



ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item
Meeting of April 22, 2006**

DATE: April 17, 2006

SUBJECT: Adoption of the real estate tax rate.

C. M. RECOMMENDATION:

Adopt a Calendar Year (CY) 2006 real estate tax rate of \$0.818 using the attached resolution (Attachment I).

ISSUE: None

SUMMARY: The County Board has balanced the FY 2007 budget using a real estate tax of \$.818 per \$100 of assessed value. A public hearing was held and completed on March 30, 2006.

DISCUSSION: The budget proposed by the County Manager set aside \$26.1 million for the County Board to provide real estate tax relief and/or funding for strategic investments. After a lengthy public review process that included work sessions, public hearings, input from residents, boards and commissions, and updated revenue forecasts based on the mid-year and third quarter updates, the County Board, after deliberations, has approved a FY 2007 budget that is balanced at a real estate tax rate of \$0.818 per \$100 of assessed value, a reduction of 6 cents. The budget continues funding for core County services, provides funding for education and provides additional funding for affordable housing, public health and safety, critical non-profit providers, and special needs associated with being a world class urban community. The budget provides capital funding and supports the Employer of Choice recommendations.

Based on the 2006 assessment data released in mid-January, the average assessment of a single-family residential dwelling has increased by 18.25%, from \$458,200 in 2005 to \$541,800 for 2006. At the current \$0.878 tax rate, this higher assessment translates into a \$734 annual increase in the average single-family real estate tax bill in 2006. The reduced real estate tax rate of \$.818 will reduce the average single-family residential tax bill by \$325, an average increase of \$409.

Attachment II displays ten years of history of assessed valuation and taxes for Arlington. (It should be noted that the single-family residential value is an average calculation. A comparison of one year's average assessment to another will not indicate the rate of appreciation in value because the

County Manager: _____

County Attorney: _____

Staff: Mark Schwartz, Deputy Chief Financial Officer, Management and Finance
Chuck Gubisch, Budget Director, Management and Finance
Richard Stephenson, Revenue Analyst, Management and Finance

average considers additions to the inventory of single-family dwellings from subdivision, new construction and declarations of condominium properties.)

FISCAL IMPACT: The FY 2007 budget is balanced with a real estate tax rate of \$.818 per \$100 of assessed value. The June 2006 real estate payment (FY 2006 impact) will also reflect the lower rate. Revenue losses from the 6-cent rate reduction are projected to be more than offset by higher real estate assessment values and higher than budgeted projected revenue growth in other local taxes for FY 2006.

**ATTACHMENT I
ARLINGTON, VIRGINIA
#1 COURTHOUSE PLAZA**

RESOLUTION FIXING COUNTY REAL ESTATE LEVY

BE IT RESOLVED AND ORDERED by the County Board of Arlington County, Virginia, that there is hereby levied for the tax year (CY) 2006, a tax of \$0.818 per one hundred dollars of assessed valuation of all taxable real estate located in this County for County and School purposes. The levy hereby ordered is also applicable to real estate of the public service corporations based upon the assessment thereof by Arlington County, the State Corporation Commission, and the State Department of Taxation, and duly certified.

IT IS FURTHER ORDERED that such taxes, when and if appropriated by the County Board of this County, shall be used to defray the County and School charges and expenses and all necessary charges incident to or arising from the execution of the lawful authority of the County Board of Arlington, and

IT IS FURTHER ORDERED that such taxes for County and School purposes appropriated or unappropriated and unused to defray County and School charges and expenses shall return to the General Fund of the County to be used to defray County and School charges and expenses and all necessary charges incident to or arising from the execution of the lawful authority of the County Board of Arlington County for the next fiscal year.