



TAZEWELL COUNTY 2024 REAL PROPERTY TAX

Staff Recommendation

--Based on fiscal analysis by Davenport & Company in 2018 and 2023, actual revenues and expenses, projected budget requests from County Departments and outside agencies for FY25, and the preliminary real property General Reassessment Tazewell County Local Government requires a tax rate of \$0.64 per hundred in value to maintain the government at its current levels or keeping the rate at \$0.58 and adopting a meals tax in FY25.

--At this point in the budget process we anticipate a \$4.1m gap between spending requests and revenues. Per request of the Board of Supervisors, County Administration has prepared \$2m in cuts to those expected requests. This still leaves a \$2.1m deficit. **Together with the assumption that we spend an additional \$2m of unassigned reserves in FY25**, these cuts will allow us to maintain the current rate of \$0.58 per hundred in value. This includes deferring or cancelling many capital projects, eliminating staff positions, and funding the Public School System at the state required minimum.

--However, spending the unassigned balance means we will need to either raise the real property tax rate or spend the emergency reserve fund in FY26 and FY27. **Keeping the current rate, with no further adjustments to revenue will bankrupt the county by FY28. Any cut to the current rate will accelerate this date.**



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--Staff recommends recessing the meeting, asking the budget committee consider how much tax relief the County can afford and how to target it to the residents most vulnerable to inflation, and return later this month or in March to consider our options.



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---Three factors are driving this recommendation. First, general inflation in the economy has reduced the buying power of the revenue we receive. The County buys gasoline, electricity, and labor as any other business or person and our buying power has been significantly reduced since the last assessment.

American Inflation Rates: 2014 to 2023

Historical inflation rates for United States of America

Updated: December 12, 2023

Cumulative Annual Inflation since 2020: 19%

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2023	6.410%	6.036%	4.985%	4.930%	4.048%	2.969%	3.178%	3.665%	3.700%	3.241%	3.137%		Est. 4.0%
2022	7.480%	7.871%	8.542%	8.259%	8.582%	9.060%	8.525%	8.263%	8.202%	7.745%	7.110%	6.454%	8.003%
2021	1.400%	1.676%	2.620%	4.160%	4.993%	5.391%	5.365%	5.251%	5.390%	6.222%	6.809%	7.036%	4.698%
2020	2.487%	2.335%	1.539%	0.329%	0.118%	0.646%	0.986%	1.310%	1.371%	1.182%	1.175%	1.362%	1.234%
2019	1.551%	1.520%	1.863%	1.996%	1.790%	1.648%	1.811%	1.750%	1.711%	1.764%	2.051%	2.285%	1.812%
2018	2.071%	2.212%	2.360%	2.463%	2.801%	2.872%	2.950%	2.699%	2.277%	2.522%	2.177%	1.910%	2.443%
2017	2.500%	2.738%	2.381%	2.200%	1.872%	1.625%	1.720%	1.939%	2.233%	2.041%	2.203%	2.109%	2.128%
2016	1.373%	1.018%	0.853%	1.125%	1.022%	1.006%	0.835%	1.063%	1.464%	1.636%	1.693%	2.075%	1.263%
2015	-0.089%	-0.025%	-0.074%	-0.200%	-0.040%	0.124%	0.170%	0.195%	-0.036%	0.171%	0.502%	0.730%	0.119%
2014	1.579%	1.126%	1.512%	1.953%	2.127%	2.072%	1.992%	1.700%	1.658%	1.664%	1.322%	0.756%	1.622%

