

April 10, 2014

Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 7:00 p.m. in the General District Courtroom located on the third floor of the Nelson County Courthouse.

Present: Allen M. Hale, East District Supervisor
Thomas D. Harvey, North District Supervisor
Thomas H. Bruguere, Jr. West District Supervisor
Constance Brennan, Central District Supervisor - Chair
Larry D. Saunders, South District Supervisor – Vice Chair
Stephen A. Carter, County Administrator
Candice W. McGarry, Administrative Assistant/Deputy Clerk
Debra K. McCann, Director of Finance and Human Resources

Absent: None

I. Call to Order

Ms. Brennan called the meeting to order at 7:00 pm, with all Supervisors present to establish a quorum.

I. Public Hearing on 2014 Tax Rates

Ms. McCann noted that the purpose of the public hearing was to receive public input on the proposed changes in the real property and personal property tax rates. She then presented the following PowerPoint:

- **2014 Real Property Values**
- Periodic reassessments are required by law and are to insure that each property is valued fairly and uniformly.
- Previous tax billings were based on the reassessment of values effective for tax year 2008.
- A reassessment of real property values was recently completed effective for tax year 2014.

Ms. McCann noted that a reassessment of real property values had been completed and would be effective in tax year 2014. She added that Nelson County was required by law to conduct periodic reassessments which insured property was valued fairly and uniformly.

- **Fair Market Value...**
- General reassessments of real estate are required by Virginia law to be made at 100% of fair market value.

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- The assessors completed a market study and sales analysis to establish fair market value of property based on 2012 & 2013 sales data.
- Market forces do not affect all properties in the same manner. All properties have not decreased at the same rate and some properties may have increased in value.

Ms. McCann noted that the reassessment must be based on 100% of Fair Market Value. She noted that the state imposed financial penalties for non-compliance with this provision of the law. She noted that the assessors conducted a market study and sales analysis in order to establish fair market value and that market forces did not affect all properties in the same manner. She added that although the trend was for properties to decline in value, some properties did increase in value.

**Real Property Values
2013 to 2014 Comparison**

Taxable Property Values	2013	2014	Change	%
Land	\$1,761,105,390	\$1,345,819,100	-\$415,286,290	-23.6%
Buildings & Improvements	\$1,888,124,520	\$1,625,351,000	-\$262,773,520	-13.9%
TOTAL VALUE	\$3,649,229,910	\$2,971,170,100	-\$678,059,810	-18.6%

Ms. McCann noted that the values established in the 2014 reassessment declined overall from values for tax year 2013 by 18.6%.

Examples...

General	2013	2013	2014	2014	Tax	%
Location	Value	Tax (0.60)	Value	Tax (0.72)	Change	Change
Wintergreen	\$214,000	\$1,284.00	\$117,000	\$842.40	-\$441.60	-34.4%
Nellysford	\$715,000	\$4,290.00	\$446,300	\$3,213.36	-\$1,076.64	-25.1%
Wingina	\$262,100	\$1,572.60	\$212,600	\$1,530.72	-\$41.88	-2.7%
Afton	\$344,600	\$2,067.60	\$287,100	\$2,067.12	-\$0.48	0.0%

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Lovington	\$116,200	\$697.20	\$101,600	\$731.52	\$34.32	4.9%
Roseland	\$184,400	\$1,106.40	\$163,300	\$1,175.76	\$69.36	6.3%
Shipman	\$47,400	\$284.40	\$52,000	\$374.40	\$90.00	31.6%
Faber	\$199,800	\$1,198.80	\$216,500	\$1,558.80	\$360.00	30.0%

Ms. McCann then referred to the tax examples provided above that show the tax payable in 2013 versus the tax payable in 2014 based on the new assessments using a tax rate of 72 cents per \$100 of assessed value. She noted that the next to the last column showed the decreases or increases in tax due and then the last column showed the percentage change. She added that some properties had significant decreases, others had very little change, and then some would have an increased tax bill.

