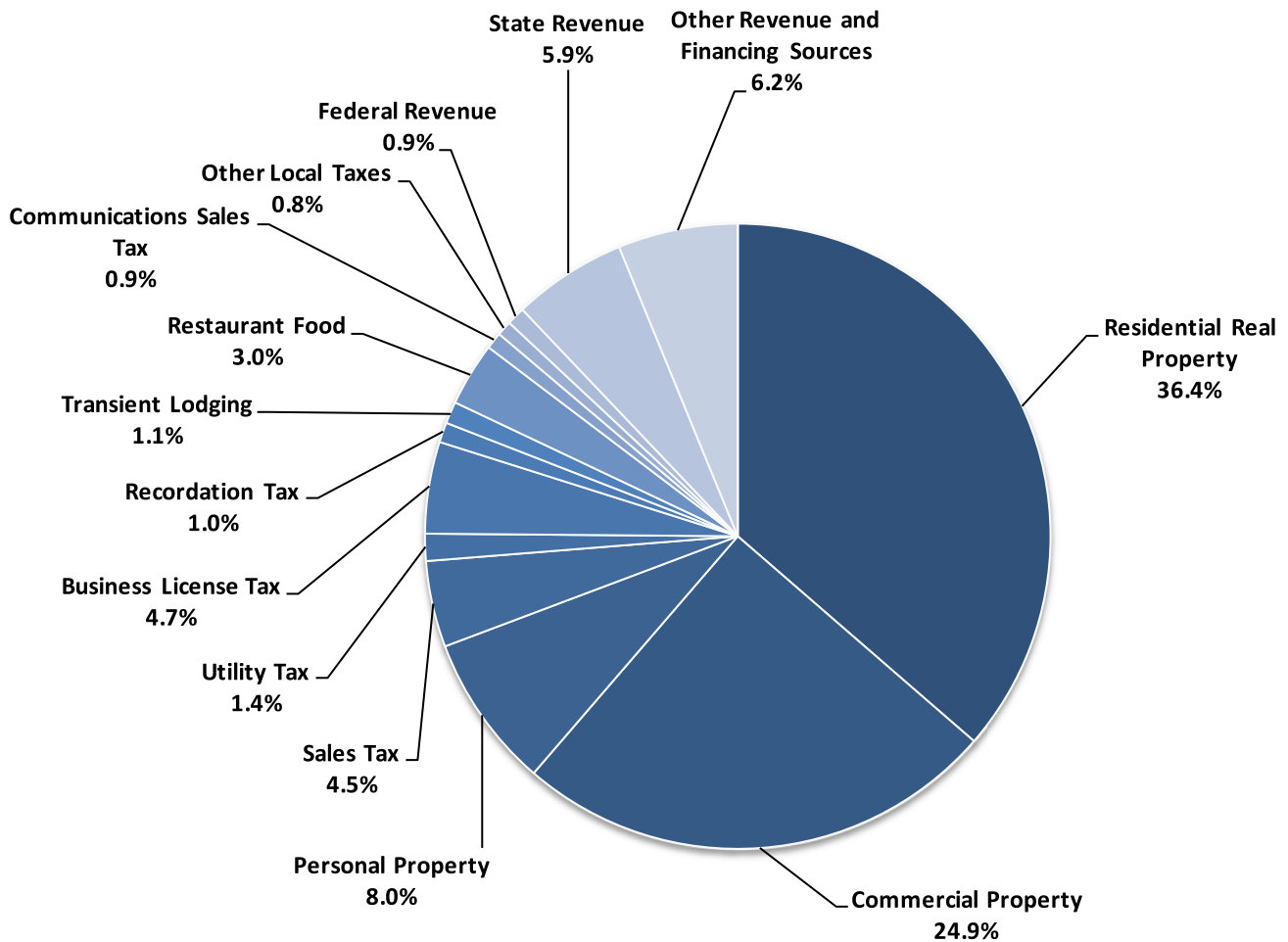




## GENERAL FUND REVENUES

The chart below shows the distribution of estimated General Fund revenues (\$831,093,971) and fund balance use (\$8,120,000) for FY 2023 totaling **\$839,213,971**. This represents a 8.9% increase above the amount budgeted for FY 2022.



## Revenues



## GENERAL FUND REVENUES

General Fund Revenue	FY 2021 Actual	FY 2022 Approved	FY 2022 Projected	FY 2023 Approved
General Property Tax Revenue				
Real property tax	478,601,885	483,311,548	492,235,498	514,554,739
Personal property tax	52,984,935	55,126,000	59,000,000	66,776,000
Penalties and Interest	3,183,207	2,600,000	3,192,200	3,199,600
<i>Total general property tax revenue</i>	<i>534,770,026</i>	<i>541,037,548</i>	<i>554,427,698</i>	<i>584,530,339</i>
Other local tax revenue				
Local sales tax	32,258,892	31,720,000	36,000,000	37,440,000
Utility tax	11,534,144	11,760,000	11,760,000	11,760,000
Business licenses	37,042,157	34,135,900	38,864,300	39,824,300
Motor vehicle licenses	25,676	-	-	-
Recordation	9,016,670	8,645,000	8,645,000	8,645,000
Cigarette	2,137,890	1,957,000	2,100,000	2,100,000
Transient Lodging	4,762,880	6,500,000	9,100,000	9,500,000
Restaurant food	21,934,868	19,980,000	27,000,000	27,600,000
Admissions	104,221	124,000	261,000	261,000
Communications service	8,106,878	7,600,000	7,600,000	7,245,080
Other miscellaneous	4,581,840	4,595,000	4,103,000	4,103,000
<i>Total other local tax revenues</i>	<i>131,506,114</i>	<i>127,016,900</i>	<i>145,433,300</i>	<i>148,478,380</i>
Non-tax revenue				
Licenses, permits, and fees	4,183,841	2,136,550	2,178,850	2,867,350
Fines forfeitures	3,078,376	3,762,200	3,065,200	4,305,200
Use of money and property	3,149,630	4,139,167	3,580,000	6,655,000
Charges for services	10,674,870	13,719,495	13,568,320	14,886,328
Noncategorical State (PPTRA)	23,578,531	23,578,531	23,578,531	23,578,531
Intergovernmental revenues	35,974,284	33,056,000	33,010,000	33,870,491
Miscellaneous	1,927,680	2,120,013	2,146,500	2,545,701
<i>Total non-tax revenue</i>	<i>82,567,210</i>	<i>82,511,956</i>	<i>81,127,401</i>	<i>88,708,601</i>
<b>Total General Fund Revenues</b>	<b>748,843,351</b>	<b>750,566,404</b>	<b>780,988,399</b>	<b>821,717,320</b>
<b>Other financing sources (uses)</b>				
Appropriations to/(from Fund Balances)				
Contribution to/(Use of Fund Balance)	-	10,000,000	-	8,120,000
Transfer from special revenue acct. <sup>1</sup>	9,246,427	10,142,543	10,243,676	9,376,651
Total Transfers In	9,246,427	20,142,543	10,243,676	17,496,651
<b>Total General Fund Revenues and Other Sources</b>	<b>758,089,778</b> <sup>2</sup>	<b>770,708,947</b>	<b>791,232,075</b>	<b>839,213,971</b>

