boats and watercraft is \$0.01 per \$100 of assessed value. Using the calendar year 2012 assessed value for boats, staff estimates that raising the tax rate on recreational boats and watercraft to \$4.75 per \$100 of assessed value could result in \$28,280 in additional revenue. Increasing the rate to \$5.00 per \$100 of assessed value could result in \$29,770 in additional revenue. The proposed budget recommends no change in this rate.

Table XIII: Personal Property Tax Rates and Revenues for Boats

FY 2013 Assessed Tax	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2013 Assessed Tax
\$60	\$0.01/\$100 to \$4.75/\$100 or \$5.00/\$100	\$28,279 or \$29,770	471.3% or 496.2%

Table XIV: Current Personal Property Tax for Boats Rate Comparison

JURISDICTION	TAX RATE
City of Alexandria	\$0.01/\$4.75 for large boats
Arlington County	\$5.00 for all boats
Fairfax County	\$0.01/\$4.57 for large boats
Loudoun County	\$4.20 all boats
Prince William County	\$0.00001 for all boats
State Maximum: none	

Consumer Utility Tax: Residential

The City levies a tax against consumers of utility services (electricity, natural gas, and water). The tax is levied and collected by the utility companies through the billing process and is remitted to the City. The City tax for residential customers is currently capped at \$2.40 per month for electricity and gas services. There is no City cap for water service. The State allows localities to impose a tax rate up to \$3.00 per month for each service.

In FY 2012, the City collected \$3.0 million in utility taxes from all residential gas and electricity consumers. If the City increases the rate on the utility tax cap by \$0.60 per month to \$3.00 per month on residential gas and electricity consumers, it is projected that the City would collection an additional \$0.7 million in revenue. The City also collected \$1.7 million in utility taxes from residential water customers. If the City increases the tax rate for water from 15 percent to 20 percent of the typical household bill for water consumers, as allowed by state law, it is projected that the City would collect an additional \$0.6 million in revenue. The average gas/electricity customer would pay an additional \$1.20 per month or \$14.40 per year. The average water customer would pay an additional \$2.68 per month or \$10.71 per year. The proposed budget recommends no change in these rates.

Table XV: Residential Utility Tax Rates and Revenues: Gas/Electricity

FY 2012 Actual Revenues	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2012 Actual Revenues
\$3.0 million	Max \$2.40 per month to max \$3.00 per month	\$0.7 million	23.3%

Table XVI: Current Residential Utility Tax Rate Comparison for Gas/Electricity

JURISDICTION	TAX RATE
City of Alexandria	Max \$2.40 per month
Arlington County	Max \$3.00 per month
Fairfax County	Max \$4.00 per month*
Loudoun County	Max \$2.70 per month
Prince William County	Max \$3.00 per month
State Maximum: \$3.00 per month	

*Some jurisdictions were grandfathered in at higher rates.

Table XVII: Residential Utility Tax Rates and Revenues: Water

FY 2012 Actual Revenues	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2012 Actual Revenues
\$1.7 million	15% of monthly bill to 20% of monthly bill for water	\$0.6 million	35.3%

Table XVIII: Current Residential Utility Tax Rate Comparison for Water

JURISDICTION	TAX RATE*
City of Alexandria	15%
Arlington County	None
Fairfax County	None
Loudoun County	None
Prince William County	None
State Maximum : \$3.00 per month	

*Other jurisdictions' water service is provided by public entities.

Consumer Utility Tax: Commercial

In FY 2012, the City collected \$4.8 million in utility tax revenue collected from all commercial and industrial electricity customers and \$0.9 million from all commercial/industrial water customers. Based on FY 2012 collections, if the City increases the utility tax rates for electricity by 10 percent, the City could expect to collect an additional \$0.4 million in revenue. If the City increases the rate for water from 15 percent on the first \$150 to 20 percent on the first \$150, the City could expect to collect an additional \$0.3 million in revenue. While the Code of Virginia is not clear, it appears that the City is already at the maximum rate for commercial gas usage.