American Consumer Price Index: 2013 to 2023

Historical CPI for United States of America

Base year: 1982-84=100

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2023	299.170	300.840	301.836	303.363	304.127	305.109	305.691	307.026	307.789	307.671	307.051		
2022	281.148	283.716	287.504	289.109	292.296	296.311	296.276	296.171	296.808	298.012	297.711	296.797	292.655
2021	261.582	263.014	264.877	267.054	269.195	271.696	273.003	273.567	274.310	276.589	277.948	278.802	270.970
2020	257.971	258.678	258.115	256.389	256.394	257.797	259.101	259.918	260.280	260.388	260.229	260.474	258.811
2019	251.712	252.776	254.202	255.548	256.092	256.143	256.571	256.558	256.759	257.346	257.208	256.974	255.657
2018	247.867	248.991	249.554	250.546	251.588	251.989	252.006	252.146	252.439	252.885	252.038	251.233	251.107
2017	242.839	243.603	243.801	244.524	244.733	244.955	244.786	245.519	246.819	246.663	246.669	246.524	245.120
2016	236.916	237.111	238.132	239.261	240.236	241.038	240.647	240.849	241.428	241.729	241.353	241.432	240.011
2015	233.707	234.722	236.119	236.599	237.805	238.638	238.654	238.316	237.945	237.838	237.336	236.525	237.017
2014	233.916	234.781	236.293	237.072	237.900	238.343	238.250	237.852	238.031	237.433	236.151	234.812	236.736
2013	230.280	232.166	232.773	232.531	232.945	233.504	233.596	233.877	234.149	233.546	233.069	233.049	232.957

