

Virginia Local Tax Rates, 2007

Information for All Cities and Counties and Selected Incorporated Towns

26th Annual Edition

**John L. Knapp, Ph.D.
William M. Shobe, Ph.D.
and
Stephen C. Kulp**

**In Cooperation
with
The Virginia Association of Counties
and
The Virginia Municipal League**



**WELDON COOPER
CENTER FOR PUBLIC SERVICE**

University of Virginia

Copyright © 2007 by the Rector and Visitors of the University of Virginia



**WELDON COOPER
CENTER FOR PUBLIC SERVICE**

University of Virginia

P.O. Box 400206
Charlottesville, VA 22904-4206
(434) 982-5522 • FAX: (434) 982-5536 • TDD: (434) 982-HEAR
Website: www.coopercenter.org/

Richmond
700 East Franklin Street, Suite 700
Richmond, VA 23219-2328
(804) 371-0202 • FAX: (804) 371-0234 • TDD: (804) 982-HEAR

Southwest
1 College Avenue
Wise, VA 24293-0016
(540) 328-0133 • FAX: (540) 328-0233 • TDD (540) 328-0191

Southside
1008 South Main Street
Danville, VA 24541-4088
(434) 791-5174 • (434) 791-5175 • FAX: (434) 791-5176

Contents

Tables	v
Introduction	vii
Section	
1. Summary of Legislative Changes in Local Taxation, 2007	1
2. Real Property Tax, 2007	5
3. Real Property Tax Relief Plans and Housing Grants for the Elderly and Disabled, 2007	29
4. Land Use Value Assessments for Agricultural, Horticultural, Forestal, and Open Space Real Estate, 2007	49
5. Agricultural and Forestal Districts, 2007	55
6. Property Tax Exemptions for Certain Rehabilitated Real Estate and Other Exemptions, 2007	63
7. Service Charges on Tax-Exempt Property, 2007	69
8. Merchants' Capital Tax, 2007	71
9. Tangible Personal Property Tax, 2007	77
10. Machinery and Tools Property Tax, 2007	127
11. Utility License Tax, 2007	147
12. Cable Television System Franchise Fee, 2007	153
13. Consumers' Utility Tax, 2007	155
14. Business, Professional, and Occupational License Tax, 2007	167
15. Motor Vehicle Local License Tax, 2007	185
16. Excise Taxes on Meals, Transient Occupancy, Cigarettes, Tobacco, Admissions, and Motor Fuels, 2007	199
17. Taxes on Natural Resources, 2007	207
18. Legal Document Taxes, 2007	211
19. Miscellaneous Taxes, 2007	215
20. Transportation Authority Taxes and Fees, 2008	219
21. Refuse and Recycling Collection Fees, 2007	221
22. Residential Water and Sewer Connection and Usage Fees, 2007	237
23. Impact Fees, 2007	257
24. Public Rights-of-Way Use Fees, 2007	259
25. Cash Proffers, FY 2006	263
26. Miscellaneous Fees, 2007	267
27. Virginia Enterprise Zone Program	273
Appendixes	
A. Facsimile of 2007 Tax Rates Questionnaire	287
B. List of Respondents and Non-Respondents to 2007 Tax Rates Questionnaire	305
C. Websites of Respondents to 2007 Tax Rates Questionnaire	319
D. Percentage Share of Total Local Taxes From Specific Sources, FY 2006	325

