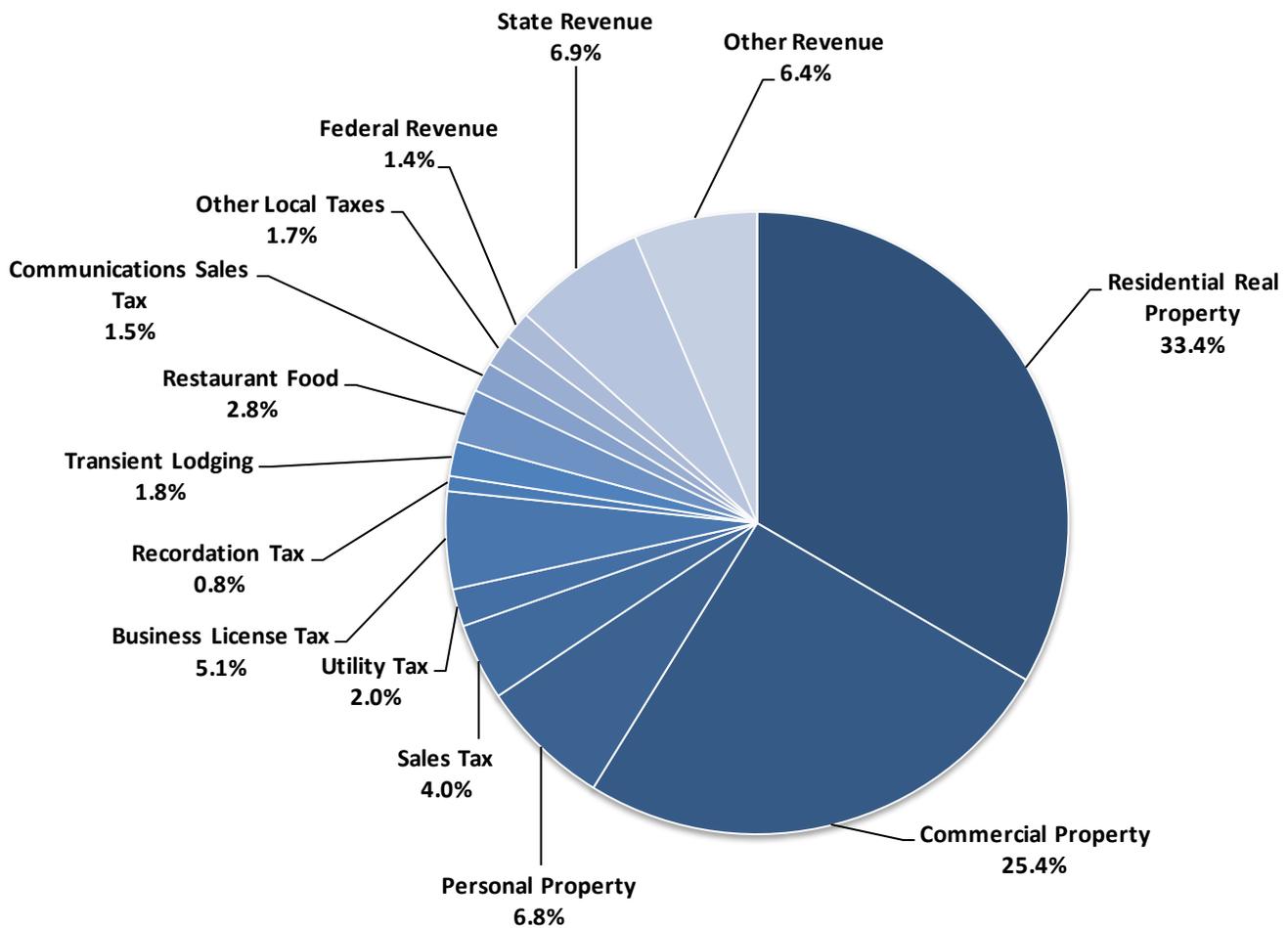


Revenues



GENERAL FUND REVENUES

The pie chart below shows the distribution of estimated General Fund revenues for FY 2017 of \$671,588,927.