Cumulative inflation since 2018: 22.3% Since 2013: 32%.3

Tazewell County Average Real Property Assessment Increase 2023 22%

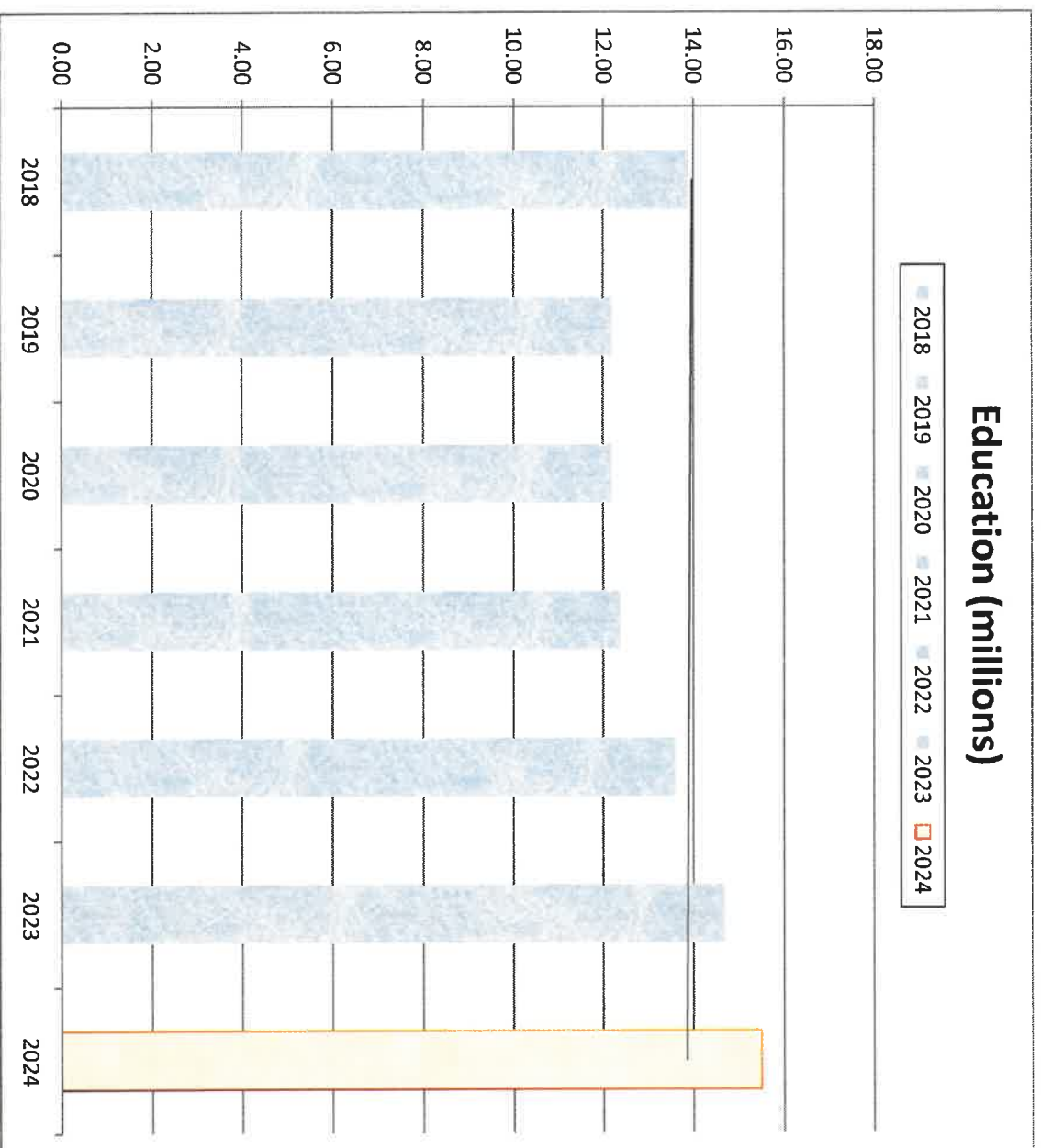


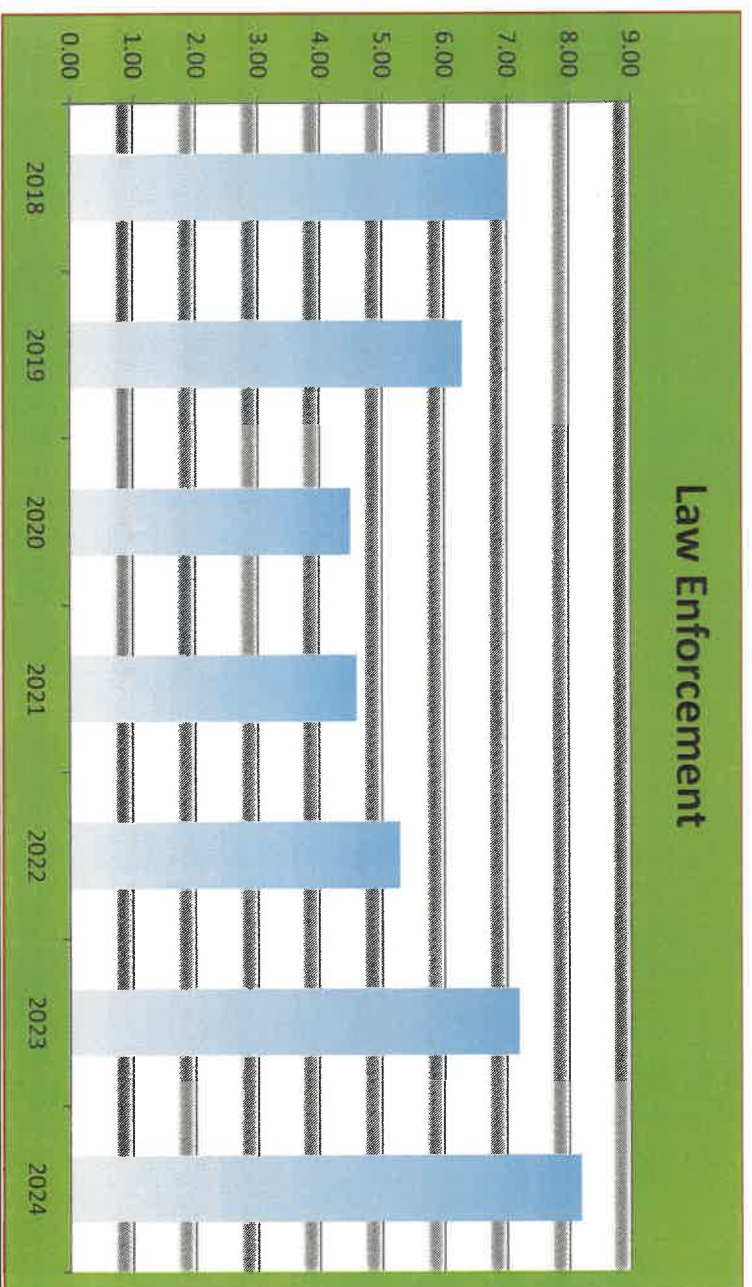
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Staff Recommendation

---Second, County expenses have increased due to factors in addition to inflation, such as pay increase mandated by the state for teachers and law enforcement. Further the steep increase in the State minimum wage has increased labor costs for most positions. These increases combine with inflation to drive major ongoing expenses higher.

