

# FY 2023 Budget Development Revenue Outlook and County Fee & Charges Compendium

Board of Supervisors Budget Work Session

February 8, 2022

# Work Session Agenda

- Inflation Update
- FY 2023 Projected Revenue Outlook
- Revenue Category Outlook
- County Fee and Charges Compendium
- Next Steps

# Inflation Update

- Inflation is measured as the change in the Consumer Price Index for all Urban Consumers per the US Bureau of Labor Statistics
- The current inflation rate is 7.04% as of December 2021
- FY 2023 Roanoke County General Government Fund Revenue Growth is currently projected to be 7.02% compared to the adopted FY 2022 Budget

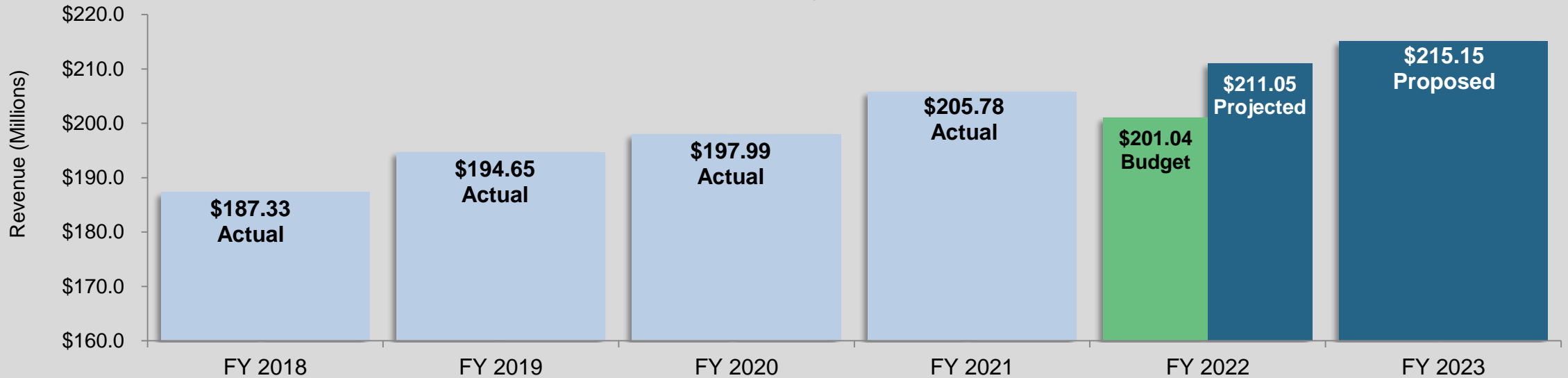
# FY 2023 Projected Revenue Outlook

# FY 2023 Projected General Government Revenue

Category	FY 2021 Actual	FY 2022 Adopted	FY 2022 Projected	FY 2023 Proposed	% of FY 2023 Proposed	FY 2022 Adopted to FY 2023 Proposed Change
Real Estate Taxes	\$100,461,192	\$102,084,564	\$104,500,000	\$110,247,500	51.24%	\$8,162,936
Personal Property Taxes	\$37,155,603	\$33,500,000	\$37,515,603	\$36,500,000	16.96%	\$3,000,000
Intergovernmental	\$17,833,169	\$18,139,840	\$18,177,423	\$18,327,423	8.52%	\$187,583
Other Local Taxes	\$14,404,819	\$13,530,000	\$14,137,020	\$14,525,000	6.75%	\$995,000
Sales Tax	\$12,941,172	\$12,200,000	\$13,588,230	\$11,867,642	5.52%	(\$332,358)
Business License	\$6,962,688	\$6,364,000	\$7,025,000	\$7,225,000	3.36%	\$861,000
Hotel/Motel Tax	\$1,091,883	\$807,597	\$1,310,260	\$1,349,568	0.63%	\$541,971
Meals Tax	\$4,552,451	\$4,270,750	\$4,584,999	\$4,800,000	2.23%	\$529,250
Communications Sales & Use Tax	\$2,955,602	\$2,900,000	\$2,700,000	\$2,650,000	1.23%	(\$250,000)
Ambulance Fees	\$3,370,344	\$3,300,000	\$3,300,000	\$3,400,000	1.58%	\$100,000
Other Fees & Revenue	\$4,053,374	\$3,942,100	\$4,211,714	\$4,258,631	1.98%	\$316,531
<b>Total Revenue Projections</b>	<b>\$205,782,297</b>	<b>\$201,038,851</b>	<b>\$211,050,249</b>	<b>\$215,150,764</b>	<b>100.00%</b>	<b>\$14,111,913</b>