<sup>1</sup> Transfers from special revenue accounts include sanitary sewer fee revenue transferred to the General Fund to pay for sanitary sewer debt service budgeted in the General Fund; transfers from the sanitary sewer fund, storm water fund, residential refuse fund and permit fee fund for indirect costs; and a transfer from the Potomac Yard Fund for the cost of City and School services provided to properties within Potomac Yard.

<sup>2</sup> FY 2021 General Fund revenues total excludes \$49,887,196 in bond refinancing proceeds.



## MAJOR REVENUE INITIATIVES IN FY 2023

- **Real Estate Tax (General Fund)**

Real estate taxes are calculated by multiplying a property's assessed value, which are mailed to property owners in February, by the real estate tax rate. For the tax year beginning January 1, 2022, the real estate tax rate remains at \$1.11 per \$100 of assessed property value. However, given that the School and City future year Capital needs will still grow substantially both to take care of existing infrastructure and invest in new projects, the pressure on the City's real estate rate will remain in future years. Additionally, the amount of property tax General Fund revenue dedicated to Affordable Housing was increased from 0.6 cents to 1.0 cents.

- **Personal Property Tax Assessment Ratio (General Fund)**

Annual personal property tax bills (including residential parking permit fees) are mailed in August with a due date of October 5. The FY 2023 Approved Budget includes no increase to the Personal Property Tax rate of \$5.33 per \$100 of the assessed value of the vehicle. However, due to a historic surge in the market value of vehicles, an assessment ratio of 78.8% for Tax Year 2022 was adopted by City Council on May 4, 2022. The City will apply a discount of 21.2% to the NADA January market value of every vehicle being taxed. Additionally, the City has taken additional action to minimize the tax burden on lower-valued vehicles by adjusting the distribution of the State Car Tax subsidy (PPTRA). The City receives an annual fixed subsidy from the State to provide personal property tax relief to vehicle owners. The City will now apply the subsidy to 100% of the amount due on qualifying personal use vehicles assessed at \$5,000 or less, an increase from the previous threshold of \$1,000 or less for this tier. For additional information on PPTRA rates, see the *Personal Property Tax* page of this section.

- **Residential & Commercial Refuse Fee (General Fund)**

Beginning in FY 2023, the annual fee for the collection disposal of solid waste will be increased from \$411 to \$500 per commercial property. This increase will equalize the commercial refuse fee with the current residential refuse rate. Through the add/delete process, both the residential and commercial refuse fee were increased to \$500. For additional information on services adjustments, refer to the Transportation & Environmental Services text in the Livable, Green, & Prospering City section.

- **The Department of Transportation and Environmental Services—Broadband Initiative (General Fund)**

Beginning in FY 2023, the Development & Right-of-Way (ROW) Permitting division will receive additional parking, inspection, and excavation permitting revenue from multiple external companies associated with the installation of fiber in the City ROW. This initiative will involve rolling street closures as construction begins to install several hundred miles of fiber, including tens of miles in the ROW, across the City. For additional information on services adjustments, refer to the Transportation & Environmental Services text in the Livable, Green, & Prospering City section.



## MAJOR REVENUE INITIATIVES IN FY 2023

- **School Crossing Zone Speed Cameras—Vision Zero Initiative (General Fund)**

Beginning in FY 2023, the Police Department will install five photo speed monitoring devices in school crossing zones prioritized by the Department of Transportation & Environmental Services. This objective of this initiative is to achieve improved traffic safety in these school crossing zones. For additional information on services adjustments, refer to the Police Department text in the Safe, Secure, & Just City section.

- **User Fees and Other Revenues (General Fund)**

Other notable changes:

- The Department of Recreation & Cultural Activities will receive revenue (\$5,400) from a new administrative fee to establish and maintain marina slipholder's account management credentials to the City marina security system.
- Recreation fee revenue is increased (\$54,508) for the expansion of outdoor aquatic programming across City pools.
- Additionally, the Department of Recreation & Cultural Activities will receive revenue (\$15,000) from the expansion of transient docking service at the City managed Robinson Landing floating piers. An electronic payment area will be installed for transient docking and recreation boating activities.
- The Department of Transportation and Environmental Services will receive additional revenue (\$50,000) from permit fees for businesses using the public right-of-way for dining or retail through the new parklet program. Total fee rate will depend on the location and amount of public right-of way being used.
- The Health Department will receive additional revenue (\$139,201) from the State as reimbursement for personnel costs for two City employees. One of these positions, an IT Informatics Specialist, is funded in FY 2023 only. For additional information on services adjustments, refer to the Health Department text in the Healthy & Thriving Residents section.



## REAL ESTATE TAX RATES

### Regional Tax Rates for Calendar Years 1979-2022

Below are real estate tax rates from selected major Northern Virginia jurisdictions over the past forty-two calendar years. In Virginia, the tax and calendar years coincide. Rates listed are per \$100 of assessed value.

