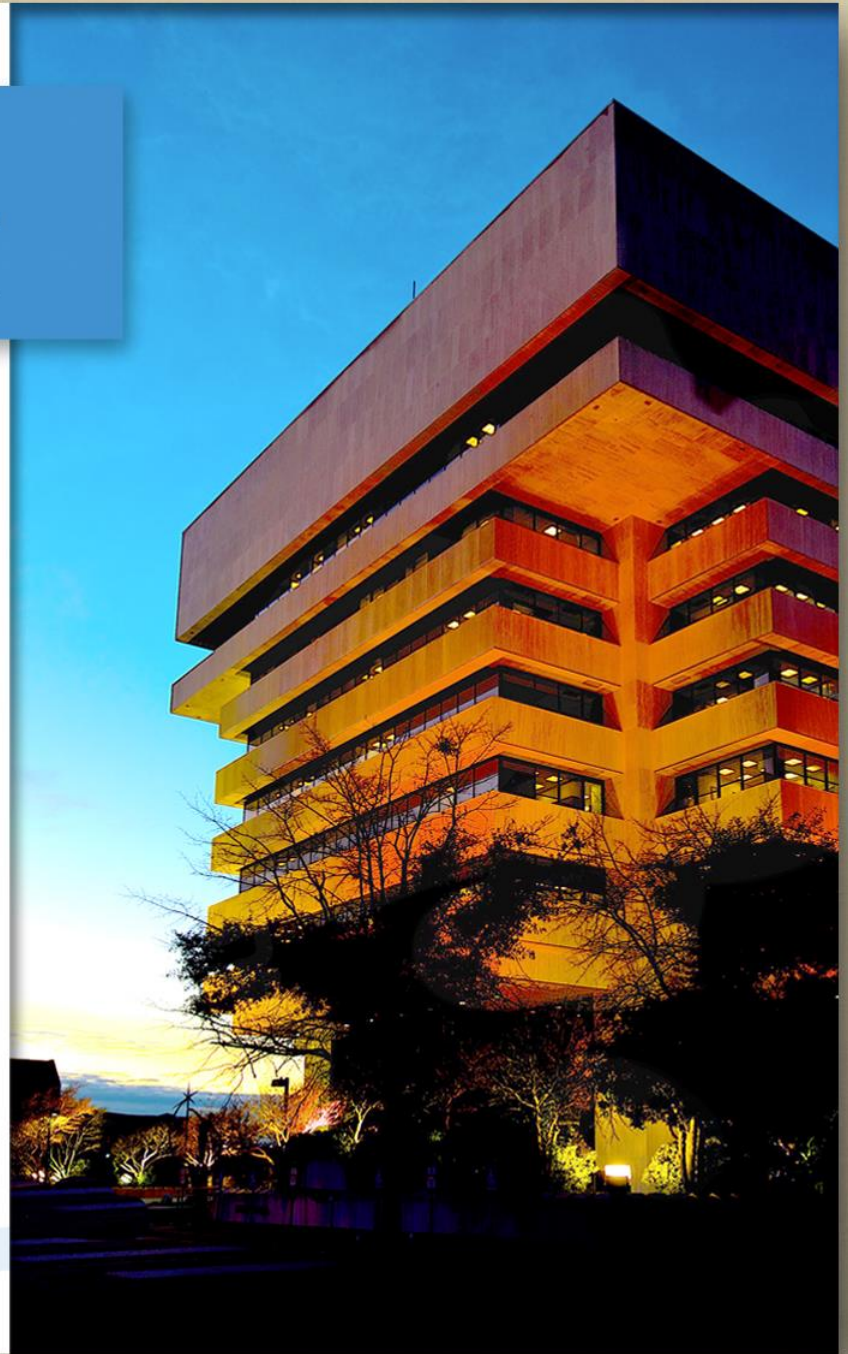


# HAMPTON VA

## **Preliminary Revenue Projections Fiscal Year 2020**



# Revenues: Review of Preliminary Projections for FY2020

## Total General Fund Revenues

	<u>FY2019</u>	<u>FY2020</u>	<u>Apprv VS Proj</u>	<u>Apprv VS Proj</u>
Recurring Revenues	\$ 336,663,161	\$ 344,578,247	\$ 7,915,086	2.4%
One-Time Revenues	\$ 6,239,513	\$ 6,239,513	\$ -	0.0%
	<u>\$ 342,902,674</u>	<u>\$ 350,817,760</u>	<u>\$ 7,915,086</u>	<u>2.3%</u>

- **Increase in recurring revenues of \$7.9 Million or 2.3%**
- **Of the \$7.9 million increase in recurring revenues, \$5.2 million is available for general appropriations. The other \$2.7 million is committed for specific purposes.**
- **The major revenue drivers: general property taxes, other local taxes and revenues from use of money and property (84% of the total increase).**

# Revenues: Review of Preliminary Projections for FY2020

## General Property Taxes

(In Thousands)

