

October 14, 2013

****For Immediate Release to All Interested Parties****

City Treasurer's report paints a more detailed picture of city taxation in Virginia

Late last month, the Charlottesville based Free Enterprise Forum released its "Choices and Decisions" report, analyzing local government spending trends. One of the big questions coming out of the report was "How does Charlottesville really stack up to other localities in Virginia on spending and taxation?"

To answer this question, it is not enough to merely examine the per capita spending for each locality without also looking at the sources of that revenue and the tax burden placed on residents in each locality to fund local services.

While the broad-brush analysis of the Free Enterprise Forum depicts Charlottesville's spending as ranked second in the state based on a per capita measurement, a more detailed study actually reveals that Charlottesville remains a relatively moderate tax-burden jurisdiction.

By focusing only on gross comparative expenditures—without analyzing the sources of that governmental revenue—the Free Enterprise Forum study runs the risk of inadvertently fostering an incorrect depiction of the local tax burden and expenditures of the Commonwealth's cities...and...in particular, fostering an incorrect depiction of the fiscal situation in the City of Charlottesville.

Most localities can divide their revenue sources into four major categories: local tax revenue, aid from the Commonwealth, federal aid and pass-through funds, and other revenue sources. Consequently, the following conclusions can be drawn from the data:

1. Revenue from local property taxation is quite modest in Charlottesville compared to other cities in Virginia. Charlottesville actually ranks 27th among the 39 Virginia cities in this category as a percentage of its overall budget.
2. Charlottesville is relatively unique among Virginia localities because 57% of its total operational revenue comes from sources other than local taxation (local taxation in Charlottesville only comprises 43% of the city's operational budget). That means that the majority of the services that Charlottesville provides to its citizens are not funded from local tax dollars, but from other revenue sources (state, federal, fees for services, and other financial agreements). Charlottesville ranks 26th among the 39 Virginia cities in the burden of local taxes for operational costs.
3. The City's revenue sources are quite well diversified, with a relatively low tax burden on City residents and businesses, especially when compared to the services provided.
4. Charlottesville's real estate and personal property tax rates are very modest compared to other localities, ranking 18th and 17th respectively out of 39 cities.

As Charlottesville's elected Treasurer, one of my goals as a City Official is to help promote transparency and accountability of the City's finances. Our citizens are entitled to have an accurate understanding of our city's tax burden and expenditures. The following analysis will further assist taxpayers in evaluating the value of the services they are receiving for each tax dollar collected and spent by the City.

