

INTRODUCED: September 27, 2021

AN ORDINANCE No. 2021-286

To amend and reordain City Code § 26-355, concerning the levy of tax on real estate, to establish a tax rate of \$1.135 for the tax year beginning Jan. 1, 2022, pursuant to Va. Code § 58.1-3321(b), and increasing such rate from the Rolled Back Tax Rate of \$1.071 as computed in accordance with Va. Code § 58.1-3321(a).

\_\_\_\_\_  
Patron – Ms. Trammell

\_\_\_\_\_  
Approved as to form and legality  
by the City Attorney  
\_\_\_\_\_

PUBLIC HEARING: NOV 8 2021 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That section 26-355 of the Code of the City of Richmond (2020) be and hereby is **amended** and reordained as follows:

**Sec. 26-355. Levy.**

There shall be levied and collected for each year on all real estate located in the City not exempt from taxation a tax of [~~\$1.20~~] \$1.135 for the tax year beginning January 1, [~~2021~~] 2022, and for each year thereafter, until otherwise provided by law or ordinance, for each \$100.00 of assessed evaluation thereof for general purposes.

AYES:                    6                    NOES:                    2                    ABSTAIN:                    \_\_\_\_\_

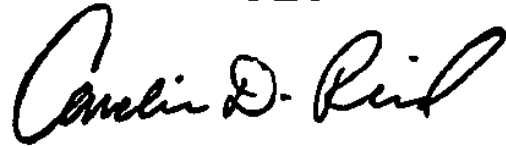
ADOPTED: \_\_\_\_\_ REJECTED: \_\_\_\_\_ STRICKEN:                    NOV 8 2021

§ 2. That the aforesaid tax rate of \$1.135 is established pursuant to section 58.1-3321(b) of the Code of Virginia (1950), as amended, and represents an increase of \$0.064 from the Rolled Back Tax Rate of \$1.071 computed in accordance with section 58.1-3321(a) of the Code of Virginia (1950), as amended.

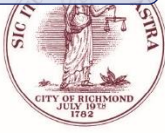
§ 3. That the aforesaid tax rate of \$1.135 shall be applied in lieu of the Rolled Back Tax Rate of \$1.071.

§ 4. This ordinance shall be in force and effect as of January 1, 2022.

**A TRUE COPY:  
TESTE:**

A handwritten signature in black ink, appearing to read "Carolin D. Reed". The signature is written in a cursive style with a large initial 'C'.

**City Clerk**



# Richmond City Council

The Voice of the People

Richmond, Virginia

## Office of the Council Chief of Staff

### Ordinance/Resolution Request

**TO** Haskell Brown, Interim Richmond City Attorney  
Richmond Office of the City Attorney

**THROUGH** Joyce Davis  
Interim Council Chief of Staff

**FROM** William E. Echelberger, Jr., Council Budget Analyst

**COPY** Reva M. Trammell, 8<sup>th</sup> District Representative  
Richard K. Bishop, 8<sup>th</sup> District Liaison  
Tabrica Rentz, Interim Deputy Richmond City Attorney

**DATE** September 17, 2021

**PAGE/s** 1 of 2

**TITLE** **Reduced Real Estate Tax Rate**

This is a request for the drafting of an **Ordinance**  **Resolution**

**REQUESTING COUNCILMEMBER/PATRON**

Reva M. Trammell, 8<sup>th</sup> District Representative

**SUGGESTED STANDING COMMITTEE**

Finance & Economic Development

**ORDINANCE/RESOLUTION SUMMARY**

The patron requests an ordinance to amend City Code Section 98-121 to reduce the real estate tax rate from \$1.20 per \$100 of assessed value, to \$1.135 per \$100 of assessed value which is an increase from the "Rolled Back Tax Rate" of \$1.071.

**BACKGROUND**

**Summary:**

**Note: All amounts are based on information included in the memorandum from the city Assessor to Richmond City Council dated September 8, 2021, a copy of which is attached.**

- The City's Adopted FY22 General Fund Budget is based on a real estate tax rate of \$1.20, which was projected to generate \$359.7 million.
  - This reflected a projected a \$23.9 million, or 7 percent, increase in projected real estate tax revenues above the \$336.2 million for FY21.
  - Final assessed values, **not including new construction**, result in projected real estate tax revenues of \$380.3 million, which is a \$44.1 million, or 13 percent, increase in projected real estate tax revenues above the \$336.2 million for FY21.