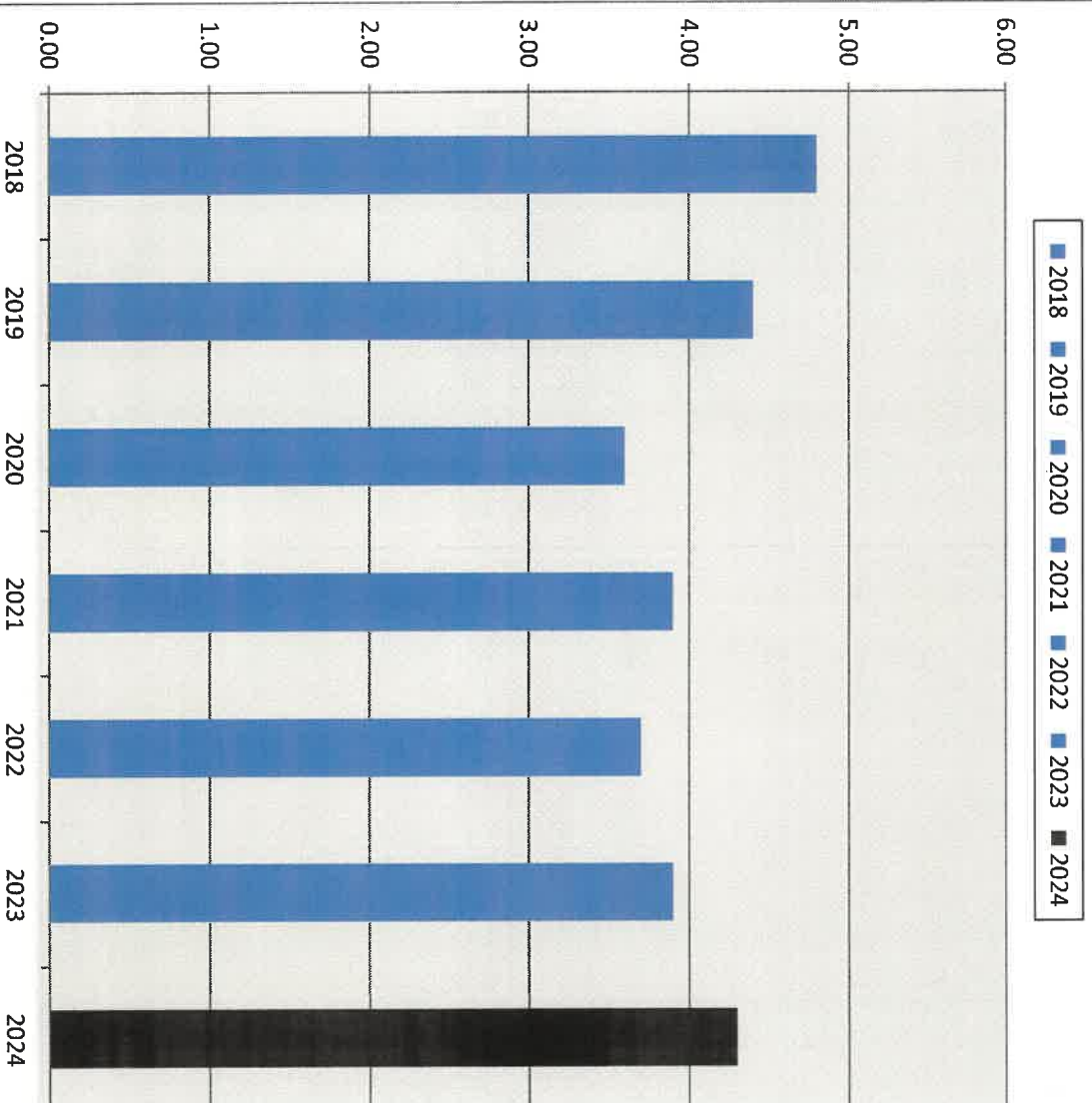
Top Expenses for Tazewell County Since FY 2018





--This data includes E911 and the Tazewell County Sheriff's Office. In 2022 the General Assembly significantly increased mandatory starting pay for deputies to \$42,000.00 annually. Then the state set an increase of 7% for cost of living in 2023 Budget Amendment. This has driven increases in FY23 and FY24.

