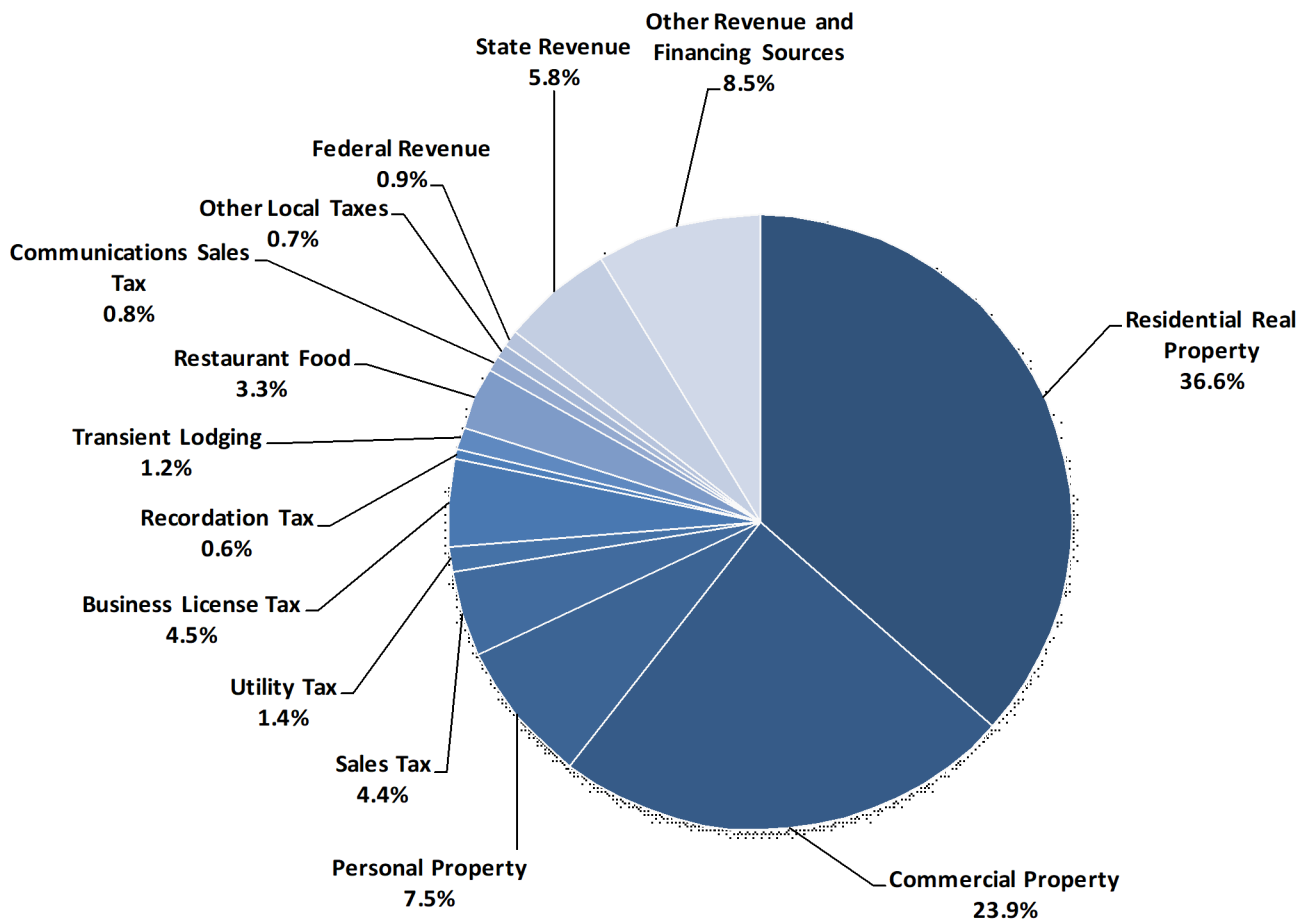




GENERAL FUND REVENUES

The chart below shows the distribution of estimated General Fund revenues (\$863,882,896) and fund balance use (\$17,250,000) for FY 2023 totaling **\$881,132,896**. This represents a 5.0% increase above the amount budgeted for FY 2023.