Revenues



GENERAL FUND REVENUES

General Fund Revenue	FY 2015	FY 2016	FY 2016	FY 2017
	Actual	Approved	Projected	Proposed
General Property Tax Revenue				
Real property tax	368,179,677	382,088,719	384,461,205	394,960,796
Personal property tax	44,495,560	43,860,000	44,660,000	45,750,000
Penalties and Interest	2,065,762	2,145,000	2,145,000	2,000,000
<i>Total general property tax revenue</i>	<i>414,740,999</i>	<i>428,093,719</i>	<i>431,266,205</i>	<i>442,710,796</i>
Other local tax revenue				
Local sales tax	25,620,565	25,500,000	26,300,000	26,900,000
Utility tax	12,364,106	12,500,000	12,500,000	13,100,000
Business licenses	33,474,138	33,000,000	33,000,000	34,000,000
Motor vehicle licenses	3,483,135	3,400,000	3,400,000	3,500,000
Recordation	5,351,748	4,700,000	5,400,000	5,300,000
Cigarette	3,020,469	3,060,000	3,000,000	2,808,000
Transient Lodging	11,371,287	11,500,000	11,700,000	12,000,000
Restaurant food	17,635,886	17,750,000	18,300,000	18,800,000
Admissions	902,556	810,000	810,000	786,000
Communications service	10,776,792	11,000,000	10,400,000	10,300,000
Other miscellaneous	3,652,202	3,909,800	3,965,000	4,348,154
<i>Total other local tax revenues</i>	<i>127,652,883</i>	<i>127,129,800</i>	<i>128,775,000</i>	<i>131,842,154</i>
Non-tax revenue				
Licenses, permits, and fees	2,455,001	2,534,625	2,534,625	2,433,400
Fines forfeitures	4,916,607	6,015,000	5,845,000	6,463,517
Use of money and property	4,870,007	4,875,080	4,575,080	4,712,000
Charges for services	18,557,721	19,321,236	19,319,337	20,077,504
Intergovernmental revenues (PPTRA)	23,578,531	23,578,531	23,578,531	23,578,531
Intergovernmental revenues	31,822,985	32,487,091	32,286,402	32,348,819
Miscellaneous	7,409,874	547,912	1,122,912	2,397,184
<i>Total non-tax revenue</i>	<i>93,610,726</i>	<i>89,359,475</i>	<i>89,261,887</i>	<i>92,010,955</i>
Total General Fund Revenues	636,004,608	644,582,994	649,303,092	666,563,905
Other financing sources (uses)				
Appropriations from Fund Balances				
City Fund Balance prior year surplus	-	-	-	-
FY 14 Contingent Reserve Carryover	-	-	-	-
Transfer from special revenue acct. ¹	2,906,574	4,573,898	4,573,898	5,025,022
Total Fund Balance Appropriations	2,906,574	4,573,898	4,573,898	5,025,022
Total General Fund Revenues and Other Sources	638,911,182	649,156,892	653,876,990	671,588,927

FY 2015 General Fund revenues excludes \$33,995,000 in bond refinancing proceeds.

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 and transfers from the sanitary sewer fund, storm water fund and permit fee fund for indirect costs.

Revenues



REAL ESTATE TAX RATES

Regional Tax Rates 1990-2016 (Proposed)

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

Tax Year	Alexandria	Arlington	Fairfax	Loudoun	Pr. William
1991	1.045	0.765	1.11	0.94	1.360
1992	1.045	0.820	1.16	0.96	1.360
1993	1.070	0.860	1.16	1.00	1.360
1994	1.070	0.897	1.16	1.02	1.360
1995	1.070	0.940	1.16	0.99	1.360
1996	1.070	0.960	1.23	1.03	1.360
1997	1.070	0.986	1.23	1.06	1.360
1998	1.110	0.998	1.23	1.11	1.360
1999	1.110	0.998	1.23	1.11	1.360
2000	1.110	1.023	1.23	1.08	1.340
2001	1.110	1.023	1.23	1.08	1.310
2002	1.080	0.993	1.21	1.05	1.230
2003	1.035	0.978	1.16	1.11	1.160
2004	0.995	0.958	1.13	1.1075	1.070
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
		<u>Res/Comm</u> ¹	<u>Res/Comm</u> ¹		
2008	0.845	0.848/0.973	0.92/1.03	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	1.3	1.3146
2011	0.998 ²	.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	1.053	.996/1.121 ³	1.159/1.284 ⁴	1.135	1.2166 ⁵

¹ Beginning in calendar year 2008, Arlington County and Fairfax County levied an additional tax on most commercial real property for transportation purposes.

² In CY 2011, Alexandria added 0.5 cents for stormwater management initiatives.

³ Arlington County's rate includes a stormwater add on tax of 1.3 cents and a transportation add-on tax on commercial property of 12.5 cents.

⁴ The Fairfax County rate includes add-on tax rates of 2.75 cents for stormwater management initiatives, 0.1 cents for pest infestations, and 12.5 cents on commercial properties for transportation.