Table XIX: Commercial Utility Tax Rates and Revenues: Electric

FY 2012 Actual Revenues	Possible Rate Changes	Potential Additional Revenue	Percentage Increase as Percent of FY 2012 Actual Revenues
\$4.8 million	Electricity for commercial consumers from \$0.97 + .004610 per Kilowatt Hours (kWh) to \$1.07 + 0.005071 per kWh; Electricity for industrial consumers from \$0.97 + .003755 per Kilowatt Hours (kWh) to \$1.07 + 0.004131 per kWh	\$0.4 million	8.3%

Table XX: Current Commercial Utility Tax Rate Comparison for Electricity

JURISDICTION	TAX RATE
City of Alexandria	\$.97 + \$.004610 per kWh
Arlington County	\$1.15 + \$.00649 per kWh
Fairfax County	\$.92 + \$.00594 per kWh
Loudoun County	\$.92 + \$.005393 per kWh
Prince William County	\$2.29 + \$.013487 per kWh
State Maximum: none	

Table XXI: Commercial Utility Tax Rates and Revenues: Water

FY 2012 Actual Revenues	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2012 Actual Revenues
\$0.9 million	15% of the first \$150 to 20% of the first \$150	\$0.3 million	33.3%

Table XXII: Current Commercial Utility Tax Rate Comparison for Water

JURISDICTION	TAX RATE*
City of Alexandria	15% on first \$150
Arlington County	None
Fairfax County	None
Loudoun County	None
Prince William County	None
State Maximum : none	

*Other jurisdictions' water service is provided by public entities.

Business License Taxes for Business, Personal, and Repair Services

Business, Personal, and Repair Services is one of the largest business, professional, and occupational license (BPOL) tax categories. The current tax rate is \$0.35 per \$100 of gross receipts. In FY 2012, the City collected \$11.1 million in taxes from businesses in this category. Based on FY 2012 collections, raising the tax rate by \$0.01 to the state maximum would generate \$0.3 million in additional tax revenue. The proposed budget recommends no change in these rates.

Table XXIII: BPOL Tax Rates and Revenues for Business, Personal, and Repair Services

FY 2012 Actual Revenues	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2012 Actual Revenues
\$11.1 million	\$0.35/\$100 to \$0.36/\$100	\$0.3 million	2.9%

Table XXIV: Current BPOL Tax Rate Comparison for Business, Personal, and Repair Services

JURISDICTION	TAX RATE
City of Alexandria	\$0.35 per \$100 of gross receipts
Arlington County	\$0.35 per \$100 of gross receipts
Fairfax County	\$0.19 per \$100 of gross receipts
Loudoun County	\$0.16/\$0.17 per \$100 of gross receipts
Prince William County	\$0.21 per \$100 of gross receipts
State Maximum: \$0.36 per \$100	

Business License Taxes for Financial Services

The current BPOL tax rate for financial services is \$0.35 per \$100 of gross receipts. In FY 2012, the City collected \$1.1 million in BPOL taxes from businesses in this category. Based on FY 2012 collections, raising the tax rate to \$0.40 per \$100 would generate \$0.16 million in additional revenue, raising it to \$0.45 per \$100 would generate \$0.31 million in additional revenue, and raising it to the state maximum of \$0.58 per \$100 would generate an additional \$0.72 million in additional revenue. The proposed budget recommends no change in these rates.

Table XXV: BPOL Tax Rates and Revenues for Financial Services

FY 2012 Actual Revenues	Possible Rate Changes	Potential Additional Revenue	Percentage Increase as Percent of FY 2012 Actual Revenues
\$1.1 million	\$0.35/\$100 to \$0.40/\$100, \$0.45/\$100, or \$0.58/\$100	\$0.16 million, \$0.31 million or \$0.72 million	14.5%, 28.2%, or 65.5%

Table XXVI: Current BPOL Tax Rate Comparison for Financial Services

JURISDICTION	TAX RATE
City of Alexandria	\$0.35 per \$100 of gross receipts
Arlington County	\$0.36 per \$100 of gross receipts
Fairfax County	\$0.31 per \$100 of gross receipts
Loudoun County	\$0.33 per \$100 of gross receipts
Prince William County	\$0.33 per \$100 of gross receipts
State Maximum: \$0.58 per \$100	

Transient Lodging Tax (Base Tax Rate)

The current transient lodging tax rate is 6.5 percent of the room charge and \$1 per room per night. In FY 2012, the City collected \$11.4 million in transient lodging taxes. Of this amount, \$10.4 million was derived from the base tax rate on room charges. Based on FY 2012 collections, raising the base tax rate to 7.0 percent would generate \$0.8 million in additional revenue. The proposed budget recommends no change in this rate.