Approved Budget FY2019	Projections FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
<u>\$ 185,887</u>	<u>\$ 189,711</u>	<u>\$ 3,824</u>	<u>2.1%</u>

## Real Estate Taxes

- **The Assessor is projecting that total taxable assessments will increase by 1.95% (weighted average).**
- **Translates to a \$2.4 M increase in revenues - from \$128.5 M to \$130.9 M (represents 37% of the revenue budget).**
- **No change in collection rate - 98.4%**

# Revenues: Review of Preliminary Projections for FY2020

## General Property Taxes - continued

### Real Estate Taxes - continued

- Each penny = \$1,056,239
- Other cities are expecting:
  - 3.7 - 4% City of Norfolk
  - 3.2% Virginia Beach (each penny = \$5,913,000)
  - % City of Newport News
  - 3.14% City of Chesapeake (each penny = \$2,788,161)
  - 1.48% City of Portsmouth (each penny = \$760,542)

# Revenues: Review of Preliminary Projections for FY2020

## General Property Taxes - continued

(In Thousands)

Approved Budget FY2019	Projections FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 185,887	\$ 189,711	\$ 3,824	2.1%

## Personal Property Taxes

### Factors impacting FY20

- **New car registrations in Hampton for CY2018 increased 3% over CY2017 (primarily in the truck category).**
- **Used car wholesale prices experienced a 4.3% increase from CY2017 to CY2018.**
- **Used car sales have been steady for CY2018 (slightly up .3 percent over CY2017)**
- **Business Personal Property Taxes have not been finalized yet**

# Revenues: Review of Preliminary Projections for FY2020

## General Property Taxes - continued

(In Thousands)

Approved Budget FY2019	Projections FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 185,887	\$ 189,711	\$ 3,824	2.1%

## Personal Property Taxes

- **Projecting FY20 personal property taxes to be \$40.9 million, an increase of \$1.2 million or 2.9% (represents 12% of the revenue budget).**
- **Collection rate of 94% - no change from FY19.**

# Revenues: Review of Preliminary Projections for FY2020

## Other Local Taxes

(In Thousands)

Approved Budget FY2019	Projections FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 79,672	\$ 81,099	\$ 1,427	2%

- **The Largest Five Other Local Taxes:**

- 1) Meal tax
- 2) Sales and Use tax
- 3) Business License tax
- 4) Communications Sales tax
- 5) Utility taxes – Electric and Gas

- Represents approximately 77% of the total other local taxes projection.

# Revenues: Review of Preliminary Projections for FY2020

## Other Local Taxes - continued

(In Thousands)

Approved Budget FY2019	Projections FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 79,672	\$ 81,099	\$ 1,427	2%

- **Meal tax is tracking approximately 4.6% over the prior fiscal year. We expect this revenue to trend near the 3% average growth for the past three years – driven by the national trend of Americans dining out an average of 5 times a week . Therefore, we have projected it to increase to \$21.6 million, an increase of approximately \$510,460.**



# Revenues: Review of Preliminary Projections for FY2020

## Other Local Taxes - continued

(In Thousands)

Approved Budget FY2019	Projections FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 79,672	\$ 81,099	\$ 1,427	2%

- **Year-to-date sales tax collections are tracking 1% over the FY19 Actual budget estimate and 5.3% over FY18 actual. While we see some positive growth in sales, some of the increase is related to corrections from prior fiscal years.**
- **Based on the current trend, we are increasing the sales tax revenue estimate by \$233,000 for a total of \$15.8 million.**

# Revenues: Review of Preliminary Projections for FY2020

## Other Local Taxes - continued

(In Thousands)

Approved Budget FY2019	Projections FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
<u>\$ 79,672</u>	<u>\$ 81,099</u>	<u>\$ 1,427</u>	<u>2%</u>

- **We're seeing growth in the service industries, therefore we're increasing the business license tax estimate to \$12.5 million – an increase of \$555,000 over the FY19 estimate.**

# Revenues: Review of Preliminary Projections for FY2020

## Other Local Taxes - continued

(In Thousands)

Approved Budget FY2019	Projections FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 79,672	\$ 81,099	\$ 1,427	2%

- **The state communication taxes became effective on January 1, 2007.**
- **It is composed of a 5% tax on all communication services, state E-911 tax of \$.75 per access line and a public right-of-way use fee of \$1.11 per cable subscriber per month.**
- **Replaced the City's utility tax on telephone, local E-911 service tax, utility tax on cable service and cable franchise fee. For fiscal year 2006, these taxes generated approximately \$9.9 million for the City.**

# Revenues: Review of Preliminary Projections for FY2020

## Other Local Taxes - continued

(In Thousands)

Approved Budget FY2019	Projections FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 79,672	\$ 81,099	\$ 1,427	2%