⁵ Prince William includes a county-wide fire and rescue levy of 7.05 cents and 0.25 cents for mosquito & forest pest management

Revenues



FY 2017 PROPOSED TAX RATES FOR MAJOR REVENUES SOURCES

Tax	City Proposed Rate	Virginia Code Reference	Maximum Rate Allowable by State
Real Estate Tax	\$1.053 per \$100 assessed value	58.1-3200	None set
Personal Property Tax:			
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	\$1.043 on each \$100 of assessed value		None set
Automobiles	\$5.00 on every \$100 of assessed value		None set
Automobiles (10,000 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 Tax:			
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 \$3 monthly	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%	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
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
Public Utilities:			
Telephone Company	\$0.50 per \$100 of gross receipts excluding charges for long distance calls	58.1-3731	\$0.50
Water	One-half of one percent of the gross receipts	58.1-3731	\$0.50
Public rights-of-way use fee	\$1.05 per access line (Effective July 1, 2015)	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	0.0038/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%
Admissions Tax	10% of any admission charge, not to exceed \$0.50 per person admitted	58.1-3840	None set
Cigarette Tax	\$1.15 on each package of 20 cigarettes	58.1-3830 & 58.1-3840	None set
Short-Term Rental Tax	1.0% or 1.5% of gross proceeds of business arising from rentals	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%
Transient Lodging Tax	6.5% of total amount paid for room rental, plus \$1 per night lodging fee	58.1-3840	None set
Restaurant Meals Tax	4.0% of total charge of a meal	58.1-3840	None set
Recordation Tax:	\$0.83 per \$1,000 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%

* 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.

Revenues



REAL PROPERTY TAX REVENUES

Real Property Tax	FY 2015 Actual	FY 2016 Approved	FY 2016 Projected	FY 2017 Proposed	% Chg. FY16 Proj/ FY17 Appr
Residential	209,588,276	216,553,905	216,503,927	223,470,333	3.2%
Commercial Multi-Family	64,557,935	67,673,778	68,660,430	71,367,411	3.9%
Office/Retail and Other Commercial	87,621,812	91,850,816	91,364,654	93,796,935	2.7%
Public Service Corporation	6,411,653	6,010,219	6,035,797	6,326,117	4.8%
Total	368,179,677	382,088,718	382,564,808	394,960,796	3.2%

The FY 2017 Proposed budget reflects a Real Property Tax Rate of \$1.053 per \$100, an increase of 1.0 cent over the FY 2016 rate of \$1.043. In addition, the City Manager has presented an options list for City Council to consider if they wish to add another cent to the budget and get a \$1.063 rate. The FY 2017 proposed rate of \$1.053 includes the following set asides for specific programs:

- Transportation Improvements 2.2 cents (General Fund Reservation)
- Affordable Housing 0.6 cents (General Fund Dedication)
- Storm Water Improvements 0.5 cents (Non-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 2016 Real Property Assessment Report, the City's overall real property tax base increased 2.82% from the January 1, 2015 assessment to January 1, 2016, or \$1.05 billion from \$37.1 billion in CY 2015 to \$38.2 billion in CY 2016.

Assumptions

General Fund real property tax revenues for the first half of FY 2017 (the second half of calendar 2016) are based on the 2016 real property assessment, a tax rate of \$1.048 (the total rate of \$1.053 less the \$0.05 storm water Non-General Fund dedication), and a 49.65 percent collection rate for the second half of the 2016 tax levy. Real property tax revenues for the second half of FY 2017 (the first half of calendar year 2017) assume an increase of 2.1 percent in real property assessments in 2017 and no change in the tax rate. This projection is a best mid-point estimate based on a modestly growing residential real estate market and a stable commercial real estate market.

The real property tax estimate for FY 2017 has been reduced by approximately \$3.3 million to reflect the costs of the tax relief programs for the elderly and disabled, and tax relief programs for disabled veterans and surviving spouses.

Revenues



REAL PROPERTY TAX REVENUES

Potomac Yard Special Services 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. The tax district will help provide funding for improvements in Potomac Yard, including the development of a Metrorail station. In addition, City Council approved legislation to set aside a portion of the appreciation on real estate in Potomac Yard to support the Metrorail development. In FY 2017, \$9.3 million in revenue was generated by the appreciation of Potomac Yard. Of the revenue generated from the appreciation, \$5.4 million is being transferred to the General Fund as the cost of delivery of City and School services as envisioned when the special services district was established.