Revenues



GENERAL FUND REVENUES

| General Fund Revenue | FY 2022 Actual | FY 2023 Approved | FY 2023 Projected | FY 2024 Proposed |
|--|--------------------|---------------------|----------------------|---------------------|
| General Property Tax Revenue | | | | |
| Real property tax | 491,975,060 | 514,554,739 | 514,959,597 | 532,661,579 |
| Personal property tax | 57,207,803 | 66,776,000 | 64,833,000 | 66,313,000 |
| Penalties and Interest | 3,358,050 | 3,199,600 | 3,358,050 | 3,358,050 |
| <i>Total general property tax revenue</i> | <i>552,540,913</i> | <i>584,530,339</i> | <i>583,150,647</i> | <i>602,332,629</i> |
| Other local tax revenue | | | | |
| Local sales tax | 36,800,040 | 37,440,000 | 39,000,000 | 39,000,000 |
| Utility tax | 12,017,966 | 11,760,000 | 12,020,000 | 12,020,000 |
| Business licenses | 38,101,182 | 39,824,300 | 39,824,300 | 39,824,300 |
| Motor vehicle licenses | 8,212 | - | - | - |
| Recordation | 8,425,865 | 8,645,000 | 4,840,000 | 4,900,000 |
| Cigarette | 2,149,715 | 2,100,000 | 2,030,000 | 2,030,000 |
| Transient Lodging | 10,206,837 | 9,500,000 | 10,207,000 | 10,207,000 |
| Restaurant food | 28,872,822 | 27,600,000 | 28,900,000 | 28,900,000 |
| Admissions | 254,968 | 261,000 | 348,000 | 313,000 |
| Communications service | 7,709,875 | 7,245,080 | 7,245,080 | 6,810,000 |
| Other miscellaneous | 4,328,010 | 4,103,000 | 4,018,000 | 3,835,000 |
| <i>Total other local tax revenues</i> | <i>148,875,493</i> | <i>148,478,380</i> | <i>148,432,380</i> | <i>147,839,300</i> |
| Non-tax revenue | | | | |
| Licenses, permits, and fees | 2,202,262 | 2,867,350 | 2,638,000 | 2,668,000 |
| Fines and forfeitures | 2,694,652 | 4,305,200 | 3,730,000 | 3,823,000 |
| Use of money and property | 926,351 | 6,655,000 | 14,398,000 | 18,779,558 |
| Charges for services | 15,201,532 | 14,886,328 | 13,005,000 | 14,955,489 |
| Noncategorical State (PPTRA) | 23,578,531 | 23,578,531 | 23,579,000 | 23,579,000 |
| Intergovernmental revenues | 32,690,234 | 33,870,491 | 34,491,000 | 35,861,507 |
| Miscellaneous revenues | 2,788,692 | 2,545,701 | 3,236,000 | 3,582,890 |
| <i>Total non-tax revenue</i> | <i>80,082,254</i> | <i>88,708,601</i> | <i>95,077,000</i> | <i>103,249,444</i> |
| Total General Fund Revenues | 781,498,659 | 821,717,320 | 826,660,027 | 853,421,373 |
| Other financing sources (uses) | | | | |
| Appropriations to/(from Fund Balances) | | | | |
| Contribution to/(Use of Fund Balance) | - | 8,120,000 | - | 17,250,000 |
| Transfer from special revenue acct. ¹ | 45,584,494 | 9,376,651 | 9,376,651 | 10,461,523 |
| Total Transfers In | 45,584,494 | 17,496,651 | 9,376,651 | 27,711,523 |
| Total General Fund Revenues and Other Sources | 827,083,153 | 839,213,971 | 836,036,678 | 881,132,896 |

¹ 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.



MAJOR REVENUE INITIATIVES IN FY 2024

- **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, 2023, 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 remains consistent at 1.0 cents of every \$1.11. The City Manager's Message contains recommendations on how to spend the revenue generated by a one-cent real estate tax rate increase if City Council were to increase the rate through the Add/Delete budget mark-up process.

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

Other notable changes:

- The Department of Recreation & Cultural Activities will receive revenue (\$3,900) from a new Teen Pass to Chinquapin and Outdoor Pools.
- The Department of Recreation & Cultural Activities will receive additional revenue (\$5,601) from a market rate adjustment to the Non-resident Fee for Outdoor Pools.
- The City will receive \$1.8M in revenue from the State as reimbursement from the Virginia Department of Health for reimbursement of rent expenses at Mark Center.
- The Department of Transportation and Environmental Services will receive the following additional revenues:
 - \$249,000 from an increase in right-of-way fees for installation of small cell antennae, based on increased applications from service providers.
 - \$60,000 from increasing the number of blocks eligible for residential pay-by-phone parking.
 - \$60,000 from making additional blocks eligible to increase parking fees for non-residents.
 - \$30,000 from permitting fees in the new Potomac Yard and Potomac Greens parking districts.
 - \$80,000 from the expansion of the parklet program, which charges permit fees to businesses using public right-of-way for dining or retail.