- **The City's communication taxes under the state program has not exceeded what we were collecting under our local taxes.**
- **Communication taxes are expected to decline by \$484,000 to a projection of approximately \$7.9 million.**
- **Utility taxes - Electric and Gas are expected to be flat at \$5 million.**

# Revenues: Review of Preliminary Projections for FY2020

## Other Local Taxes - concluded

(In Thousands)

Approved Budget FY2019	Projections FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 79,672	\$ 81,099	\$ 1,427	2%

- **Based on current trends and the addition of two new hotels, we expect lodging taxes to grow to \$3.7 M in FY20 – an increase of \$171,000.**
- **We have conservatively budgeted \$525,000 in Pari-Mutuel license tax revenues for the new off-track betting facility.**

# Revenues: Review of Preliminary Projections for FY2020

## License, Permits and Privileged Fees

(In Thousands)

Approved Budget FY2019	Projections FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS proj
\$ 1,365	\$ 1,365	\$ -	0%

- **Based on current trends, we're expecting the license and permit activity and values to be consistent with the current fiscal year.**

# Revenues: Review of Preliminary Projections for FY2020

## Fines and Forfeitures

(In Thousands)

Approved Budget FY2019	Projections FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 1,391	\$ 1,463	\$ 72	5%

- **We have incorporated proposed fee increases for the following items:**
  - 1) **Increased the disabled parking penalty by \$250 to the maximum of \$500.**
  - 2) **Increased the time limit for trucks fee from \$100 to \$125.**
  - 3) **Increased the parking violations penalty by \$20 to a new fee of \$40.**

# Revenues: Review of Preliminary Projections for FY2020

## Revenues from Use of Money & Property

(In Thousands)

Approved Budget FY2019	Projections FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 1,498	\$ 2,747	\$ 1,249	83%

- **This revenue category is primarily composed on interest income that we earn on cash balances and investments.**
- **We expect the Federal Reserve to increase its benchmark short-term interest rate over the next year. We expect to earn an average interest rate of 2.60% for fiscal year 2020.**
- **Therefore, we have increased our interest income estimate for FY20 by \$1.2 million.**



# Revenues: Review of Preliminary Projections for FY2020

## Charges for Services

(In Thousands)

Approved Budget FY2019	Projections FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
<u>\$ 9,338</u>	<u>\$ 9,521</u>	<u>\$ 183</u>	<u>2%</u>

- In FY18, City Council approved the Fire Division's request to start billing residents for applicable co-pay and deductible amounts for the EMS transport fees. We're experiencing an increase in collections (as well as from the Treasurer's collection of delinquent EMS billings). EMS transport fees are estimated at \$4.3 M – an increase of \$296,000.**

# Revenues: Review of Preliminary Projections for FY2020

## Charges for Services - concluded

(In Thousands)

Approved Budget FY2019	Projections FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
<u>\$ 9,338</u>	<u>\$ 9,521</u>	<u>\$ 183</u>	<u>2%</u>

- **Parks and Recreation fees are projected to decline by \$132,000 to \$1 million.**

# Revenues: Review of Preliminary Projections for FY2020

## Miscellaneous Revenue

(In Thousands)

Approved Budget FY2019	Projection FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
<u>\$ 5,049</u>	<u>\$ 5,096</u>	<u>\$ 47</u>	<u>1%</u>

- **\$45,000 increase in reimbursements from schools.**

# Revenues: Review of Preliminary Projections for FY2020

## State/Federal Revenues

	(In Thousands)			
	Approved Budget FY2019	Projections FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% % Incr/(Decr) Apprv VS Proj
Recovered Costs	\$ 8,485	\$ 8,661	\$ 176	2%
Shared Expenses-State	9,432	9,882	450	5%
Non-Categorical-State	830	830	-	0%
Categorical-State\Fed	31,687	32,173	486	2%
Federal	31	31	-	0%
	<u>\$ 50,465</u>	<u>\$ 51,577</u>	<u>\$ 1,112</u>	<u>2%</u>

- **An increase of \$249,137 in HB599 Funding for Local Police Departments (level funding for FY20)**
- **\$495,986 increase in Urban Maintenance funds for roads**
- **An increase of \$450,877 for Constitutional Officers**

# Revenues: Review of Preliminary Projections for FY2020

## Transfers and Fund Balance

	(In Thousands)			
	Approved Budget FY2019	Projections FY2020	\$ Amount Incr/(Decr) Apprv VS Proj	% % Incr/(Decr) Apprv VS proj
Fund Balance	\$ 6,240	\$ 6,240	\$ -	0%
Transfer from School Op Fund	\$ 2,000	\$ 2,000	\$ -	0%
	<u>\$ 8,240</u>	<u>\$ 8,240</u>	<u>\$ -</u>	<u>0%</u>

- **Plan to use \$4.6 million from unassigned fund balance (savings account) for the 2020 CIP.**
- **Plan to use \$354,588 for the PC replacement program.**

# Revenues: Review of Preliminary Projections for FY2020

## Total General Fund Revenues

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