■ **Higher Rate Necessary to Offset Decreased Assessment**

- The tax rate which would generate the same amount of real estate tax as last year is **\$0.74** per \$100 of assessed value (14 cent increase).
- The advertised real property tax rate of **\$0.72** (12 cent increase) will reduce annual tax revenue in FY15 by \$460,080.

Ms. McCann then noted that the tax rate that would generate the same amount of real estate tax as last year was originally thought to be 74 cents per \$100 of assessed value or a 14 cent increase above the current tax rate of 60 cents. She added that with additional land use figures from the Commissioner of Revenue, the equalizing rate was closer to .75 or a .15 cent increase. She noted that the advertised rate was 72 cents or a 12 cent increase. At this rate, annual tax revenue from real property tax would decrease by approximately \$460,000.

Examples...

Vehicle Value	\$900	\$10,000	\$15,000	\$25,000	\$30,000
Current Tax Rate \$ 2.95	\$26.55	\$295.00	\$442.50	\$737.50	\$885.00
Tax Relief 46%	\$26.55	\$135.70	\$203.55	\$271.40	\$271.40

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Tax Owed	\$0.00	\$159.30	\$238.95	\$466.10	\$613.60
Tax Rate \$3.50 (55 cent increase)	\$31.50	\$350.00	\$525.00	\$875.00	\$1,050.00
Tax Relief estimated 39%	\$31.50	\$136.50	\$204.75	\$273.00	\$273.00
Tax Owed	\$0.00	\$213.50	\$320.25	\$602.00	\$777.00
Increase over current	\$0.00	\$54.20	\$81.30	\$135.90	\$163.40

Ms. McCann noted that the above examples showed the tax impact for various vehicle values. She noted that the bottom line of the chart showed the tax increase and added that vehicles valued at less than \$1,000 receive 100% tax relief.

■ **Personal Property Tax Rate**

- Per \$100 assessed value
- **1989-2013 Rate:\$2.95**
- Advertised **2014 Rate:\$3.50**
- The advertised rate of **\$3.50** is estimated to increase annual personal property tax revenue in FY15 by \$739,413.

Ms. McCann noted that the current rate per \$100 assessed value was set at \$2.95 in 1989 and the proposed rate was a 55 cent increase to a rate of \$3.50 per \$100 assessed value, an 18.6% tax increase. She noted that this change in the tax rate would generate an increase of approximately \$739,000 in personal property tax revenue in FY15, which mitigated the loss in real estate tax revenue resulting from a rate of 72 cents. She added that the personal property tax affected a broader base of the county's population than the real property tax.

■ **Summary of FY15 Budgetary Impact**

- The advertised real property tax rate of **\$0.72** will **reduce** annual tax revenue in FY15 by **\$460,080**.
- The advertised personal property tax rate of **\$3.50** is estimated to increase annual tax revenue in FY15 by **\$739,413**.
- Together the advertised rate changes will generate a **net increase** of **\$279,333**.

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In summary, Ms. McCann noted that due to the lower 2014 assessed real property values, the tax rate would have to increase from 60 cents to 74 cents to generate the same amount of tax revenue as 2013. She noted that proposed was a real property tax rate of 72 cents per \$100 assessed value which resulted in a loss of revenue. She noted that this loss was mitigated by a proposed change in the personal property tax rate to \$3.50; which affected a broader segment of the population and the rate had not been changed since 1989. In conclusion she stated that together the proposed tax rate changes would provide additional revenue of approximately \$279,000.

There being no questions from the Board for Ms. McCann, Ms. Brennan opened the public hearing and the following persons were recognized:

1. Bo Delk, Roseland

Mr. Delk spoke against raising the real estate tax rate and asked the Board to not increase taxes any more than they had to. He noted that he had seen varying assessments between his commercial properties and did not think it was fair and equal.

2. Tom Allen, Arrington

Mr. Allen was indifferent to the proposed real estate tax increase stating that he had no problem with it. He did note that he had issue with how his vehicle was assessed noting that the fair market value of his vehicle considering the mileage was much lower than its assessed value. He asked the Board to look at how vehicles were valued if possible.