- Final assessed values, **including new construction**, result in projected real estate tax revenues of \$384.1 million, which is a \$47.9 million, or 14 percent, increase in projected real estate tax revenues above the \$336.2 million for FY21.
- Section 58.1-3221 of the Code of Virginia, provides that when the annual assessment of real property, **not including new construction**, results in an increase of 1 percent or more in the total real property tax levied:
  1. The real estate tax rate must be reduced so that the revised, "roll-back" rate results in an increase in revenues derived for real estate taxes of no more that 1 percent above the previous year's real property tax revenues.
  2. City Council may increase the rate above the reduced, "roll-back" rate if such an increase is deemed to be necessary by such governing body.
  3. A public hearing is required prior to adopting the real estate tax rate. Notice of the public hearing shall be given at least 30 days before the date of such hearing
  4. Each \$0.01 of the tax rate generates approximately \$3.2 million dollars in revenue.
- Due to the projected 13 percent increase above FY21 real estate tax revenues, the "Rolled-Back" real estate tax rate" of \$1.071 is required unless City Council adopts a different rate.
- The patron believes that the current tax rate of \$1.20 per \$100 of assessed value, when applied to the unprecedented increase in real estate assessed values, will result in;
  - An unanticipated burden on many taxpayers, and
  - Generation of \$24 million more in revenues from the real estate tax than are included in the Adopted FY22 General Fund Budget.
- The patron further believes that setting the real estate tax rate at \$1.135 per \$100 of assessed value will provide relieve for taxpayers, while allowing the City to receive revenues above the "roll-back" rate of \$1.071 tax rate per \$100 of assessed value.
- The City Attorney has advised that real estate tax rate ordinance must be adopted no later than November 8, 2021.

**FISCAL IMPACT STATEMENT**

Fiscal Impact Yes  No

Budget Amendment Required Yes  No

Estimated Cost or Revenue Impact:

Adopting a tax rate between the "roll-back" rate of \$1.20 per \$100 of assessed value and the current rate of \$1.20 per \$100 of assessed value will impact General Fund revenues. The "roll-back" rate would generate approximately \$340 million, which is \$19 million less than the amount included in the Adopted General Fund Budget, while the current rate will generate \$24 million more than the amount included in the Adopted General Fund Budget. A rate of \$1.135 per \$100 of assessed value will generate \$359.7 million which is the amount included in the Adopted General Fund Budget.

**Attachment/s** Yes  No

# CITY OF RICHMOND

## INTRACITY CORRESPONDENCE



**TO: Members of City Council**

**FROM: Richie McKeithen, City Assessor**

**DATE: September 8, 2021**

**REFERENCE: Required Public Hearing on 2022 Proposed Roll Back Tax Rate**

The City Attorney’s Office has indicated that the language of VA Code Section 58.1-3321, regarding real estate tax rollback requirements and the resetting of the tax rate, requires an O&R to be introduced at either the September 13, 2021 or September 27, 2021 City Council Meeting. The City Attorney’s Office recommends that the real estate tax rate ordinance be introduced at the September 13, 2020 meeting to allow sufficient time for deliberation prior to adoption by no later than November 8, 2021.

The growth in land book value for Tax Year 2022, over the Tax Year 2021 land book, was 13.0%. Below are actual numbers used to measure the % change as required by the “Rollback” Statue, the estimated land book number used during FY 2022 budget process, and the estimated total 2022 land book value after new construction assessments are supplemented at the end of this calendar year.

Tax Year	Tax Base	Tax Rate	Projected Revenue	% Chg
2021*	\$28,017,498,000	\$1.20/\$100	\$336,209,976	
2022*	\$31,692,390,000	\$1.20/\$100	\$380,308,680	13.0

Other relative numbers:

2022**	\$29,978,722,860	\$1.20/\$100	\$359,744,674
2022***	\$32,009,313,900	\$1.20/\$100	\$384,111,767

If a public hearing is not held, state law requires the tax rate to “rollback” to \$1.071, which is the tax rate that produces no more than 1% revenue growth over the same calculation in 2020.

\* Represents actual numbers

\*\* Numbers used in the creation of the FY 2022 budget process

\*\*\* Final estimated 2022 land book totals and revenue after new construction assessments are supplemented