



## ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item  
Meeting of March 17, 2007**

**DATE:** March 1, 2007

**SUBJECT:** Request to advertise proposed real estate tax rate.

**C. M. RECOMMENDATION:**

Advertise a proposed Calendar Year (CY) 2007 real estate tax rate of \$0.818 for public hearing on March 29, 2007 using the attached advertisement (Attachment V).

**ISSUE:** What real estate tax rate should be advertised?

**SUMMARY:** Based on County Board guidance in the development of the Fiscal Year (FY) 2008 Proposed Budget, the real estate tax revenue is based on the current tax rate of \$0.818 per \$100 of assessed value.

Under State law, the advertised rate becomes the maximum rate that may be adopted by the County Board; therefore, the rate adopted may be lower but not higher than the advertised rate. In some years the County Board has advertised a higher rate than the rate ultimately adopted in order to provide flexibility until the County Board has completed its review of the budget. The actual real estate tax rate will be set at the County Board meeting in April after the budget and tax rate public hearings (scheduled for March 27 and March 29, 2007 respectively) have been completed.

Based on the overall strong performance of the commercial sector and the recent, multi-year increases in residential assessments, it is not recommend that the Board alter the guidance which it provided for the development of the FY 2008 budget for real estate tax year (calendar year) 2007. Due to emerging needs particularly in storm water management, a tax rate change may be warranted in the 2008 calendar year, but this is not a decision that the County Board needs to make as part of this advertisement.

Overall currently projected real estate tax revenue (based on the current rate) is sufficient to fund the basic operations of the County and the Schools and still leave a \$1.3 million reserve for the County Board to fund critical housing and human service programs or as the Board may otherwise decide.

County Manager: \_\_\_\_\_

County Attorney: \_\_\_\_\_

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

**DISCUSSION:** After several years of double digit assessment growth, the housing market has finally cooled. The average assessment for a single-family home decreased by 0.8% to \$537,500 in CY 2007, down from \$541,800 in CY 2006. By advertising the real estate tax rate at the current level (\$0.818 per \$100) this is the maximum rate the County Board can adopt. At the current tax rate, the **average** tax bill will decrease in real estate taxes for the first time in almost 20 years. This is, however, only an average. Some home values have decreased more and some homes have increased more in value.

Based on the 2007 assessment data released in mid-January, the average assessment of a single-family residential dwelling has decreased by 0.8%, from \$541,800 in 2006 to \$537,500 for 2007. At the current \$0.818 tax rate, this new average assessment translates into a \$35 annual decrease. Overall, the real estate assessment base increased 6.8% for CY 2007.

**Attachment I** details the changes for residential and commercial properties.

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

**Attachment III** provides a history from Calendar Year 1970 to 2007 of the total real estate assessment values (excluding Public Service Corporations). The assessment base increase of 6.8% is down significantly from the previous six years.

**Attachment IV** is the resolution required to set the recommended advertised real estate property tax rate. Attachment V is the annual public "Notice of Proposed Real Property Tax Increase", which satisfies the advertisement requirements set by State law for increasing tax rates.

**FISCAL IMPACT:** The current tax rate of \$0.818 per \$100 of assessed value is being advertised as the maximum rate the County Board can establish. The County Manager's Proposed Base Budget was balanced at the current tax rate.

**ATTACHMENT IV  
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) 2007, 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.

Arlington County  
#1 Courthouse Plaza  
2100 Clarendon Boulevard  
Arlington, Virginia 22201  
March 14, 2006

**NOTICE OF PROPOSED REAL PROPERTY TAX INCREASE**

The County of Arlington, Virginia, proposes to increase property tax levies.

1. **Assessment Increase:** Total assessed value of real property, excluding additional assessments due to new construction or improvements to property, exceeds last year's total assessed value of real property by 4.6 percent.
2. **Lowered Rate Necessary to Offset Increased Assessment:** The tax rate which would levy the same amount of real estate tax as last year, when multiplied by the new total assessed value of real estate with the exclusions mentioned above, would be \$0.782 per \$100 of assessed value. This rate will be known as the "lowered tax rate."
3. **Effective Rate Increase:** The County of Arlington, Virginia proposes to adopt a tax rate of \$0.818 per \$100 of assessed value. The difference between the lowered tax rate and the proposed rate would be \$0.036 per \$100, or 4.60 percent. This difference will be known as the "effective tax rate increase."

Individual property taxes may, however, increase at a percentage greater than or less than the above percentage.

4. **Proposed Total Budget Increase:** Based on the proposed real property tax rate and changes in other revenues, the total budget of Arlington County will exceed last year's revised budget by 5.0 percent.

**A PUBLIC HEARING ON THE INCREASE WILL BE HELD ON MARCH 29, 2007, AT 7:00 P.M. OR AS SOON THEREAFTER AS POSSIBLE AT THE COUNTY BOARD ROOM, 2100 CLARENDON BLVD, ARLINGTON COUNTY, VIRGINIA. AFTER THE HEARING, THE COUNTY BOARD MAY ADOPT A TAX RATE LOWER THAN \$0.818 PER \$100 OF ASSESSED VALUE, BUT IT CANNOT ADOPT A HIGHER RATE.**

A copy of the proposed resolution fixing the real estate tax rate for CY 2007 is on file and available for review in the Office of the Clerk to the County Board, Room 300, #1 Courthouse Plaza, 2100 Clarendon Boulevard, weekdays between the hours of 8:00 a.m. and 5:00 p.m.

Antoinette Copeland, Clerk  
Arlington County Board