Tax Year	Alexandria	Arlington	Fairfax <sup>1</sup>	Loudoun <sup>1</sup>	Pr. William <sup>1</sup>
1980	1.39	1.12	1.54	1.25	5.25 <sup>2</sup>
1981	1.37/1.35	0.96	1.51	1.02	1.40
1982	1.37	0.98	1.47	1.13	1.45
1983	1.41	0.99	1.47	1.13	1.42
1984	1.41	0.97	1.46	1.10	1.39
1985	1.39	0.95	1.39	1.13	1.42
1986	1.38/1.37	0.94	1.35	1.02	1.42
1987	1.34	0.92	1.32	0.88	1.30
1988	1.25	0.89	1.30	0.95	1.38
1989	1.10	0.78	1.19	0.88	1.38
1990	1.045	0.765	1.11	0.85	1.36
1991	1.045	0.765	1.11	0.94	1.36
1992	1.045	0.82	1.16	0.96	1.36
1993	1.07	0.86	1.16	1.00	1.36
1994	1.07	0.897	1.16	1.02	1.36
1995	1.07	0.94	1.16	0.99	1.36
1996	1.07	0.96	1.23	1.03	1.36
1997	1.07	0.986	1.23	1.06	1.36
1998	1.11	0.998	1.23	1.11	1.36
1999	1.11	0.998	1.23	1.11	1.36
2000	1.11	1.023	1.23	1.08	1.34
2001	1.11	1.023	1.23	1.08	1.31
2002	1.08	0.993	1.21	1.05	1.23
2003	1.035	0.978	1.16	1.11	1.16
2004	0.995	0.958	1.13	1.11	1.07
2005	0.915	0.878	1.00	1.04	0.974
2006	0.815	0.818	0.89	0.89	0.8071
2007	0.830	0.818	0.89	0.96	0.8379
		<u>Res/Comm</u> <sup>3</sup>	<u>Res/Comm</u> <sup>3</sup>		
2008	0.845	0.848/0.973	0.92/1.03	1.14	0.97
2009	0.903	0.875/1.00	1.05/1.16	1.245	1.288
2010	0.978	.958/1.083	1.121/1.231	1.30	1.3146
2011	0.998	.958/1.083	1.101/1.211	1.285	1.2806
2012	0.998	0.971/1.096	1.111/1.221	1.235	1.2859
2013	1.038	1.006/1.131	1.106/1.231	1.205	1.2562
2014	1.043	.996/1.121	1.114/1.239	1.155	1.2212
2015	1.043	.996/1.121	1.116/1.241	1.135	1.1936
2016	1.073	.991/1.116	1.159/1.284	1.145	1.1950
2017	1.130	1.006/1.131	1.161/1.286	1.125	1.2067
2018	1.130	1.006/1.131	1.151/1.276	1.085	1.2075
2019	1.130	1.013/1.138	1.151/1.276	1.045	1.2075
2020	1.130	1.013/1.138	1.151/1.276	1.035	1.2075
2021	1.110	1.013/1.138	1.141/1.266	0.980	1.1975
2022	1.110	1.013/1.138 <sup>4</sup>	1.111/1.236 <sup>5</sup>	0.890	1.1075



## REAL ESTATE TAX RATES

### Regional Tax Rates for Calendar Years 1979-2022 Continued

#### Table References

- <sup>1</sup> Tax rates in tax years 1979-2001 do not reflect additional special tax district (fire, leaf collection, etc.) or town real estate tax rates.
- <sup>2</sup> Before 1981, real property in Prince William County was assessed at 33% of fair market value. Since 1981, real property has been assessed at 100% of fair market value.
- <sup>3</sup> Beginning in calendar year 2008, Arlington County and Fairfax County levied an additional tax on most commercial real property for transportation purposes.
- <sup>4</sup> Arlington County's rate includes a transportation add-on tax on commercial property of 12.5 cents.
- <sup>5</sup> The Fairfax County rate includes add-on tax rates of 0.1 cents for pest infestation and 12.5 cents on commercial properties for transportation.
- <sup>6</sup> Prince William includes a county-wide fire and rescue levy of 7.5 cents and 0.25 cents for mosquito & forest pest management.

# Revenues



## FY 2023 APPROVED TAX RATES FOR MAJOR REVENUE SOURCES

Tax	City Approved Rate	Virginia Code Reference	Maximum Rate Allowable by State
Real Estate Tax	\$1.11 per \$100 assessed value	58.1-3200	None set
Personal Property Tax:			
Tangible personal property	\$4.75 on every \$100 of assessed value	58.1-3507	None set
Machinery and tools	\$4.50 on each \$100 of assessed value		None set
Mobile homes	\$1.11 on each \$100 of assessed value		None set
Automobiles	\$5.33 on every \$100 of assessed value		None set
Automobiles (10,000 lbs or more)	\$4.50 on every \$100 of assessed value		None set
Automobiles (handicap equipment)	\$3.55 on every \$100 of assessed value	58.1-3506-b	None set
Boats	\$0.01 on every \$100 of assessed value	58.1-3506.1	None set
Utility Consumer Tax:			
Electric (residential)	\$1.12 plus \$0.012075 for each kWh, not to exceed \$3.00	58.1-3814	\$3.00 monthly
Electric (residential group meter)	\$1.12 per dwelling unit plus \$0.012075 on each kWh, not to exceed \$3.00 per dwelling unit	58.1-3814	\$3.00 monthly
Electric (commercial)	\$1.18 plus \$0.005578 of each kWh	58.1-3814	
Electric (industrial)	\$1.18 plus \$0.004544 of each kWh	58.1-3814	
Natural Gas (residential)	\$1.28 plus \$0.124444 on each CCF, not to exceed \$3 monthly	58.1-3814	\$3.00 monthly
Natural Gas (residential group meter)	\$1.28 per dwelling unit plus \$0.050909 on each CCF, not to exceed \$3 monthly per dwelling unit		\$3.00 monthly
Natural Gas (residential group meter interruptible)	\$1.28 per dwelling unit plus \$0.023267 on each CCF, not to exceed \$3 monthly per dwelling unit		\$3.00 monthly
Natural Gas (commercial/industrial interruptible)	\$1.42 plus \$0.050213 of each kWh	58.1-3814	charged
Water (residential)	\$4.50 plus \$0.00367 of each CCF of gas delivered service	58.1-3814	charged
Water (commercial/industrial)	20%, if the monthly bill exceeds \$150 then no tax is computed on that in amount above \$150	58.1-3814	** 20% of monthly amount charge
Business and Professional Licenses*			
Amusement	\$0.36 per \$100 gross receipts	58.1-3700 et seq.	\$0.36
Professional	\$0.58 per \$100 gross receipts	58.1-3700 et seq.	\$0.58
Renting of Residential Property	\$0.50 per \$100 gross receipts	58.1-3700 et seq.	\$0.58
Renting of Commercial Property	\$0.35 per \$100 gross receipts	58.1-3700 et seq.	\$0.58
Financial Services	\$0.35 per \$100 gross receipts	58.1-3700 et seq.	\$0.58
Services	\$0.35 per \$100 gross receipts	58.1-3700 et seq.	\$0.36
Retail Merchants	\$0.20 per \$100 gross receipts	58.1-3700 et seq.	\$0.20
Contractors	\$0.16 per \$100 gross receipts	58.1-3700 et seq.	\$0.16
Wholesale Merchants	\$0.05 per \$100 gross receipts	58.1-3700 et seq.	\$0.05