Tables

2.1	Real Property Nominal Tax Rate, 2007	10
2.2	Tax Levies in Special Districts, 2007	16
2.3	Assessment Procedures for Virginia Localities, 2007	18
2.4	Percentage change in Assessed Value After Last Reassessment, 2007.....	21
2.5	Real Property Effective True Tax Rate, 2005	24
2.6	Administrative and Judicial Real Property Assessment Appeals and Miscellaneous Taxes, 2007	27
3.1	Real Property Owner Tax Relief Plans for the Elderly and Disabled, 2007.....	31
3.2	Real Property Renter Tax Relief Plans Grants for the Elderly and Disabled, 2007	45
3.3	Real Property Tax Relief Plans for the Elderly and Disabled: Number of Beneficiaries and Foregone Revenue, 2006.....	46
4.1	Land Use Value Assessments for Agricultural, Horticultural, Forestal, and Open Space Real Estate, 2007.....	52
5.1	Agricultural and Forestal Districts, 2007.....	56
6.1	Property Tax Exemptions for Certain Rehabilitated Real Estate, 2007.....	65
6.2	Property Tax Exemptions for Pollution Control, Recycling, Solar Energy, and Energy Conservation Equipment, 2007	68
7.1	Service Charges on Tax-Exempt Property, 2007	70
8.1	Merchants' Capital Tax, Basic Features, 2007.....	73
8.2	Merchants' Capital Tax Provisions About Taxation of Inventories, Rental Vehicles, and Rental Property, 2007	75
9.1	Tangible Personal Property Tax General Information, 2007	81
9.2	Tangible Personal Property Tax General Information, Elderly and Disabled, 2007	86
9.3	Tangible Personal Property Tax for Automobiles and Trucks of Less than Two Tons, 2007.....	88
9.4	Personal Property Tax Relief Act for Motor Vehicles Credit for \$20,000 Vehicle, 2007.....	92
9.5	Tangible Personal Property Tax Rates for Large Trucks Two Tons and Over, 2007	96
9.6	Tangible Personal Property Taxes Related to Business Use for Heavy Tools and Machinery, Computer Hardware, and Generating Equipment, 2007	102
9.7	Tangible Personal Property Taxes Related to Business Use for R&D, Furniture and Fixtures, and Biotechnology Equipment, 2007	108
9.8	Tangible Personal Property Taxes for Farm, Livestock, and Household Property, 2007.....	113
9.9	Tangible Personal Property Taxes for Boats and Aircraft, 2007.....	114
9.10	Tangible Personal Property Taxes for Antique Motor Vehicles, Recreational Vehicles, and Mobile Homes, 2007	119
9.11	Tangible Personal Property Taxes Related to Horse Trailers, 2007.....	124
10.1	Machinery and Tools Property Tax, 2007.....	128
10.2	Machinery and Tools Tax: Semiconductor and Forestry Harvest Equipment, 2007	142
10.3	Machinery and Tool Tax Accounts, 2007	144
11.1	Utility License Tax, 2007.....	148
12.1	Cable Television System Tax, 2007.....	154
13.1	Utility Consumers' Monthly Tax on Electricity, 2007.....	156
13.2	Utility Consumers' Monthly Tax on Gas, 2007	162
13.3	Utility Consumers' Monthly Tax on Water, 2007.....	166
14.1	BPOL Due Dates and Other Provisions, 2007.....	169
14.2	Specific BPOL Classification Fees and Tax Rates, 2006.....	174
14.3	Taxes and Fees on Peddlers and Itinerant Merchants, 2006.....	180

Tables (continued)

15.1	Motor Vehicle Local License Tax, 2007	187
15.2	Motor Vehicle Local License Tax Decal Displays and Exemptions, 2007.....	193
16.1	Meals, Transient Occupancy, Cigarette, Admissions, and Motor Vehicle Fuel Excise Taxes, 2007	202
17.1	Natural Resource Taxes, 2007	209
18.1	Legal Document Taxes, 2007	212
19.1	Localities Reporting That They Levy a Bank Franchise Tax, 2007	217
19.2	Miscellaneous Taxes, 2007	218
20.1	Transportation Authority Taxes and Fees, 2008.....	220
21.1	Refuse Collection Fees, 2007	222
21.2	Refuse Collection Tipping Fees, 2007.....	230
21.3	Recycling Collection Fees, 2007	231
21.4	Miscellaneous Refuse Collection Fees, 2007	235
22.1	Residential Water and Sewer Connection Fees, 2007	238
22.2	User Fees for Residential Water and Sewer, 2007.....	247
23.1	Impact Fees for Road Improvement, 2007	258
24.1	Public Rights-of-Way Use Fees, 2007.....	260
25.1	Total Cash Proffer Revenue Collected and Expended by Purpose, by Locality, FY 2006.....	264
26.1	Miscellaneous Fees, 2007	268
27.1	Local Tax Incentives in Enterprise Zones, 2006.....	274

