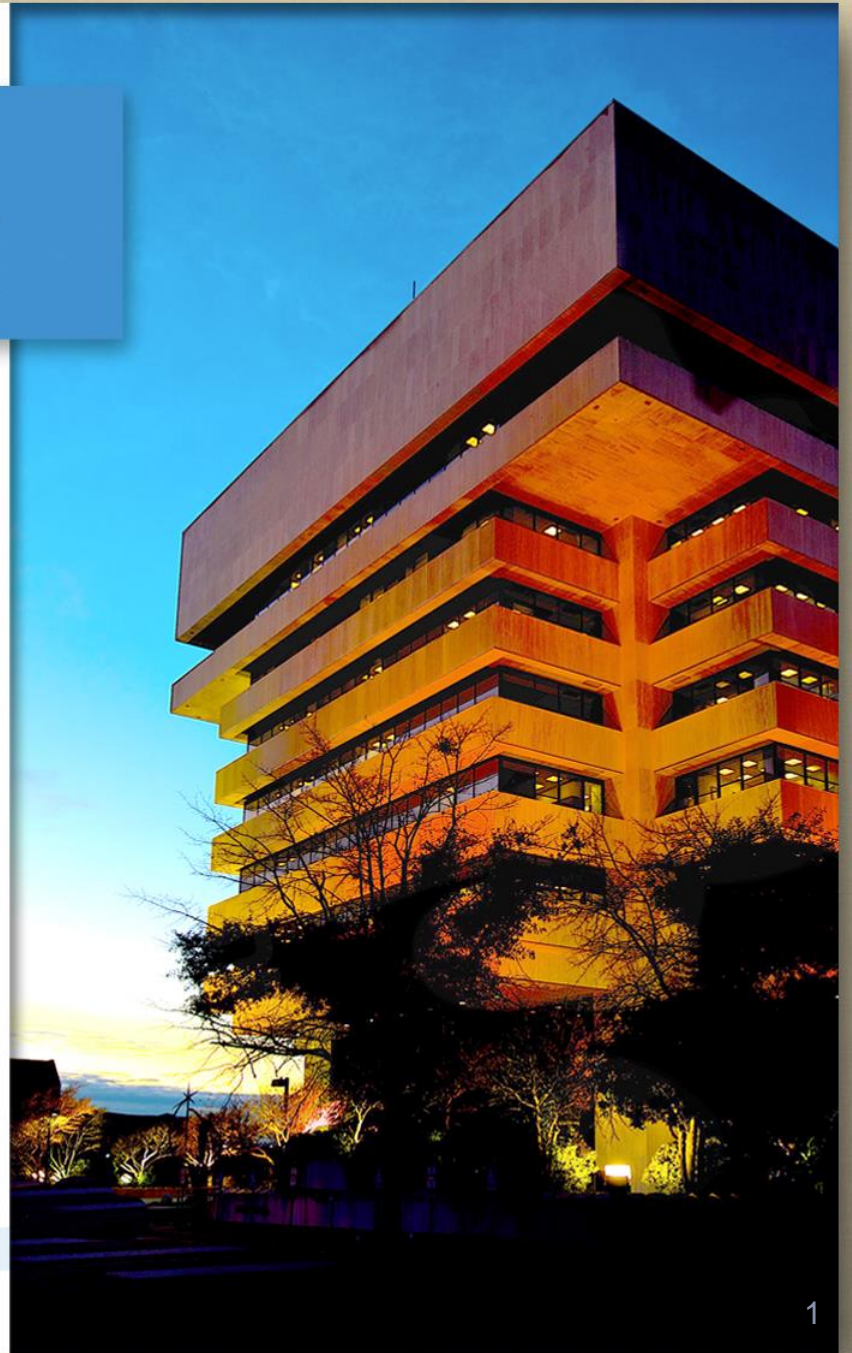


# HAMPTON VA

## **Revenue Guideline For Real Estate Taxes**

**Hampton City Council  
April 24, 2024  
Hampton Finance Committee**



# Purpose

- Provide a brief overview of the purpose of the Finance Committee.
- Provide an overview of the Revenue Guideline for Real Estate Taxes
- Review Finance Committee's recommendation for the FY25 Real Estate Tax rate

# Background

- **On February 8, 2006 City Council approved the financial guideline dealing with real estate growth:**
  - **Real estate revenue growth, net of new construction, from one fiscal year to the next, shall be limited to the equivalent percentage increase in an inflationary growth factor as measured by either the consumer price index for urban dwellers (CPI-U) or resident income growth (RI); whichever is greater in any given year.**

# Finance Committee

- **Established in 2005.**
- **Its purpose is to enhance the effectiveness of Council's role in developing a broad scoped, strategic view of City finances and to provide Council advice in support of its financial decision making.**
- **Membership is comprised of citizens at large, and representatives from City Council, the City Manager's office; and is supported by the Director of Finance, Budget Manager (as well as the Commissioner of Revenue and Assessor, as needed).**

# Background

**(Financial guideline on real estate growth continued:)**

- To the extent that budgetary needs require real estate revenue to grow faster than this factor, the Manager and Council shall explicitly explain the budget driving factors causing this, so that residents may have a concise and clear understanding of the need to deviate from this financial guideline.**
- This guideline was implemented with the FY07 Budget.**

# Background

- **On May 8, 2013 City Council approved the revision to the revenue guideline for real estate taxes:**
  - A) To incorporate a decline in real estate revenue.**
  - B) Allow flexibility to the governing body regarding the application of the tax rate factors (resident income growth and inflationary factors).**
  - C) Review all revenues and fees to encourage diversity and less reliance on real property revenues during economic declines.**

# Tax Equalization

Fiscal Year	Increase/(Decline) In Real Estate Tax Revenue	Actual Tax Rate*	Equalized Tax Rate*
2016	578,339	\$1.24	\$1.30
2017	1,569,560	\$1.24	\$1.30
2018	1,416,775	\$1.24	\$1.30
2019	2,208,293	\$1.24	\$1.30
2020	2,418,641	\$1.24	\$1.30
2021	5,907,396	\$1.24	\$1.30
2022	7,576,490	\$1.24	\$1.27
2023	23,041,523	\$1.18	\$1.19
2024	13,981,531	\$1.16	\$1.18
2025	7,692,674	\$1.15 proposed	\$1.17

\*Actual and Equalized rates are per \$100 of assessed value

# Summary

- *The Finance Committee reviewed and voted unanimously at their April 17th meeting to confirm the stabilization real estate tax rate at the equalized rate of \$1.17 per \$100 of assessed value per the guideline.*



# Summary (concluded)

- The Finance Committee acknowledges that the equalized tax rate is effectively a maximum recommended rate based on the circumstances of the year reviewed; but the guidelines do not preclude Council's adoption of a lesser rate.
- The City Manager is recommending a tax rate of \$1.15 per \$100 of assessed value for Fiscal Year 2025.
- The Finance Committee recognizes that the Manager has recommended a fiscally responsible budget based on a rate lower than the equalized tax rate, and supports Council's adoption of that rate, if they decide to do so.

# Revenue Guideline

## Questions and Answers