



MEMORANDUM

TO: Timothy J. Baroody, City Manager
FROM: Donna Leahy, Budget Analyst
RE: Setting the Real Estate Tax Rate at \$.90 per Every \$100 of Assessed Value of Real Estate for Fiscal Year 2024
DATE: April 19, 2023 (for the April 25, 2023 Regular Meeting)

ISSUE

City Council is asked to consider changing the real estate tax rate for FY 2024 to \$0.90 from \$0.86 per \$100 in valuation, effective July 1, 2023 to June 30, 2024.

RECOMMENDATION

Staff recommends approval of this ordinance on first read. If approved, the second reading would occur at the May 9, 2023 City Council meeting.

BACKGROUND

Public Hearing

A public hearing was held on the proposed amendment to Real Estate Tax on April 18, 2023. No comments were heard from the public regarding this tax. Comments were received by several outside agencies including the Fredericksburg SPCA, the American Red Cross, Micah Ministries, FailSafe-Era, Legal Aid Works, Fredericksburg Area Museum, Rappahannock Area Big Brothers and Big Sisters, Bay Area Workforce Development Board, and Mental Health America of Fredericksburg.

The FY 2024 City Manager's Recommended Operating and Capital Budget includes, as part of the revenue estimates, an increase in the real estate tax rate of \$0.04 per \$100 valuation. This would increase the tax rate from the current \$0.86 to \$0.90 per \$100 valuation.

Of the current total real estate rate, two cents are dedicated to stormwater functions, with the remainder dedicated to general and school purposes.

City Council, in the course of the budget review process, chose to advertise an increase of \$0.05 (to \$0.91 per \$100 valuation) for the public hearing held on April 18th. City Council took this course of action to provide for additional flexibility in reviewing the budget. After Council consideration of options and changes to the recommended budget during the review process, the attached ordinance reflects a final tax rate of \$0.90 per \$100 valuation.

The increase in real estate taxes for the median household in the City, currently valued at \$350,000 (rounded), is \$140 annually. A commercial property valued at \$2,000,000 would see an increase of \$800 annually.

FISCAL IMPACT

The total General Fund budget for real estate taxes for Fiscal Year 2024 is \$41,272,000. The Stormwater Fund (Fund 229) includes an estimate of \$920,000 for FY 2024. The rate adopted in the attached ordinance will meet current estimates.

Attachment: Ordinance Setting the Real Estate Tax Rate



**April 25, 2023
Regular Meeting
Ordinance 23-**

MOTION:

SECOND:

RE: Setting the Real Estate Tax Rate at \$.90 per Every \$100 of Assessed Value of Real Estate for Fiscal Year 2024

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, 2023 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 (§58.1-3200, et seq.); and Section 22 of the Charter of the City of Fredericksburg.

Section 2: Real Property Tax Levied

Beginning July 1, 2023 and continuing 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 90 cents (\$0.90) for every one hundred dollars (\$100.00) of assessed value, for general City and school purposes.

Section 3: Effective Date

This ordinance shall be effective July 1, 2023.

Votes:

Ayes:

Nays:

Absent from Vote:

Absent from Meeting:

Approved as to form:

Kathleen Dooley, City Attorney

Clerk's Certificate

I certify that I am Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Ordinance No. 23 __, adopted at a meeting of the City Council held April 25, 2023, at which a quorum was present and voted.

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