Transportation Fund

The FY 2016 approved budget included \$12.3 million in general property taxes designated for transportation purposes and the creation of a new special revenue fund for transportation as a result of legislation approved by the State 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 may 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 2017 proposed budget includes a transfer of \$12.1 million in general property taxes to the new 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 \$10.8 million. The amount of revenue estimated to be generated by the City's 30 percent of NVTA revenues is \$6.6 million, most of which is planned for the Washington Metropolitan Area Transit Authority (WMATA) operating subsidy and DASH bus replacements.

Revenues



REAL PROPERTY TAX REVENUES

Real Estate Assessments by Calendar Year

(Amounts in Thousands)

Property Classification	2003	2004	2005	2006	2007	2008	2009
Residential Single Family	8,361,631	9,727,249	11,604,207	13,840,915	13,810,784	13,887,235	13,504,417
Residential Condominium	2,830,219	3,518,100	4,668,117	6,490,841	6,394,580	6,252,379	5,648,101
Commercial Multi-Family	2,264,921	2,570,652	3,088,102	3,378,614	4,102,178	4,383,780	4,443,230
Office/Retail Property	4,623,100	5,447,070	6,499,398	7,565,870	8,386,548	9,165,161	9,001,670
Other Commercial	464,500	549,565	726,886	850,487	694,879	522,208	489,796
Public Service Corporation	681,555	76,860	772,941	779,992	854,062	892,054	876,985
Total	19,225,926	21,889,496	27,359,651	32,906,719	34,243,031	35,102,817	33,964,199
Residential Single Family	43.5%	44.4%	42.4%	42.1%	40.3%	39.6%	39.8%
Residential Condominium	14.7%	16.1%	17.1%	19.7%	18.7%	17.8%	16.6%
Commercial Multi-Family	11.8%	11.7%	11.3%	10.3%	12.0%	12.5%	13.1%
Office/Retail Property	24.0%	24.9%	23.8%	23.0%	24.5%	26.1%	26.5%
Other Commercial	2.4%	2.5%	2.7%	2.6%	2.0%	1.5%	1.4%
Public Service Corporation	3.5%	0.4%	2.8%	2.4%	2.5%	2.5%	2.6%
Total	100%						
Residential	58.2%	60.5%	59.5%	61.8%	59.0%	57.4%	56.4%
Commercial	41.8%	39.5%	40.5%	38.2%	41.0%	42.6%	43.6%
Revised Distribution with Commercial Multi-Family included in Residential instead of Commercial*							
Residential	70.0%	72.3%	70.8%	72.1%	71.0%	69.9%	69.5%
Commercial	30.0%	27.7%	29.2%	27.9%	29.0%	30.1%	30.5%

Sources: Assessment Values are from the 2003-2016 Real Property Assessment Reports.

* 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

Revenues



REAL PROPERTY TAX REVENUES

Real Estate Assessments by Calendar Year

(Amounts in Thousands)

Property Classification	2010	2011	2012	2013	2014	2015	2016
Residential Single Family*	12,884,281	13,064,551	13,401,631	13,903,410	14,491,781	15,022,092	15,458,313
Residential Condominium*	5,233,544	5,186,478	5,150,726	5,390,043	5,666,528	6,017,488	6,125,698
Vacant Residential*	153,080	179,702	163,350	150,532	156,601	155,976	129,179
Commercial Multi-Family	4,101,241	4,483,882	5,276,996	5,854,955	6,275,816	6,564,475	6,849,849
Office/Retail Property	7,970,599	8,433,635	8,544,988	8,431,243	8,332,484	8,376,688	8,656,218
Other Commercial	423,355	438,957	416,596	382,214	411,972	434,949	380,089
Public Service Corporation	883,390	844,746	828,408	634,278	560,421	575,192	595,973
Total	31,649,489	32,631,951	33,782,696	34,746,676	35,895,603	37,146,860	38,195,319
Residential Single Family	40.7%	40.0%	39.7%	40.0%	40.4%	40.4%	40.5%
Residential Condominium	16.5%	15.9%	15.2%	15.5%	15.8%	16.2%	16.0%
Vacant Residential	0.5%	0.6%	0.5%	0.4%	0.4%	0.4%	0.3%
Commercial Multi-Family	13.0%	13.7%	15.6%	16.9%	17.5%	17.7%	17.9%
Office/Retail Property	25.2%	25.8%	25.3%	24.3%	23.2%	22.6%	22.7%
Other Commercial	1.3%	1.3%	1.2%	1.1%	1.1%	1.2%	1.0%
Public Service Corporation	2.8%	2.6%	2.5%	1.8%	1.6%	1.5%	1.6%
Total	100%						
Residential*	57.7%	56.5%	55.4%	56.0%	56.6%	57.1%	56.8%
Commercial**	42.3%	43.5%	44.6%	44.0%	43.4%	42.9%	43.2%
Revised Distribution with Commercial Multi-Family included in Residential instead of Commercial***							
Residential	70.7%	70.2%	71.0%	72.8%	74.1%	74.7%	74.8%
Commercial	29.3%	29.8%	29.0%	27.2%	25.9%	25.3%	25.2%

* Residential includes Residential Single Family, Residential Condominium, and Vacant Residential past CY2009.