REAL ESTATE TAX RATES

Regional Tax Rates for Calendar Years 1983-2023

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

| Tax Year | Alexandria | Arlington | Fairfax ¹ | Loudoun ¹ | Pr. William ¹ |
|----------|------------|--------------------------|--------------------------|----------------------|--------------------------|
| 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 |
| 2008 | 0.845 | 0.848/0.973 ³ | 0.92/1.03 ³ | 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 ⁴ | 1.111/1.236 ⁵ | 0.890 | 1.1075 |
| 2023 | 1.110 | 1.013/1.138 ⁴ | 1.111/1.236 ⁵ | 0.870 | 1.1075 ⁶ |



REAL ESTATE TAX RATES

Regional Tax Rates for Calendar Years 1979-2022 Continued

Table References

- ^{1.} Tax rates in tax years 1979-2001 do not reflect additional special tax district (fire, leaf collection, etc.) or town real estate tax rates.
- ^{2.} 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.
- ^{3.} Beginning in calendar year 2008, Arlington County and Fairfax County levied an additional tax on most commercial real property for transportation purposes.
- ^{4.} Arlington County's rate includes a transportation add-on tax on commercial property of 12.5 cents.
- ^{5.} 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.
- ^{6.} Tax rate for Prince William County reflects the prior year approved rate because the FY 2024 rate was not available at the time of the FY 2024 Proposed Budget.

Revenues



FY 2024 PROPOSED 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 Taxes | | | |
| 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 Taxes | | | |
| 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 | 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) | \$1.42 plus \$0.050213 of each kWh | 58.1-3814 | 20% of monthly amount charged |
| Natural Gas (Non-residential interruptible) | \$4.50 plus \$0.00367 of each CCF of gas delivered | 58.1-3814 | 20% of monthly amount charged |
| Water (residential) | 15% of the monthly amount charged to consumers of the utility service | 58.1-3814 | ** |
| 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 |
| Personal, Business, & Repair 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 |

Revenues



FY 2024 PROPOSED TAX RATES FOR MAJOR REVENUE SOURCES

| Tax | City Approved Rate | Virginia Code Reference | Maximum Rate Allowable by State |
|----------------------------------|---|-------------------------|--|
| 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% |
| Public rights-of-way use fee | \$1.01 per access line (Effective July 1, 2022) | 56-468.1 | Minimum of \$0.50 per line per month; annual rate calculated by VDOT |
| Electric Consumption Tax | \$0.0038/kWh | 58.1-2900 | 0.00038/kWh |
| Natural Gas Consumption Tax | \$0.004 per CCF | 58.1-2904 | \$0.004 per CCF |
| 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% |
| Other | | | |
| Admissions Tax | 10% of any admission charge, not to exceed \$0.50 per person admitted | 58.1-3840 | None set |
| 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 type of license) | 4.1-233 | Various |
| 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 2022 | FY 2023 | FY 2023 | FY 2024 | % Chg. FY24 Proposed/FY23 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------------------|
| | Actual | Approved | Projected | Proposed | Proj |
| Residential | 287,431,208 | 299,642,892 | 304,280,724 | 317,623,280 | 4.4% |
| Commercial Multi-Family | 94,344,270 | 101,767,976 | 102,366,345 | 109,127,716 | 6.6% |
| Office/Retail and Other Commercial | 102,718,151 | 105,904,982 | 100,854,349 | 98,328,181 | -2.5% |
| Public Service Corporation | 7,481,430 | 7,238,888 | 7,458,179 | 7,582,401 | 1.7% |
| Total | 491,975,060 | 514,554,739 | 514,959,597 | 532,661,579 | 3.4% |
| <i>Potomac Yard Tax Base Growth Transfer to the Potomac Yard Fund (Informational)</i> | <i>(13,134,507)</i> | <i>(13,986,232)</i> | <i>(14,122,008)</i> | <i>(14,873,266)</i> | 5.3% |

The FY 2024 Proposed Budget reflects a Real Property tax rate of \$1.110 per \$100. The FY 2024 proposed rate of \$1.110 includes the following set asides for specific programs:

- Transportation Improvements 2.2 cents (General Fund Reservation)
- Affordable Housing 1.0 cents (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 2023 Real Property Assessment Report, the City’s overall real property tax base increased 3.8% from the January 1, 2022 assessment to January 1, 2023, or \$1.8 billion from \$46.6 billion in CY 2022 to \$48.3 billion in CY 2023.

