

## *City of Alexandria, Virginia*

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### MEMORANDUM

DATE: MARCH 31, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #30: TRENDS IN REVENUE GROWTH OR LOSS

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This is in response to a request from Councilwoman Woodson regarding trends in General Fund revenue growth compared to population increases and inflation since Fiscal Year 1991.

The chart below shows trends in revenue growth per capita since 1991. Please note that the numbers in the chart below have been translated into constant June 2005 dollars. The inflation adjusted FY 2006 and FY 2007 numbers reflect a projected inflation rate of 4%. Non census year population numbers are estimates.

The City generally divides revenues into three categories: property taxes, including real and personal property taxes; other local taxes including sales taxes and recordation; and non-tax revenues including fees and intergovernmental revenues. The key points from this chart (in 2005 dollars) are:

- Overall, total revenues per resident have risen by 16% since 1991. Revenues have risen by an annual compounded average rate of .96% annually.
- Real property tax revenues per resident have risen by 22.4% since 1991. Revenues have risen by an annual compounded average rate of 1.26% annually.
- Personal property tax revenue per resident have fallen by 43.4% since 1991. Revenues have fallen by an annual average compounded rate of 3.49% annually.
- Other local tax revenues per resident have risen by 21.9% since 1991. Revenues have risen by an annual compounded average rate of 1.26% annually.
- Non-tax revenues per resident have risen by 40.3% since 1991. Revenues have risen by an annual compounded average rate of 2.14% annually.

The reason for the large increase in non-tax revenues and the decline in personal property taxes is that beginning in FY 2000, the Commonwealth of Virginia began to pay a portion of the car tax. It is projected that the Commonwealth will pay the City \$175 per resident in FY 2007, included in the non-tax revenue category, which would otherwise be included in property taxes. Without the car tax reimbursement, non-tax revenues would have remained roughly flat since 1991 and personal property tax revenues per resident would have risen about 7%. Overall, revenues per resident have risen by 16% since 1991.

**Trends in revenue growth per resident  
(Adjusted for inflation to constant June 2005 dollars)**

<b>Fiscal Year</b>	<b>Real Property Tax Per Resident</b>	<b>Personal Property Tax Per Resident</b>	<b>Other local taxes per resident</b>	<b>Non-tax Revenues</b>	<b>Total</b>
1991	\$1,498	\$348	\$598	\$377	\$2,821
1992	\$1,482	\$333	\$586	\$324	\$2,725
1993	\$1,365	\$322	\$585	\$350	\$2,622
1994	\$1,356	\$322	\$608	\$369	\$2,655
1995	\$1,260	\$335	\$612	\$383	\$2,590
1996	\$1,228	\$358	\$603	\$385	\$2,574
1997	\$1,217	\$382	\$596	\$372	\$2,567
1998	\$1,260	\$368	\$629	\$380	\$2,637
1999	\$1,280	\$394	\$661	\$378	\$2,713
2000	\$1,260	\$334	\$653	\$441	\$2,688
2001	\$1,291	\$294	\$682	\$546	\$2,813
2002	\$1,390	\$319	\$699	\$602	\$3,010
2003	\$1,549	\$253	\$724	\$571	\$3,097
2004	\$1,596	\$232	\$705	\$532	\$3,065
2005	\$1,698	\$227	\$736	\$523	\$3,184
2006 Estimated	\$1,791	\$219	\$748	\$516	\$3,274
2007 Proposed	\$1,833	\$197	\$729	\$529	\$3,288

Source: Comprehensive Annual Financial Reports, 1991-2005  
 Alexandria Approved Budget FY 1991-FY 2006  
 Alexandria Proposed Budget FY 2007  
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