## FY 2023 APPROVED TAX RATES FOR MAJOR REVENUE SOURCES

Tax	City Approved Rate	Virginia Code Reference	Maximum Rate Allowable by State
Alcoholic Beverages	\$5-\$1,500 (flat fee assessed as part of business license for sales of alcoholic beverages; fee is dependent upon seating capacity and/or	4.1-233	Various
Public Utilities:			
Telephone Company	\$0.50 per \$100 of gross receipts excluding charges for long distance calls	58.1-3731	\$0.5
Water	One-half of one percent of the gross receipts	58.1-3731	0.5% Minimum of \$0.50 per line per month; annual rate calculated by VDOT
Public rights-of-way use fee	\$1.01 per access line (Effective July 1, 2022)	56-468.1	0.00038/kWh
Electric Consumption Tax	\$0.0038/kWh	58.1-2900	\$0.004 per CCF
Natural Gas Consumption Tax	\$0.004 per CCF	58.1-2904	5.0%
Communications Sales and Use Tax	5% of the sales price of each communications service that is sourced to the Commonwealth	58.1-648	5.0%
Admissions Tax	10% of any admission charge, not to exceed \$0.50 per person admitted	58.1-3840	None set
Cigarette Tax	\$1.26 on each package of 20 cigarettes	58.1-3830 & 58.1-3840	\$1.26 per package of 20 cigarettes
Short-Term Rental Tax	1.0% of gross proceeds of business arising from rentals (1.5% Heavy Equipment)	58.1-3510.4	1.0% or 1.5%
Local Sales Tax	1.0% on sale (added to the rate of the State tax imposed)	58.1-605	1.0%
Transient Lodging Tax	6.5% of total amount paid for room rental, plus \$1.25 per night lodging fee	58.1-3840	None set
Restaurant Meals Tax	5.0% of total charge of a meal****	58.1-3840	None set
Recordation Tax:	\$0.083 per \$100 of sales price/loan value (equals State max)	58.1-3800	1/3 of State Chrgs
Late Payment Tax Penalty	10% or \$10, whichever is greater	58.1-3916	10% or \$10***
Tax Interest	10% for the first year and 5% for each year thereafter. Equals refund rates.		10.0%

\* Tax rate applies to businesses with gross receipts of \$100,000 or above. Businesses with gross receipts of at least \$10,000 but no more than \$99,999 will be assessed a license tax of \$50

\*\* The City's existing tax rate exceeds state cap. The State cap was established after the City had set this rate.

\*\*\* The late payment penalty on real property is 5% if paid within 15 days of due date and 10% on the balance due thereafter.

\*\*\*\* Of which 1.0% is dedicated to Affordable Housing



# Revenues



## REAL PROPERTY TAX REVENUES

Real Property Tax	FY 2021	FY 2022	FY 2022	FY 2023	% Chg. FY23 Proposed/FY22
	Actual	Approved	Projected	Approved	Proj
Residential	273,833,383	280,566,519	291,998,588	305,277,706	4.5%
Commercial Multi-Family	91,112,321	93,666,572	97,922,680	104,570,417	6.8%
Office/Retail and Other Commercial	106,476,302	101,980,301	96,476,318	97,467,728	1.0%
Public Service Corporation	7,179,879	7,098,156	7,137,912	7,238,888	1.4%
Total	478,601,885	483,311,548	493,535,498	514,554,739	4.3%
<i>Potomac Yard Tax Base Growth Transfer to the Potomac Yard Fund (Informational)</i>	<i>(12,338,184)</i>	<i>(12,808,451)</i>	<i>(13,134,507)</i>	<i>(13,986,232)</i>	<i>6.5%</i>

The FY 2023 Approved budget reflects a Real Property tax rate of \$1.110 per \$100. The FY 2023 approved rate of \$1.110 includes the following set asides for specific programs:

- Transportation Improvements 2.2 cents (General Fund Reservation)
- Affordable Housing is increased from 0.6 cents in FY 2022 to 1.0 cents in FY 2023 (General Fund Dedication)

As required by State law, all real estate parcels in the City are annually assessed at 100% of estimated fair market value. As detailed in the Calendar Year 2022 Real Property Assessment Report, the City’s overall real property tax base increased 6.24% from the January 1, 2021 assessment to January 1, 2022, or \$2.7 billion from \$43.8 billion in CY 2021 to \$46.5 billion in CY 2022.

### Assumptions

General Fund real property tax revenues for the first half of FY 2023 (the second half of calendar 2022) are based on the 2022 real property assessment and a 49.65 percent collection rate for the second half of the 2022 tax levy. Real property tax revenues for the second half of FY 2023 (the first half of calendar year 2023) assumes a growth rate of 2.98% in real property assessments and a \$1.110 tax rate. This projection is a mid-point estimate based on a growing residential real estate market and a commercial real estate market that continues to recover from the economic impacts of the COVID-19 pandemic.

The real property tax estimate for FY 2023 has been reduced by approximately \$5.5 million to reflect the costs of the tax relief programs for the elderly and disabled, and tax exemptions for disabled veterans and surviving spouses.