Assumptions

General Fund real property tax revenues for the first half of FY 2024 (the second half of calendar 2023) are based on the 2023 real property assessment and a 49.65 percent collection rate for the second half of the 2023 tax levy. Real property tax revenues for the second half of FY 2024 (the first half of calendar year 2024) assumes a growth rate of 2.99% 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 2024 has been reduced by approximately \$6.5 million to reflect the costs of the tax relief programs for the elderly and disabled, and tax exemptions for disabled veterans and surviving spouses. These exemptions have been expanded from the FY 2023 Approved Budget to include the surviving spouses of veterans killed in the line of duty, as allowed under HB 957.



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 2024, \$14.9 million in revenue is budgeted for the appreciation that has occurred since 2011 of Potomac Yard. Of the revenue generated from the appreciation, \$4.7 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 2024 proposed budget includes a transfer of \$28.5 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 \$11.1 million. The amount of revenue estimated to be generated in FY 2023 by the City's 30 percent of NVTA revenues is \$7.5 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 |
| Total | 34,746,675 | 35,895,603 | 37,146,860 | 38,195,319 | 38,987,294 |

| | | | | | |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| 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% |
| Total | 100% | 100% | 100% | 100% | 100% |

| | | | | | |
|--------------|-------|-------|-------|-------|-------|
| 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 | 2023 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Residential Single Family* | 16,291,951 | 16,578,737 | 17,370,936 | 18,243,105 | 19,458,676 | 20,422,131 |
| Residential Condominium* | 6,429,613 | 6,626,468 | 7,012,378 | 7,581,651 | 8,075,395 | 8,531,517 |
| Vacant Residential* | 122,472 | 105,629 | 167,296 | 205,012 | 294,769 | 308,139 |
| Commercial Multi-Family | 7,463,415 | 7,768,690 | 8,155,671 | 8,443,823 | 9,316,308 | 9,893,384 |
| Office/Retail Property | 8,587,410 | 8,896,153 | 8,988,020 | 8,370,575 | 8,449,600 | 8,246,675 |
| Other Commercial | 386,192 | 360,442 | 357,454 | 344,203 | 308,555 | 305,332 |
| Public Service Corporation | 616,934 | 641,124 | 627,481 | 638,427 | 656,749 | 677,782 |
| Total | 39,897,987 | 40,977,242 | 42,679,236 | 43,826,796 | 46,560,052 | 48,384,960 |
| Residential Single Family | 40.9% | 40.5% | 40.7% | 41.6% | 41.8% | 42.2% |
| Residential Condominium | 16.1% | 16.2% | 16.4% | 17.3% | 17.3% | 17.6% |
| Vacant Residential | 0.3% | 0.3% | 0.4% | 0.5% | 0.6% | 0.6% |
| Commercial Multi-Family | 18.7% | 19.0% | 19.1% | 19.3% | 20.0% | 20.4% |
| Office/Retail Property | 21.5% | 21.7% | 21.1% | 19.1% | 18.2% | 17.0% |
| Other Commercial | 1.0% | 0.9% | 0.8% | 0.8% | 0.7% | 0.6% |
| Public Service Corporation | 1.5% | 1.6% | 1.5% | 1.5% | 1.4% | 1.4% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% |
| Residential* | 57.3% | 56.9% | 57.5% | 59.4% | 59.8% | 60.5% |
| Commercial** | 42.7% | 43.1% | 42.5% | 40.6% | 40.2% | 39.5% |
| Revised Distribution with Commercial Multi-Family included in Residential instead of Commercial*** | | | | | | |
| Residential | 76.0% | 75.9% | 76.6% | 78.7% | 79.8% | 80.9% |
| Commercial | 24.0% | 24.2% | 23.4% | 21.3% | 20.2% | 19.1% |

* 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 2004-2023 Real Property Assessment Reports.

Revenues



PERSONAL PROPERTY TAX

| | FY 2022 Actual | FY 2023 Approved | FY 2023 Projected | FY 2024 Proposed | % Chg. FY24 Proposed/FY23 Proj |
|--|-------------------|---------------------|----------------------|---------------------|---|
| Business Personal Property Tax | 16,215,295 | 17,176,000 | 17,033,000 | 17,033,000 | 0.0% |
| Personal Property Tax | 40,992,508 | 49,600,000 | 47,800,000 | 49,280,000 | 3.1% |
| Total | 57,207,803 | 66,776,000 | 64,833,000 | 66,313,000 | 2.3% |
| <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 2024 is based on significant market appreciation during 2021 and 2022 due to economic factors resulting from the pandemic. To address this dramatic rise in valuations, City Council approved the use of an assessment ratio for Tax Year 2022. The Proposed Budget recommends a similar approval for FY24, discounting the NADA January market value of taxed vehicles.