3. Leonard Thomas, Sr. Roseland

Mr. Thomas did not state a position on the proposed tax rates; but rather expressed concern over the establishment of the fair market value for real estate when some roads in the county were deplorable. He then questioned if each property in the County was evaluated individually and Ms. Brennan noted that they were and that roads may play a part in property assessments. Mr. Thomas then stated that he did not think the valuation on his property was fair and that if his property value was increasing, something should be done with the road to it.

4. Reverend Foster, Shipman

Reverend Foster spoke against increasing taxes and noted he was concerned about the elderly keeping their homes if they were increased. Mr. Foster then discussed his personal tax situation and that he did not understand how he had been accruing charges monthly on his three (3) vehicles. He then asked the Board to consider not raising the personal property tax rate and burdening citizens for the Board's convenience. Reverend Foster then lamented the fact that citizens did not come out to the meetings to have their voice heard because the sentiment was that the Board would do what they wanted regardless.

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Ms. Brennan then advised that the Board would indeed consider their comments, would have public work sessions and would not raise taxes any higher than they had to.

5. Carlton Ballowe, Faber

Mr. Ballowe was indifferent to the proposed real estate tax increase stating that he had no problem with equalizing the revenues. He then noted that he thought the Board was being frugal if they were only going to net \$279,333 in additional revenues. Mr. Ballowe then stated that he would like to see the Board save money and he suggested that the Board appoint a nonpartisan group to review the budget to look for ways to save money since the County did not have employees who were specifically charged with this. Mr. Ballowe also suggested that the Board should look at the School Board's budget first; noting that the cost per pupil was in the area of \$16,000 each and was the highest in Central Virginia. He added that there was money to be saved there.

6. Hanne Bach-Hansen, Roseland

Ms. Bach-Hansen did not specifically state her position on the proposed tax rates but rather expressed her confusion regarding the advertised rate being a 20% increase and the decline in real estate values being a 18% decrease and the resulting reduction in tax revenue. She noted that she thought the object was to even out the percentages. She then expressed concern over having to pay personal property taxes at all when taxes were paid upon purchasing a vehicle. She then questioned whether or not citizens could expect that the real estate tax rate would be reduced when the property values increased and stated that this should be a logical assumption.

There being no other persons wishing to be recognized, the public hearing was closed.

Supervisors and staff then addressed the public speakers' concerns as follows:

Ms. McCann explained that the decline in the value percentage did not match up because of the agricultural land use program where those landowners were taxed on a reduced value. Ms. Brennan added that land use was a big issue and that it usually applied to large tracts of land and was to preserve the land. She added that it was also either agricultural or forested spaces.

Mr. Hale then noted that in 2008, when the last reassessment was done at the height of the real estate market and values increased substantially, the tax rate was reduced from .72 to .55. He added that the Board typically based the rates on assessed values to maintain the revenues needed. He noted for example, if values went down, the rate went up and vice versa. Ms. Brennan added that the County had certain expenses every year that went up and they had to equalize the tax rate. She noted that the Board would work very hard to look at the budget and would have to make some expenditure cuts this year. She noted that all departments were directed to maintain low costs and that the County did not have extra staff and they were working hard to be lean and yet provide services needed to protect the health and welfare of citizens. She noted that the

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personal property tax rate had been the same since 1989 and would still be very low relative to surrounding counties.

Ms. McCann then explained that vehicle values were valued by NADA and 90% of the NADA retail value was used. She confirmed that mileage was not considered in the valuation. Mr. Harvey added that mileage on every individual vehicle could not be taken into consideration and they followed NADA as a guideline. It was noted that the Commissioner of Revenue's office produces the vehicle valuations and that this was done using vehicle VIN numbers through DMV.

Ms. McCann then explained that the Personal Property Tax relief received from the state would decline with an increase in the tax rate since as the amount of the bill increased; the percentage of relief went down. She noted that the County had \$1.7 million in relief funds to be distributed every year and that along with the values was used to calculate the percentage of relief used. She added that raising the personal property tax hit a broader spectrum of the population.