# General Government Revenue

General Government Revenue  
FY 2018 through FY 2023



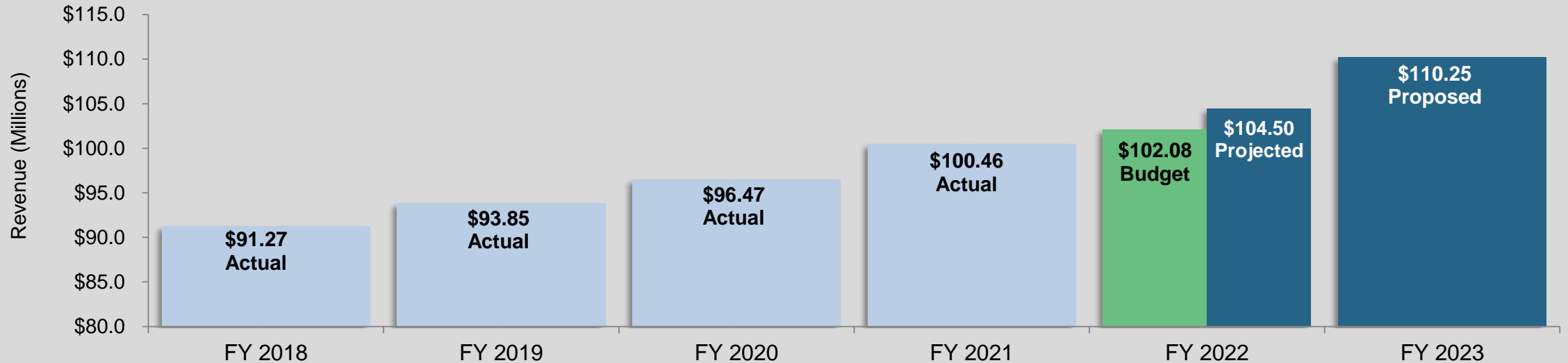
- Total General Government Revenue shows some recovery
- Growth primarily in the areas of Real Estate Tax, Personal Property Tax, Hotel/Motel, and Meals but partially offset by declines in other revenues including Sales Tax

General Government Revenue	
Current Rates	Varies
Current Trend	Exceed budget
Future Outlook	Moderate Growth (2% to 3%)

# Revenue Category Outlook

# Real Estate

**Real Estate Revenue  
FY 2018 through FY 2023**



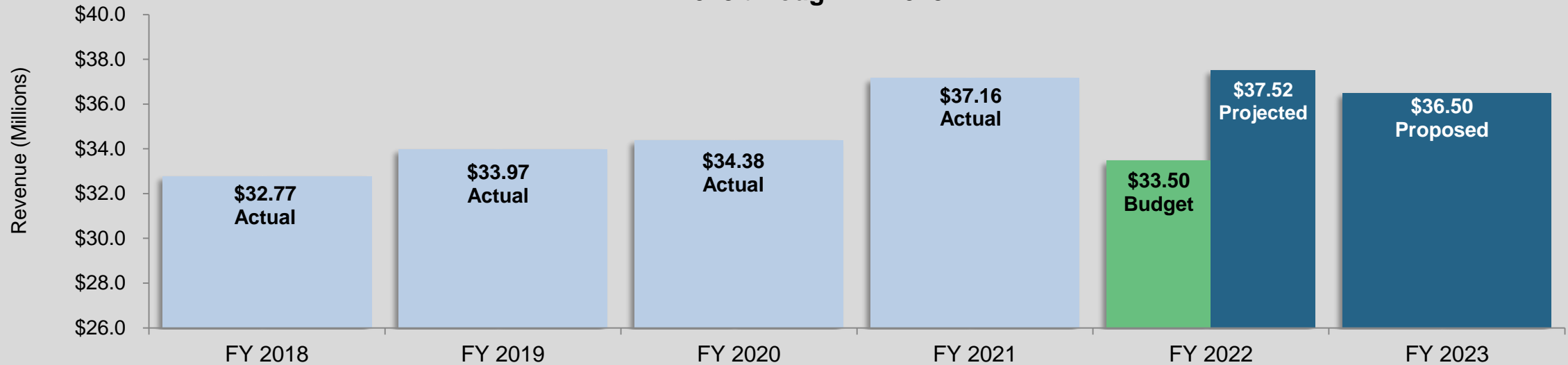
- Calendar Year (CY) 2022 reassessment projected at 6.82%
  - Growth in base – 6.26%; new construction 0.56%
- Projected to exceed current year budget by \$2.4 million
- Project 5.5% growth in FY 2023 based on increased assessments

