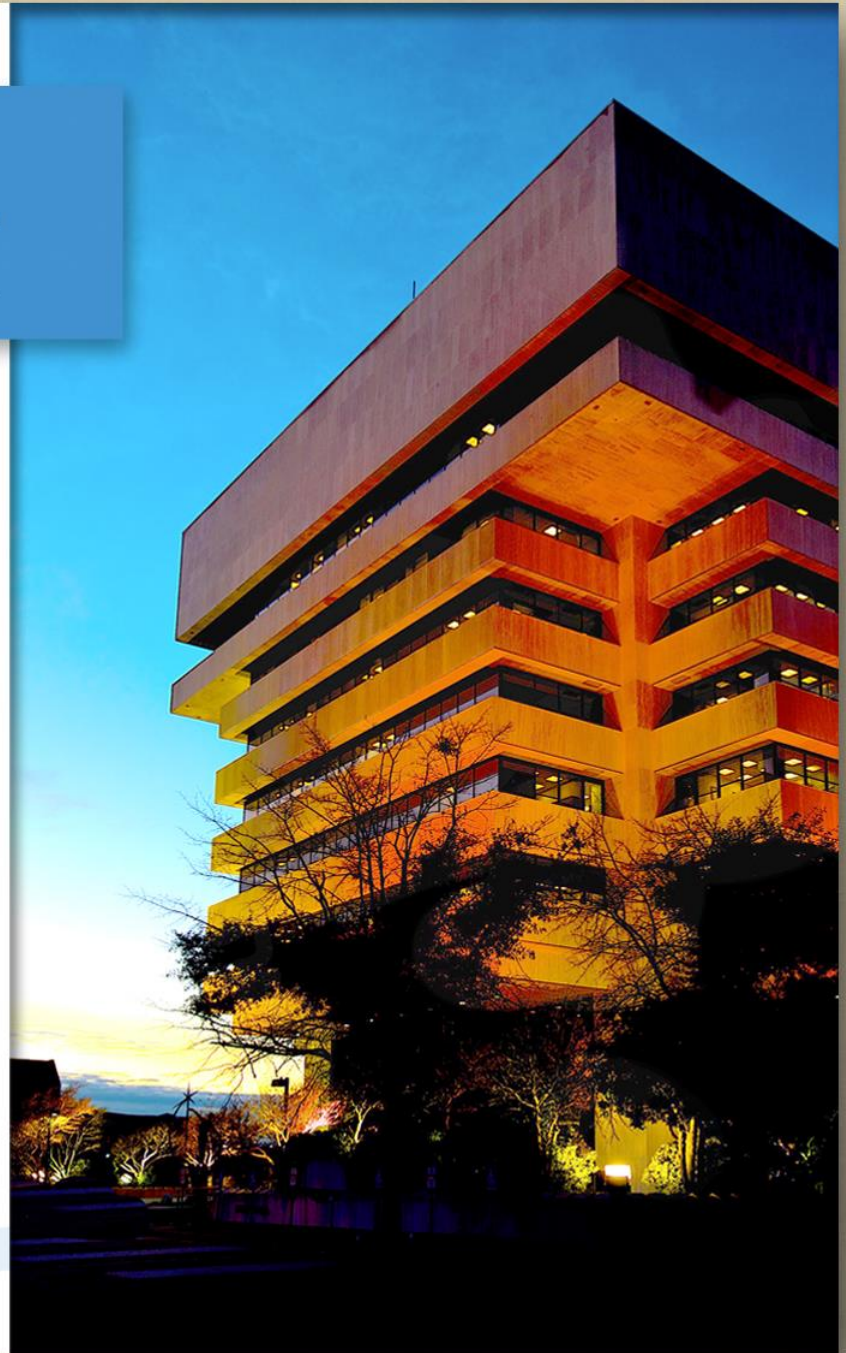


HAMPTON VA

**FY18
Recommended
Budget
Qs & As**

May 10, 2017

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Budget & Strategic Initiatives**