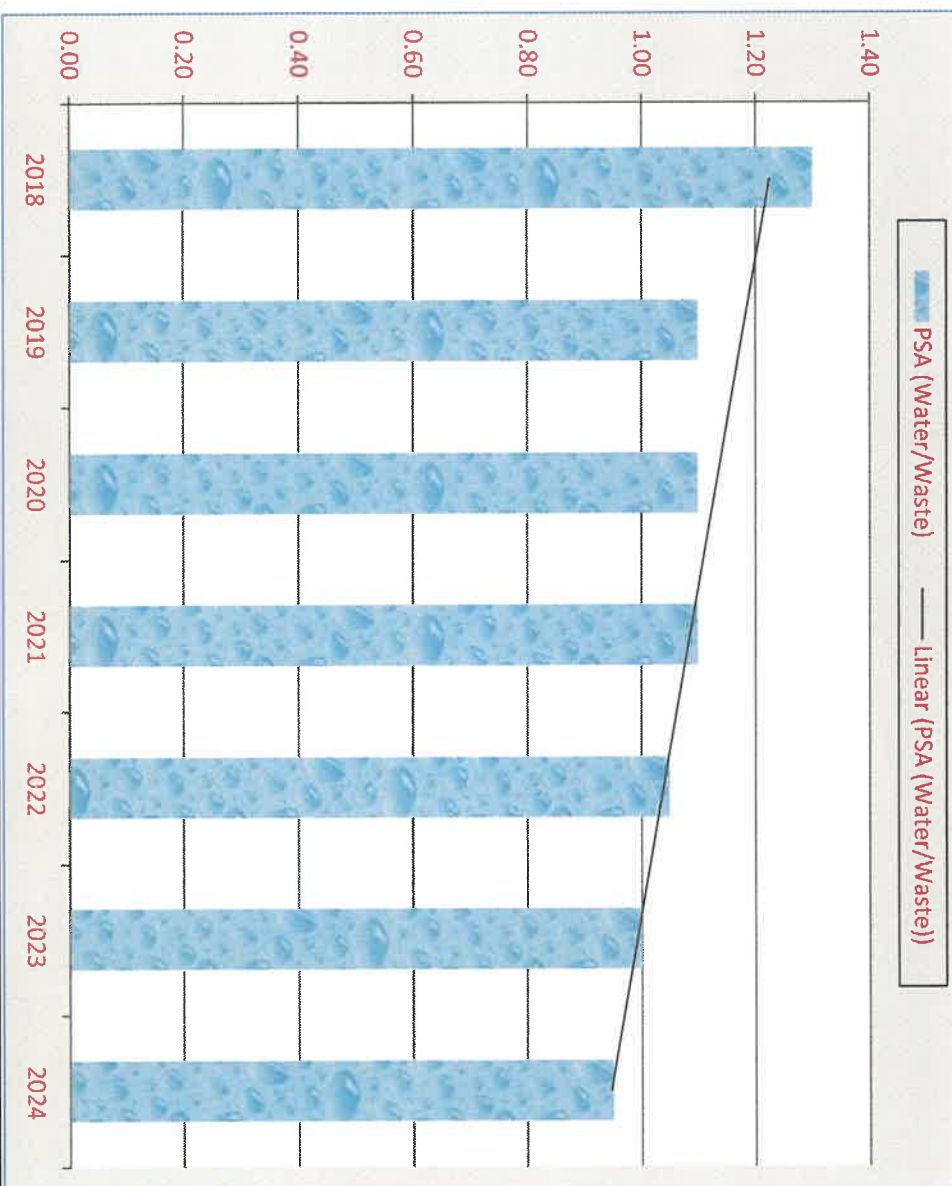
Regional Jail (millions)



--Income from State and Federal inmate stays kept costs. However, since minor drug crime prosecution diminished nationwide, the number of State and Federal inmates we house declined, reducing revenues to the Regional Jail.