Real Estate Revenue	
Current Rate	\$1.09/\$100 assessed
Current Trend	Exceed budget
Future Outlook	High Growth (Over 3%)



# Personal Property

**Personal Property Revenue  
FY 2018 through FY 2023**

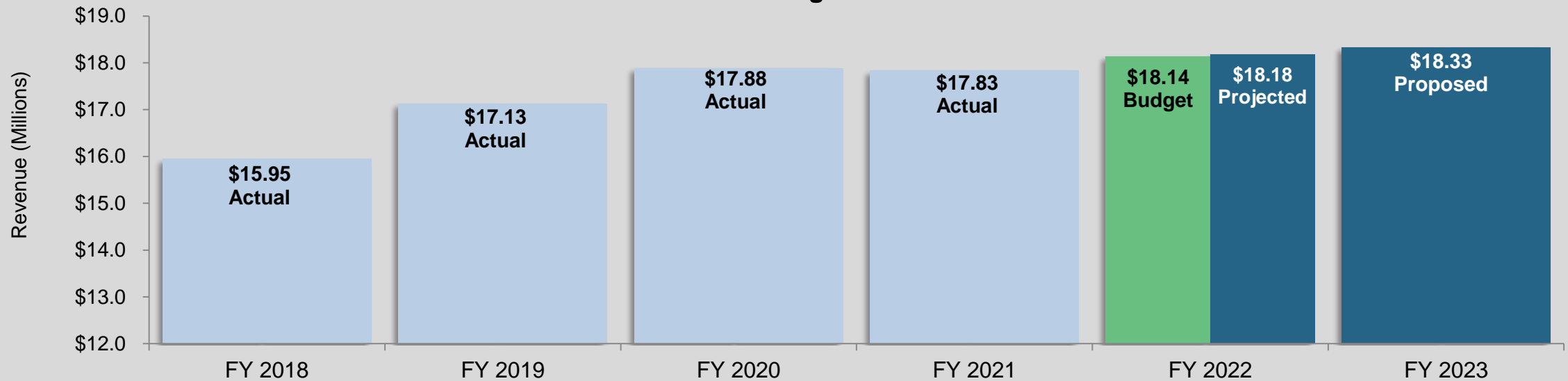


- Anticipate decline of -2.71% in FY 2023 as more stock of vehicles should be available
- January 2022 JD Power/NADA Report
  - During calendar year 2021, used vehicle values increased 41%
  - Market remains volatile due to the pandemic and associated supply chain issues

Personal Property Revenue	
Current Rates	Personal Property: \$3.50/\$100 Mach & Tools: \$2.85/\$100
Current Trend	Exceed budget
Future Outlook	High Growth (Over 3%)

# Intergovernmental

**Intergovernmental Revenue  
FY 2018 through FY 2023**

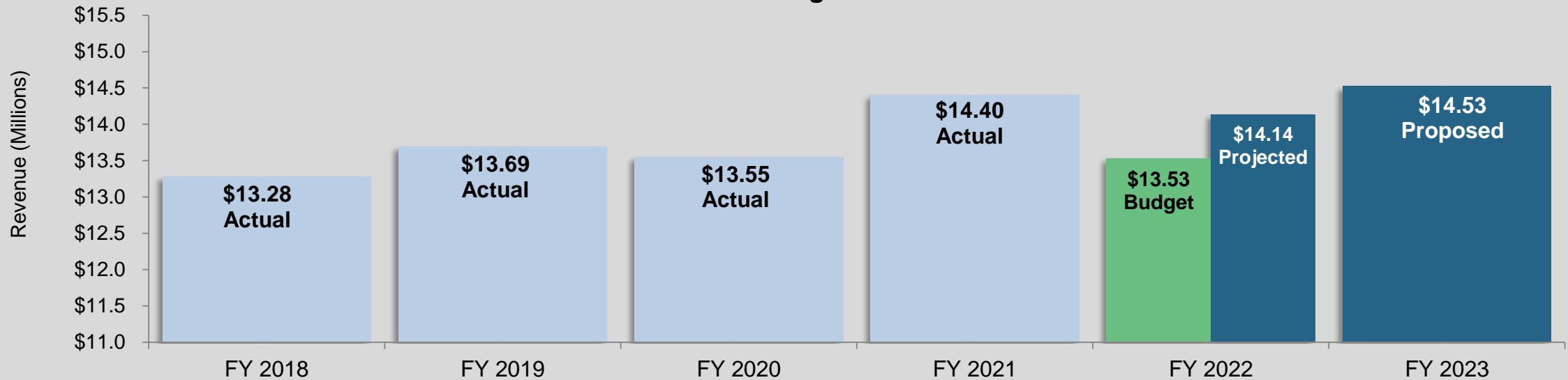


- Majority of revenue increase due to Social Services reimbursements (revenue pass-through)
- Social Services has seen consistent annual increases in reimbursable services (e.g. – adoption subsidy, foster care, etc.) and may increase based on possible changes to state funding
- Impacts of Commonwealth Budget on Constitutional Officers personnel and Police Funds (HB599) unknown at this time.

