

Introduction

This is the twentieth 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 spring and summer of 2001, includes all of Virginia's 39 cities and 95 counties and 143 of the state's 189 incorporated towns. The study also provides information from the Virginia Department of Taxation's 2001 legislative summary and its assessment/sales ratio study for the real property tax in 1999.

This year there were fewer changes to the publication than in previous years. Although it does not show up in the text, we have completed our transition from a Macintosh-based Filemaker Pro database program to a Windows-based Access program. Regarding the text, the only major change is to Section 14, Utility Consumers' Taxes, where the new tax schedules as described in §§58.1-2901 and 58.1-2905 were incorporated. Of particular help to us in this matter was Betty Long, Deputy Director of the Virginia Municipal League. Her article, "Deregulation Will Affect Local

Tax Collections,"¹ helped us organize our survey questions and text output.

The study is separated into twenty-seven sections. The first section contains a summary of local tax sources and some historical analysis. Section 2 provides information on newly enacted changes in the *Virginia Code* affecting local governments. Sections 3 through 27 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. The 1999 edition contained an Appendix C showing selected web addresses for state and local government fiscal topics. That section has been dropped because good current information is on the Cooper Center's VaStat web site. Go to the Government Finance/Taxation section at: <http://www.virginia.edu/cooper-center/vastat/#tax>. Most of the information at the site is for Virginia, but there are also interstate links. The Schmidt Enterprises, LLC link is particularly helpful.

¹ *Virginia Town & City*, Vol. 35, No. 8 – August 2000. The article can be found on the web at <http://www.vml.org/vtc/VTC3508-4.html>

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 in 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.

If a table shows for a particular locality a different tax than reported in the previous edition, this usually means that the tax has been changed. However, there is always the possibility that in one or both years the response was inaccurate or that we made an error.

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.

John L. Knapp, Ph.D, Professor and Research Director of the Business and Economics Section, was the project director. In this capacity he designed the publication and was responsible for final approval of the entire content. Stephen C. Kulp was responsible for all day-to-day work on the project. He refined the new database, administered the survey, and translated the results into tables, checked relevant code sections, and made appropriate changes in the text. Student research assistants Julie E. Arehart and Allison E. Wiley assisted Steve Kulp with mailing, follow-up, and other aspects of the work. David J. Borszich of the Cooper's Center Publications Division designed the cover.

Albert W. Spengler, who authored this study for a number of years prior to 1991, did much of the groundwork on the study when it was his responsibility.

Two employees of the Virginia Department of Taxation provided special assistance. Janice Cole, Customer Services, shared information on local cigarette taxes. Sarah L. Ryder, Office of Tax Policy, reviewed the questionnaire and offered helpful suggestions.

The questionnaire was also reviewed by Ellen R. Davenport, Public Policy Coordinator, Virginia Association of Counties, and by Betty Long, Deputy Director, 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.

We are grateful to the many local officials throughout the Commonwealth who supplied the survey information presented in this study. We thank them for their willingness to provide information and their patience in answering follow-up questions.

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Excellent response rates of 100 percent for the cities and counties and 76 percent for the towns could not have been achieved without their cooperation.

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

