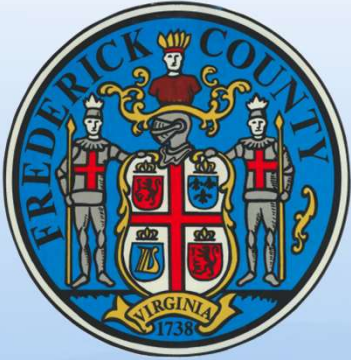


**BUDGET WORK SESSION AGENDA
BOARD OF SUPERVISORS
WEDNESDAY, MARCH 30, 2022
5:30 PM
BOARD MEETING ROOM
107 NORTH KENT STREET, WINCHESTER, VIRGINIA 22601**

- 1. Call to Order**
- 2. Outside Agencies**
- 3. New Positions**
- 4. Revised Funding Scenarios**
- 5. Resolution – School Categorical Funding**
- 6. Commissioner of the Revenue Personal Property Tax Rate Presentation**
- 7. Adjourn**



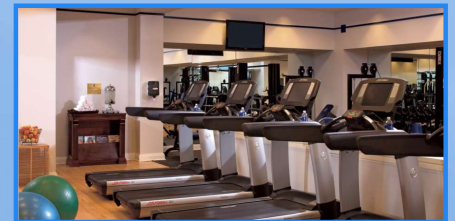
FREDERICK COUNTY BUDGET: PERSONAL PROPERTY TAX RATE



SETH T. THATCHER
Commissioner of the Revenue
March 2022

PERSONAL PROPERTY BE / BUSINESS PERSONAL PROPERTY TAX RATE:

- ❖ \$4.86 = Current rate in place since 2009
- ❖ \$4.20 = Rate prior to change in 2009



ACHIEVING OUR OBJECTIVE:

Objective:

- To safeguard current revenue levels
- To protect natural increase in revenue from County growth
- To provide tax relief to taxpayers due to rising NADA values

Context: Vehicles only have increased in NADA value but BE/Business Personal Property is not affected by NADA

Considerations:

- **Tax Rate Decrease =**
 - provide income to cover normal inflationary rise in costs
 - allow us to predict and reach targeted revenue
 - simplest for taxpayer to understand
 - easiest to manipulate in system with less chance of mistakes
- **Proportional & Methodology Options =**
 - does not allow us to predict and reach targeted revenue
 - requires testing of functionality
 - is more labor intensive

CHANGE VALUING METHODOLOGY OPTION:

National Automobile Dealers Association (NADA) <u>Condition</u> Category:		
Clean Trade-In Value (CURRENT = 100% Clean)	Average* Trade-In Value	Rough* Trade-In Value
*NOTE: Cannot determine percentage drop across the board = is vehicle specific		

CHANGE TO PROPORTIONAL ASSESSMENT OPTION:

Proportional Assessment = Use Clean Trade-In Value as we currently do but lower each assessed value proportionally by a determined percentage (*e.g.*, 70%-90%)

The Bright (BAI) system has functionality that enables this process to be performed.

CODE OF VIRGINIA:

§ 58.1-3503 (Prior to passage of amendment)

Tangible PP = classified for valuation in separate categories BUT not considered separate classes for rate purposes:

ORIGINALLY
LINKED



- PP: Automobiles, trucks [as specified], motor vehicles for handicapped, antique motor vehicles, motorcycles, all-terrain vehicles & off-road motorcycles, campers plus other recreational vehicles etc.
- BE/BPP: All tangible personal property employed in a trade or business

CODE OF VIRGINIA:

§ 58.1-3506 (With passage of HB 1239)

Property declared to be a separate class of property and constitutes a classification for local taxation separate from other classifications of tangible personal property [each as described in § 58.1-3503]:

NO LONGER



LINKED TO



- PP: Automobiles, trucks [as specified], motor vehicles for handicapped, antique motor vehicles, motorcycles, all-terrain vehicles & off-road motorcycles, campers plus other recreational vehicles etc.
- BE/BPP: All tangible personal property employed in a trade or business

APPLICABLE to taxable years January 1, 2022
but before January 1, 2025.