Intergovernmental Revenue	
Current Rates	N/A
Current Trend	Exceed budget
Future Outlook	Slight Growth (1% to 2%)

# Other Local Taxes

Other Local Taxes  
FY 2018 through FY 2023

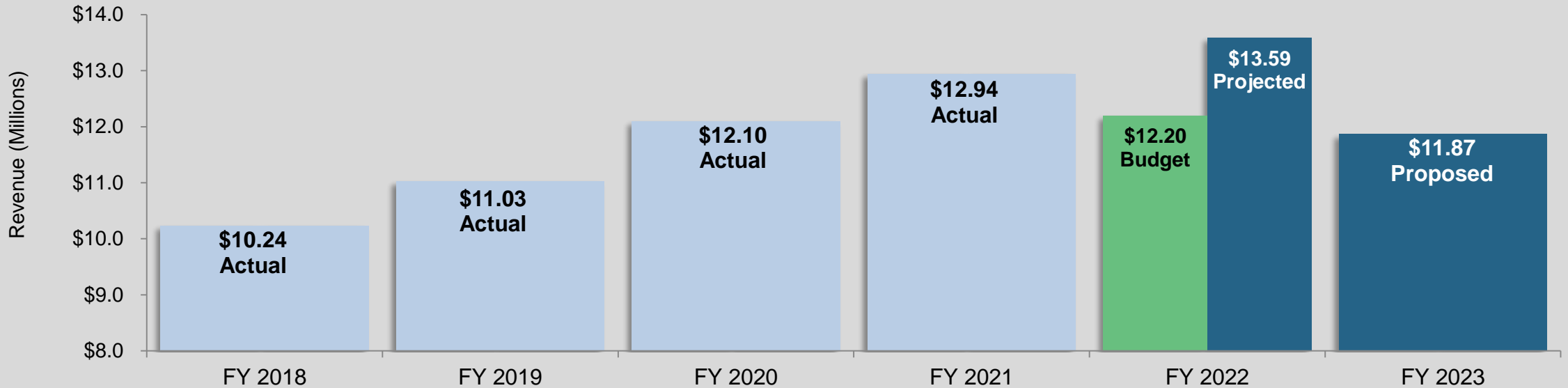


- Category includes Other Property Taxes, Consumer Utility, Bank Franchise, Motor Vehicle License, Recordation and Conveyance, Other Local Taxes
- Growth in this category primarily due to Public Service Corporation Tax, Recordation Taxes, and Cigarette Taxes

Other Local Taxes and Fees	
Current Rates	Varies
Current Trend	Exceed budget
Future Outlook	High Growth (Over 3%)

