

Introduction

This is the twenty-first 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 2002, includes all of Virginia's 39 cities and 95 counties and 149 of the state's 189 incorporated towns. The study also provides information from the Virginia Department of Taxation's assessment/sales ratio study for the real property tax in 2000.

This year there were more changes to the publication than in previous years. For the 2002 edition the study was entirely reformatted, making the transition from Microsoft Word to Adobe PageMaker. The end product is much more compact than previous editions. As a consequence of the lower page count, we were able to provide a perfect binding. Regarding the content, sections 9 and 13 have changed. The information that appeared in *Tax Rates 2001* in Table 10.4 and Table 14.1 is now in tables 9.4, 9.5, 9.6, 9.7, 9.8, 13.1, 13.2, 13.3, and 13.4, respectively. Previous editions featured a section dealing with tourism promotion funding. The section was dropped because the Virginia Tourism Corporation no longer is requesting that information. Section 22, dealing with water and sewer connection fees, has been extensively revised in this edition.

The study is separated into 25 sections. The first section contains a summary of local tax sources and some historical analysis. In the past, we have reprinted as Section 2 the information on local tax legislation contained in the Virginia Department of Taxation's annual legislative summary of tax changes. Unfortunately, the 2002 edition was unavailable when our publication went to press in late November. When the Department of Taxation releases its *2002 Legislative Summary*, the publication will be accessible on the department's website: <http://www.tax.state.va.us/site.cfm?alias=LegislativeSummary>.

Sections 2 through 25 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 was dropped beginning with the 2000 edition because good cur-

rent information is on the Cooper Center's VaStat website. Go to the Government Finance/Taxation section at: <http://www.virginia.edu/coopercenter/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.

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 remote 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." Readers are encouraged to use the phone list in Appendix B to call local officials in order 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 and edited the publication, authored Section 1 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 Megan C. Moyer and Allison E. Wiley assisted Kulp with mailing, follow-up, layout, and other aspects of the work. They also assisted Knapp with the editing. Their input was a major reason for the more timely release of the study. Two members of the Cooper's Center Publications Division aided

in formatting the publication. David J. Borszich designed the cover and Susan Wormington consulted on the layout of the book.

Albert W. Spengler, who authored this study for a number of years prior to 1991, laid the foundation for 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, former Deputy Director, Vir-

ginia 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. Excellent response rates of 100 percent for the cities and counties and 79 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.

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Charlottesville
December 2002