## REAL PROPERTY TAX REVENUES

### **Potomac Yard Special Tax District**

In December, 2010, City Council approved the Tier I Special Services Tax District for Land Bay F, G, and H and the multi-family portion of Land Bay I in Potomac Yard. Tax collections of 20¢ per \$100 of valuation started in 2011. The tax district helps provide funding for the development and eventual operation of the planned Potomac Yard Metrorail station. In addition, City Council approved a policy to set aside appreciation on real estate in Potomac Yard to support the Metrorail development. In FY 2023, \$13.9 million in revenue is budgeted for the appreciation that has occurred since 2011 of Potomac Yard. Of the revenue generated from the appreciation, \$4.4 million is being transferred to the General Fund as the cost of delivery of City and School services.

### **Transportation Fund**

A new special revenue fund was established in FY 2014 for transportation as a result of new tax authority legislation approved by the General Assembly for the Northern Virginia Transportation Authority (NVTA). The legislation increased the sales, transient occupancy, and grantor's tax rates and distributed the revenue generated by those increases to the NVTA for transportation purposes. Northern Virginia cities, counties and towns receive 30 percent of the revenues collected within their jurisdictions from the NVTA if they deposit revenues from a 12.5 cent real estate tax on commercial and industrial property, or an equivalent amount of revenue, into a special fund for transportation. The FY 2023 proposed budget includes a transfer of \$24.1 million in general property taxes to the transportation fund, which exceeds the amount of revenue that would be generated by a 12.5 cent commercial and industrial real estate property tax of \$10.9 million. The amount of revenue estimated to be generated in FY 2022 by the City's 30 percent of NVTA revenues is \$7.3 million planned for Washington Metropolitan Area Transit Authority (WMATA) operating and capital subsidies. The additional transient occupancy tax is no longer collected on behalf of NVTA. Per statute it is now collected for the State and remitted for WMATA costs.

# Revenues



## REAL PROPERTY TAX REVENUES

### Real Estate Assessments by Calendar Year

(Amounts in Thousands)

Property Classification	2013	2014	2015	2016	2017
Residential Single Family*	13,903,410	14,491,781	15,022,092	15,458,313	15,756,517
Residential Condominium*	5,390,043	5,666,528	6,017,488	6,125,698	6,233,181
Vacant Residential*	150,532	156,601	155,976	129,179	103,299
Commercial Multi-Family	5,854,955	6,275,816	6,564,475	6,849,849	6,931,170
Office/Retail Property	8,431,243	8,332,484	8,376,688	8,656,218	8,900,100
Other Commercial	382,214	411,972	434,949	380,089	453,686
Public Service Corporation	634,278	560,421	575,192	595,973	609,339
<b>Total</b>	<b>34,746,675</b>	<b>35,895,603</b>	<b>37,146,860</b>	<b>38,195,319</b>	<b>38,987,294</b>
Residential Single Family	39.7%	40.0%	40.4%	40.4%	40.4%
Residential Condominium	15.2%	15.5%	15.8%	16.2%	16.0%
Vacant Residential	0.5%	0.4%	0.4%	0.4%	0.3%
Commercial Multi-Family	15.6%	16.9%	17.5%	17.7%	17.8%
Office/Retail Property	25.3%	24.3%	23.2%	22.6%	22.8%
Other Commercial	1.2%	1.1%	1.1%	1.2%	1.2%
Public Service Corporation	2.5%	1.8%	1.6%	1.5%	1.6%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Residential*	55.4%	56.0%	56.6%	57.1%	56.7%
Commercial**	44.6%	44.0%	43.4%	42.9%	43.3%
Revised Distribution with Commercial Multi-Family included in Residential instead of Commercial***					
Residential	71.0%	72.8%	74.1%	74.7%	74.4%
Commercial	29.0%	27.2%	25.9%	25.3%	25.6%

\* Residential includes Residential Single Family, Residential Condominium, and Vacant Residential past CY 2010.

\*\* Commercial includes Commercial Multi-Family, Office/Rental Property, Other Commercial, and Public Service Corporation

\*\*\* Current assessment practices include Commercial Multi-Family (rental units) in as commercial property. These numbers show the split if Commercial Multi-Family were included in Residential

Sources: Assessment Values are from the 2004-2022 Real Property Assessment Reports.

# Revenues



## REAL PROPERTY TAX REVENUES

### Real Estate Assessments by Calendar Year

(Amounts in Thousands)

Property Classification	2018	2019	2020	2021	2022
Residential Single Family*	16,291,951	16,578,737	17,370,936	18,243,105	19,458,676
Residential Condominium*	6,429,613	6,626,468	7,012,378	7,581,651	8,075,395
Vacant Residential*	122,472	105,629	167,296	205,012	294,769
Commercial Multi-Family	7,463,415	7,768,690	8,155,671	8,443,823	9,316,308
Office/Retail Property	8,587,410	8,896,153	8,988,020	8,370,575	8,449,600
Other Commercial	386,192	360,442	357,454	344,203	308,555
Public Service Corporation	616,934	641,124	627,481	638,427	656,749
<b>Total</b>	<b>39,897,987</b>	<b>40,977,242</b>	<b>42,679,236</b>	<b>43,826,796</b>	<b>46,560,052</b>
Residential Single Family	40.9%	40.5%	40.7%	41.6%	41.8%
Residential Condominium	16.1%	16.2%	16.4%	17.3%	17.3%
Vacant Residential	0.3%	0.3%	0.4%	0.5%	0.6%
Commercial Multi-Family	18.7%	19.0%	19.1%	19.3%	20.0%
Office/Retail Property	21.5%	21.7%	21.1%	19.1%	18.2%
Other Commercial	1.0%	0.9%	0.8%	0.8%	0.7%
Public Service Corporation	1.5%	1.6%	1.5%	1.5%	1.4%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Residential*	57.3%	56.9%	57.5%	59.4%	59.8%
Commercial**	42.7%	43.1%	42.5%	40.6%	40.2%
Revised Distribution with Commercial Multi-Family included in Residential instead of Commercial***					
Residential	76.0%	75.9%	76.6%	78.7%	79.8%
Commercial	24.0%	24.2%	23.4%	21.3%	20.2%

\* Residential includes Residential Single Family, Residential Condominium, and Vacant Residential past CY 2010.