** 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 2003-2016 Real Property Assessment Reports.

Revenues



PERSONAL PROPERTY TAX

	FY 2015 Actual	FY 2016 Approved	FY 2016 Projected	FY 2017 Proposed	% Chg. FY16 Proj/ FY17 Appr
Business Personal Property Tax	15,906,876	16,260,000	16,260,000	16,100,000	-1.0%
Personal Property Tax	28,588,684	27,600,000	28,400,000	29,500,000	3.9%
Total	44,495,560	43,860,000	44,660,000	45,750,000	2.4%
State Reimbursement (informational)	23,578,531	23,578,531	23,578,531	23,578,531	0.0%

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 tax return is due to the City on May 1st. Business personal property taxes for FY 2017 are expected to decrease by 1.0% due to the decline in assessments for computer equipment.

Alexandria's vehicle personal property tax rate is \$5.00 per \$100 of vehicle's value. The City computes the value of vehicles using clean trade-in value, which equals 86 % of the National Automobile Dealer's Association (N.A.D.A) retail value. Thus, the effective rate on vehicles is \$4.30 per \$100 retail 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. From CY 2002 to CY 2005, the reimbursement amount was 70% of the first \$20,000 of the vehicle's assessed tax bill. From CY 2006 to CY 2008, the reimbursement amount was 69%. The reimbursement rate was 73% in CY 2009, 69% in CY 2010, 63% in CY 2011, and 61% in CY 2012. Beginning in calendar year 2013 a tiered reimbursement rate structure was adopted. For CY 2013 and CY 2014, the reimbursement rates were 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, and 40% on the first \$20,000 for vehicles valued \$25,001 and higher. For CY 2015, the reimbursement rates were 60% for vehicles valued between \$1,001 and \$20,000, 50% on the first \$20,000 for vehicles valued between \$20,001 and \$25,000, and 40% on the first \$20,000 for vehicles valued \$25,001 and higher.

Vehicle personal property tax revenues for FY 2017 are based on the average assessment change of 2.7% and includes an increase of \$150,000 in additional revenue expected to be generated by a new personal property tax collection initiative aimed at the vehicles owned by new City residents who have not registered those vehicles with the City.

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 2015 Actual	FY 2016 Approved	FY 2016 Projected	FY 2017 Proposed	% Chg. FY16 Proj/ FY17 Appr
<i>Federal</i>					
Prisoner Per Diem	6,596,246	6,279,437	6,279,437	6,229,437	-0.8%
Build American Bond Reimbursement	1,589,088	1,589,945	1,589,945	1,589,945	0.0%
Other Federal	1,506,074	1,781,000	1,781,000	1,781,000	0.0%
<i>State</i>					
HB 599	5,127,086	5,380,757	5,380,757	5,380,757	0.0%
Personal Property Tax Relief	23,578,531	23,578,531	23,578,531	23,578,531	0.0%
Compensation Board Reimb.	7,297,203	7,924,642	7,723,953	7,723,953	0.0%
Street & Highway Maintenance	7,406,951	7,400,000	7,400,000	7,629,159	3.1%
Other State	2,300,338	2,131,310	2,131,310	2,014,568	-5.5%

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 2017 budget assumes revenue generated by a contracted 150 beds. Actual federal utilization may exceed the guaranteed minimum as reflected in FY 2015 revenues.

Build America Bonds Reimbursement: The City receives a reimbursement from the federal government for taxable bonds (in lieu of tax exempt bonds) issued in June 2009 and June 2010.

HB599 Aid: The City receives funding from the Commonwealth of Virginia to help defray the costs of the Police Department.

Personal Property Tax Reimbursement: Since 1999, the Commonwealth of Virginia has paid a portion of Alexandria's personal property tax on vehicles in Alexandria, the "car tax." For additional information about the reimbursement, 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. The FY 2016 projection and FY 2017 proposed budget have been reduced to reflect actual State contributions in FY 2016.

