



**MEMORANDUM**

**TO:** Beverly R. Cameron, City Manager  
**FROM:** Deidre G. Jett, Budget Manager  
**DATE:** May 3, 2016  
**SUBJECT:** Real Estate Tax Ordinance for FY 2017

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**ISSUE**

The City Council is asked to approve an ordinance setting the new tax rate for the FY 2017 budget.

**RECOMMENDATION**

This ordinance requires two readings. The first read is scheduled for May 10, 2016. This is also the date of the Public Hearing on the advertised tax rate of \$0.79 cents. The second reading for the Ordinance is planned for May 24, 2016.

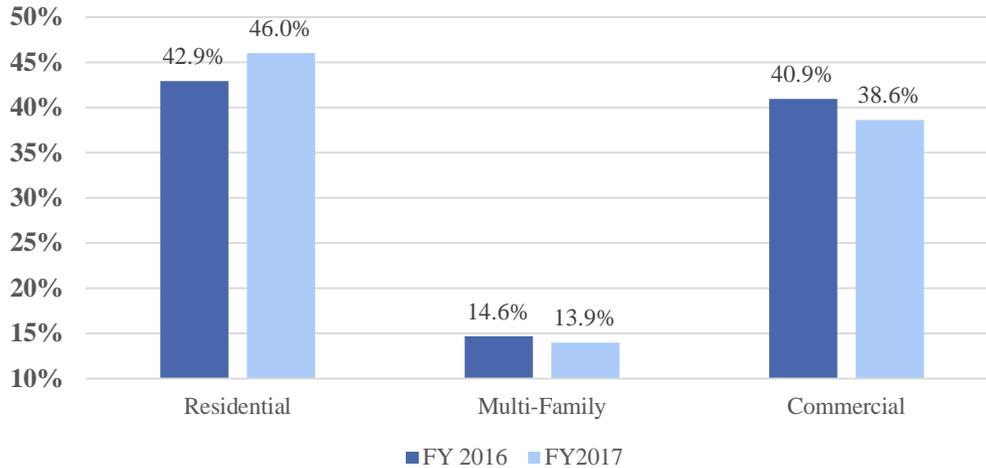
Staff recommends City Council approve the attached ordinance on first reading. The tax rate of \$0.77 reflects an equalized tax rate. City Council may amend the attached ordinance but cannot increase the tax rate above \$0.79 without a new advertisement of the rate and an additional public hearing.

**BACKGROUND**

The ordinance recommends setting a tax rate of \$0.77 per \$100 valuation. This is an equalized tax rate. The tax rate is "equalized" in the sense that the new assessed value of property multiplied by new tax rate will "equal" the levy in the prior fiscal year which was calculated by multiplying the previous assessed value by the previous tax rate. In accordance with the Code of the Commonwealth of Virginia, the tax rate of \$0.77 per \$100 was calculated not to exceed 101% of the prior year levy less any new construction value. The tax rate in FY 2016 was \$0.82 cents per \$100 valuation.

Based on the preliminary results of the reassessment there will be a shifting of the real estate tax burden from commercial properties to residential properties. Overall, taxable assessed value is expected to increase by approximately 7.3 %. However, the increase for single-family residential properties is expected to be approximately 16%. Other property classes are anticipated to experience more modest increases. Commercial properties are expected to increase by 2% and multifamily by 4%. These values may change as a result of final quality control checks by the assessors and the results of appeals.

### Preliminary Assessment Results



Unfortunately, even with an equalized rate, many single-family homeowners will see an increase in their tax bill. The reassessment notices will be mailed the week of May 9<sup>th</sup> and will reference that the next City Council meeting will be May 24<sup>th</sup>. Property owners will be able to appeal the results of the assessment to the assessors beginning the week of May 16<sup>th</sup>. In addition, the City will convene a Board of Equalization in the Fall to hear further appeals.

#### **FISCAL IMPACT**

The revenue projection for real estate taxes in the FY 2017 budget is \$29,265,500. This is an additional \$200,000, or 0.67% in revenue when compared to the FY 2016 Adopted Budget.

Attachment: Ordinance

cc: Kathleen Dooley, City Attorney  
Lois Jacobs, Commissioner of the Revenue



May 10, 2016  
Regular Meeting  
Ordinance No. 16-xx

**MOTION:**

**SECOND:**

**RE:           SETTING THE REAL ESTATE TAX RATE AT \$0.77 PER EVERY  
\$100.00 OF ASSESSED VALUE OF REAL ESTATE FOR FISCAL YEAR  
2017**

**ACTION:     APPROVED: AYES: 0; NAYS: 0**

**FIRST READ: \_\_\_\_\_ SECOND READ: \_\_\_\_\_**

**IT IS HEREBY ORDAINED** by the City Council of the City of Fredericksburg, Virginia as follows:

**Section 1.     Purpose and Intent.**

The purpose of this ordinance is to set the rate of taxation on all taxable real property within the City for the fiscal year beginning on July 1, 2016, and continuing each year thereafter until modified by Council. The authority to levy such tax and to set a tax rate is set forth in Article X, Section 4, of the Virginia Constitution; Chapters 30 and 32 of Title 58.1 of the Code of Virginia (§58.1-3000, et seq.); (§58.1-3200, et seq.); and Section 22 of the Charter of the City of Fredericksburg.

**Section 2.     Real Property Tax Levied.**

For the fiscal year beginning July 1, 2016, and continuing for each fiscal year thereafter until modified by Council, there is hereby imposed and levied on all real estate and improvements thereon in the City not exempt from taxation a tax of 77 cents (\$0.77) for every one hundred dollars (\$100.00) of assessed value thereof, for general City and school purposes.

**Section 3.     Effective Date.**

This ordinance shall be effective July 1, 2016.

**Votes:**

**Ayes:**

**Nays:**

**Absent from Vote:**

**Absent from Meeting:**

Approved as to form:

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Kathleen Dooley, City Attorney

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***Clerk's Certificate***

*I, the undersigned, certify that I am Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Ordinance No. 16-xx duly adopted at a meeting of the City Council meeting held May 10, 2016 at which a quorum was present and voted.*

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***Tonya B. Lacey, CMC***  
***Clerk of Council***