\*\* Commercial includes Commercial Multi-Family, Office/Rental Property, Other Commercial, and Public Service Corporation.

\*\*\* Current assessment practices include Commercial Multi-Family (rental units) in as commercial property. These numbers show the split if Commercial Multi-Family were included in Residential

Sources: Assessment Values are from the 2004-2022 Real Property Assessment Reports.

# Revenues



## PERSONAL PROPERTY TAX

	FY 2021 Actual	FY 2022 Approved	FY 2022 Projected	FY 2023 Approved	% Chg. FY23 Proposed/FY22 Proj
Business Personal Property Tax	16,440,994	16,001,000	17,176,000	17,176,000	0.0%
Personal Property Tax	36,543,941	39,125,000	42,200,000	49,600,000	17.5%
Total	52,984,935	55,126,000	59,376,000	66,776,000	12.5%
<i>State Reimbursement (informational)</i>	<i>23,578,531</i>	<i>23,578,531</i>	<i>23,578,531</i>	<i>23,578,531</i>	<i>0.0%</i>

The Personal Property tax is assessed on vehicles, mobile homes, and business personal property and divided into two categories—vehicular personal property tax and business personal property tax.

Business personal property consists of office furniture, fixtures, unlicensed vehicles, machinery, tools, and computers located in the City as of January 1st. The tax rate levied on business property for office furniture, fixtures, computers and unlicensed vehicles is \$4.75 per \$100 of assessed value and the tax rate levied on machinery and tools used in a mining or manufacturing business is \$4.50 per \$100 of assessed value. Business tangible equipment is valued using established depreciation tables based on original cost. The self-assessing Business personal property tax return is due to the City on May 1st.

Alexandria’s vehicle personal property tax rate is \$5.33 per \$100 of vehicle’s value. The City computes the value of vehicles using clean trade-in value. Since 1999, the Commonwealth of Virginia has reimbursed all localities in Virginia for part of the vehicle portion of the personal property tax as part of the Personal Property Tax Relief Act (PPTRA). For Alexandria, this totals \$23,578,531. To minimize the tax burden on lower valued vehicles, City Council has adjusted the distribution of the PPTRA reimbursement rate tiers for Tax Year 2022. The City will now apply the PPTRA subsidy to 100% of the amount due on qualifying personal use vehicles assessed at \$5,000 or less, an increase from \$1,000 or less. The PPTRA adjustments are seen in the tables below.

Vehicle personal property tax revenue for FY 2023 is based on unprecedented market appreciation during 2021 due to economic supply and demand forces resulting from the pandemic. To address this dramatic rise, City Council approved the use of an assessment ratio for Tax Year 2022. This discounts the NADA January market value by 21.2% for each vehicle. The combined effect is an increase of approximately \$3.8 million above the normal market.

Calendar Year	Personal Property Tax Relief Act (PPTRA) Reimbursement	Calendar Year	Personal Property Tax Relief Act (PPTRA) Reimbursement
2002-2005	70% of the first \$20,000 of the vehicle's assessed tax bill	2017-2019	55.5% for vehicles valued between \$1,001 and \$20,000 45.5% on the first \$20,000 for vehicles valued between \$20,001 and \$25,000 35.5% on the first \$20,000 for vehicles valued \$25,001 and higher
2006-2008	69% of the first \$20,000 of the vehicle's assessed tax bill		2020
2009	73% of the first \$20,000 of the vehicle's assessed tax bill	2021	
2010	69% of the first \$20,000 of the vehicle's assessed tax bill		Current* (estimated)
2011	63% of the first \$20,000 of the vehicle's assessed tax bill	2013-2014	
2012	61% of the first \$20,000 of the vehicle's assessed tax bill		2015
	61% for vehicles valued between \$1,001 and \$20,000 50% on the first \$20,000 for vehicles valued between \$20,001 and \$25,000 40% on the first \$20,000 for vehicles valued \$25,001 and higher	2016	
	60% for vehicles valued between \$1,001 and \$20,000 50% on the first \$20,000 for vehicles valued between \$20,001 and \$25,000 40% on the first \$20,000 for vehicles valued \$25,001 and higher		

# Revenues



## INTERGOVERNMENTAL REVENUES

General Fund Intergovernmental Revenues include state and federal aid that are generally not legally restricted to a specific program use. This excludes grant funding from the state and federal government which is accounted for in the City’s Special Revenue Fund.

	FY 2021 Actual	FY 2022 Approved	FY 2022 Projected	FY 2023 Approved	% Chg. FY23 Proposed/FY22 Proj
<i>Federal</i>					
Prisoner Per Diem	6,860,013	6,834,000	6,834,000	6,834,000	0.0%
Build American Bond Reimbursement	348,445	-	-	-	0.0%
Other Federal	3,761,205	1,098,000	1,110,000	1,110,000	0.0%
<i>State</i>					
HB 599	6,194,958	5,983,000	5,984,000	6,000,000	0.3%
Personal Property Tax Relief	23,578,531	23,578,531	23,578,531	23,578,531	0.0%
Compensation Board Reimb.	8,165,150	8,290,000	8,305,000	8,505,000	2.4%
Street & Highway Maintenance	8,280,351	8,150,000	8,420,000	8,530,000	1.3%
Other State	2,364,161	2,701,000	2,257,000	2,891,491	28.1%

**Federal Prisoner Per Diem:** The City receives per diem reimbursement from the Federal Government for federal prisoners held in custody in the Alexandria Detention Center. The FY 2023 approved budget assumes revenue generated by the contract that guarantees a minimum of 150 beds per day. Actual federal utilization may exceed the guaranteed minimum.

**Build America Bonds Reimbursement:** The City received a reimbursement from the federal government for taxable bonds (in lieu of tax exempt bonds) issued in June 2009 and June 2010, which was eliminated after 2021 as the associated bonds were paid or refunded.

**Other Federal:** This category contains all other Federal revenues.

**HB599 Aid:** The City receives funding from the Commonwealth of Virginia to help defray the costs of law enforcement in the City. The FY 2023 approved budget assumes this will remain relatively flat from FY 2022 based on the Virginia FY 2022-2024 budget bill (HB30) and the City’s FY 2023 allocation of this funding.