# Sales

**Sales Tax Revenue  
FY 2018 through FY 2023**

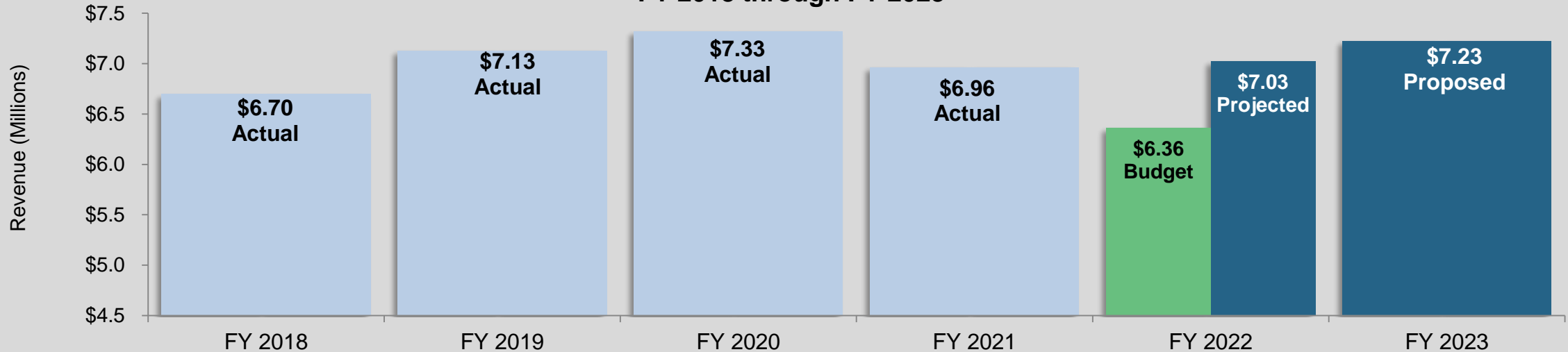


- Year over year trend is higher than FY 2021 and staff are monitoring trends closely
- FY 2023 projection decreases \$332k due to expected elimination of grocery tax
- Project 12.66% decline from FY 2022 projection

Sales Tax Revenue	
Current Rates	4.3% State 1% Local
Current Trend	Exceed budget
Future Outlook	High Decline (Over -3%)

# Business License

**Business License Revenue  
FY 2018 through FY 2023**

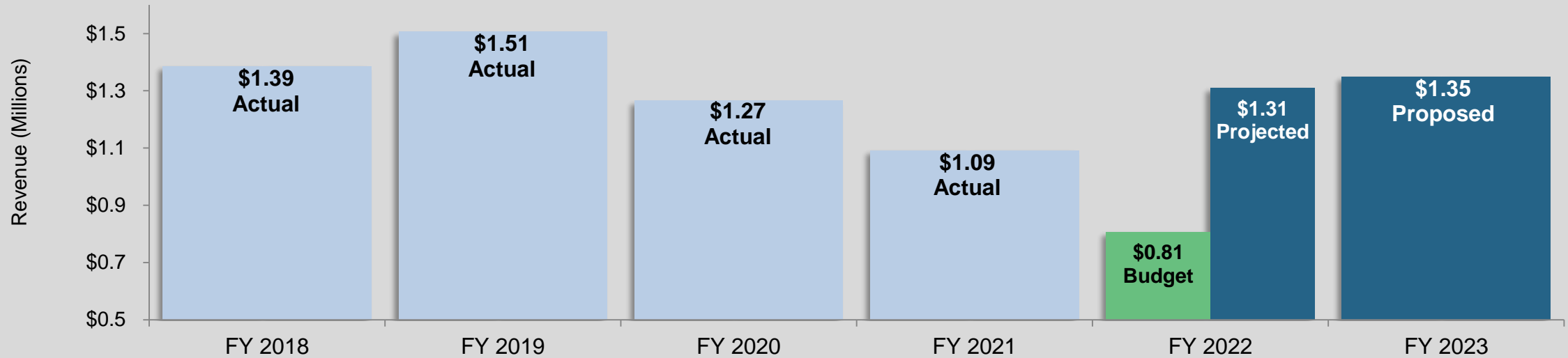


- Business License recurring revenues have trended higher in past years but were reduced due to the pandemic
- Revenues are projected to exceed budget but will be lower than prior years
- Some business closings in the current and previous fiscal years may affect gross receipts

Business License Tax Revenue	
Current Rates (per \$100 gross receipts)	Contractors: \$0.16 Repair: \$0.36 Professional: \$0.58 Wholesale: \$0.05 Retail: \$0.20
Current Trend	Exceed budget
Future Outlook	High Growth (Over 3%)