The transient lodging tax is assessed in addition to the 5.0 percent sales tax. Due to the pending new state transportation legislation, the state sales tax will increase to 6.0 percent in Northern Virginia as of July 1, 2013, which will increase the total tax paid on the room charge from 11.5 percent to 12.5 percent (or 13.0 percent if the City increases its rate). In addition, the new state transportation legislation will also impose a 3.0 percent transient occupancy tax on room rentals in Northern Virginia beginning July 1, 2013, increasing the total tax paid on the room charge from 11.5 percent to 15.5 percent (or 16.0 percent if the City increases its rate). Based solely on the pending new state transportation legislation, the tax paid on the room charge will increase by four percentage points as of July 1, 2013. The City is expected to receive a percentage of the revenues generated by these tax increases (30 percent of the transient occupancy revenues and 30 percent of revenues from the regional 0.7% sales tax).

Table XXVII: Transient Lodging Tax Rates and Revenues

FY 2014 Proposed Revenue	Possible Rate Changes	Potential Additional Revenue	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$12.4 million	6.5% to 7.0%	\$0.8 million	6.5%

Table XXVIII: Current Transient Lodging Tax Rate Comparison

JURISDICTION	TAX RATE
City of Alexandria	6.5% +\$1/night
Arlington County	5.25%
Fairfax County	4.0%
Loudoun County	5.0%
Prince William County	5.0%
State Maximum: none for cities; 2.0% for counties, with exceptions. Most local counties are allowed a higher rate.	

Restaurant Meals Tax

The City of Alexandria levies a 4.0 percent meal and beverage tax on the purchase of food and beverages. This tax is in addition to the 5.0 percent sales tax. In FY 2012, the City collected \$16.3 million in revenue from this tax. Based on FY 2012 collections, staff estimates that a tax increase of one half percent would produce an additional \$2.0 million in tax revenue and a one

percent increase in the tax rate would generate an additional \$4.1 million in tax revenue. The proposed budget recommends no change in this rate.

The meal and beverage tax is assessed in addition to the 5.0 percent sales tax. Due to the pending new state transportation legislation, the state sales tax will increase to 6.0 percent in Northern Virginia as of July 1, 2013, which will increase the total tax paid on restaurant meals from 9.0 percent to 10.0 percent (or to either 10.5 or 11 percent if the City increases its rate). Based solely on the pending new state transportation legislation, the tax paid on the room charge will increase by one percentage point as of July 1, 2013. The City is expected to receive 30 percent of the revenues generated by this tax increase.

Table XXIX: Restaurant Meals Tax Rates and Revenues

FY 2014 Proposed Revenue	Possible Rate Changes	Potential Additional Revenue	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$17.4 million	4% to 4.5% or 5%	\$2.0 million or \$4.1 million	11.5% or 23.6%

Table XXX: Current Restaurant Meals Tax Rate Comparison

JURISDICTION	TAX RATE
City of Alexandria	4.0%
Arlington County	4.0%
Fairfax County	N/A
Loudoun County	N/A
Prince William County	N/A
State Maximum: none for cities; 4.0% for counties	

Admissions Tax

The City’s admissions tax rate is 10 percent of the admission charge, not to exceed \$0.50 for each admission sold. In FY 2012, the City collected \$1.1 million in admissions tax revenue. Based on FY 2012 collections, staff estimates that raising the tax rate to 10 percent of the admission charge, not to exceed \$1.00, would produce about \$1.0 million in additional revenue. A \$0.75 tax cap would raise \$0.5 million. The proposed budget recommends no change in this rate.