| 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 | | 55.5% for vehicles valued between \$1,001 and \$20,000 |
| 2006-2008 | 69% of the first \$20,000 of the vehicle's assessed tax bill | 2017-2019 | 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 |
| 2009 | 73% of the first \$20,000 of the vehicle's assessed tax bill | | 53% for vehicles valued between \$1,001 and \$20,000 |
| 2010 | 69% of the first \$20,000 of the vehicle's assessed tax bill | 2020 | 43% on the first \$20,000 for vehicles valued between \$20,001 and \$25,000 33% on the first \$20,000 for vehicles valued \$25,001 and higher |
| 2011 | 63% of the first \$20,000 of the vehicle's assessed tax bill | | 100% for vehicles valued \$1,000 and less |
| 2012 | 61% of the first \$20,000 of the vehicle's assessed tax bill | 2021 | 52% for vehicles valued between \$1,001 and \$20,000 41% on the first \$20,000 for vehicles valued between \$20,001 and \$25,000 31% on the first \$20,000 for vehicles valued \$25,001 and higher |
| 2013-2014 | 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 | | 100% for vehicles valued \$5,000 and less |
| | 60% for vehicles valued between \$1,001 and \$20,000 | Current* (estimated) | 52% for vehicles valued between \$5,001 and \$20,000 28% on the first \$20,001 for vehicles valued between \$20,001 and \$25,000 16% on the first \$20,000 for vehicles valued \$25,001 and higher |
| 2015 | 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 | | |
| | 58% for vehicles valued between \$1,001 and \$20,000 | | |
| 2016 | 48% on the first \$20,000 for vehicles valued between \$20,001 and \$25,000 39% 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 2022 Actual | FY 2023 Approved | FY 2023 Projected | FY 2024 Proposed | % Chg. FY24 Proposed/FY23 Proj |
|------------------------------|-------------------|---------------------|----------------------|---------------------|---|
| <i>Federal</i> | | | | | |
| Prisoner Per Diem | 6,646,314 | 6,834,000 | 6,834,000 | 6,834,000 | 0.0% |
| Other Federal | 653,805 | 1,110,000 | 1,200,000 | 1,110,000 | -7.5% |
| <i>State</i> | | | | | |
| HB 599 | 5,986,323 | 6,000,000 | 6,000,000 | 6,000,000 | 0.0% |
| Personal Property Tax Relief | 23,578,531 | 23,578,531 | 23,578,531 | 23,578,531 | 0.0% |
| Compensation Board Reimb. | 8,852,645 | 8,505,000 | 8,505,000 | 8,760,150 | 3.0% |
| Street & Highway Maintenance | 8,421,823 | 8,530,000 | 8,530,000 | 8,530,000 | 0.0% |
| Other State | 2,112,952 | 2,891,491 | 3,422,000 | 4,627,357 | 35.2% |

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 2024 Proposed Budget assumes revenue generated by the contract that guarantees a minimum of 150 beds per day. Actual federal utilization may exceed the guaranteed minimum.

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 2024 budget assumes this will remain flat from FY 2023 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 2023 and FY 2024 is based on current actuals and information provided by the Commonwealth Transportation Board.

Revenues



OTHER MAJOR CATEGORIES OF REVENUES

| | FY 2022 Actual | FY 2023 Approved | FY 2023 Projected | FY 2024 Proposed | % Chg. FY24 Proposed/FY23 Proj |
|---------------------------------------|-------------------|---------------------|----------------------|---------------------|---|
| Penalties and Interest | 3,358,050 | 3,199,600 | 3,358,050 | 3,358,050 | 0.0% |
| Charges for Services | 15,201,532 | 14,886,328 | 13,005,000 | 14,955,489 | 15.0% |
| Licenses, Permits, and Fees | 2,202,262 | 2,867,350 | 2,638,000 | 2,668,000 | 1.1% |
| Fines and Forfeitures | 2,694,652 | 4,305,200 | 3,730,000 | 3,823,000 | 2.5% |
| Use of Money and Property | 926,351 | 6,655,000 | 14,398,000 | 18,779,558 | 30.4% |
| Miscellaneous Revenues | 2,788,692 | 2,545,701 | 3,236,000 | 3,582,890 | 10.7% |
| Contribution to/(Use of Fund Balance) | 0 | 8,120,000 | 0 | 17,250,000 | 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 2024 Proposed Budget includes a \$0.1 million increase from FY 2023 approved as utilization of City Services continues to increase. This includes a \$151,500 increase in Recreation’s accountability fee program, \$24,000 for Power On/Up out-of-school programs, as well as increases for engineering and inspection fees.