# Hotel/Motel Tax

**Hotel/Motel Tax Revenue  
FY 2018 through FY 2023**

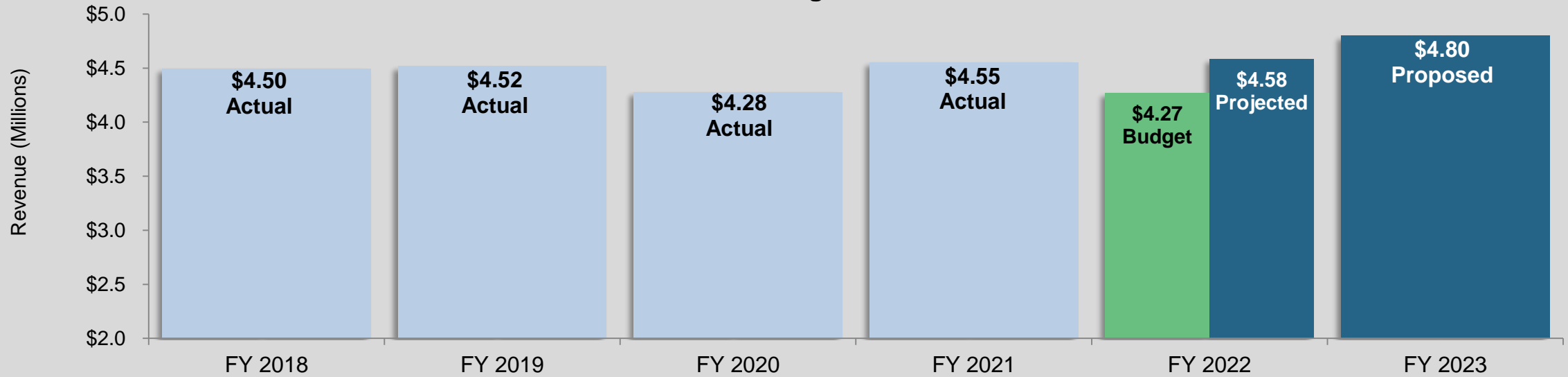


- Hotel/Motel Tax revenue recovered after COVID-19 related travel restrictions ended
- Projecting significant growth in FY 2022 and continuing into FY 2023
- 42.9% of collections go to fund Visit Virginia’s Blue Ridge based on Board Ordinance

Hotel/Motel Tax Revenue	
Current Rates	7% (3% to Visit Virginia’s Blue Ridge)
Current Trend	Meet budget
Future Outlook	High Growth (Over 3%)

# Meals

**Meals Tax Revenue  
FY 2018 through FY 2023**

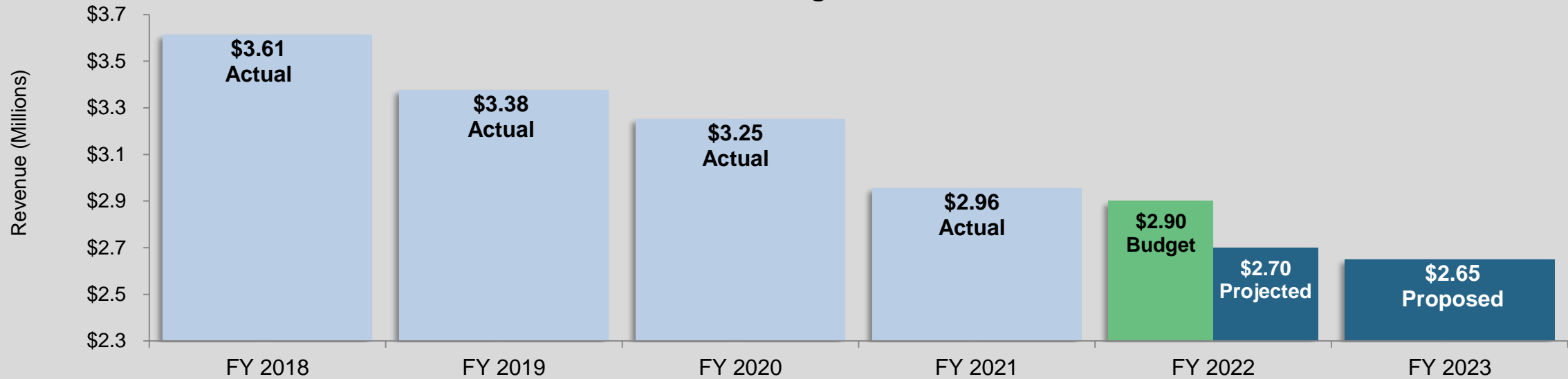


- FY 2022 projected to have \$300,000 surplus
- FY 2023 projected with growth as new restaurants have opened and more are scheduled to open during 2022, especially in the Tanglewood area
- 6% is the maximum rate per state code (Virginia § 58.1-3833) for counties

Meals Tax Revenue	
Current Rate	4%
Current Trend	Exceed budget
Future Outlook	High Growth (Over 3%)