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. FY 2017 revenue is projected to grow by 3.1% based on past history.

Revenues



OTHER MAJOR TAX REVENUES

	FY 2015 Actual	FY 2016 Approved	FY 2016 Projected	FY 2017 Proposed	% Chg. FY16 Proj/ FY17 Appr
Sales	25,620,565	25,500,000	26,300,000	26,900,000	2.3%
Utility	12,364,106	12,500,000	12,500,000	13,100,000	4.8%
Business License	33,474,138	33,000,000	33,000,000	34,000,000	3.0%
Recordation	5,351,748	4,700,000	5,400,000	5,300,000	-1.9%
Cigarette	3,020,469	3,060,000	3,000,000	2,808,000	-6.4%
Transient Lodging	11,371,287	11,500,000	11,700,000	12,000,000	2.6%
Restaurant Meals	17,635,886	17,750,000	18,300,000	18,800,000	2.7%
Communications Sales and Use	10,776,792	11,000,000	10,400,000	10,300,000	-1.0%
Other	8,037,893	8,119,800	8,175,000	8,634,154	5.6%

Sales Tax: Sales Tax revenues are collected by businesses and remitted to the State. Revenues projected for FY 2016 are based on collections through January of 2016, with a 2.3% increase based on the average revenue increase over the last four years. FY 2017, revenue are projected to increase by 2.3%.

Consumer Utility Tax: The consumer utility tax is levied upon all residential and commercial users of water, natural gas, and electricity. Based on the historical rates of growth, revenues are expected to grow by 4.8% in FY 2017.

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. FY 2017 collections are expected to increase by 2.0% above FY 2015 actual receipts due to slow economic growth.

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. Collections are expected to decrease by \$100,000 or 1.9% in FY 2017 due to a slow down in mortgage refinancing as interest rates are expected to begin rising.

Cigarette Tax: The Cigarette Tax is assessed on each pack of cigarettes sold in the City. For FY 2017, revenues are expected to decrease by \$192,000 or 6.4% based on historical trends of stable to decreasing cigarette sales.

Transient Lodging Tax: The Transient Lodging Tax is levied on Alexandria motel and hotel rooms. Revenues projected for FY 2016 are based on collections through January of 2016, with a 2.9% increase based on the average revenue increase over the last four years. FY 2017 revenues are projected to increase by 2.9%.

Restaurant Meals Tax: The Restaurant Meals Tax is levied on all prepared food and beverages. Revenues projected for FY 2016 are based on collections through January of 2016, with a 2.8% increase based on the average revenue increase over the last four years. FY 2017 revenues are projected to increase by 2.8%.

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 decrease by 1.0% in FY 2017.

Revenues



OTHER MAJOR CATEGORIES OF REVENUES

	FY 2015 Actual	FY 2016 Approved	FY 2016 Projected	FY 2017 Proposed	% Chg. FY16 Proj/ FY17 Appr
Penalties and Interest	2,065,762	2,145,000	2,145,000	2,000,000	-6.8%
Charges for Services	18,557,721	19,321,236	19,319,337	20,077,504	3.9%
Licenses, Permits, and Fees	2,455,001	2,534,625	2,534,625	2,433,400	-4.0%
Fines and Forfeitures	4,916,607	6,015,000	5,845,000	6,463,517	10.6%
Use of Money and Property	4,870,007	4,875,080	4,675,080	4,712,000	0.8%
Miscellaneous Revenues	10,316,448	5,121,810	6,436,840	7,422,206	15.3%
Use of Fund Balance	0	0	0	0	0.0%

Penalties and Interest: This category includes penalty and interest for real estate, personal property and all other local taxes. The collection of real estate late payment penalty will decrease due to a change in the late payment penalty policy proposed for FY 2017 for real estate taxes if paid within 15 days of due date. Currently, the penalty for failure to pay by the due date is 10%. The new policy will assess a late payment penalty of 5% if not paid by the due date and assess an additional 5% if the payment is not received within 15 days of the due date.

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 2017 budget includes an additional \$0.4 million due to the increase in refuse fee from \$337 to \$353 and an additional \$0.3 million due to fee increases and revenue increases in the Recreation department consistent with the City's cost recovery policy.

Licenses, Permits, and Fees: This category includes taxi fees, residential parking permits, temporary parking permits, Fire safety system retesting fees, and health permits for food service and pools. The FY 2017 revenues has been adjusted to reflect FY 2015 actual receipts.

