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City of Falls Church

Meeting Date: 04-27-2020	Title: (TO20-07) ORDINANCE SETTING THE RATE OF TAX LEVY ON REAL ESTATE FOR TAX YEAR 2021 AND ON PERSONAL PROPERTY, MACHINERY AND TOOLS AND ALL OTHER PROPERTY SEGREGATED BY LAW FOR LOCAL TAXATION IN THE CITY OF FALLS CHURCH VIRGINIA FOR TAX YEAR 2020	Agenda No.: 5(b)	
Proposed Motion: MOVE to grant first reading to (TO20-07); schedule public hearings for May 11 and May 26; schedule second reading and final consideration for May 26, 2020; and advertise the same according to law.			
Originating Dept. Head: Wyatt Shields, City Manager 703.248.5004		Disposition by Council:	
City Manager: Wyatt Shields 703.248.5004 FWS 4-23-2020	City Attorney: Carol W. McCoskrie 703.248.5010 CWM 4-23-2020	CFO : Kiran Bawa 703.248.5092 KB 4-23-2020	City Clerk : Celeste Heath 703.248.5014 CH 04-24-20

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REQUEST: Council is requested to grant first reading to (TO20-07) and authorize second reading and public hearings in order to set the real estate tax rate at \$1.355 per \$100 of assessed value and personal property tax rate at \$5.00 per \$100 of assessed value. These proposed Tax Year 2021 rates **are unchanged** from the current tax rates in effect for the current Tax Year 2020.

Granting first reading to this proposed ordinance authorizes the tax rate to be advertised for a public hearing on May 11, and a public hearing and second reading on May 26. At final adoption, the Council may adopt a tax rate that is equal to or lower than the advertised rate, but cannot adopt a rate that is higher than the advertised rate.

RECOMMENDATION: Staff recommends passage of the proposed motion.

Other options: City Council may choose to advertise a different real estate tax rate than that presented in the City Manager’s budget. The proposed FY2021 Budget would then need to be revised to conform to any rate different from the one that is proposed.

BACKGROUND: On March 9, the City Manager proposed a budget including school and general government expenditures for FY2021 that would require a tax rate of \$1.355 per each \$100 of assessed value of real estate, unchanged from FY2020.

Staff still recommends keeping the tax rate flat and instead make expenditure cuts in order to address the anticipated revenue losses arising from the COVID-19 pandemic.

27 The Council is required to adopt the real estate tax rate annually. This proposed
28 ordinance sets the real estate tax rate at \$1.355 per each \$100 of assessed value. The tax
29 rate may be lowered, but may not be increased, between first reading and second
30 reading.

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32 The real estate tax rate adopted under this proposed ordinance will apply to Tax Year
33 2021, which runs from July 1, 2020 to June 30, 2021 and will apply to the December
34 2020 and the June 2021 real estate tax bills (both bills impacting FY2021). The
35 December and June tax bills will be calculated by multiplying the adopted tax rate by
36 the assessed value of property as of January 1, 2020.

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38 Each penny on the tax rate costs a property owner 1/10,000 of the value of the property.
39 For the median home (\$725,400) in the City, each penny on the RE rate costs \$72.

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41 *Personal Property, Machinery and Tools, and other property:* The City Manager
42 recommends no change to the current rate of \$5.00 per \$100 in assessed value for Tax
43 Year 2020, which runs from January 1, 2020 to December 31, 2020. The Council is
44 required to adopt annually, by ordinance, tax rates for personal property, machinery,
45 and tools.

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47 **FISCAL IMPACT:** Each penny on the RE tax rate generates approximately \$445,000
48 in revenue for City and School operations, capital expenditures, and debt service. Each
49 penny of the personal property tax generates approximately \$10,500 in revenue.

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51 **TIMING:** The tax rate must be set concurrently with the FY2021 Budget.

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53 **ATTACHMENTS:** None.

(TO20-07)

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56 ORDINANCE SETTING THE RATE OF TAX LEVY ON REAL
57 ESTATE FOR TAX YEAR 2021 AND ON PERSONAL PROPERTY,
58 MACHINERY AND TOOLS AND ALL OTHER PROPERTY
59 SEGREGATED BY LAW FOR LOCAL TAXATION IN THE CITY
60 OF FALLS CHURCH VIRGINIA FOR TAX YEAR 2020
61

62 THE CITY OF FALLS CHURCH, VIRGINIA, HEREBY ORDAINS that the
63 levy of taxes upon real estate necessary to be levied for Tax Year 2021, which runs
64 from July 1, 2020 to June 30, 2021 to meet such lawful charges against the City of Falls
65 Church, Virginia, including debt service, and the purposes of public education, shall be
66 and the same is fixed at the rate of \$1.355 upon each \$100.00 of assessed value of real
67 estate in the City of Falls Church.
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69 THE CITY OF FALLS CHURCH, VIRGINIA, FURTHER ORDAINS that the
70 levy of taxes upon tangible personal property, machinery and tools used in
71 manufacturing and mining, and all other property segregated by law for local taxation
72 necessary to be levied for Tax Year 2020, which runs from January 1, 2020 to
73 December 31, 2020 to meet such lawful charges against the City of Falls Church,
74 Virginia, including debt service, and the purposes of public education, shall be and the
75 same is fixed at the rate of \$5.00 upon each \$100.00 of assessed value on (a) tangible
76 personal property, and (b) machinery and tools, and (c) all other property segregated by
77 law for local taxation within the City, including the property separately classified by
78 Section 58.1-3500 et seq. of the Code of Virginia except such personal property as is
79 exempted; and except that pursuant to Section 58.1-2606 of the Code of Virginia, a
80 portion of assessed value of tangible personal property of public service corporations
81 shall be taxed at the real estate rate.
82

83 1st Reading:

84 2nd Reading:

85 Adoption:

86 (TO20-07)