



STAFF REPORT
ACTION ITEM

Item #

SUBJECT: Adoption of 2022 Real Estate Tax Rate Ordinance

DATE OF MEETING: March 22, 2022

STAFF CONTACTS: David Mekarski, Town Manager
Elizabeth Krens, Director of Finance

SUMMARY and RECOMMENDATIONS:

The purpose of this report is for Town Council to adopt the 2022 Tax Rate Ordinance #22-03-01 (**Attachment 1**), so spring tax bills can be mailed in early May. As property taxes are based on a calendar year, the real estate tax rate ordinance is effective as of January 1 each year. Relevant discussions occurred during public meetings held on March 8 and March 16.

The following chart provides an overview of the various real estate tax rates included in the Proposed FY23 Budget and the 2022 Real Estate Tax Rate ordinance:

Tax Type	2021 Adopted Tax Rates	2022 Town Manager Proposed Tax Rates	Maximum Rate for 2022
Real Property	\$0.22	\$0.22	\$0.22
Fireman's Field Service District Tax	\$0.03	\$0.03	\$0.03

*All property tax rates are per \$100 of assessed value.

BACKGROUND- Additional information regarding each tax type is provided in the next sections:

REAL PROPERTY TAX:

In late January, the Loudoun County's Office of the Commissioner of the Revenue released Purcellville's 2022 Real Estate Assessment Summary (**Attachment 2**). Using this data,

staff prepared the Real Property Tax Revenues Estimate and Equalized Tax Rate Calculation (**Attachment 3**) in order to develop the FY23 Budget, advertise the real property tax rate public hearing and provide Town Council the information needed to set the 2022 real estate tax rate. The County Assessor's 2022 forecast for Purcellville shows a total taxable assessed value of \$1.784 billion and overall increase in assessment of 11.72%. This increase consisted of a 11.5% increase for existing properties and a .22% increase for new construction/growth. The equalized tax rate (tax rate which would levy the same real property tax revenue as the Town levied the prior year) is \$0.197.

The Town Manager's FY23 Proposed Budget recommends no change to the Town's real property tax rate of \$0.22. A public hearing was held on March 8, 2022 and the public notice advertised a maximum rate of \$0.22 in order to provide Council flexibility during the budget deliberation process. This tax will be included on the combined Loudoun County/Town of Purcellville real property tax bill due June 5th and December 5th.

FIREMAN'S FIELD SERVICE DISTRICT TAX:

In July 2011, Town Council adopted Ordinance No. 11-07-02, creating the Fireman's Field Service Tax District (see Town Code Chapter 74, Article VIII). The purpose of this district is to provide funds for the preservation of the historic property known as Fireman's Field; construction, installation, operation and maintenance related to parks, recreational and cultural properties; sidewalks; beautification and landscaping; public parking; economic development services; and security, sponsorship and promotion of recreational and cultural activities. The boundaries of this service tax district are the territorial limits of the Town of Purcellville.

The Town Manager's FY23 Proposed Budget recommends no change to the Town's Fireman's Field tax rate of \$0.030. This special assessment is based on the real property tax assessment and will be included on the combined Loudoun County/Town of Purcellville real property tax bill due June 5th and December 5th.

ISSUES:

The budget schedule recommends Town Council adopt the 2022 real property tax rates during the March 22 meeting in accordance with the County Tax Program MOA in order to provide sufficient time to prepare and mail tax bills in early May for the June 5th tax due date.

BUDGET IMPACT:

The budget impact of this decision will affect FY22 and FY23 General Fund and Special Parks and Recreation Fund revenue. ***In 2022, each penny on the real estate tax rate is equivalent to revenue of \$174,401.***

The FY23 Budget forecasts the following revenue for the proposed tax rates:

Tax Type	FY22 Revenue	FY23 Revenue
Real Property	\$3,552,820	\$3,836,814 (\$0.22 or 22 cents)
Fireman's Field	\$484,269	\$523,202 (\$0.03 or 3 cents)

*All property tax rates are per \$100 of assessed value.

MOTION:

Adopt Ordinance as Drafted or substitute alternate tax rate

"I move that the Town Council adopt Ordinance No. 22-03-01, establishing for calendar year 2022 the Real Estate Tax rate of \$0.22 and the Fireman's Field Service District Tax rate of \$0.03."

ATTACHMENT(S):

1. Proposed Ordinance No. 22-03-01
2. Real Property 2022 Assessment Summary
3. Real Property Tax Revenues Estimate and Equalized Tax Rate Calculation