Table XXXI: Admissions Tax Rates and Revenues

FY 2014 Proposed Revenue	Possible Rate Changes	Potential Additional Revenue	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$1.0 million	10%, not to exceed \$0.50 to 10%, not to exceed \$0.75 or not to exceed \$1.00	\$0.5 million or \$1.0 million	50% or 100%

Table XXXII: Current Admissions Tax Rate Comparison

JURISDICTION	TAX RATE
City of Alexandria	10% on the first \$5.00
Arlington County	N/A
Fairfax County	N/A
Loudoun County	N/A
Prince William County	N/A
State Maximum: none for cities; 10% for counties	

ATTACHMENTS: Attachment I: Rate Changes and Additional Revenues
Attachment II: Tax Rate Comparisons

STAFF:

Laura B. Triggs, Chief Financial Officer/Director of Finance
Debbie Kidd, Deputy Director of Finance

Proposed Changes and Additional Revenues

Real Estate Taxes

FY 2014 Proposed Revenue	Proposed Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$351.5 million	\$0.998 per \$100 to \$1.053 per \$100	\$19.4 million	5.5%

Commercial and Industrial Real Estate Taxes

FY 2014 Proposed Revenue*	Possible Rate Change	Potential Additional Revenue*	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$89.6 million	\$0.998 per \$100 to \$1.178 per \$100	\$16.2 million	18.1%

*Proposed and additional revenues apply solely to properties that would be affected by the C&I tax.

Vehicle Personal Property Taxes

FY 2014 Proposed Revenue*	Proposed Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$46.0 million	\$4.75 per \$100 to \$5.00 per \$100	\$2.0 million	4.3%

*Excludes decal fees.

Personal Property Tax Relief

FY 2014 Proposed Revenue	Proposed Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$23.6 million	Changing from calculating one single relief percentage for all qualifying vehicles valued at more than \$1,000 to a multi-tiered relief structure. All qualifying vehicles valued at \$1,000 or less will continue to receive 100 percent relief.	None	N/A

Cigarette Tax

FY 2014 Proposed Revenue	Proposed Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$2.6 million	\$0.80 per pack to \$0.90 per pack	\$0.3 million	12.8%

Business Personal Property Tax

FY 2014 Proposed Revenue	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$16.7 million	\$4.75 to \$5.00	\$0.8 million	4.8%

Personal Property Tax for Boats

FY 2013 Assessed Tax	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2013 Assessed Tax
\$60	\$0.01/\$100 to \$4.75/\$100 or \$5.00/\$100	\$28,279 or \$29,770	471.3% or 496.2%

Residential Utility Taxes: Gas/Electricity

FY 2012 Actual Revenues	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2012 Actual Revenues
\$3.0 million	Max \$2.40 per month to max \$3.00 per month	\$0.7 million	23.3%

Residential Utility Taxes: Water

FY 2012 Actual Revenues	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2012 Actual Revenues
\$1.7 million	15% of monthly bill to 20% of monthly bill for water	\$0.6 million	35.3%

Commercial Utility Taxes: Electric

FY 2012 Actual Revenues	Possible Rate Changes	Potential Additional Revenue	Percentage Increase as Percent of FY 2012 Actual Revenues
\$4.8 million	Electricity for commercial consumers from \$0.97 +.004610 per Kilowatt Hours (kWh) to \$1.07 + 0.005071 per kWh; Electricity for industrial consumers from \$0.97 +.003755 per Kilowatt Hours (kWh) to \$1.07 + 0.004131 per kWh	\$0.4 million	8.3%

Commercial Utility Taxes: Water

FY 2012 Actual Revenues	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2012 Actual Revenues
\$0.9 million	15% of the first \$150 to 20% of the first \$150	\$0.3 million	33.3%

BPOL Taxes for Business, Personal, and Repair Services

FY 2012 Actual Revenues	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2012 Actual Revenues
\$11.1 million	\$0.35 per \$100 to \$0.36 per \$100	\$0.3 million	2.9%

BPOL Taxes for Financial Services

FY 2012 Actual Revenues	Possible Rate Changes	Potential Additional Revenue	Percentage Increase as Percent of FY 2012 Actual Revenues
\$1.1 million	\$0.35 per \$100 to \$0.40, \$0.45, or \$0.58 per \$100	\$0.16 million, \$0.31 million or \$0.72 million	14.5%, 28.2% to 65.5%

Transient Lodging Taxes

FY 2014 Proposed Revenue	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$12.4 million	6.5% to 7.0%	\$0.8 million	6.5%