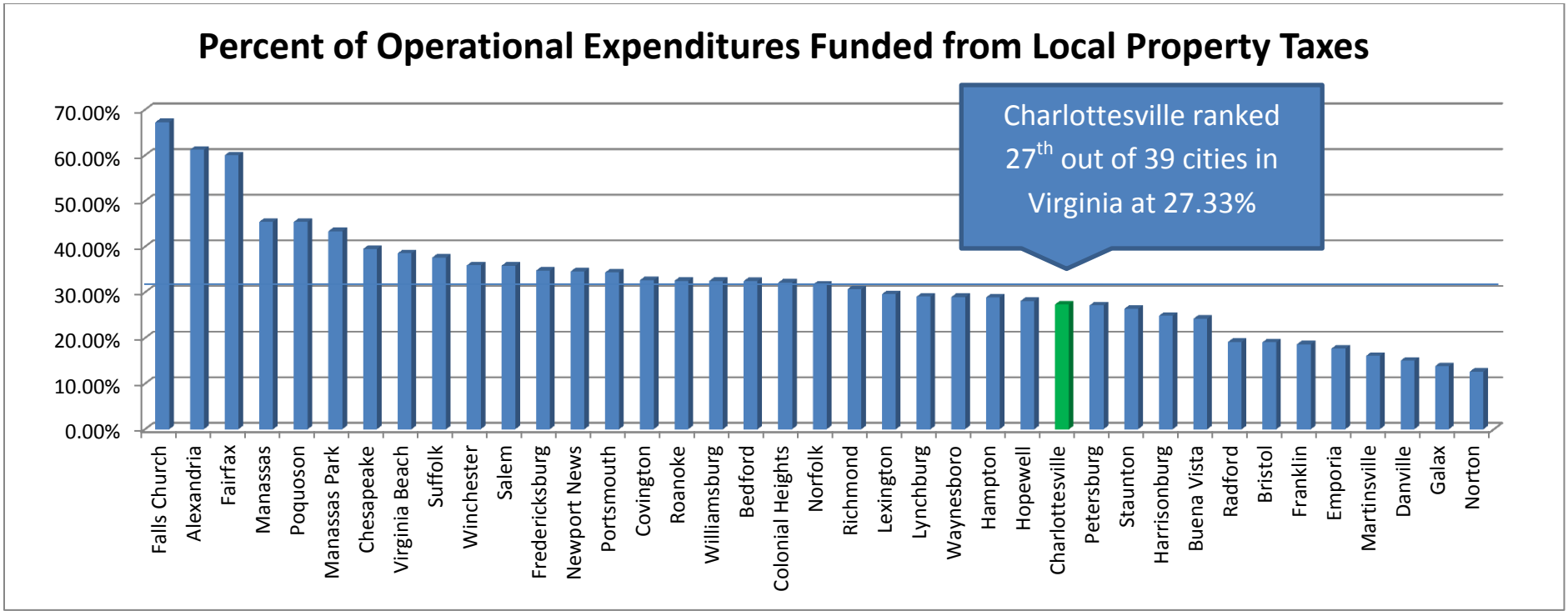


Figure 1

The above chart displays the percent of a locality’s overall budget that is derived from **local real estate and personal property tax** collections. The average locality derives 31.91% of its overall operational budget from these two major revenue sources. The City of Charlottesville ranked 27th out of 39 cities in Virginia, deriving 27.33% of its operational budget from local property taxes in Fiscal Year 2012 (year ending June 2012). The higher the percentage, the higher the amount of the locality’s budget funded by local property taxes.

Source: Auditor of Public Accounts (APA) *Comparative Report on Local Government Revenue and Expenditures*

Percent of Operational Expenditures Funded from All Local Taxes

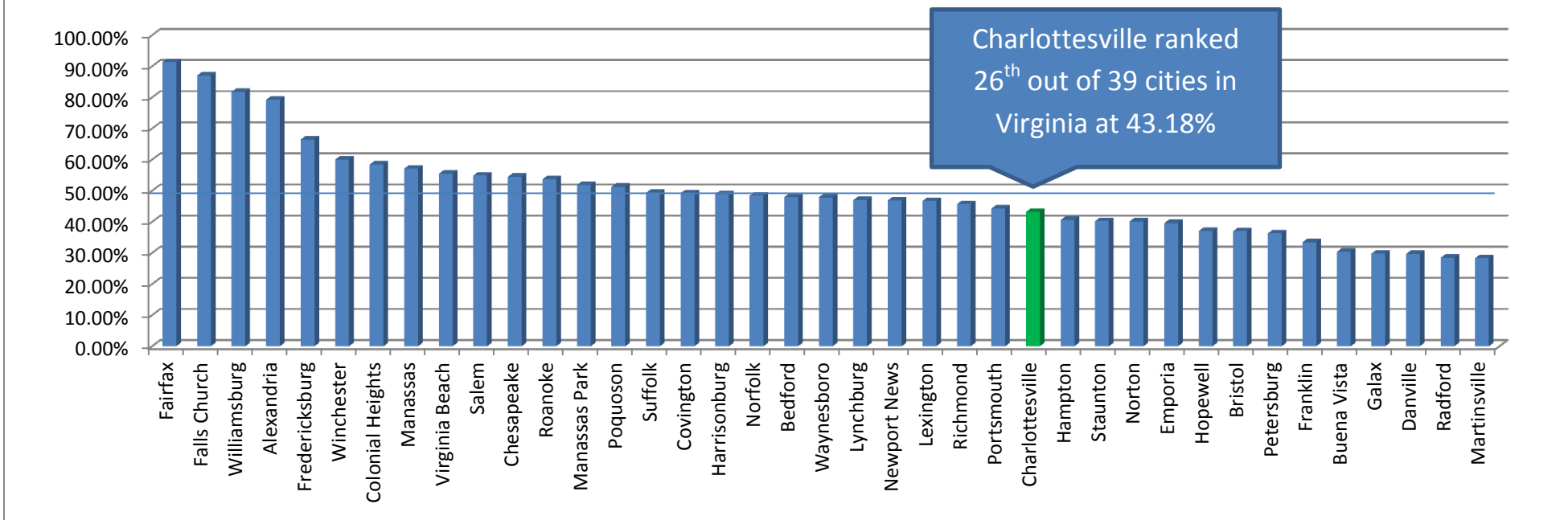


Figure 2

The above chart displays the percent of a locality’s overall budget that is derived from **all local tax sources**. This includes all local taxation sources, such as real estate, personal property, public service, business license, meals, and lodging taxes. The average locality derives 49.21% of its overall operational budget from local taxation. The City of Charlottesville ranked 26th out of 39 cities in Virginia, deriving 43.18% of its operational budget from local taxes in Fiscal Year 2012 (year ending June 2012). The higher the percentage, the higher the amount of the locality’s budget funded by local taxes.