# Communications Sales & Use Tax

## Communications Sales & Use Tax Revenue FY 2018 through FY 2023



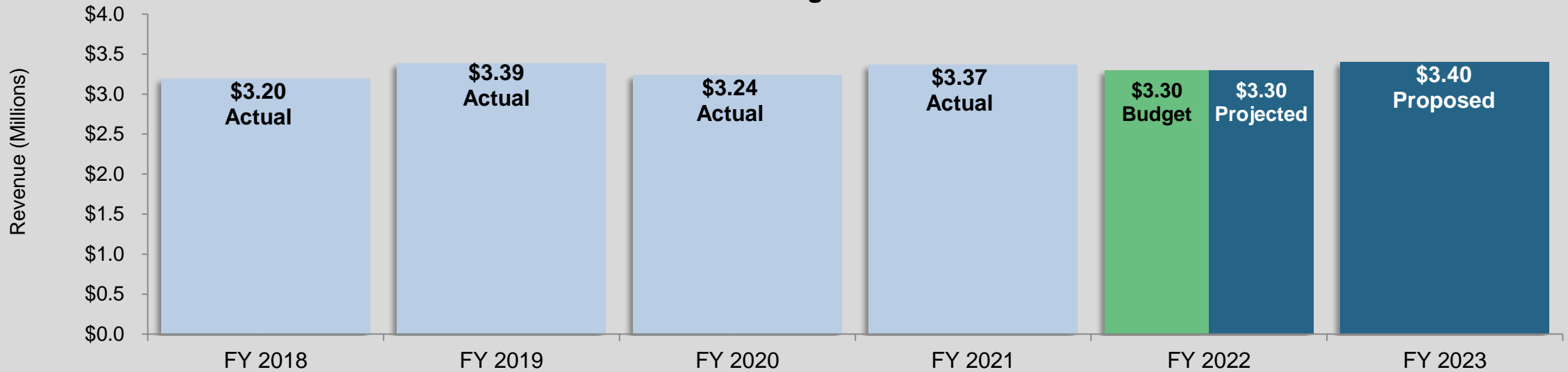
- FY 2022 projected shortfall of \$200,000
- Category has been trending down since FY 2012; trend expected to continue in FY 2023
- Continuing trend of consumers eliminating land line telephone and cable television services

Communications Tax Revenue	
Current Rate	\$0.75 per line
Current Trend	Under Budget
Future Outlook	High Decline (>-3%)



# Ambulance Fees

**Ambulance Fee Revenue  
FY 2018 through FY 2023**

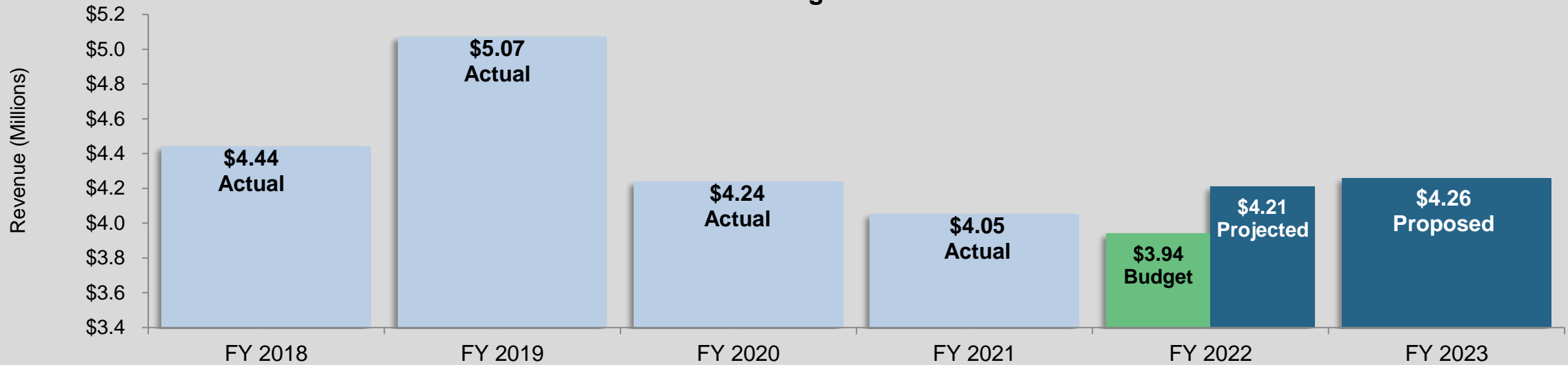


- County fees adjusted to maximize reimbursements from Medicare rates in FY 2020
- Recommended to adjust rates in FY 2023
- Revenues initially decreased following the onset of the pandemic but have recovered
- Project FY 2022 to meet budget with FY 2023 projected higher with increased rates

Ambulance Fees	
Current Rates/ Proposed Rates	BLS: \$400 / \$445 ALS I: \$465 / \$525 ALS II: \$700 / \$760 Mileage: \$11
Current Trend	Under budget
Future Outlook	Slight Growth (0% to 1%)

# Other Fees and Revenue

Other Fees and Revenue  
FY 2018 through FY 2023



- Category includes Permits, Fees & Licenses, Fines & Forfeitures, Use of Money, Charges for Services, Recovered Costs, and Miscellaneous Revenue
- Projected to have a surplus of about \$270,000 at year end due to higher collections of Development Services fees related to increased residential construction and renovations

Other Fees and Revenues	
Current Rate	Varies
Current Trend	Exceed budget
Future Outlook	Slight Growth (1% to 2%)