Restaurant Meals Taxes

FY 2014 Proposed Revenue	Possible Rate Changes	Potential Additional Revenue	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$17.4 million	4% to 4.5% or 5%	\$2.0 million or \$4.1 million	11.5% or 23.6%

Admissions Taxes

FY 2014 Proposed Revenue	Possible Rate Changes	Potential Additional Revenue	Percentage Increase as Percent of FY 2014 Proposed Revenue
\$1.0 million	10%, not to exceed \$0.50 to 10%, not to exceed \$0.75 or not to exceed \$1.00	\$0.5 million or \$1.0 million	50% or 100%

Potential Rate Changes and Revenues

	From	To	Change
Real Estate Tax	\$0.998/\$100	\$1.053/\$100	\$19.4 million
C&I Real Estate Tax Total	\$0.998/\$100	\$1.178/\$100	\$16.2 million
<i>C&I Tax Alone</i>	<i>\$0.0/\$100</i>	<i>\$0.125/\$100</i>	<i>\$11.2 million</i>
Personal Property Tax	\$4.75/\$100	\$5.00/\$100	\$2.0 million
Cigarette Tax	\$0.80/pack	\$0.90/pack	\$0.3 million
Business Personal Property Tax	\$4.75/\$100	\$5.00/\$100	\$0.8 million
Personal Property Tax for Boats	\$0.01/\$100	\$4.75/\$100 or \$5.00/\$100	\$28,279 or \$29,770
Residential Utility Taxes: Gas/Electricity	Max \$2.40	Max \$3.00	\$0.7 million
Residential Utility Taxes: Water	15%	20%	\$0.6 million
Commercial Utility Taxes: Electricity	Commercial: \$0.97 + 0.004610 per kWh Industrial: \$0.97 + 0.003755 per kWh	Commercial: \$1.07 + .005071 per kWh Industrial: \$1.07 + 0.004131 per kWh	\$0.4 million
Commercial Utility Taxes: Water	15% of the first \$150	20% of the first \$150	\$0.3 million
BPOL: Business, Personal, and Professional Services	\$0.35/\$100	\$0.36/\$100	\$0.3 million
BPOL: Financial Services	\$0.35/\$100	\$0.40/\$100, \$0.45/\$100, or \$0.58/\$100	\$0.16 million, \$0.31 million or \$0.72 million
Transient Lodging Taxes	6.5%	7.0%	\$0.8 million
Restaurant Meals Taxes	4.0%	4.5% or 5.0%	\$2.0 million or \$4.1 million
Admissions Taxes	10%, not to exceed \$0.50	10%, not to exceed \$0.75 or 10%, not to exceed \$1.00	\$0.5 million or \$1.0 million

Tax Rate and Relief Comparisons

Real Estate Tax

Jurisdiction	Tax Rate
City of Alexandria	\$0.998 per \$100 of assessed value
Arlington County	\$0.971 per \$100 of assessed value
Fairfax County	\$1.075 per \$100 of assessed value
Loudoun County	\$1.235 per \$100 of assessed value
Prince William County	\$1.286 per \$100 of assessed value
State Maximum: None	

Commercial and Industrial Real Estate Tax

Jurisdiction	Tax Rate
City of Alexandria	N/A
Arlington County	\$0.125 per \$100 of assessed value
Fairfax County	\$0.11 per \$100 of assessed value
Loudoun County	N/A
Prince William County	N/A
State Maximum: \$0.125 per \$100 of assessed value	

Vehicle Personal Property Tax

Jurisdiction	Tax Rate
City of Alexandria	\$4.75 per \$100 of assessed value
Arlington County	\$5.00 per \$100 of assessed value
Fairfax County	\$4.57 per \$100 of assessed value
Loudoun County	\$4.20 per \$100 of assessed value
Prince William County	\$3.70 per \$100 of assessed value
State Maximum: None	

Personal Property Tax Relief

Jurisdiction	Current Application
City of Alexandria	100% for vehicles assessed at \$1,000 or less; applied evenly to all remaining on first \$20,000 in value
Arlington County	100% on the first \$3,000 in value for all qualifying vehicles; remaining applied to taxes assessed on value between \$3,001 and \$20,000
Fairfax County	100% for vehicle assessed at \$1,000 or less; applied evenly to all remaining on first \$20,000 in value
Loudoun County	100% for vehicle assessed at \$1,000 or less; applied evenly to all remaining on first \$20,000 in value
Prince William County	100% for vehicle assessed at \$1,000 or less; applied evenly to all remaining on first \$20,000 in value

