

GOVERNING BODY AGENDA ITEM

Name/Department: Gary Fields/Finance Department

Meeting Month: May

Meeting Week:

(Week 1) Public
Hearing
(Week 3)

Presentation

Consent

New Business

Unfinished Business

Time Sensitive? Yes X No _____

Topic: Public hearing and consideration of the effective real estate tax rate for FY 2010-2011

Brief Summary of Topic: City staff advertised this public hearing in accord with the general provisions of Virginia Code sections 58.1-3007 and 58.1-3321, although the actions planned by the Governing Body related to the real estate tax rate for FY 2010-2011 do not require such advertising or the public hearing.

Vir. Code sec. 58.1-3007 requires advertising and holding a public hearing prior to an increase in the local tax levy. Vir. Code sec. 58.1-3321 requires advertising and holding a public hearing when any reassessment results in an increase of 1% or more in the local real property tax levied. No increase in the real estate tax rate is planned for FY 2010-2011 and real property tax revenues are expected to effectively decline by 3.4% using the formula laid out in Vir. Code sec. 58.1-3321.

City of Manassas Park
Public Hearing Notice
Consideration of Effective Real Estate Tax Rate for FY 2010-2011

Assessment Decrease. Total assessed value of real property, excluding additional assessments for new construction, or improvement to property, falls short of last year's total assessed value of real property by 3.38 percent.

Increased Rate Necessary to Offset Decreased 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 exclusions mentioned above, would be \$1.708 per \$100 of assessed value. This rate will be known as the "increased tax rate."

Effective Rate Decrease. The City of Manassas Park is considering the adoption of a tax rate not to exceed \$1.65 per \$100 of assessed value. The difference between the increased tax rate and the proposed tax rate would be \$0.058 per \$100, or a 3.40% decrease. This difference will be known as the "effective tax rate decrease."

Note: Individual real property taxes may, however, change at a percentage greater than or less than the above percentage.

Proposed Total Budget Decrease. Based on the proposed real property tax rate and changes in other revenues, the total budget of Manassas Park will decline over last year's by 5.22%.

Public Hearing. A public hearing on the proposed tax rate will be held on Tuesday, May 4, 2010, at 7:00 p.m. in the City Council Chambers of City Hall, One Park Center Court, Manassas Park, Virginia 20111.


Public Access. The hearing is being held in a public facility believed to be accessible to persons with disabilities. Any person with questions on the accessibility of the facility should contact Lana Conner, City Clerk at 703-335-8808 or l.conner@manassasparkva.gov.

City of Manassas Park, Virginia

MEMORANDUM

DATE: APRIL 8, 2010

TO: GARY FIELDS, FINANCE DIRECTOR

FROM: RICHARD SANDERSON, CITY ASSESSOR 

SUBJECT: NOTICE OF CONSIDERATION OF EFFECTIVE TAX RATE AS REQUIRED BY CODE OF VIRGINIA SECTION 58.1-3321

The purpose of this memorandum is to provide the Department of Finance with the real estate assessment data necessary to make a decision related to the City's need to publish a notice of public hearing and hold a public hearing under Virginia Code section 58.1-3321.

According to my review of this section of the Code of Virginia and the mathematical calculations that are further described in this memorandum, the City is not required to publish a notice of public hearing and hold a public hearing because the annual assessment for 2010 does not represent an increase of 1 percent or more, over the 2009 tax assessment base. Although such notice is not required by State law, many local governments publish a notice and hold a public hearing for public relations purposes. A notice was published in 2008 and 2009 even though the property tax base declined each year.

If the City wishes to publish a notice and hold a public hearing, such notice should be published at least seven days before the public hearing is held to consider a revised tax rate.

2009 assessment figures represent equalized assessments that reflect administrative assessment reviews and hearings before the Board of Equalization during 2009.

The percentage change in assessment was determined in the following manner:

1. Assessment Decrease: Total assessed value of real property, excluding additional assessments due to new construction or improvements to property, falls short of last year's total assessed value of real property by 3.38 percent.

Dividing the 2010 total for locally assessed real property¹, excluding additional assessments due to new construction or improvements, by the 2009² total for locally assessed real property, equals 0.9662, or a 3.38 percent decrease.

¹Non-locally assessed public service corporation properties (operating railroad property assessed by the Virginia Department of Taxation and other public service corporation properties assessed by the State Corporation Commission) are not included in these calculations under 58.1-3321.

²The original 2009 assessed value of \$1,106,858,700 adjusted for equalization.

$$\frac{\$1,046,928,700 - \$5,625,200}{\$1,077,697,800}$$

$$= \frac{\$1,041,303,500}{\$1,077,697,800}$$

$$= 0.9662, \text{ or a } 3.38 \text{ percent decrease}$$

2. **Increased Rate Necessary to Offset Decreased Assessment:** The tax rate which would levy the same amount of real estate tax as last fiscal year, when multiplied by the new total assessed value of real estate with the exclusions mentioned above, would be \$1.708 per \$100 of assessed value. This rate is the “increased tax rate.”

Last year’s estimated tax levy, using the 2009 equalized assessments and the FY 2010 real estate tax rate of \$1.65, divided by the 2010 total for assessed real property, excluding new construction or improvements, equals a rate of \$1.708 per \$100 of assessed value.

$$\frac{\$1,077,697,800 \times .0165}{\$1,046,928,700 - \$5,625,200}$$

$$= \frac{\$17,782,014}{\$1,041,303,500}$$

$$= 0.01708 \text{ or } \$1.708 \text{ per } \$100 \text{ of assessed value}$$

3. **Effective Rate Decrease:** The City of Manassas Park is considering the adoption of a tax rate not to exceed \$1.65 per \$100 of assessed value. The difference between the increased tax rate and the proposed tax rate is \$0.058 per \$100, or a 3.40 percent decrease. This difference will be known as the “effective tax rate decrease.” Individual property taxes will change at a percentage greater than or less than the above percentage due to variations in assessment changes for 2010.

While not required by Virginia Code, the notice should also include any fees or charges under consideration offsetting any real estate taxes of that will be funded as an alternative to real estate taxes, if any (for example if an increase in the garbage collection fee were under consideration by the Governing Body).

In addition to the above-mentioned items, the required notice should also include an item entitled Proposed Total Budget Increase (or decrease).

If I can be of further assistance, please contact me at extension 8811.

Attachment: Draft Notice of Public Hearing

cc: City Clerk Lana Conner