**Personal Property Tax Reimbursement:** Since 1999, the Commonwealth of Virginia has paid a decreasing portion of local government’s personal property tax on vehicles, the “car tax.” For additional information about the reimbursement, which for Alexandria is \$23,578,531 per year, see the previous description of the personal property tax rate.

**Compensation Board Reimbursement:** The City receives assistance from the Virginia Compensation Board to help defray part of the cost of office operations for Constitutional Officers, including the Sheriff, the Commonwealth’s Attorney, the Clerk of Court, and the Registrar. The City also receives assistance to fund part of the cost of the Finance Department.

**State Aid for Road Maintenance:** The City receives State aid for local maintenance of its primary and secondary roads based on a formula including reimbursement rate and locally maintained lane miles. Projected revenue in FY 2022 and FY 2023 is based on current actuals and information provided by the Commonwealth Transportation Board.

# Revenues



## OTHER MAJOR CATEGORIES OF REVENUES

	FY 2021 Actual	FY 2022 Approved	FY 2022 Projected	FY 2023 Approved	% Chg. FY23 Proposed/FY22 Proj
Penalties and Interest	3,183,207	2,600,000	3,092,000	3,199,600	3.5%
Charges for Services	10,674,870	13,719,495	13,433,320	14,886,328	10.8%
Licenses, Permits, and Fees	4,183,841	2,136,550	1,938,850	2,867,350	47.9%
Fines and Forfeitures	3,078,376	3,762,200	3,465,200	4,305,200	24.2%
Use of Money and Property	3,149,630	4,139,167	3,405,000	6,655,000	95.4%
Miscellaneous Revenues	11,174,107	12,262,556	12,395,176	11,922,352	-3.8%
Contribution to/(Use of Fund Balance)	-	10,000,000	-	8,120,000	N/A

**Penalties and Interest:** This category includes penalty and interest for real estate, personal property and all other local taxes.

**Charges for services:** This category includes charges for the use of City Services, including the refuse user charge, parking meter receipts, and ambulance charges. The FY 2023 budget includes a \$0.7 million increase from FY 2022 approved due to the projected recovery of City programs that necessitate close personal proximity with others. This also includes a \$14,644 increase in commercial refuse fees, an \$74,908 increase due to the expansion of marina security system management and outdoor pool programs, and an \$0.2 million increase in engineering and inspection fees associated with the broadband initiative.

**Licenses, Permits, and Fees:** This category includes taxi fees, residential parking permits, temporary parking permits, noise permits, Fire safety system retesting fees, and health permits for food service and pools. The FY 2022 projection decreases due to the ongoing economic impact of COVID-19. The FY 2023 approved budget is projected to equalize to more normal growth and also includes an \$0.7 million increase in parking permits associated with the broadband initiative.

**Fines and Forfeitures:** This category includes parking fines, court fines, and red light violations. The FY 2023 approved budget includes an increase of \$500,000 due to the Vision Zero school crossing speed monitoring camera initiative.

**Use of Money and Property:** This category includes the rental of Alexandria owned properties and the interest on General Fund investments. The revenue for interest on General Fund investments reflects actual receipts and changing market interest rates.

**Miscellaneous revenues:** This category includes revenues that do not fit into any other category including revenues transferred from Special Revenue accounts. This includes a \$0.3 million increase in fees due to the broadband initiative and Health department reimbursements. Additionally, this includes an increase of \$50,000 due to annual permit fees from the City’s new parklet program.

**Use of Fund Balance:** The FY 2023 General Fund operating budget includes the use of \$8.1 million in FY 2023 of spendable fund balance.

# Revenues



## OTHER MAJOR TAX REVENUES

	FY 2021 Actual	FY 2022 Approved	FY 2022 Projected	FY 2023 Approved	% Chg. FY23 Proposed/FY22 Proj
Sales	32,258,892	31,720,000	35,000,000	37,440,000	7.0%
Utility	11,534,144	11,760,000	11,760,000	11,760,000	0.0%
Business License	37,042,157	34,135,900	37,364,300	39,824,300	6.6%
Recordation	9,016,670	8,645,000	8,645,000	8,645,000	0.0%
Cigarette	2,137,890	1,957,000	1,957,000	2,100,000	7.3%
Transient Lodging	4,762,880	6,500,000	10,000,000	9,500,000	-5.0%
Restaurant Meals	21,934,868	19,980,000	24,000,000	27,600,000	15.0%
Communications Sales and Use	8,106,878	7,600,000	7,600,000	7,245,080	-4.7%
Other Local Taxes	4,711,737	4,719,000	4,826,000	4,364,000	-9.6%
<b>Total Other Major Taxes</b>	<b>131,506,114</b>	<b>127,016,900</b>	<b>141,152,300</b>	<b>148,478,380</b>	<b>5.19%</b>

**Sales Tax:** Sales Tax revenues are collected by businesses and remitted to the State. Revenues projected for FY 2023 are based on historical trends. FY 2022 is projected to continue equalize to more normal growth for the final months of FY 2022. Sales tax revenues have continued to grow, even though the pandemic has households shifted to more online purchases for which the City now receives sales tax revenues.

**Consumer Utility Tax:** The consumer utility tax is levied upon all residential and commercial users of water, natural gas, and electricity. Based on collections through the first half of the fiscal year, consumer utility tax revenue in FY 2022 is projected to increase by 2.0% compared to FY 2021 actuals. In FY 2023, this revenue is estimated to remain flat.

**Business License Tax:** The Business License Tax is levied upon those doing business in the City. The rates vary by the amount of gross receipts and the type of business.

**Recordation Tax:** The Recordation Tax is assessed on the recording of deeds, deeds of trust, mortgages, and contracts admitted to record by the Clerk of the Circuit Court. Projected revenue of \$8.6 million for recordation tax revenue in FY 2022 is based on current estimates surrounding COVID-19's ongoing economic impact. FY 2023 is estimated at FY 2022 recordation levels.

**Cigarette Tax:** The Cigarette Tax is assessed on each pack of cigarettes sold in the City. For FY 2023, revenues are expected to remain relatively flat.