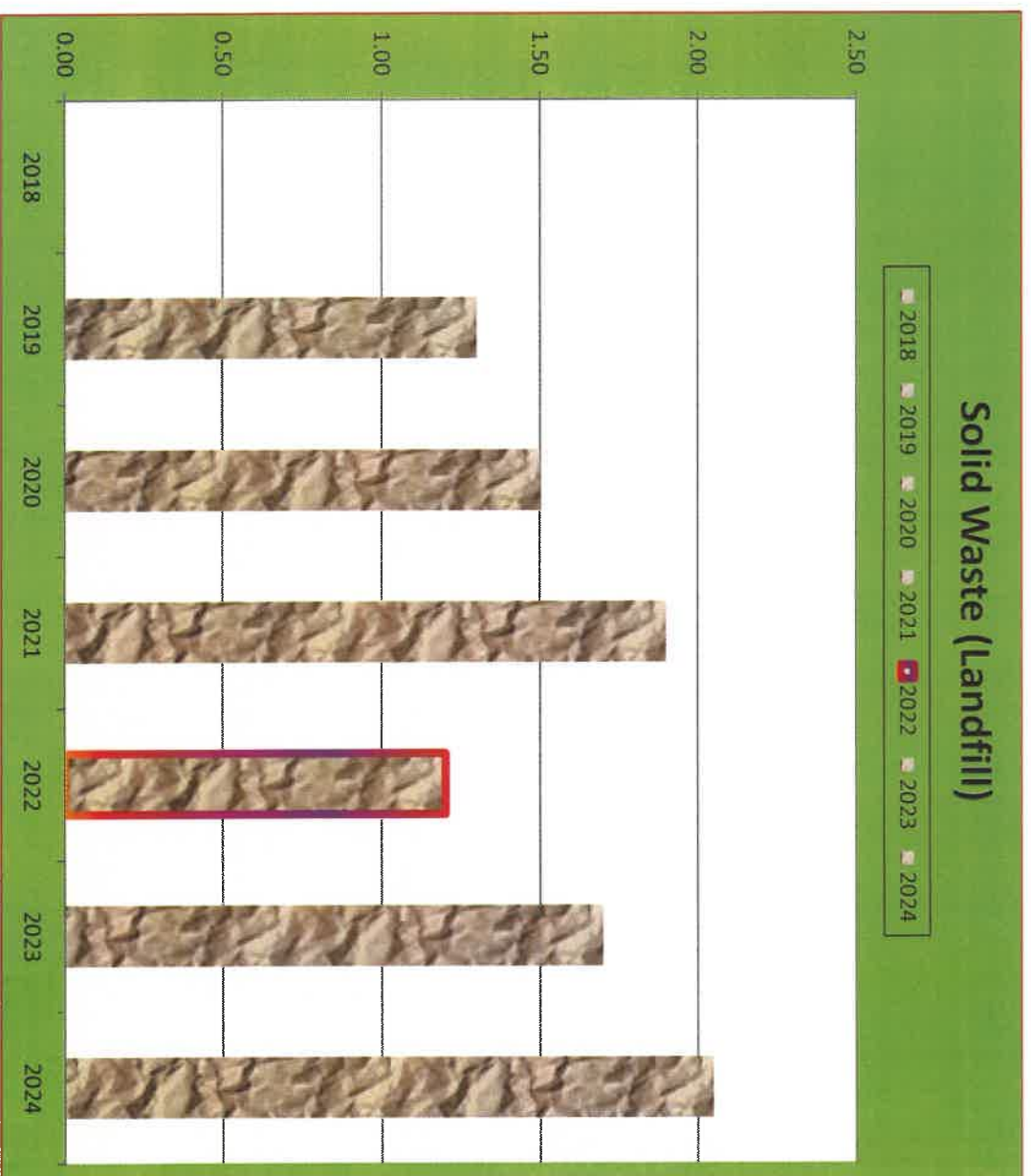
--When the state raised the required minimum pay Deputies, many corrections officers chose higher paying Deputy positions, until the Regional Jail raised its pay rate to address critical staffing shortages.