SCENARIOS

TAX RATE	TAX RATE	OUTCOME
Scenario A	\$4.23	Lowering PP ONLY with Natural Increase
Scenario B	\$3.78	Lowering PP ONLY without Natural Increase
Scenario C	\$4.41	Lowering PP & BE/BPP with Natural Increase
Scenario D	\$3.95	Lowering PP & BE/BPP without Natural Increase

**OUTSIDE AGENCIES
FY 2022-2023**

Organizations W/OUT MOU/Funding Formula	2021-2022 Approved Budget	2022-2023 Budget Request	\$ Difference	% Difference
Public Defender's Office - NEW REQUEST	\$0	\$17,505	\$17,505	100%
Blue Ridge Legal Services, Inc. - NEW REQUEST	\$0	\$4,591	\$4,591	100%
Our Health, Inc.	\$20,000	\$20,000	\$0	0%
NW Works, Inc.	\$25,000	\$55,000	\$30,000	120%
Access Independence, Inc.	\$11,000	\$16,000	\$5,000	45%
NSV Substance Abuse Coalition	\$60,000	\$60,000	\$0	0%
Lord Fairfax EMS Council, Inc.	\$16,000	\$16,800	\$800	5%
Health Department	\$436,439	\$453,676	\$17,237	4%
Northwestern Community Services	\$416,507	\$437,332	\$20,825	5%
Shenandoah Area Agency on Aging	\$63,000	\$63,000	\$0	0%
The Laurel Center	\$6,000	\$125,000	\$119,000	1983%
Lord Fairfax SWCD	\$11,250	\$11,500	\$250	2%

Total	\$1,065,196	\$1,280,404	\$215,208	
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Organizations WITH MOU/Funding Formula	2021-2022 Approved Budget	2022-2023 Budget Request	\$ Difference	% Difference
Tourism Program - City of Winchester	\$420,000	\$569,000	\$149,000	35%
Lord Fairfax Community College	\$81,308	\$92,045	\$10,737	13%
The Handley Library	\$1,218,200	\$1,325,000	\$106,800	9%
NSV Regional Commission	\$74,348	\$81,885	\$7,537	10%