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 2024 Proposed Budget decreases relative to FY 2023 due to the continued economic impact of COVID-19.

Fines and Forfeitures: This category includes parking fines, court fines, and red light violations. The FY 2024 Proposed Budget includes a decrease of to reflect recent trends in forfeiture levels.

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 increased 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 \$1.8 million in State funding to reimburse office space rented by the Alexandria Health Department.

Use of Fund Balance: The FY 2024 General Fund operating budget includes the use of \$17.3 million, or 2% of total General Fund revenue, of spendable fund balance resulting from prior year surpluses.

Revenues



OTHER MAJOR TAX REVENUES

| | FY 2022 Actual | FY 2023 Approved | FY 2023 Projected | FY 2024 Proposed | % Chg. FY24 Proposed/FY23 Proj |
|--------------------------------|--------------------|---------------------|----------------------|---------------------|---|
| Sales | 36,800,040 | 37,440,000 | 39,000,000 | 39,000,000 | 0.0% |
| Utility | 12,017,966 | 11,760,000 | 12,020,000 | 12,020,000 | 0.0% |
| Business Licenses | 38,101,182 | 39,824,300 | 39,824,300 | 39,824,300 | 0.0% |
| Recordation | 8,425,865 | 8,645,000 | 4,840,000 | 4,900,000 | 1.2% |
| Cigarette | 2,149,715 | 2,100,000 | 2,030,000 | 2,030,000 | 0.0% |
| Transient Lodging | 10,206,837 | 9,500,000 | 10,207,000 | 10,207,000 | 0.0% |
| Restaurant Meals | 28,872,822 | 27,600,000 | 28,900,000 | 28,900,000 | 0.0% |
| Communications Sales and Use | 7,709,875 | 7,245,080 | 7,245,080 | 6,810,000 | -6.0% |
| Other Local Taxes | 4,591,190 | 4,364,000 | 4,366,000 | 4,148,000 | -5.0% |
| Total Other Major Taxes | 148,875,493 | 148,478,380 | 148,432,380 | 147,839,300 | -0.40% |

Sales Tax: Sales Tax revenues are collected by businesses and remitted to the State. Revenues projected for FY 2023 and 2024 are based on historical trends, and the continued normalization of consumer spending.

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 is projected to remain flat through FY 2023 and into FY 2024.

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. Revenues from this tax are expected to remain flat.

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. Actual receipts in the first half of FY 2023 suggest a lower projection for FY 2024, as increased interest rates have reduced mortgage originations.

Cigarette Tax: The Cigarette Tax is assessed on each pack of cigarettes sold in the City. For FY 2024, 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 2023 are projected to remain steady through the end of the fiscal year, and stay flat into FY 2024.

Restaurant Meals Tax: The Restaurant Meals Tax is levied on all prepared food and beverages at a 5% rate. FY 2024 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 2024 based on historical trends.



TAX RATE OPTIONS

The purpose of this section is to provide details on possible revenue options to support the fiscal year (FY) 2024 budget. Staff has identified a number of tax categories that could be increased and therefore added to the City’s General Fund revenues if City Council chooses to modify them. These revenue options affect both individual and business taxpayers. In all cases, the City has the statutory authority to increase the tax rates because: (1) the current tax rates are not at the State maximum as enumerated in the Code of Virginia; (2) the maximum does not apply to the City; or (3) there is no maximum. Only the tax rates

Real Estate Tax

The real estate tax is the City’s largest source of revenue. For 2023 assessments, the average equalized value of existing residential property, including single family and condominium, is \$677,521 an increase of 3.3 percent from the previous year. Based on the FY 2024 Proposed Budget and the value of a penny, an increase to the real property tax rate of \$1.110 would increase FY 2024 revenue by \$4.8 million.

| Category | FY 2024 Estimated Revenue | Possible Rate Change | Potential Additional Revenue | Percentage Increase as Percent FY 2024 Estimated Revenue |
|----------|---------------------------|----------------------|------------------------------|--|
|----------|---------------------------|----------------------|------------------------------|--|

| | | | | |
|-----------------|-----------------|---------------------|---------------|------|
| Real Estate Tax | \$532.7 million | 1.0 cent to \$1.120 | \$4.8 million | 0.9% |
|-----------------|-----------------|---------------------|---------------|------|