Source: Auditor of Public Accounts (APA) *Comparative Report on Local Government Revenue and Expenditures*

Local Tax Revenue Per Capita

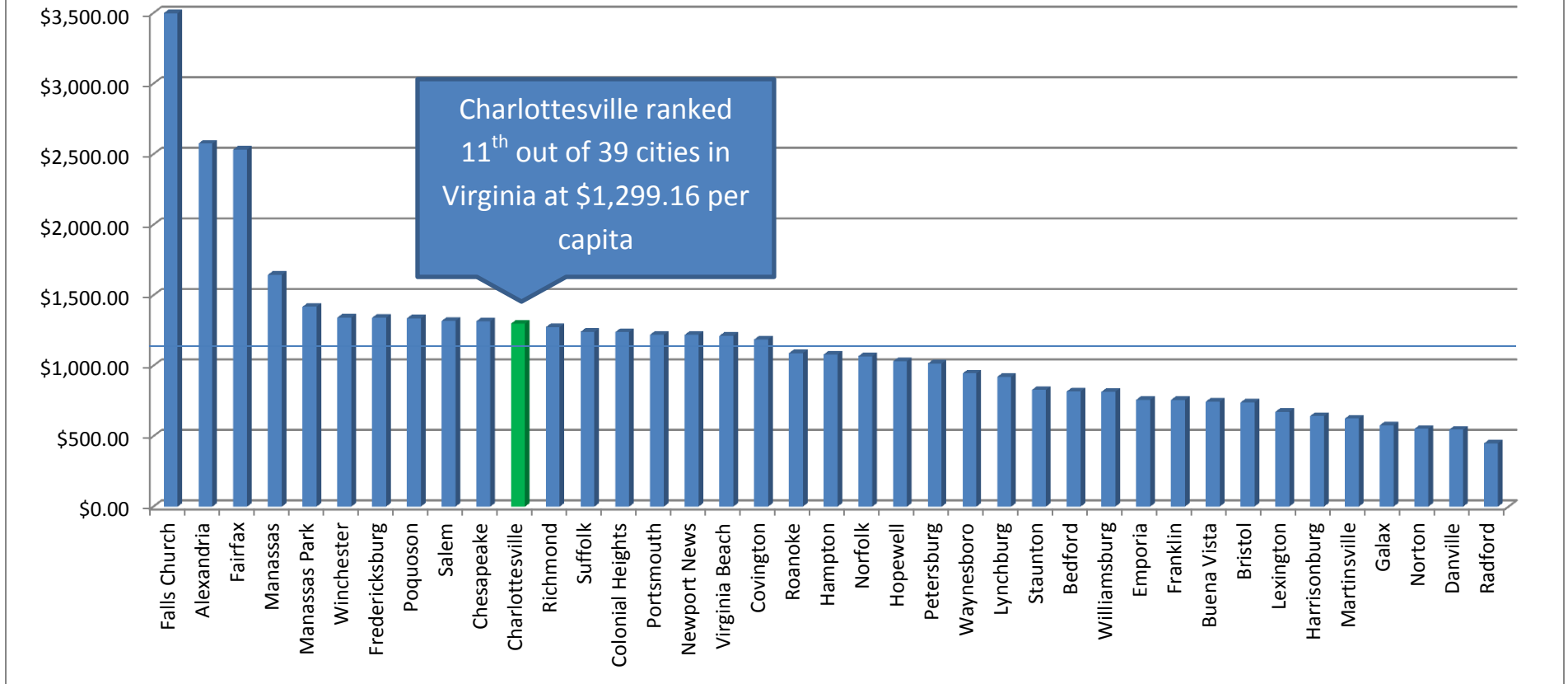


Figure 3

The above chart displays the amount of **all local taxes generated per capita**. This includes all local taxation sources, such as real estate, personal property, public service, business license, meals, and lodging taxes. The average locality generates \$1,151.29 per capita from local taxation, and the statewide total is \$1,253.24. The City of Charlottesville ranked 11th out of 39 cities in Virginia, generating \$1,299.16 per capita from local taxation in Fiscal Year 2012 (year ending June 2012). The higher the dollar value, the higher the amount of taxes generated per capita.

