

Introduction

INTRODUCTION

This is the twenty-third 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, summer, and early fall of 2004, includes all of Virginia's 39 independent cities and 95 counties and 153 of the 189 incorporated towns. The study also provides information from the Virginia Department of Taxation's *2004 Legislative Summary* and its assessment/sales ratio study for the real property tax in 2001.

ORGANIZATION OF THE BOOK

The study is separated into 25 sections. We have reprinted as Section 1 the Department of Taxation's information on 2004 state legislation affecting local taxation, which also is available on the department's website: <http://www.tax.virginia.gov/Web_PDFs/2004LegislativeSummary.pdf>.

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 and the local government web address if one was provided. Web information is increasingly available for Virginia local governments. This year, 32 (82 percent) of the cities reported a web site. Among the counties, 71 (75 percent) reported a web site. Also, 53 (35 percent) of the 153 responding towns had a web site. Additional information on state and local government finance is available on the Cooper Center's VaStat website: <<http://www.coopercenter.org/econ/VASTAT/governmentfinance.php>>. Most of the information at the site is for Virginia, but there are also interstate links. The Schmidt Enterprises, LLC link is particularly useful for finding information for other states.

EXCLUDED ITEMS

Although this report is comprehensive, a few taxes are excluded. Alcohol taxes are too complex to report briefly so they are omitted. 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 of Virginia*). Local rate uniformity exists because § 58.1-1213 entitles banks to a credit against the state franchise tax equal to the total amount of local franchise tax paid. As a result, localities receive 80 cents of each \$1 of possible state bank franchise tax revenue. This year, the study did ask whether a locality levied a bank tax. Of those localities that answered, 33 cities, 65 counties, and 104 towns answered affirmatively. In addition, this study does not cover the local option sales and use tax (§§ 58.1-605, 58.1-606, and 58.1-608) because every city and county imposes it at 1 percent. Furthermore this study does not cover the various property taxes imposed on public service corporations because the nominal rate is the same as the nominal rate on locally assessed real property (§ 58.1-2606).

STYLE NOTES

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 may use the phone list in Appendix B to call local officials in order to obtain clarification and additional detail.

STUDY PERSONNEL

John L. Knapp, Ph.D., Professor Emeritus and Senior Research Economist in the Business and Economics Section, was the project director. In this capacity he designed and edited the publication and was responsible for final approval of the entire content. Stephen C. Kulp, Research Specialist in the Business and Economics Section, was responsible for all day-to-day work on the project. He refined the new database, administered the survey, translated the results into tables, checked relevant code sections, and made appropriate changes in the text. William M. Shobe, the new Research Director for Business and Economics who joined the Cooper Center last September, read the full manuscript and provided valuable suggestions for improvement. Student research assistant Wendy E. Guerrero assisted Kulp with

mailing, follow-up, layout, and other aspects of the work. She also assisted Knapp with the editing. Her input was a major reason for the timely release of the study. The Cooper Center Publications Division aided in formatting the publication. Jayne E. Weber designed the cover and consulted on the layout and formatting of the book. She and David J. Borszich assisted with the proofreading. Cooper Center employee 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.

The questionnaire was reviewed by William J. White, Department of Taxation; Ellen R. Davenport, Virginia Association of Counties; and Michael L. Edwards, 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.

FINAL COMMENTS

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 81 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. Our email addresses and phone numbers are listed below.

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