



FY 2014 Budget Update

January 14, 2013



Background

- Real estate is the single largest category of County revenue – approximately \$59M.
- Nearly 3/4 of all property taxes come from real estate.
- In order to generate \$1 million in real estate tax growth, the assessed value of new construction each year would need to be \$150 million.
- Growth in real estate valuation in FY 14 is estimated to be \$50 million.

Background

- During the real estate peak in 2008 assessed values increased due to new construction as much as \$176 million.
- Real estate growth over the past seven years is shown below:

Land Book Values History			
Year	Total Value	Growth In Value	% Inc.
2008	\$6,669,686,500	\$176,143,200	3%
2009	\$6,835,051,400	\$165,364,900	2%
2010	\$6,932,701,500	\$97,650,100	1%
2011	\$7,159,568,600	\$226,867,100	3%
2012	\$7,187,287,200	\$27,718,600	0%
2013 est.	\$7,233,439,400	\$46,152,200	1%
2014 est.	\$7,283,439,400	\$50,000,000	1%
2011 was a reassessment year - new construction was \$54,179,900			

Real Estate Growth

- The increase in assessed value due to new growth is estimated at \$50 million; however only \$107,241 in new real estate revenues will be available.
 - The calculation of revenue from an increase of \$50 million in assessed value would be:
 - $\$50 \text{ Million} \times .0087 = \$435,000$
 - Adjust for collection rate and land book adjustments (\$45,759)
 - Adjust for tax relief and land use program increases (\$282,000)
- Balance = \$107,241



Personal Property – Motor vehicles

- This category of PP is the most difficult to estimate due to the timing of when the value can be assessed and when the tax bill is issued. e.g. if a new vehicle is purchased on Jan 2, 2013, the tax on the vehicle would be due Dec. 5 2014.
- The assessed value for personal property (motor vehicles) exceeded the estimate in the current year, which is incorporated into the FY 14 estimate.
- After the collection rate is applied, the increase in value will provide an estimated \$1.2 million.

Personal Property – Motor vehicles

- The history of the assessed value is presented below:

Fiscal Year	Value	Inc/Dec
2007	\$ 353,278,083	
2008	\$ 368,641,860	\$ 15,363,777
2009	\$ 390,390,184	\$ 21,748,324
2010	\$ 357,264,058	\$ (33,126,127)
2011*	\$ 411,782,535	\$ 54,518,477
2012	\$ 430,367,338	\$ 18,584,803
2013	\$ 461,881,440	\$ 31,514,102
2014 est.	\$ 491,881,440	\$ 30,000,000

2011 - valuation method changed from loan to trade value



Projected Growth

- Undesignated revenue for FY 2014 is estimated to provide an additional \$2 million.
 - Real Estate = \$0.1M
 - Personal Property – Motor Vehicles = \$1.2M
 - Sales and Use Tax = \$0.2M
 - Other Current Property = \$0.2M
 - Other Categories of Property taxes = \$0.3M

FY 14 Preliminary Revenue Projections

	FY 12 Actual	FY 13 Estimate	FY 14 Estimate	Growth 13/14
General Property Taxes				
Real Estate June	\$28,961,215	\$29,473,449	\$29,527,070	\$53,621
Real Estate December	\$25,326,219	\$29,389,060	\$29,442,680	\$53,620
Total Real Estate	\$54,287,434	\$58,862,509	\$58,969,750	\$107,241
Regular Personal Property	\$5,354,150	\$5,620,172	\$6,787,618	\$1,167,446
Regular Personal Property Relief	\$4,754,279	\$4,754,279	\$4,754,279	\$0
Business Furn & Fixtures	\$2,179,017	\$2,174,827	\$2,221,533	\$46,706
Computer Equipment	\$298,170	\$296,251	\$293,273	(\$2,978)
Mobile Homes	\$169,873	\$205,475	\$192,287	(\$13,188)
Total Personal Property	\$12,755,489	\$13,051,004	\$14,248,990	\$1,197,986
Machinery & Tools	\$2,077,129	\$2,075,322	\$2,210,044	\$134,722
Merchants Capital	\$906,344	\$906,268	\$948,402	\$42,134
PSC - December RE & PP	\$869,037	\$911,880	\$939,123	\$27,243
PSC - June RE	\$992,825	\$901,109	\$925,855	\$24,746
Total Other Current Property	\$4,845,335	\$4,794,579	\$5,023,424	\$228,845
Grand Total General Property Taxes	\$71,888,258	\$76,708,092	\$78,242,164	\$1,534,072
Total Other Cat. Property Taxes	\$2,452,803	\$2,069,833	\$2,367,710	\$297,877
Grand Total Property Taxes	\$74,341,061	\$78,777,925	\$80,609,874	\$1,831,949
Other Undesignated Revenues				
Local Sales and Use Tax	\$7,639,848	\$7,759,550	\$7,936,449	\$176,899
Total Other Undesignated Revenues	\$3,455,331	\$3,386,437	\$3,400,954	\$14,517
Total Undesignated Revenues	\$85,436,241	\$89,923,912	\$91,947,277	\$2,023,365



Governor's Budget Highlights

- \$45 million “flexible cut” eliminated
 - Impact = \$242,949
- Other estimated increases in all categories (excluding schools)
 - Impact = \$116,243

Total Impact = \$359,192

All dollars are subject to change due to General Assembly actions.

Where we are now?

- **Total Estimated New Undesignated Revenue: \$2,023,365**
- Estimated State Revenue Increases
(excluding schools) : \$359,192
- Economic Development Grants
(Payable in FY 14 subject to performance agreements) **(\$380,000)**
- **Grand Total Est. New Revenue for FY 14 \$2,002,557**



Governor's Budget Highlights

- \$48.1 million of sales tax directed toward transportation.
- \$50 million extra deposit into the Rainy Day Fund.
- \$9 million transferred from Literary Loans to the GF for teacher retirement.
- \$51.2 million of Lottery funds offsets the General Fund.



Governor's Budget Highlights

- Elimination of the "*flexible cut*" provides additional revenue of \$242,949.
- All other additional state revenues other than schools is projected at \$116,000.
- The total increase in school funds is estimated at \$615,891.
- Of this amount, \$490,000 is earmarked for the 2% salary increase for instructional SOQ positions.



Governor's Budget Highlights

- If the 2% salary increase is not given to the SOQ instructional positions, then the schools would not receive the funds.
- SOQ instructional positions represent only about 48% of all the positions within the school division.
- A 2% increase for all positions would cost \$1.6 million and the state is providing only \$490,000.



FY 14 Budget Update

- Questions?