Total	\$1,793,856	\$2,067,930	\$274,074	
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Total Both Categories	\$2,859,052	\$3,348,334	\$489,282	
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Scenario A Current Tax Rates 50% Allocation to County Full School Operating and Capital Funding Funding for Transportation Reserve New Positions No increase in Personal Property Assessments		Scenario B Same as Scenario A with exception of no School Capital funding No increase in Personal Property Assessments		Scenario C Current Tax Rates 50% Allocation to County Full Capital School Funding and Partial School Operating Funding Funding for Transportation Reserve New Positions No increase in Personal Property Assessments	
FY 22 Operating Revenue	\$209,706,798	FY 22 Operating Revenue	\$209,706,798	FY 22 Operating Revenue	\$209,706,798
FY 23 Local Tax Revenue Growth	\$22,300,000	FY 23 Local Tax Revenue Growth	\$22,300,000	FY 23 Local Tax Revenue Growth	\$22,300,000
Market Value Adjustment	-\$1,300,000	Market Value Adjustment	-\$1,300,000	Market Value Adjustment	-\$1,300,000
FY 22 Program/Department Specific Revenue	<u>\$1,686,011</u>	FY 22 Program/Department Specific Revenue	<u>\$1,686,011</u>	FY 22 Program/Department Specific Revenue	<u>\$1,686,011</u>
FY 22 General Fund Revenue	\$232,392,809	FY 22 General Fund Revenue	\$232,392,809	FY 22 General Fund Revenue	\$232,392,809
Funding For Transportation Reserve	-\$4,600,000	Funding For Transportation Reserve	-\$6,700,000	Funding For Transportation Reserve	-\$6,700,000
	\$227,792,809		\$225,692,809		\$225,692,809
Full Operating and Capital School Funding Request	-\$5,900,000	Full Operating School Funding Request	-\$3,800,000	Full Capital School Funding and Partial School Operating	-\$3,800,000
	\$221,892,809		\$221,892,809		\$221,892,809
FY 23 General Fund Operating Requests	\$219,990,881	FY 23 General Fund Operating Requests	\$219,990,881	FY 23 General Fund Operating Requests	\$219,990,881
Reductions in Operating Requests	-\$894,958	Reductions in Operating Requests	-\$894,958	Reductions in Operating Requests	-\$894,958
Amended General Fund Operating Requests	\$219,095,923	Amended General Fund Operating Requests	\$219,095,923	Amended General Fund Operating Requests	\$219,095,923
FY 23 General Fund Capital Requests	\$10,240,293	FY 23 General Fund Capital Requests	\$10,240,293	FY 23 General Fund Capital Requests	\$10,240,293
FY 23 General Fund New Position Requesta	<u>\$2,840,074</u>	FY 23 General Fund New Position Requesta	<u>\$2,840,074</u>	FY 23 General Fund New Position Requesta	<u>\$2,840,074</u>
	\$232,176,290		\$232,176,290		\$232,176,290
<u>What is Funded in General Fund</u>		<u>What is Funded in General Fund</u>		<u>What is Funded in General Fund</u>	
COLA Placeholder	\$4,500,000	COLA Placeholder	\$4,500,000	COLA Placeholder	\$4,500,000
Contingency (subject to change)	\$300,000	Contingency (subject to change)	\$300,000	Contingency (subject to change)	\$300,000
Health insurance Increase	\$1,100,000	Health insurance Increase	\$1,100,000	Health insurance Increase	\$1,100,000
Reduction in Health Insurance Increase	-\$730,000	Reduction in Health Insurance Increase	-\$730,000	Reduction in Health Insurance Increase	-\$730,000
VRS Increase	\$600,000	VRS Increase	\$600,000	VRS Increase	\$600,000
Adult Detention Funding Increase	\$1,634,843	Adult Detention Funding Increase	\$1,634,843	Adult Detention Funding Increase	\$1,634,843
Reduction in Adult Detention Funding	-\$164,958	Reduction in Adult Detention Funding	-\$164,958	Reduction in Adult Detention Funding	-\$164,958
Security Upgrades/Virus Protection	\$232,243	Security Upgrades/Virus Protection	\$232,243	Security Upgrades/Virus Protection	\$232,243
Sheriff OT/PT	\$225,000	Sheriff OT/PT	\$225,000	Sheriff OT/PT	\$225,000
Sheriff Gasoline	\$220,000	Sheriff Gasoline	\$220,000	Sheriff Gasoline	\$220,000
Additional Funding to Schools in FY 23	\$5,900,000	Additional Funding to Schools in FY 23	\$3,800,000	Additional Funding to Schools in FY 23	\$3,800,000
New Positions (32 Requested @ \$2.84 m)	\$2,796,886	New Positions (32 Requested @ \$2.84 m)	\$2,796,886	New Positions (32 Requested @ \$2.84 m)	\$2,796,886
School Operating Funding	\$4,600,000	School Operating Funding	\$3,800,000	School Operating Funding	\$2,500,000
School Capiatl Funding	<u>\$1,300,000</u>	Transfer from School Debt to School Operating	<u>\$800,000</u>	School Capital Funding	<u>\$1,300,000</u>
	\$5,900,000		\$4,600,000		\$3,800,000
Transfer from School Debt to Capital Fund	<u>\$800,000</u>			Transfer from School Debt to School Capital	<u>\$800,000</u>
	\$6,700,000	(Uses Debt Service Reduction to fund School Operating)			\$4,600,000