

**CITY OF CHARLOTTESVILLE, VIRGINIA  
CITY COUNCIL AGENDA**



Agenda Date:	March 20, 2023
Action Required:	Public Hearing
Presenter:	Michael Rogers, City Manager
Staff Contacts:	Krisy Hammill, Director of Budget
Title:	<b>Proposed real estate tax rate for the FY 2024 City Manager's Proposed Budget</b>

**Background**

The Council meeting on March 20, 2023 marks the first public hearing on the proposed real estate tax rate for the FY 2024 City Manager's Proposed Budget. The Interim City Manager will give a very quick overview of the budget prior to the public hearings. A legal ad was published, as required, in the Daily Progress on February 14, 2023 (real estate tax levy). A copy of the ad is also posted on the FY 2024 Budget Development section of the following website: [www.charlottesville.gov/budget](http://www.charlottesville.gov/budget).

**Discussion**

The Equalized Tax Rate is \$0.8589/\$100 of assessed value. (This rate is calculated as the rate of tax that would need to be applied to the current [increased] property assessments, in order to generate the same amount of tax revenues as in Tax Year 2022). For purposes of the budget, the equalized rate of \$0.8589/\$100 is the calculated rate that will keep the City's revenue from real estate taxes equal with last year. Although this is a lower rate, it is still possible that some individuals could see an increased tax bill solely on the basis of their individual reassessment. The proposed tax rate that has been advertised is \$0.96/ \$100, which is \$0.1011 higher than the equalized rate of \$0.8589/\$100. For FY 24, real estate tax revenue is budgeted to generate \$9,915,424 in new revenue over FY 23 based on the advertised tax rate of \$0.96/\$100 and the 2022 assessed values.

**Alignment with City Council's Vision and Strategic Plan**

The City Manager's Proposed Budget aligns with Council's Vision and FY 2018 – 2020 Strategic Plan which has been extended to 2024 and is detailed in the budget document.

**Community Engagement**

There are several remaining opportunities for the community to provide input into the budget. In addition, a few minutes are reserved at the end of each Budget Work session for public comment and input. The proposed budget document and materials for the budget work sessions are posted at [www.charlottesville.gov/budget](http://www.charlottesville.gov/budget).

**Budgetary Impact**

The FY 24 Proposed Budget is balanced using a real estate tax rate of \$0.96/\$100. Should City Council decide to change the rate, expenditures would have to be adjusted (up or down) to reflect the amount of revenue that would result from a different tax rate.

### **Recommendation**

Staff recommends that City Council, after completing the public hearing process, determine whether the proposed budget contains sufficient funds for the various operational needs and priority projects that City Council wishes the City government to undertake in FY2024. If not, see “Alternatives”, below.

### **Alternatives**

To the extent that City Council is willing to adjust the Real Estate Tax rate, City Council may—following the 3/22/2023 Budget Public Hearing—insert new items of expenditures or may increase, decrease or strike out items of expenditures.

### **Attachments**

None