

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 22, 2005
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER
SUBJECT: BUDGET MEMO #94 : PRESENT VALUE OF REAL ESTATE TAX BILLS

This memorandum responds to Councilwoman Woodson's request for information on the present value of a residential real estate tax bill issued in 1990.

In 1990, the assessed value of the average residential property (single family home, townhouse or condominium) was \$177,157. At the tax rate set at that time of \$1.045, the average tax bill was \$1,851. At a 91.5 cent tax rate it would now be \$4,043, for a difference unadjusted for inflation of \$2,192, or an increase of 118 percent.

Adjusting the tax bill by the rate of inflation for the past 14 years, and assuming a rate of 3 percent for the past year, the average tax bill from 1990 would be \$2,791 in today's dollars. So the real growth in the average residential tax bill with inflation factored out is \$1,252, or an increase of 45 percent.

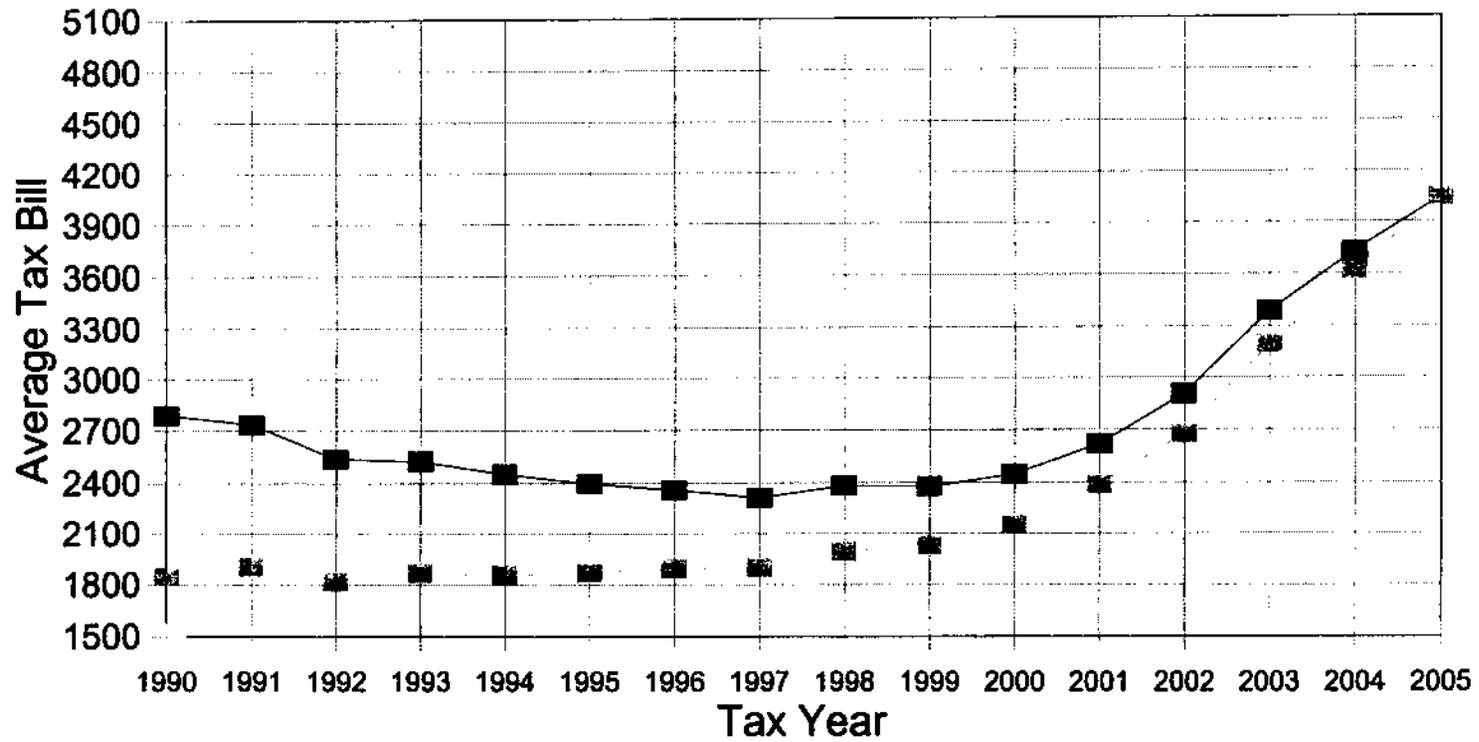
So considering inflation reduces the rate of growth in real estate taxes for the average residence to 45 percent over a 15-year period.

The attachment shows the average residential real estate tax bill since 1990, with one line adjusted to today's dollars and the other unadjusted for today's dollars.

Residential Tax Bill Comparison

1990 - 2005

Adjusted to 2005 dollars



■ Ave Res. Tax Bill - Adjusted

■ Ave Res. Tax Bill - Unadjusted