Fines and Forfeitures: This category includes parking fines, court fines, and red light violations. It includes a \$0.2 million increase in traffic fines due to an increase included in the FY 2017 proposed budget for overtime in the Police Department budget for speeding enforcement and \$0.3 million increase in parking fines due to the addition of five parking enforcement officers in FY 2016.

Use of Money and Property: This category includes the rental of Alexandria owned properties and the interest on General Fund investments.

Miscellaneous revenues: This category includes revenues that do not fit into any other category. The FY 2017 budget includes increase of \$0.2 million in insurance recoveries, \$0.3 million in sale of surplus property based on the average revenue collected in the last three years. There is also a one-time transfer of \$0.5 million from the Fire Department's Internal Service Fund fund balance as a result of funds previously contributed but no longer needed for mobile data browser replacement.

Use of Fund Balance: The FY 2017 budget does not include the use of fund balance.



Revenues

TAX RATE OPTIONS

The purpose of this section is to provide details on possible revenue options to support the fiscal year (FY) 2017 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 that are not currently at the maximum level are discussed here.

Real Estate Tax

The real estate tax is the City's largest source of revenue. For 2016 assessments, the average equalized value of existing residential property, including single family and condominium, is \$521,227, an increase of 2.2 percent from the previous year. Based on an increase in the average assessment, the average residential tax bill would increase by \$119. Based on the FY 2017 Proposed Budget, the real property tax rate of \$1.053, increased the FY 2016 revenues by \$1.9 million, FY 2017 revenues by \$3.8 million and the average residential tax bill by another \$52 in CY 2016. The City Manager has also presented an options list if City Council is interested in raising the real estate tax rate by another cent to \$1.063.

Category	FY 2017 Estimated Revenue	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent FY 2017 Estimated Revenue
Real Estate Tax	\$395.0 million	1.0 cents to \$1.063	\$3.8 million	1.00%

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 \$4.75 per \$100 of assessed value and changed to \$5.00 in FY 2014. Based on FY 2017 estimated revenue, increasing the tax rate to \$5.25 per \$100 would generate an additional \$2.5 million in revenue. The proposed budget recommends no change to this rate.

Category	FY 2017 Estimated Revenue	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent FY 2017 Estimated Revenue
Vehicle Personal Prop	\$28.5 million	\$5.25 per \$100	\$2.5 million	8.9%

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 \$1.15 was increased from \$1.00 in FY 2015. Based on FY 2016 projected revenue, if the City increases the cigarette tax to \$1.20 per pack, the City could expect to collect an additional \$0.1 million in revenue or \$0.2 million if the City increases the cigarette tax to \$1.25 per pack. There is no State limit on cigarette tax. The proposed budget recommends no change to this rate.

Category	FY 2016 Estimated Revenue	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent FY 2016 Estimated Revenue
Cigarette Tax	\$3.0 million	\$1.20 per pack	\$0.1 million	4.3%
		\$1.25 per pack	\$0.2 million	8.7%



Revenues

TAX RATE OPTIONS

Restaurant Meals Tax

The City levies a 4 percent meal and beverage tax on the purchase of food and beverages. In FY 2015, the City collected \$17.6 million in revenue from this tax. Based on FY 2015 collections, raising the tax rate to 4.5 percent would generate an additional \$2.2 million in revenue, raising it to 5.0 percent would generate an additional \$4.4 million in revenue. There is no State limit on meal sales tax for cities. The proposed budget recommends no change to this rate.

Category	FY 2015 Actual Revenue	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent FY 2015 Actual Revenue
Meal Sales Tax	\$17.6 million	4.5%	\$2.2 million	12.5%
		5.0%	\$4.4 million	25.0%

Transient Lodging Tax (Base Rate)

The current transient lodging tax rate is 6.5 percent of the room charge and \$1 per room per night. In FY 2015, the City collected \$11.4 million in transient lodging taxes. Of this amount, \$10.3 million was derived from the base tax rate on room charges. In FY14, 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 FY 2015 collections, raising the local base tax rate to 7.0 percent would generate \$0.8 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 2015 Actual Revenue	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent FY 2015 Actual Revenue
Transient Lodging Tax	\$11.4 million	7.0%	\$0.8 million	16.7%

Admissions Tax

The City's admissions tax rate is 10 percent of the admission charge, not to exceed \$0.50 for each admission sold. In FY 2015, the City collected \$0.9 million in admissions tax revenue. Based on FY 2015 collections, staff estimates that raising the tax rate to 10 percent of the admission charge, not to exceed \$0.75, would generate an additional \$0.5 million in revenue, raising it to 10 percent of the admission charge, not to exceed \$1.00, would generate an additional \$0.9 million in revenue. There is no State limit on admissions tax. The proposed budget recommends no change to this rate.

