



MEMORANDUM

TO: Timothy J. Baroody, City Manager
FROM: Mark Whitley, Assistant City Manager
RE: Ordinance to Change Real Estate Tax Rate
DATE: Update May 19, 2021 (for May 25, 2021 Regular Meeting)

ISSUE

City Council is asked to consider changing the real estate tax rate for FY 2022 to \$0.83 per \$100 in valuation.

RECOMMENDATION

{Update: Staff recommends approval on second reading. The second reading for this ordinance was postponed by City Council on May 11, 2021, to the May 25, 2021 meeting. The ordinance passed first reading on April 27, 2021, and was considered at a public hearing on April 20, 2021.}

BACKGROUND

The FY 2022 City Manager's Operating and Capital Budget includes, as part of the revenue estimates, an increase in the real estate tax rate of \$0.03 per \$100 valuation. This would increase the tax rate from the current \$0.80 to \$0.83 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.

The attached ordinance reflects a new real estate tax rate of \$0.83 per \$100 in value. Staff recommends adopting the ordinance on second reading, with an effective date of July 1, 2021.

City Council, in the course of the budget review process, chose to advertise an increase of \$0.04 (to \$0.84 per \$100 valuation) for the public hearing held on April 20th. City Council takes 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 the original recommendation contained in the City Manager's recommended budget.

The increase in real estate taxes for the median household in the City, currently valued at \$350,000 (rounded), is \$105 annually. A commercial property valued at \$2,000,000 would see an increase of \$600 annually.

FISCAL IMPACT

The total General Fund budget for real estate taxes for Fiscal Year 2022 is \$35,420,000. The Stormwater Fund (Fund 229) includes an estimate of \$875,000 for FY 2022. The rate adopted in the attached ordinance will meet current estimates.

Attachment: Ordinance Setting the Real Estate Tax Rate



May 25, 2021
Regular Meeting
Ordinance 21-10

MOTION:

SECOND:

RE: Setting the Real Estate Tax Rate at \$0.83 per Every \$100 of Assessed Value of Real Estate for Fiscal Year 2022

ACTION: APPROVED: Ayes: 0; Nays: 0

FIRST READ: April 27, 2021

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 based on the results of the general property assessment that will take effect on July 1, 2021 for the fiscal year beginning on July 1, 2021 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, 2021 and continuing thereafter until modified by Council, there is hereby imposed and levied on all real estate and improvement thereon in the City not exempt from taxation a tax of 83 cents (\$0.83) 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, 2021.

Votes:

Ayes:

Nays:

Absent from Vote:

Absent from Meeting:

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. 21-10, adopted at a meeting of the City Council held May 11, 2021, at which a quorum was present and voted.

Tonya B. Lacey, MMC
Clerk of Council