Ms. Brennan then invited Mr. Ballowe to attend the upcoming budget work sessions. Mr. Harvey then noted that in the past, the Board has annually allocated around \$500,000 in new money to the schools and that the draft budget showed a zero increase.

Mr. Harvey then noted that every parcel in the County, approximately 16,000 was visited, pictures were taken, and information was collected to show that someone has been to every property. He added that roads did not affect property values. Mr. Hale noted that property owners may not see the assessors because they did not make appointments and did not go in houses. Mr. Harvey further explained that the assessors study each parcel and sales records for past years to determine property values. He noted that sales in the owners' area were used for that. Mr. Harvey then advised the public the County had a tax relief program for the elderly that was available and that the last thing the County wished to do was to sell someone's home.

Mr. Saunders noted that his property increased 12% and he would pay more in taxes; however the County needed money to operate with.

Mr. Bruguere advised Reverend Foster and Mr. Allen to visit the Commissioner of Revenue to discuss their vehicle assessments.

Ms. Brennan then advised that there would be a budget work session the following Tuesday and a copy of the school budget was available to the public. Mr. Hale noted that the school budget included a request for \$700,000 in new money. Ms. Brennan noted that the schools were doing well and had been good stewards of their funds. She added that they wanted to pay teachers well so that they would stay. She added that the Board would like to provide more for the public such as an athletic facility and parks etc. Mr. Harvey noted he would rather spend money on education; however this was tough with 75% of their budget being salaries. Ms. Brennan added that Nelson has not had to lay anyone off in the schools as other jurisdictions have.

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Mr. Saunders noted that he was proud of the county for its contribution to EMS and purchasing vehicles for these services. Mr. Harvey explained that the County had provided three (3) fire trucks the previous year and had established an order in which the squads would get a vehicle that they need. He added that for Rescue Squads, the County would be matching state grant contributions at approximately half of the cost of new ambulances. He noted that the Paid EMS system was working well and the paid crews were using ambulances on rotation from squads to run calls. He added that the County paid the squads for their use based on mileage to cover some of the cost of using the vehicles. Mr. Saunders reiterated that he was proud that the County had been able to do this.

Mr. Saunders then noted that all County departments were working well and citizens should be proud of County staff. He added that it had been eye opening to him as to what went on behind closed doors and he noted that money was being well spent.

In conclusion, Ms. Brennan noted that the Board would have a public hearing on the budget after it was finalized and that they would begin working through it after they decided the tax rates. She assured the public that they would go through where the funds were going in detail.

II. Resolution - R2014-22 Minutes for Approval (Deferred from April 8, 2014)

Mr. Hale moved to approve resolution **R2014-22** Approval of Meeting Minutes deferred from the previous meeting for the February 11, 2014, March 11, 2014, March 19, 2014, and March 24, 2014 meetings. Mr. Bruguere seconded the motion and there being no further discussion, Supervisors voted unanimously (5-0) to approve the motion and the following resolution was adopted:

RESOLUTION R2014-22 NELSON COUNTY BOARD OF SUPERVISORS APPROVAL OF MEETING MINUTES (February 11, 2014, March 11, 2014, March 19, 2014, and March 24, 2014)

RESOLVED, by the Nelson County Board of Supervisors that the minutes of said Board's meetings conducted on **February 11, 2014, March 11, 2014, March 19, 2014, and March 24, 2014** be and hereby are approved and authorized for entry into the official record of the Board of Supervisors meetings.

III. Other Business (As May Be Presented)

Ms. Brennan recognized Ms. Katherine Lacaze, reporter for the Nelson County Times, for recently winning some journalism awards.

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IV. Adjourn and Continue Until Tuesday, April 15, 2014 at 4:00 pm in the General District Courtroom.

At 8:00 pm, Mr. Hale moved to continue the meeting until Tuesday, April 15, 2014 at 4:00 pm in the General District Courtroom for a budget work session. Mr. Harvey seconded the meeting and there being no further discussion, Supervisors voted unanimously by voice vote to approve the motion and the meeting adjourned.