Category	FY 2015 Actual Revenue	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent FY 2015 Actual Revenue
Admissions Tax	\$0.9 million	10% not to exceed \$0.75	\$0.5 million	50.0%
		10% not to exceed \$1.00	\$0.9 million	100.0%



Revenues

TAX RATE OPTIONS

Business License Taxes for Business, Personal, and Repair Services

Business, Personal, and Repair Services is one of the largest business, professional and occupational license (BPOL) tax categories. The current tax rate is \$0.35 per \$100 of gross receipts. In FY 2015, the City collected \$11.6 million in taxes from businesses in this category. Based on FY 2015 collections, raising the tax rate by \$0.01 to the state maximum would generate \$0.3 million in additional tax revenue. The State maximum rate is \$0.36 per \$100 of gross receipts. The proposed budget recommends no change to this rate.

Category	FY 2015 Actual Revenue	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent FY 2015 Actual Revenue
BPOL Tax Rates - Business Personal, Repair	\$11.6 million	\$0.36/\$100	\$0.3 million	2.86%

Business License Taxes for Financial Services

The current BPOL tax rate for financial services is \$0.35 per \$100 of gross receipts. In FY 2015, the City collected \$1.2 million in BPOL taxes from businesses in this category. Based on FY 2015 collections, raising the tax rate to \$0.40 per \$100 would generate \$0.2 million in additional revenue, raising it to \$0.45 per \$100 would generate \$0.4 million in additional revenue, and raising it to the state maximum of \$0.58 per \$100 would generate an additional \$0.8 million in additional revenue. The State maximum rate is \$0.58 per \$100 of gross receipts. The proposed budget recommends no change to this rate.

Category	FY 2015 Actual Revenue	Possible Rate Change	Potential Additional Revenue	Percentage Increase as Percent FY 2015 Actual Revenue
BPOL Tax Rates - Financial Services	\$1.2 million	\$0.40/\$100	\$0.2 million	14.30%
		\$0.45/\$100	\$0.4 million	28.60%
		\$0.58/\$100	\$0.8 million	65.70%

Revenues



CURRENT TAX RATE COMPARISON

Real Estate Tax

JURISDICTION	TAX RATE
City of Alexandria	\$1.043 per \$100 of assessed value
Arlington	\$0.996 per \$100 of assessed value
Fairfax County	\$1.09 per \$100 of assessed value
Loudoun County	\$1.135 per \$100 of assessed value
Prince William County	\$1.1936 per \$100 of assessed value
State Maximum: None	

Commercial and Industrial Real Estate Tax

JURISDICTION	TAX RATE
City of Alexandria	N/A
Arlington County	\$0.125 per \$100 of assessed value
Fairfax County	\$0.125 per \$100 of assessed value
Loudoun County	N/A
Prince William County	N/A
State Maximum: \$0.125 per \$100 of assessed value	

Vehicle Personal Property

JURISDICTION	TAX RATE
City of Alexandria	\$5.00
Arlington County	\$5.00
Fairfax County	\$4.57
Loudoun County	\$4.20
Prince William County	\$3.70
State Maximum: none for cities; 4.0% for counties	

Revenues



CURRENT TAX RATE COMPARISON

Restaurant Meals Tax

JURISDICTION	TAX RATE
City of Alexandria	4.00%
Arlington County	4.00%
Fairfax County	N/A
Loudoun County	N/A
Prince William County	N/A
State Maximum: none for cities; 4.0% for counties	

Transient Lodging Tax

JURISDICTION	TAX RATE
City of Alexandria	6.5% +\$1/night
Arlington County	5.00%
Fairfax County	4.00%
Loudoun County	7.00%
Prince William County	7.00%
State Maximum: none for cities; 2.0% for counties, with exceptions. Most local counties are allowed a higher rate.	

Admissions Tax

JURISDICTION	TAX RATE
City of Alexandria	10% on the first \$5.00
Arlington County	N/A
Fairfax County	N/A
Loudoun County	N/A
Prince William County	N/A
State Maximum: none for cities; 10% for counties	

Revenues



CURRENT TAX RATE COMPARISON

Business License Tax for Business, Personal, and Repair Services

JURISDICTION	TAX RATE
City of Alexandria	\$0.35 per \$100 of gross receipts
Arlington County	\$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 Tax for Financial Services

JURISDICTION	TAX RATE
City of Alexandria	\$0.35 per \$100 of gross receipts
Arlington County	\$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	