Source: Auditor of Public Accounts (APA) *Comparative Report on Local Government Revenue and Expenditures*

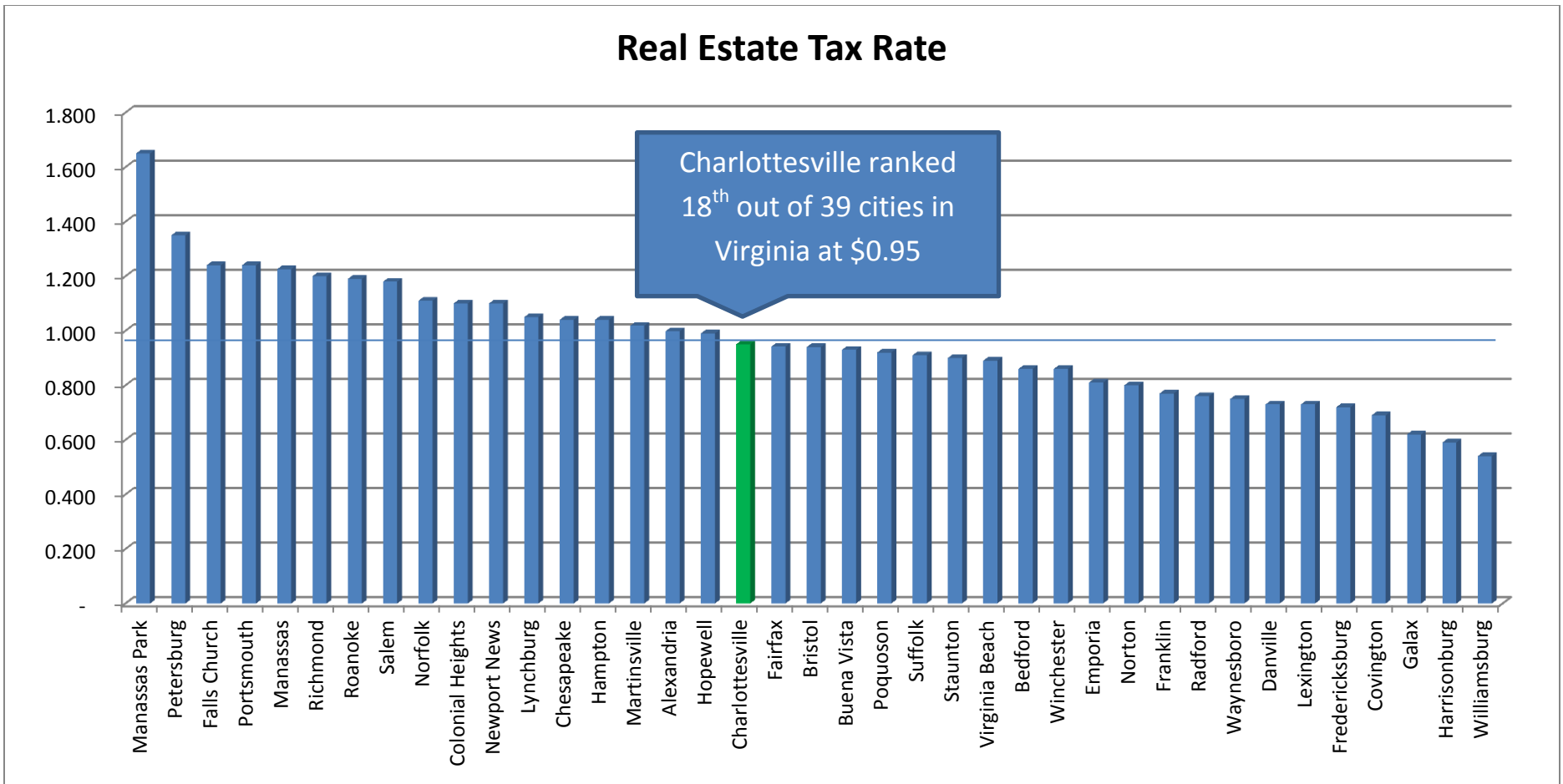


Figure 4

The above chart displays the **local real estate tax rate** as of Fiscal Year 2012. The average locality charge \$0.96 per \$100 of assessed value. The City of Charlottesville ranked 18th out of 39 cities in Virginia, charging \$0.95 per \$100 of assessed value. The higher the rate, the higher the amount of taxes charged for real estate.