Cigarette Tax

Jurisdiction	Tax Rate
City of Alexandria	\$0.80
Arlington County	\$0.30
Fairfax County	\$0.30
Loudoun County	N/A
Prince William County	N/A
State Maximum: none for the City; \$0.30 for counties	

Business Personal Property Tax

JURISDICTION	TAX RATE
City of Alexandria	\$4.75 per \$100 of assessed value
Arlington County	\$5.00 per \$100 of assessed value
Fairfax County	\$4.57 per \$100 of assessed value
Loudoun County	\$4.20 per \$100 of assessed value
Prince William County	\$3.70 per \$100 of assessed value
State Maximum: none	

Personal Property Tax for Boats

JURISDICTION	TAX RATE
City of Alexandria	\$0.01/\$4.75 for large boats
Arlington County	\$5.00 for all boats
Fairfax County	\$0.01/\$4.57 for large boats
Loudoun County	\$4.20 all boats
Prince William County	\$0.00001 for all boats
State Maximum: none	

Residential Utility Taxes: Electric/Gas

JURISDICTION	TAX RATE
City of Alexandria	Max \$2.40 per month
Arlington County	Max \$3.00 per month
Fairfax County	Max \$4.00 per month
Loudoun County	Max \$2.70 per month
Prince William County	Max \$3.00 per month
State Maximum: \$3.00 per month	

Residential Utility Taxes: Water

JURISDICTION	TAX RATE*
City of Alexandria	15%
Arlington County	None
Fairfax County	None
Loudoun County	None
Prince William County	None
State Maximum : \$3.00 per month	

Commercial Utility Taxes: Electricity

JURISDICTION	TAX RATE
City of Alexandria	\$.97 + \$.004610 per kWh
Arlington County	\$1.15 + \$.00649 per kWh
Fairfax County	\$.92 + \$.00594 per kWh
Loudoun County	\$.92 + \$.005393 per kWh
Prince William County	\$2.29 + \$.013487 per kWh
State Maximum: none	

Commercial Utility Taxes: Water

JURISDICTION	TAX RATE*
City of Alexandria	15% on first \$150
Arlington County	None
Fairfax County	None
Loudoun County	None
Prince William County	None
State Maximum : none	

*Other jurisdictions' water service is provided by public entities.

BPOL Taxes for Business, Personal, and Repair Services

JURISDICTION	TAX RATE
City of Alexandria	\$0.35 per \$100 of gross receipts
Arlington County	\$0.35 per \$100 of gross receipts
Fairfax County	\$0.19 per \$100 of gross receipts
Loudoun County	\$0.16/\$0.17 per \$100 of gross receipts
Prince William County	\$0.21 per \$100 of gross receipts
State Maximum: \$0.36 per \$100	

BPOL Taxes for Financial Services

JURISDICTION	TAX RATE
City of Alexandria	\$0.35 per \$100 of gross receipts
Arlington County	\$0.36 per \$100 of gross receipts
Fairfax County	\$0.31 per \$100 of gross receipts
Loudoun County	\$0.33 per \$100 of gross receipts
Prince William County	\$0.33 per \$100 of gross receipts
State Maximum: \$0.58 per \$100	

Transient Lodging Taxes

JURISDICTION	TAX RATE
City of Alexandria	6.5% +\$1/night
Arlington County	5.25%
Fairfax County	4.0%
Loudoun County	5.0%
Prince William County	5.0%
State Maximum: none for cities; 2.0% for counties, with exceptions. Most local counties are allowed a higher rate.	

Restaurant Meals Taxes

JURISDICTION	TAX RATE
City of Alexandria	4.0%
Arlington County	4.0%
Fairfax County	N/A
Loudoun County	N/A
Prince William County	N/A
State Maximum: none for cities; 4.0% for counties	

Admissions Taxes

JURISDICTION	TAX RATE
City of Alexandria	10% on the first \$5.00
Arlington County	N/A
Fairfax County	N/A
Loudoun County	N/A
Prince William County	N/A
State Maximum: none for cities; 10% for counties	