PSA (Water/Waste)



--The PSA depends heavily on its capacity in Water and Waste Water Plants in Richlands and Tazewell. In 2025 the PSA must pay for a share of each Town's \$12m+ upgrade. The PSA likely will need to incur \$4-6m in new debt in 2025. The Board of Supervisors must co-sign the debt and have financial reserves to support it.

Top Expenses for Tazewell County Since FY 2018

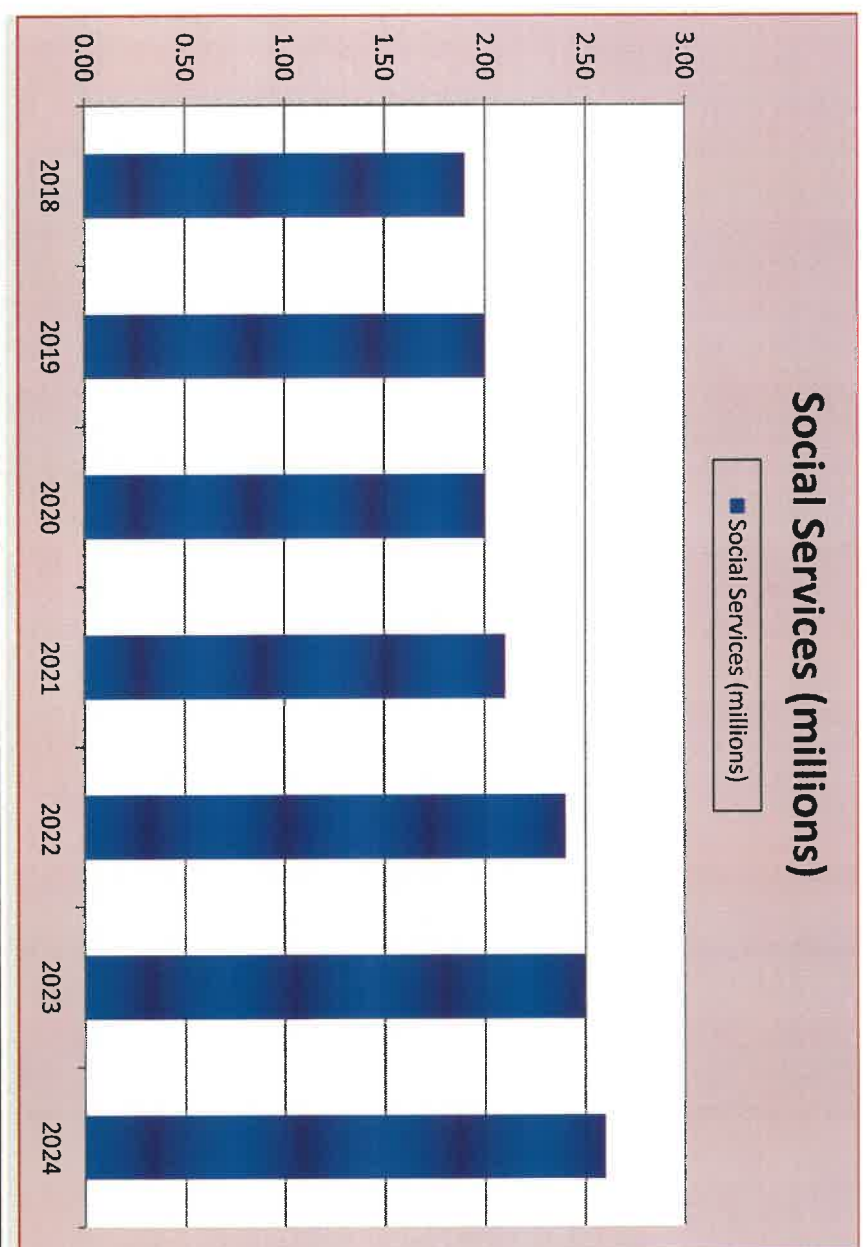


--The 2017 contract for landfill operations with Republic expired. The new contract with Capital, the only bidder, increased cost by more than 30%. The cost of that increase will be \$900k/yr more than in 2017.