Source: Treasurers' Association of Virginia *Statistical Abstract 2011-2012*

Personal Property Tax Rate (Automobiles)

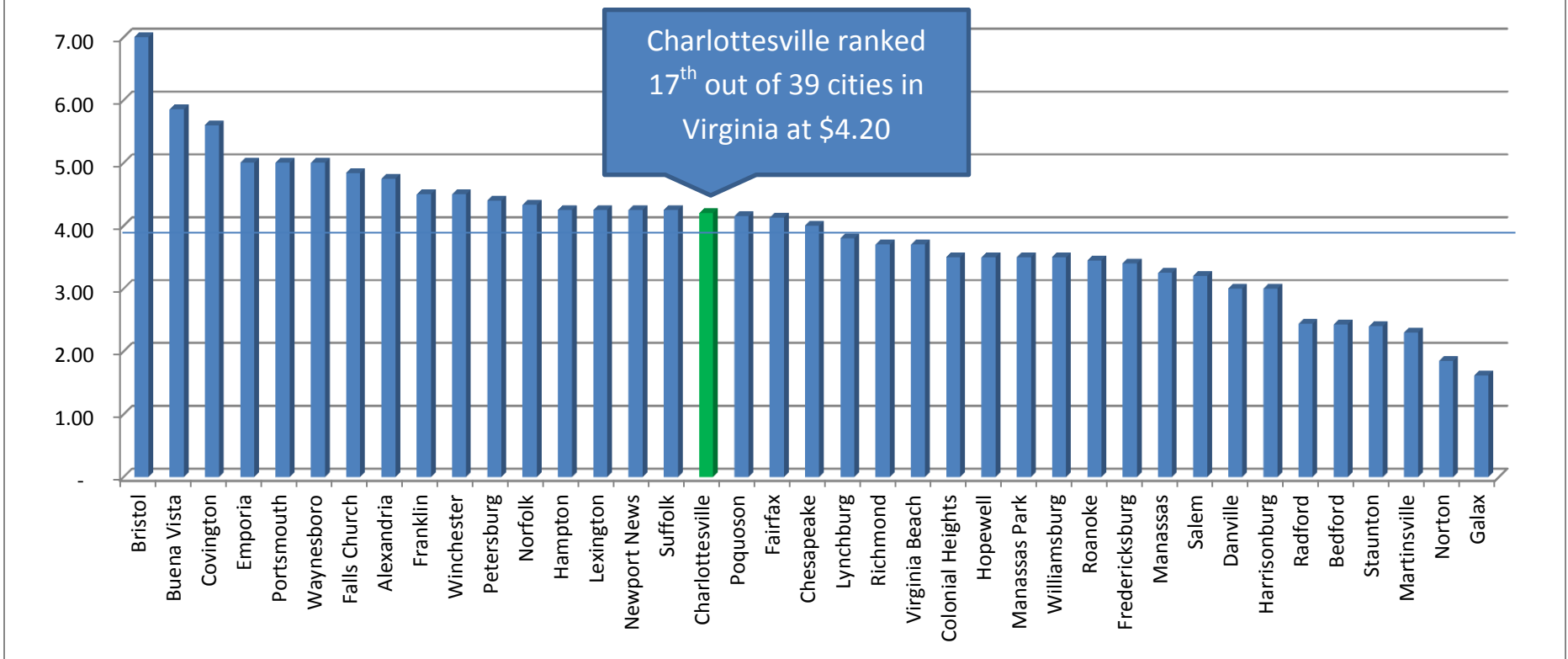


Figure 5

The above chart displays the local **personal property tax rate** as of Fiscal Year 2012. The average locality charges \$3.89 per \$100 of assessed value. The City of Charlottesville ranked 17th out of 39 cities in Virginia, charging \$4.20 per \$100 of assessed value. The higher the rate, the higher the amount of taxes charged for personal property.