Introduction

FOREWORD

This is the twenty-sixth edition of the Cooper Center's annual publication on tax rates levied by Virginia's local governments. This comprehensive guide to local taxes is based on information gathered in the spring, summer, and early fall of 2007. The study includes all of Virginia's 39 independent cities and 95 counties and 150 of the 190 incorporated towns. The included towns account for 93 percent of the commonwealth's population in towns. In addition to survey data, the study includes information from two Department of Taxation studies, *2007 Legislative Summary* and *The 2005 Assessment/Sales Ratio Study*; the Auditor of Public Accounts' *Comparative Report of Local Government Revenues and Expenditures, Year Ended June 30, 2006*; the Commission on Local Governments' *Report of Proffered Cash Payments and Expenditures by Virginia's Counties, Cities and Towns, 2005-2006*; information on enterprise zones from the Department of Housing and Community Development; and transportation authorities' information on taxes and fees.

ORGANIZATION OF THE BOOK

The study is separated into 27 sections. We have reprinted as Section 1 the Department of Taxation's information on 2007 state legislation affecting local taxation, which also is available on the department's website: http://www.tax.virginia.gov/Web_PDFs/2007LegislativeSummary.pdf (10/10/2007).

Sections 2 through 27 cover specific taxes, cash profers, fees, and service charges. Most of the data came from a detailed questionnaire sent to all cities, counties, and incorporated towns (see Appendix A for a facsimile of the document). Appendix B provides a listing of names, phone numbers, and email addresses, when supplied, of respondents and non-respondents to the questionnaire. Appendix C contains local government web addresses provided by questionnaire respondents. Web information is increasingly available for Virginia local governments. This year, all cities reported a web site. Among the counties, 88 (93 percent) reported a web site. Also, 94 (63 percent) of the 150 responding towns have 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/government_finance.php. Most of the information at the

site is for Virginia, but there are also links for nearby states and national links. (The Schmidt Enterprises, LLC link is particularly useful for finding information for other states.) Appendix D shows the percentage share of total local taxes represented by each specific tax. Information is provided for each city and county and for 36 populous incorporated towns.

NEW ITEMS

This edition contains new information in sections 2 and 9. In section 2, several tables have been modified and two have been added. Special district real estate levies now make up Table 2.2 and the percentage changes in assessed value of real property is now listed in Table 2.4. In Section 9, items such as the number of personal property accounts within a locality have been added to Table 9.1, information on the personal property tax applied to the elderly and disabled has been incorporated into Table 9.2, and the local personal property tax on a \$20,000 automobile has been estimated for most localities in Table 9.4. We have added information on the new taxing powers given to two transportation authorities by the General Assembly (Section 20), and listed the local tax modifications in each locality's enterprise zone (Section 27).

Certain sections and tables have been deleted. The new state telecommunications tax eliminated the need for local taxes on telecommunications. Consequently, we have eliminated the tables on the consumer utility tax for telephones and the E911 tax.

PUBLICATION 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.

When web addresses are shown they are followed by a date in parentheses indicating the date we last accessed the website. In the tables three dots (...) are used to show there was no response and "N/A" is used to indicate "not applicable." Readers may use the telephone/email list in Appendix B to contact 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, Ph.D., the Research Director for the Business and Economics Section, read the full manuscript and provided helpful suggestions for improvement. Student research assistant W. Grace Ng provided valuable assistance with follow-up and editing tasks. The Cooper Center Publications Division assisted in many ways. Jayne E. Weber designed the cover and the flier, consulted on the layout and formatting of the book, and did proofreading. David J. Borszich assisted with layout and 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 content and wording was reviewed by William J. White, Department of Taxation; Mary Jo Fields, Virginia Municipal League; Joann M. Draughn, Virginia Economic Development Partnership; and John H. Garka and Betsy Daley, Division of Legislative Services. We take full responsibility for any remaining errors. The strong support for this publication by the Virginia Association of Counties and the Virginia Municipal League 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 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. Our email addresses and phone numbers are listed below.



John L. Knapp
Professor Emeritus
Senior Economist
Business & Economics Section
jlk6a@virginia.edu
(434) 982-5604

William M. Shobe
Director
Business & Economics Section
shobe@virginia.edu
(434) 982-5376

Stephen C. Kulp
Research Specialist
Business & Economics Section
sck7x@virginia.edu
(434) 982-5638

Charlottesville
November 2007