Vehicle Personal Property Tax

The vehicle personal property tax is assessed on vehicles that are normally parked, stored, or garaged in the City for more than 30 days or that are registered to a City address with Virginia DMV. The vehicle personal property tax rate was \$5.00 per \$100 of assessed value and changed to \$5.33 in FY 2020 to compensate for a planned reduction from the elimination of the vehicle decal fee. Based on FY 2023 estimated revenue, increasing the tax rate by 50 cents to \$5.83 per \$100 for vehicle personal property would generate an additional \$5.9 million in revenue. The proposed budget recommends no change to this rate.

| Category | FY 2024 Estimated Revenue | Possible Rate Change | Potential Additional Revenue | Percentage Increase as Percent FY 2024 Estimated Revenue |
|----------|---------------------------|----------------------|------------------------------|--|
|----------|---------------------------|----------------------|------------------------------|--|

| | | | | |
|------------------------|----------------|------------------|---------------|-------|
| Vehicle Personal Prop. | \$49.3 million | \$5.83 per \$100 | \$6.2 million | 12.7% |
|------------------------|----------------|------------------|---------------|-------|

Revenues



TAX RATE OPTIONS

Restaurant Meals Tax

The meal and beverage tax on the purchase of food and beverages was last increased in FY 2019 from 4 percent to 5 percent with the additional one-percent designated for affordable housing. The FY 2023 estimated revenue from this tax is \$28.9 million. Raising the tax rate to 6.0 percent would generate an additional \$5.8 million in revenue. There is no State limit on meal sales tax for cities. The proposed budget reflects the current 5.0 percent rate. The proposed budget recommends no change to this rate.

| Category | FY 2024 Estimated Revenue | Possible Rate Change | Potential Additional Revenue | Percentage Increase as Percent FY 2024 Estimated Revenue |
|----------------|---------------------------|----------------------|------------------------------|--|
| Meal Sales Tax | \$28.9 million | 6.0% | \$5.8 million | 20.0% |

Transient Lodging Tax (Base Rate)

The transient lodging tax rate was last increased in FY 2019 from 6.5 percent of the room charge and \$1 per room per night to 6.5 percent of the room charge and \$1.25 per room per night. In FY 2024, the City is projected to have revenues of \$10.2 million in transient lodging taxes. Of this amount, approximately \$9.7 million was derived from the base tax rate on room charges. In FY 2014, the General Assembly imposed a 2.0 percent state transient occupancy tax (Regional Transient Occupancy Tax), a State tax administered by the localities bringing the total tax paid by customers to 8.5 percent. Based on the FY 2023 estimated revenue, raising the local base tax rate to 7.0 percent would generate \$0.7 million in additional revenue. There is no State limit on transient lodging tax for cities. The proposed budget recommends no change to this rate.

| Category | FY 2024 Estimated Revenue | Possible Rate Change | Potential Additional Revenue | Percentage Increase as Percent FY 2024 Estimated Revenue |
|-----------------------|---------------------------|----------------------|------------------------------|--|
| Transient Lodging Tax | \$10.2 million | 7.0% | \$0.1 million | 0.0% |

Admissions Tax

The City's admissions tax rate is 10 percent of the admission charge, not to exceed \$0.50 for each admission sold. It was established in 2008 and the rate has not been changed since then. Based on the FY 2023 projection, the City will collect \$0.3 million in admissions tax revenue. Based on the FY 2023 estimated revenue, increasing the tax rate to 10 percent of the admission charge, not to exceed \$0.75, would generate an additional \$0.2 million in revenue, raising it to 10 percent of the admission charge, not to exceed \$1.00, would generate an additional \$0.3 million in revenue. There is no State limit on admissions tax. The proposed budget recommends no change to this rate.

| Category | FY 2024 Estimated Revenue | Possible Rate Change | Potential Additional Revenue | Percentage Increase as Percent FY 2024 Estimated Revenue |
|----------------|---------------------------|--------------------------|------------------------------|--|
| Admissions Tax | \$0.3 million | 10% not to exceed \$0.75 | \$0.2 million | 50.0% |
| | | 10% not to exceed \$1.00 | \$0.3 million | 100.0% |

Revenues



TAX RATE OPTIONS

Business License Taxes for Business, Personal, and Repair Services

Business, Personal, and Repair Services combine into one of the largest segments of the Business, Professional and Occupational License (BPOL) tax. The current rate for each category is \$0.35 per \$100 of gross receipts. Based on prior year collections, these categories are estimated to generate almost \$30.7 million in FY 2023. Raising the tax rate by \$0.01 to the state maximum of \$0.36 per \$100 of gross receipts would generate an estimated \$0.8 million in additional tax revenue. The proposed budget recommends no change to this rate.

