

## Introduction

---

This is the eighteenth edition of *Tax Rates in Virginia's Cities, Counties, and Selected Towns*—a comprehensive guide to local taxes in Virginia prepared by the University of Virginia's Weldon Cooper Center for Public Service. This study, which is based on information gathered in the summer of 1999, includes all of Virginia's 40 cities and 95 counties and 150 of the state's 191 incorporated towns. The study also provides information from the Virginia Department of Taxation's 1999 legislative summary and its assessment/sales ratio study for the real property tax in 1997. Although the current study is similar to the 1998 edition in appearance, it incorporates a number of refinements in layout and table content. Also, for the first time, the study shows detailed information on the personal applicable to property other than motor vehicles. In the past, we limited coverage to the personal property tax on motor vehicles.

The study is separated into twenty-three sections. The first section contains a summary of local tax changes enacted by the 1999 Session of the General Assembly. Sections 2 through 23 cover specific taxes and service charges. Most of the data came from a detailed questionnaire (see Appendix A for a facsimile of the document) sent to all cities, counties, and towns. Appendix B provides a listing of names and phone numbers of respondents and non-respondents to the questionnaire. Appendix C shows selected web references on state and local fiscal topics. Each year

there is an increase in the number of web sites and an improvement in the quality.

Although this report is comprehensive, a few taxes are not included. Alcohol taxes are too complex to report briefly. The bank franchise tax is not discussed within this study because the tax is uniform among all localities. All the localities that impose the bank franchise tax do so at the maximum rate allowed by statute—80 percent of the state rate of taxation (§§58.1-1208 through 58.1-1210 of the *Code*). The reason for this is §58.1-1213, entitling banks to a credit upon the state franchise tax equal to the total amount of local franchise tax paid. As a result, localities receive 80¢ of each \$1 of possible state bank franchise tax revenue. In addition, this study does not cover the local option sales tax (§§58.1-605, 58.1-606, and 58.1-608), because every city and county imposes it at 1 percent, nor does this study cover the various property taxes imposed on public service corporations. When a tax rate reported in this edition differs from what was reported in the previous edition, there was either a change in the local ordinance, a different response was provided, or an error has been corrected.

In the tables in this study three dots (...) are used to show there was no response and "N/A" is used to indicate "not applicable." The dots are also employed when a respondent left a blank

space. Readers are encouraged to use the phone list in Appendix B to obtain clarification and additional detail.

The following table provides perspective on the relative importance of

the various local tax sources. In FY 1998, the most recent available, the real property tax was the largest source. Also significant were personal property, sales and use, consumer utility, and business license taxes.

### Percentage Distribution of Tax Revenue, Fiscal Year 1998

	Percent of Total Tax Revenue			Grand Total
	Cities	Counties	Towns †	
Real property	44.1	52.1	25.3	48.8
Public service corporation property	2.5	3.3	1.3	3.0
Personal property, general	15.1	20.5	6.9	18.3
Personal property, mobile homes	0.1	0.1	0.1	0.1
Machinery and tools	2.8	2.0	3.9	2.3
Merchants' capital	0.0	0.2	0.0	0.1
Local sales and use	9.9	8.0	9.9	8.7
Consumer utility	7.4	3.9	9.2	5.3
Business license	6.3	4.0	13.3	5.0
Franchise license	0.8	0.4	2.2	0.6
Motor vehicle license	1.4	1.5	3.0	1.5
Bank stock	0.6	0.3	3.4	0.4
Recordation and wills	0.3	0.7	0.0	0.5
Tobacco	1.1	0.1	1.6	0.5
Admission	0.4	0.0	0.0	0.1
Hotel and motel	1.3	0.8	3.4	1.0
Restaurant food	4.9	0.8	15.6	2.5
Coal, oil, and gas	0.0	0.4	0.2	0.3
Emergency telephone service	0.9	0.8	0.6	0.9
Other local taxes	0.0	0.1	0.1	0.1
Total*	100.0	100.0	100.0	100.0

Source: Virginia Auditor of Public Accounts, *Comparative Report of Local Government Revenues and Expenditures, Year Ended June 30, 1998*, Tables B and B-2

\* Excludes penalties and interest on general property taxes that are included in total general property taxes by the Auditor of Public Accounts.

† Limited to the 33 largest towns.

John L. Knapp, Professor and Research Director of the Business and Economics Section, was the project director. The staff consisted of Stephen C. Kulp, Stephen A. Murray, Blue O'Connell, Erik A. Rhodes, and Katherine F.

Wagoner. Stephen Kulp and Blue O'Connell deserve special recognition for handling much of the day-to-day work. Susan E. Wormington of the Co-

per's Center Publications and Communications Division was responsible for the cover design. Albert W. Spengler, who authored this study for a number of years before I took over, did much of the groundwork on the study when it was his responsibility.

Three employees of the Virginia Department of Taxation provided special assistance. Janice Cole, Customer Services, provided information on local

cigarette taxes. Carol Donaldson, Office of Tax Policy, furnished an electronic version of *1999 Legislative Summary* that formed the basis for Section 1 in the study. Mark Vucci, Tax Policy Division reviewed the questionnaire and offered helpful suggestions.

The questionnaire was also reviewed by James Campbell, Director, Virginia Association of Counties, and by Betty Long, Director of Fiscal Policy, Virginia Municipal League. The strong support for this publication by the two local government associations adds to its acceptance as a basic reference on Virginia local taxes.

Thanks are expressed to the many local officials throughout the

Commonwealth who supplied the survey information presented in this study. I thank them for their willingness to provide information and their patience in answering follow-up questions. Response rates of 100 percent for the cities and counties and 79 percent for the towns are impressive.

Please let us hear from you if you have corrections or suggestions for possible changes or additions to future editions.

John L. Knapp  
Project Director

Charlottesville  
November 1999