FY18 Recommended Budget Qs & As

~ Recreational Vehicle (RV) Tax ~

Background

- Taxes on recreational vehicles were abolished when the city stopped taxing boats
 - With annual fee on boats, the idea resurfaced
- Boat owners pay a registration fee that ranges from \$20 to \$150 per year, plus additional fees and taxes if they transport their boat on a trailer
- All the surrounding localities charge an RV tax
- Eighty-six percent of Hampton residents who participated in the budget input supported an RV tax
- Proposed \$1.50 tax rate would raise an estimated \$135,000 for FY18

FY18 Recommended Budget Qs & As

~ Recreational Vehicle (RV) Tax ~

- **Can we look at phasing in the RV Tax to give RV owners more time to plan for the change?**
 - Reinstating the RV tax has been discussed during the budget process for the past two years
 - Citizens raised it as an issue once the boat fee was instituted in May 2015 as part of the Fiscal Year 2016 budget
 - Since the RVs are considered personal property and personal property is taxed on a calendar year basis, the rate would be effective as of January 1, 2018, and the first bill due on June 5, 2018
 - Enacting the tax as part of the FY18 budget would give RV owners approx. 13 months from today before they would actually pay the first half of the tax
 - Second half of the tax (since we bill semi-annually) would be due December 5, 2018, approx. 19 months from today

FY18 Recommended Budget Qs & As

~ (RV Tax Cont'd) ~

- **What would be the impact of the tax on citizens?**
 - The tax – at \$1.50 per \$100 of value - would be phased in, with a half-year of billing due in the next fiscal year
 - When it's fully implemented, here's what the annual median tax bill would be:
 - Camper trailer: \$6
 - Travel trailer: \$78
 - Motor home: \$229

FY18 Recommended Budget Qs & As

~ (RV Tax Cont'd) ~

- **I keep hearing of some people who would pay a lot more?**
 - A few people who own expensive motor homes would
 - Commissioner of the Revenue's Office estimates:
 - 70% of RV owners would pay less than \$200
 - 15% would pay less than \$400
 - 6% would pay less than \$600
 - 3% would pay less than \$800
 - 2% would pay less than \$1,000
 - 1% would pay less than \$1,200
 - 1% would pay less than \$1,400
 - 2% would pay \$1,4001 or higher

FY18 Recommended Budget Qs & As

~ Recreational Vehicle (RV) Tax ~

- **How does the economic impact for RV's compare to boats?**
 - Commissioner of Revenue estimates Business license revenue associated with RVs would likely be less than \$1,500 for the entire city
 - Difficult to determine additional economic impact of RVs beyond information above without detailed study
 - \$50 million+ annual boater spending in 2007 (VIMS study)
 - 4,000+ recreational boaters
 - 698 jobs generated
 - \$2.29 million tax revenue

FY18 Recommended Budget Qs & As

~ Recreational Vehicle (RV) Tax ~

- **How does the economic impact for RV's compare to boats?**
 - Non-resident boaters spent \$26 million in 2007 (VIMS study)
 - \$6.8 million - slip fees, yacht club fees, and dues
 - \$5.8 million - engine repair & maintenance
 - \$4.1 million - lodging
 - \$3.9 million - fuel
 - \$3.1 million - restaurant meals
 - \$1.6 million - other boat supplies
 - \$970k - groceries

FY18 Recommended Budget Qs & As

~ Recreational Vehicle (RV) Tax ~

- **How does the economic impact for RV's compare to boats?**
 - Hampton resident boaters spent \$25 million in 2007 (VIMS study)
 - \$9.4 million - maintenance & parts
 - \$3.5 million - fuel
 - \$3.0 million - marina fees, storage and dues
 - \$1.8 million - other boat supplies
 - \$1.7 million - fishing supplies
 - \$1.4 million - groceries
 - \$1.1 million - restaurants

FY18 Recommended Budget Qs & As

~ (RV Tax Cont'd) ~

- **What do other localities charge for RV Tax? Why would we tax boats and RVs at different rates?**
 - Of the ten Hampton Roads communities we surveyed, only two tax RVs and Boats the same (Williamsburg & Suffolk)