| Category | FY 2024 Estimated Revenue | Possible Rate Change | Potential Additional Revenue | Percentage Increase as Percent FY 2024 Estimated Revenue |
|--|---------------------------|-----------------------|------------------------------|--|
| BPOL Tax Rates - Business Personal, Repair | \$32.6 million | From \$0.35 to \$0.36 | \$0.8 million | 2.6% |

Business License Taxes for Financial Services

The current BPOL tax rate for Financial Services is \$0.35 per \$100 of gross receipts. Based on prior year collections, this category is estimated to generate approximately \$6.8 million in FY 2023. Raising the tax rate to \$0.40 per \$100 would generate \$1.0 million in additional revenue; raising it to \$0.45 per \$100 would generate \$2.0 million in additional revenue; raising it to the state maximum of \$0.58 per \$100 would generate an estimated additional \$3.6 million. The proposed budget recommends no change to this rate.

| Category | FY 2024 Estimated Revenue | Possible Rate Change | Potential Additional Revenue | Percentage Increase as Percent FY 2024 Estimated Revenue |
|------------------------------------|---------------------------|-----------------------|------------------------------|--|
| BPOL Tax Rates -Financial Services | \$7.2 million | From \$0.35 to \$0.40 | \$1.0 million | 14.3% |
| | | From \$0.35 to \$0.45 | \$2.0 million | 25.0% |
| | | From \$0.35 to \$0.58 | \$3.6 million | 40.0% |

Cigarette (Tobacco) Tax

The City levies a tax on every person who sells, distributes, or uses cigarettes. The tax is currently administered by the Northern Virginia Cigarette Tax Board, a regional, inter-jurisdictional enforcement authority. The City’s current tax rate of \$1.26 per pack represents the maximum allowable tax rate following a 2020 amendment to State code, which caps future rates at \$.02 per cigarette (\$.40 per pack).

| Category | FY 2024 Estimated Revenue | Possible Rate Change | Potential Reduction in Revenue | Percentage Decrease as Percent FY 2024 Estimated Revenue |
|---------------|---------------------------|----------------------|--------------------------------|--|
| Cigarette Tax | \$2 million | \$0.40 per pack | (\$1.4 million) | -68.3% |



CURRENT TAX RATE COMPARISON

The following tables compare Alexandria’s FY 2024 proposed tax rates to other jurisdictions FY 2024 proposed rates where available. Fairfax and Prince William Counties had not made proposed rates fully available at the time of publication.

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 | \$1.110 per \$100 of assessed value |
| Loudoun County | \$0.870 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

| JURISDICTION | TAX RATE |
|---|----------------------------------|
| 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 | \$0.40 per pack of 20 cigarettes |
| 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

| JURISDICTION | TAX RATE |
|---|----------|
| 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

| JURISDICTION | TAX RATE |
|---|---------------------|
| 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

| JURISDICTION | TAX RATE |
|--|---|
| City of Alexandria | 10%, 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

| JURISDICTION | TAX RATE |
|---------------------------------|---|
| City of Alexandria | \$0.35 per \$100 of gross receipts |
| 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

| JURISDICTION | TAX RATE |
|---------------------------------|---|
| City of Alexandria | \$0.35 per \$100 of gross receipts |
| 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 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Fees and Taxes | | | | | | | |
| Real Estate Tax | \$5,971 | \$6,154 | \$6,272 | \$6,584 | \$6,836 | \$7,281 | \$7,547 |
| Personal Property Tax | \$523 | \$533 | \$570 | \$602 | \$554 | \$604 | \$624 |
| Trash Removal Fee | \$373 | \$373 | \$411 | \$460 | \$484 | \$484 | \$484 |
| Decal Fee | \$58 | \$58 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Utility tax on Natural Gas | \$24 | \$22 | \$25 | \$24 | \$24 | \$23 | \$23 |
| Utility tax on Electricity | \$36 | \$33 | \$34 | \$33 | \$33 | \$32 | \$32 |
| Utility tax on Water | \$30 | \$27 | \$25 | \$25 | \$24 | \$24 | \$24 |
| Communication Sales and Use Tax | \$123 | \$119 | \$111 | \$90 | \$84 | \$81 | \$81 |
| Sanitary Sewer System Capital Investment & Maintenance Fee | \$98 | \$123 | \$123 | \$123 | \$123 | \$123 | \$123 |
| Storm Water Utility Fee | \$70 | \$140 | \$140 | \$210 | \$280 | \$294 | \$309 |
| Total | \$7,306 | \$7,582 | \$7,711 | \$8,151 | \$8,442 | \$8,946 | \$9,247 |

¹ Reflects cost for half of the year.

² In FY 2020, the City eliminated the vehicle tax decal and associated fee

³ 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.

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