Source: Treasurers' Association of Virginia *Statistical Abstract 2011-2012*

Summary of City Revenue and Taxation Data

Locality	% of Expenses from Local Property Taxes	% of Expenses from Local Taxes	Local Tax Revenue per capita	Real Estate Tax Rate	Personal Property Tax Rate
Alexandria	61.20%	79.25%	\$ 2,575.72	\$ 0.998	\$ 4.75
Bedford	32.45%	47.95%	\$ 817.87	\$ 0.860	\$ 2.43
Bristol	19.05%	37.03%	\$ 739.59	\$ 0.940	\$ 7.00
Buena Vista	24.20%	30.38%	\$ 745.26	\$ 0.930	\$ 5.85
Charlottesville	27.33%	43.18%	\$ 1,299.16	\$ 0.950	\$ 4.20
Chesapeake	39.47%	54.47%	\$ 1,315.78	\$ 1.040	\$ 4.00
Colonial Heights	32.12%	58.43%	\$ 1,239.22	\$ 1.100	\$ 3.50
Covington	32.63%	49.19%	\$ 1,186.39	\$ 0.690	\$ 5.60
Danville	15.02%	29.67%	\$ 546.72	\$ 0.730	\$ 3.00
Emporia	17.68%	39.58%	\$ 758.67	\$ 0.810	\$ 5.00
Fairfax	60.00%	91.33%	\$ 2,533.06	\$ 0.942	\$ 4.13
Falls Church	67.26%	87.00%	\$ 3,498.92	\$ 1.240	\$ 4.84
Franklin	18.62%	33.42%	\$ 757.29	\$ 0.770	\$ 4.50
Fredericksburg	34.75%	66.44%	\$ 1,341.13	\$ 0.720	\$ 3.40
Galax	13.81%	29.80%	\$ 576.78	\$ 0.620	\$ 1.62
Hampton	28.85%	40.58%	\$ 1,079.71	\$ 1.040	\$ 4.25
Harrisonburg	24.85%	48.87%	\$ 642.87	\$ 0.590	\$ 3.00
Hopewell	28.09%	37.06%	\$ 1,032.15	\$ 0.990	\$ 3.50
Lexington	29.61%	46.68%	\$ 672.69	\$ 0.730	\$ 4.25
Lynchburg	29.05%	47.00%	\$ 921.85	\$ 1.050	\$ 3.80
Manassas	45.43%	57.10%	\$ 1,646.02	\$ 1.226	\$ 3.25
Manassas Park	43.39%	51.86%	\$ 1,419.36	\$ 1.650	\$ 3.50
Martinsville	16.07%	28.32%	\$ 624.94	\$ 1.018	\$ 2.30
Newport News	34.57%	46.90%	\$ 1,220.09	\$ 1.100	\$ 4.25
Norfolk	31.65%	48.43%	\$ 1,067.53	\$ 1.110	\$ 4.33
Norton	12.60%	40.16%	\$ 552.18	\$ 0.800	\$ 1.85
Petersburg	27.14%	36.29%	\$ 1,015.74	\$ 1.350	\$ 4.40
Poquoson	45.42%	51.30%	\$ 1,336.69	\$ 0.920	\$ 4.15

Portsmouth	34.36%	44.29%	\$	1,220.10	\$	1.240	\$	5.00
Radford	19.12%	28.43%	\$	449.22	\$	0.760	\$	2.44
Richmond	30.67%	45.70%	\$	1,273.85	\$	1.200	\$	3.70
Roanoke	32.50%	53.68%	\$	1,089.56	\$	1.190	\$	3.45
Salem	35.81%	54.90%	\$	1,318.49	\$	1.180	\$	3.20
Staunton	26.37%	40.24%	\$	828.74	\$	0.900	\$	2.40
Suffolk	37.60%	49.31%	\$	1,240.45	\$	0.910	\$	4.25
Virginia Beach	38.53%	55.45%	\$	1,212.90	\$	0.890	\$	3.70
Waynesboro	28.96%	47.86%	\$	945.87	\$	0.750	\$	5.00
Williamsburg	32.46%	81.75%	\$	815.43	\$	0.540	\$	3.50
Winchester	35.89%	60.02%	\$	1,342.33	\$	0.860	\$	4.50
Total	35.59%	51.59%	\$	1,253.24	\$	0.957	\$	3.89

Sources: Auditor of Public Accounts (APA) *Comparative Report on Local Government Revenue and Expenditures*

Treasurers' Association of Virginia *Statistical Abstract 2011-2012*