	RV Tax	Boat Tax (recreational use)
Locality	Tax rate per \$100 value	Tax rate per \$100 value
Newport News	\$1.00	\$1.00 (under 5 tons) \$0.90 (over 5 tons)
Norfolk	\$1.50	\$0.50
Poquoson	\$1.50	\$0.00001
Portsmouth	\$1.50	\$0.50
Suffolk	\$1.50	\$1.50
Virginia Beach	\$1.50	\$0.000001
Chesapeake	\$1.58	\$0.09
Williamsburg	\$3.50	\$3.50
James City County	\$4.00	\$3.50 (under 5 tons) \$1.00 (over 5 tons)
York County	\$4.00	\$0.000000001

FY18 Recommended Budget Qs & As

~ (RV Tax Cont'd) ~

- **Why \$1.50?**
 - It's the prevailing rate in the region
 - When the city asked for residents' input:
 - 14% said no RV tax
 - 29% supported \$1 per hundred as a rate
 - 57% supported \$1.50 or more
- **What is the tax rate for a boat trailer?**
 - Boat trailers are taxed at the personal property, or car tax, rate of \$4.50 per hundred dollars of value

FY18 Recommended Budget Qs & As

~ (RV Tax Cont'd) ~

- **Will RVs that stay for the summer, or other extended periods of time have to pay the tax?**
 - City can't impose a tax unless property is regularly garaged, docked or parked in the City or, unless it is domiciled here in Hampton
 - Based on an attorney general opinion, three months is not enough time to consider it regularly garaged, docked or parked and generally speaking, the property would need to be in the jurisdiction for the majority of the year

FY18 Recommended Budget Qs & As

~ (RV Tax Cont'd) ~

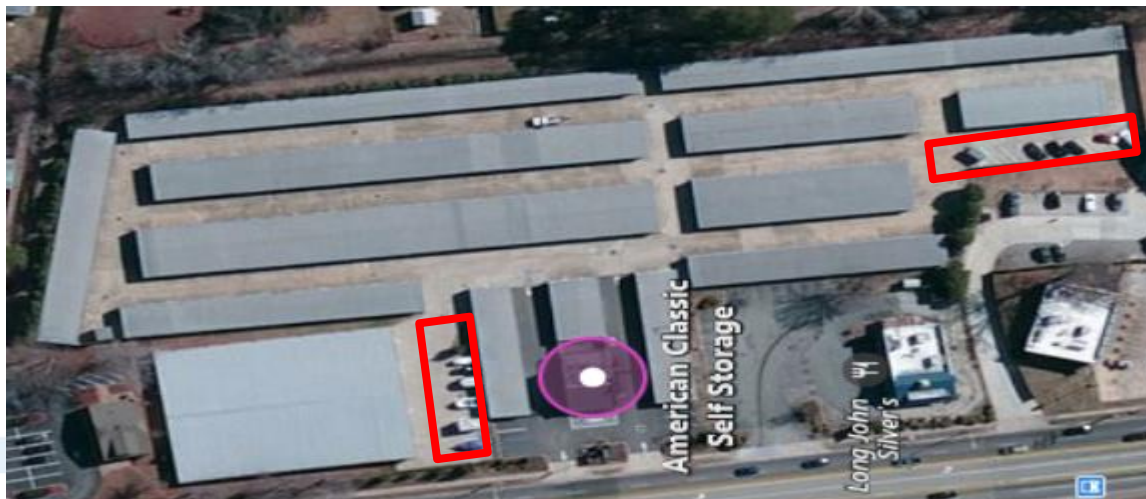
- **What is the cost of storing an RV in Hampton? What is the vacancy rate of RV storage facilities in Hampton?**
 - Hampton Boat and RV Storage facility on Kecoughtan Road charges customers month-to-month at \$2.85 per foot with a minimum of \$75 per month
 - Physical inspection of the property last week and review of images from GIS and Pictometry show their vacancy to run close to zero
 - There are not designated spaces, or specific vehicle types



FY18 Recommended Budget Qs & As

~ Recreational Vehicle (RV) Tax ~

- **Does American Classic Self Storage store RVs?**
 - American Classic Self Storage does have the capability of storing vehicles 30 feet long or less (outlined in the red boxes below) but their primary business is traditional mini-storage



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Questions