**Transient Lodging Tax:** The Transient Lodging Tax is levied on Alexandria motel and hotel rooms. Revenues in FY 2022 are projected to continue to gradually improve through the rest of FY 2022. FY 2023 is projected to continue to equalize to more normal growth.

**Restaurant Meals Tax:** The Restaurant Meals Tax is levied on all prepared food and beverages at a 5% rate. FY 2023 revenues assumes a return to historical levels.

**Communication Sales and Use Tax:** This tax is assessed on landline telephone service, cell phones, cable television, Voice Over Internet Protocol (VOIP) services and satellite television service. There has been a decline in this revenue source since its inception in FY 2007 due to the trend of discontinuing landline service in favor of cell phone service. Revenues are projected to continue to decrease in FY 2023 based on historical trends.





**CURRENT TAX RATE COMPARISON**

The following tables compare Alexandria FY 2023 approved tax rates to other jurisdictions FY 2023 approved rates where available.

**Real Estate Tax - Residential**

JURISDICTION	TAX RATE
City of Alexandria	\$1.110 per \$100 of assessed value
Arlington	\$1.013 per \$100 of assessed value
Fairfax County	\$1.111 per \$100 of assessed value
Loudoun County	\$0.890 per \$100 of assessed value
Prince William County	\$1.1075 per \$100 of assessed value
State Maximum: None	

**Commercial and Industrial Real Estate Tax**

JURISDICTION	TAX RATE
City of Alexandria	No Tax
Arlington	\$0.125 per \$100 of assessed value
Fairfax County	\$0.125 per \$100 of assessed value
Loudoun County	No Tax
Prince William County	No Tax
State Maximum: \$0.125 per \$100 of assessed value	

**Vehicle Personal Property Tax**

JURISDICTION	TAX RATE
City of Alexandria	\$5.33
Arlington	\$5.00
Fairfax County	\$4.57
Loudoun County*	\$4.15
Prince William County*	\$3.70
State Maximum: none	
*Plus a separate local registration (decal) fee.	



## CURRENT TAX RATE COMPARISON

### Cigarette (Tobacco) Tax

City of Alexandria	\$1.26 per pack of 20 cigarettes
Arlington	\$0.40 per pack of 20 cigarettes
Fairfax County	\$0.30 per pack of 20 cigarettes
Loudoun County	N/A
Prince William County	\$0.40 per pack of 20 cigarettes
State Maximum: \$0.02 per cigarette or the rate in effect as of January 1, 2020, whichever is higher.	

### Restaurant Meals Tax

City of Alexandria	5.0%
Arlington	4.0%
Fairfax County	N/A
Loudoun County	N/A
Prince William County	N/A
Fredericksburg	6.00%
State Maximum: none for cities; 6.0% for counties	
Median meals tax rate in Virginia cities is 6.0%	

### Transient Lodging Tax

City of Alexandria	6.5% + \$1.25/night
Arlington	5.25%
Fairfax County	4.0%
Loudoun County	5.0%
Prince William County	5.0%
State Maximum: none for cities; 2.0% for counties and 5.0% for counties with exception. Counties with exceptions must spend any excess over 2.0% on tourism and travel.	



## CURRENT TAX RATE COMPARISON

### Admissions Tax

City of Alexandria	10%, but capped at 50¢ per admission
Arlington	N/A
Fairfax County	N/A
Loudoun County	N/A
Prince William County	N/A
State Maximum: none for cities; 10% for counties	

### Business License for Business, Personal & Repair Services

City of Alexandria	<b>\$0.35 per \$100 of gross receipts</b>
Arlington	\$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 for Financial Services

<b>City of Alexandria</b>	<b>\$0.35 per \$100 of gross receipts</b>
Arlington	\$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	

# Revenues



## RESIDENTIAL TAX AND FEE BURDEN

The table below measures the tax and fee cost to the average household in the City.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Fees and Taxes</b>										
Real Estate Tax	\$4,885	\$5,115	\$5,318	\$5,593	\$5,971	\$6,154	\$6,272	\$6,584	\$6,836	\$7,281
Personal Property Tax	\$457	\$445	\$464	\$505	\$523	\$533	\$570 <sup>3</sup>	\$602	\$554	\$604
Trash Removal Fee	\$328	\$337	\$337	\$363	\$373	\$373	\$411	\$460	\$484.22	\$500
Decal Fee	\$56	\$55	\$55	\$56	\$58	\$58	\$0 <sup>2</sup>	\$0	\$0	\$0
Utility tax on Natural Gas	\$25	\$25	\$24	\$24	\$24	\$22	\$25	\$24	\$24	\$23
Utility tax on Electricity	\$33	\$36	\$35	\$36	\$36	\$33	\$34	\$33	\$33	\$32
Utility tax on Water	\$26	\$30	\$29	\$29	\$30	\$27	\$25	\$25	\$24	\$24
Communication Sales and Use Tax	\$136	\$134	\$129	\$126	\$123	\$119	\$111	\$90	\$84	\$81
Sanitary Sewer System Capital Investment & Maintenance Fee	\$68	\$68	\$68	\$76	\$98	\$123	\$123	\$123	\$123	\$123
Storm Water Utility Fee					\$70 <sup>1</sup>	\$140	\$140	\$210 <sup>4</sup>	\$280 <sup>4</sup>	\$294
<b>Total</b>	<b>\$6,014</b>	<b>\$6,245</b>	<b>\$6,458</b>	<b>\$6,808</b>	<b>\$7,306</b>	<b>\$7,582</b>	<b>\$7,711</b>	<b>\$8,151</b>	<b>\$8,442</b>	<b>\$8,962</b>

<sup>1</sup> Reflects cost for half of the year.

<sup>2</sup> In FY 2020, the City eliminated the vehicle tax decal and associated fee requirement.

<sup>3</sup> Assumes an average of two vehicles per Alexandria household. Beginning in FY 2020, the Personal Property tax rate is increased from \$5.00 per \$100 of the assessed value of a vehicle to \$5.33 per \$100 of the assessed value.

<sup>4</sup> Reflects a phased in two-step increase to the Storm Water utility fee to support the stormwater management program.