# FY 2023 Projected General Government Revenue Growth Compared to Inflation

Category	FY 2022 Adopted	FY 2023 Proposed	FY 2022 Adopted to FY 2023 Proposed Change	% Change from FY 2022 Adopted	Pace with Inflation
Real Estate Taxes	\$102,084,564	\$110,247,500	\$8,162,936	8.00%	Above
Personal Property Taxes	\$33,500,000	\$36,500,000	\$3,000,000	8.96%	Above
Intergovernmental	\$18,139,840	\$18,327,423	\$187,583	1.03%	Below
Other Local Taxes	\$13,530,000	\$14,525,000	\$995,000	7.35%	Above
Sales Tax	\$12,200,000	\$11,867,642	(\$332,358)	-2.72%	Below
Business License	\$6,364,000	\$7,225,000	\$861,000	13.53%	Above
Hotel/Motel Tax	\$807,597	\$1,349,568	\$541,971	67.11%	Above
Meals Tax	\$4,270,750	\$4,800,000	\$529,250	12.39%	Above
Communications Sales & Use Tax	\$2,900,000	\$2,650,000	(\$250,000)	-8.62%	Below
Ambulance Fees	\$3,300,000	\$3,400,000	\$100,000	3.03%	Below
Other Fees & Revenue	\$3,942,100	\$4,258,631	\$316,531	8.03%	Above
<b>Total Revenue Projections</b>	<b>\$201,038,851</b>	<b>\$215,150,764</b>	<b>\$14,111,913</b>	<b>7.02%</b>	<b>On Pace</b>

Current Inflation Rate is 7.04%

Source: US Bureau of Labor Statistics Consumer Price Index for all Urban Consumers as of December 2021

# County Fee and Charges Compendium

# County Fee and Charges Compendium

- Roanoke County Comprehensive Financial Policy states that a Fee Compendium will be produced by County staff to be adopted by the Board of Supervisors at the same time as adoption of the Annual Budget Ordinances
- The Fee and Charges Compendium:
  - Lists all fees and charges imposed by the County for providing specialized programs and services
  - Provides a central reference for departments and citizens concerning all fees and charges imposed by the County
  - Improves transparency
  - Fee changes are considered during the development of the County Administrator's Proposed Operating Budget.

# County Fee and Charges Compendium

## Fee Changes for Proposed FY 2023 Budget:

- Fire & Rescue; increase to match Medicare allowable charges:

Fire & Rescue Ambulance Fees	Current Fees	Proposed Fees
Basic Life Saving (BLS)	\$400	\$445
Advanced Life Saving I (ALS I)	\$465	\$525
Advance Life Saving II (ALS II)	\$700	\$760

# County Fee and Charges Compendium

## Fee Changes for Proposed FY 2023 Budget:

- Development Services:

Development Fee	Roanoke County Current Fees	Roanoke County Proposed Fees	Roanoke City	City of Salem
Building, Electric, Plumbing, Mechanical, Fire Safety Permits (Base Fee)	\$30	\$40	\$45	\$35
Periodic Inspection Fees (Backflow and Elevator)	\$30	\$40	\$45	\$30
Tent Permit	\$30	\$40	\$50	\$0
Amusement Devices	\$15 to \$45	\$35 to \$50	\$25 to \$150	\$0
Asbestos Permit	\$30	\$40	\$45	\$0
Technology Fee	3%	5%	NA	NA

# Next Steps

Item	2022 Date
<del>Work Session – FY 2022 – 2023 Revenue Outlook; County Fees &amp; Charges Compendium</del>	<del>February 8</del>
Work Session – FY 2022 – 2023 Compensation Update Work Session – FY 2023 – 2032 Capital Improvement Program Review	February 22
Briefing – County Administrator’s Proposed FY 2022 – 2023 Operating Budget	March 8
Public Hearings: Effective Tax Rate; Maximum Tax Rate Adoption of Maximum Tax Rate Work Session – Proposed FY 2023 Operating Budget (first of two)	March 22
Public Hearings: Tax Rate Adoption; Operating and Capital Budgets (first of two) Adoption of 2022 Tax Rates Work Session – Proposed FY 2023 Operating Budget (second of two)	April 12
Public Hearing: Operating and Capital Budgets (second of two) First Reading of FY 2022-2023 Operating and Capital Budget Ordinances	April 26
Second reading of FY 2022-2023 Operating and Capital Budget Ordinances (total of five ordinances) Approval of Operating and Capital budgets, Revenues and Expenditures for County and Schools	May 10



# Questions and Comments