

**ARLINGTON COUNTY, VIRGINIA  
FY 2006 POLICY PRIORITY PROPOSAL**

**Policy Priority: Tax Relief and Reserve Fund**

**Purpose:** Most of the County tax revenue growth has been generated from higher real estate assessments, and residential assessments have grown significantly faster and higher than commercial assessments. As a result, residential tax relief has been a primary objective throughout the budget development process for FY 2006. After sustaining core services within the base budget, the tax revenue growth above approximately 6% has been set aside to provide funding for residential tax relief, and, consistent with County Board budget guidance, establishment of a revenue stabilization fund.

**Targeted Homeowner's Grants**

- Dollar amount represents ½ cent on the tax rate.
- Arlington County homeowners must occupy the property as their sole residence.
- Income limit is \$72,000 per household.
- Asset limit is \$240,000.
- Estimated grant level is \$500 one-time grant.
- Grant level is estimated to assist approximately 3,500 eligible households.
- Appointed panel would review suggested grant program.

**Adjustment for Elderly and Disabled Homeowners**

- Income and asset limits for this program would be increased to reflect state allowed maximums, raising the cost to this program.

**Tax Rate Reduction**

- This budget set-aside supports a 5 cent cut on the real estate tax rate.
- The current rate is 95.8 cents per \$100 of assessed value. This change would bring the rate to 90.8 per \$100 of assessed value.
- A 5 cent cut in the rate would save the average homeowner \$230 in the annual tax bill.

**Revenue Stabilization Reserve**

- This reserve represents 2 1/4 cents on the real estate tax rate.
- This reserve can be used for future budgets to help offset any large shift in tax rates.
- It can be used in this year's budget for additional tax relief
- Additional consideration should be given to supporting the PAYGO capital needs. Currently, the ongoing maintenance and the number of projects in the pipeline to be undertaken are significant. Recognizing that the demand for these projects directly competes with the need for meaningful tax relief is the reason these funds were excluded from the base budget.

**Funding Information**

Targeted Homeowners Grants	\$2,164,488
Adjustment for Elderly and Disabled Homeowners	\$100,000
Tax Rate Reduction	\$ 21,644,875
Revenue Stabilization Reserve	\$9,740,193
<b>Total set aside</b>	<b>\$33,649,556</b>

Revised 2/16/05