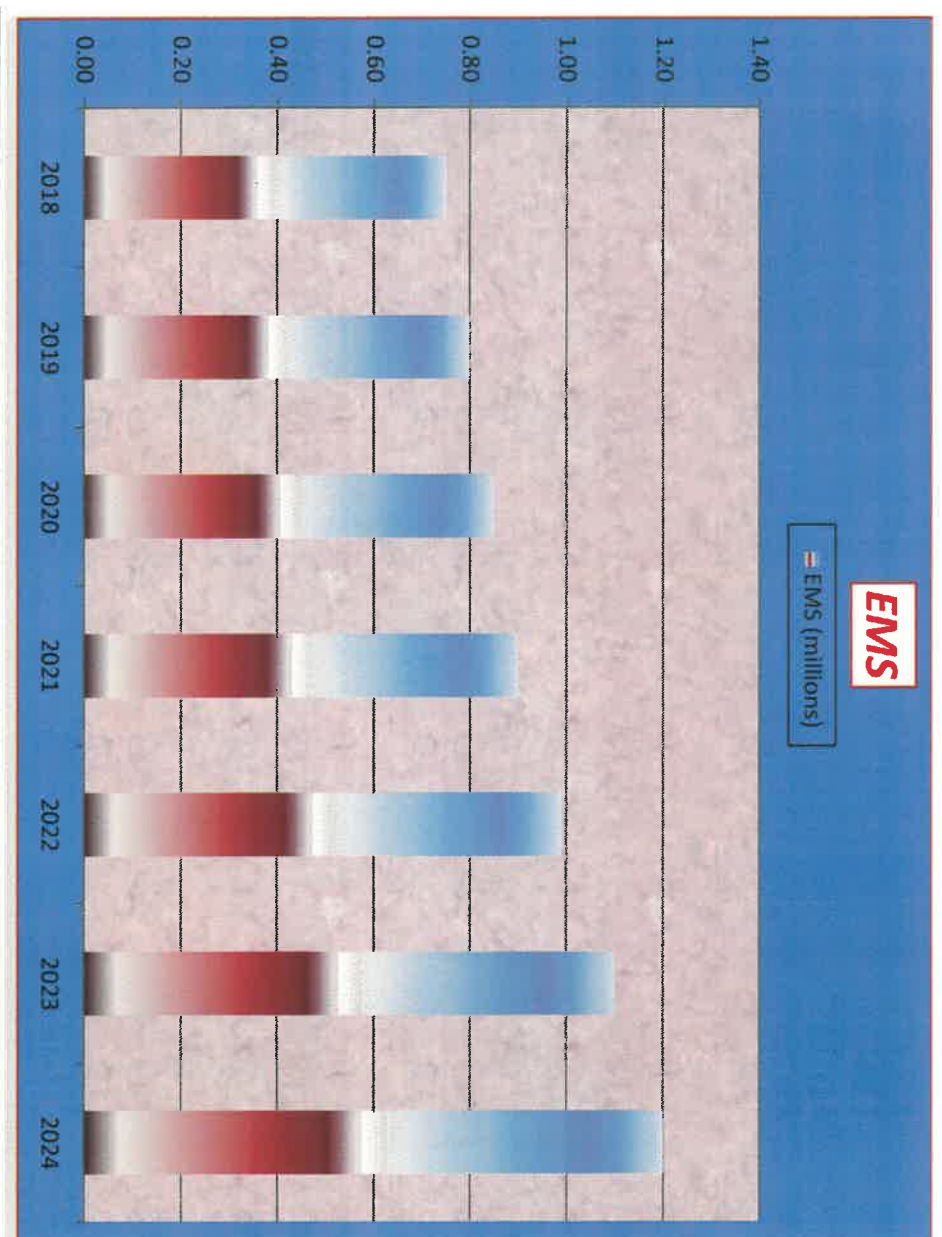
--Federal ARPA funding subsidized the 2022 dip in costs.

Top Expenses for Tazewell County Since FY 2018

Social Services (DSS&CSA)



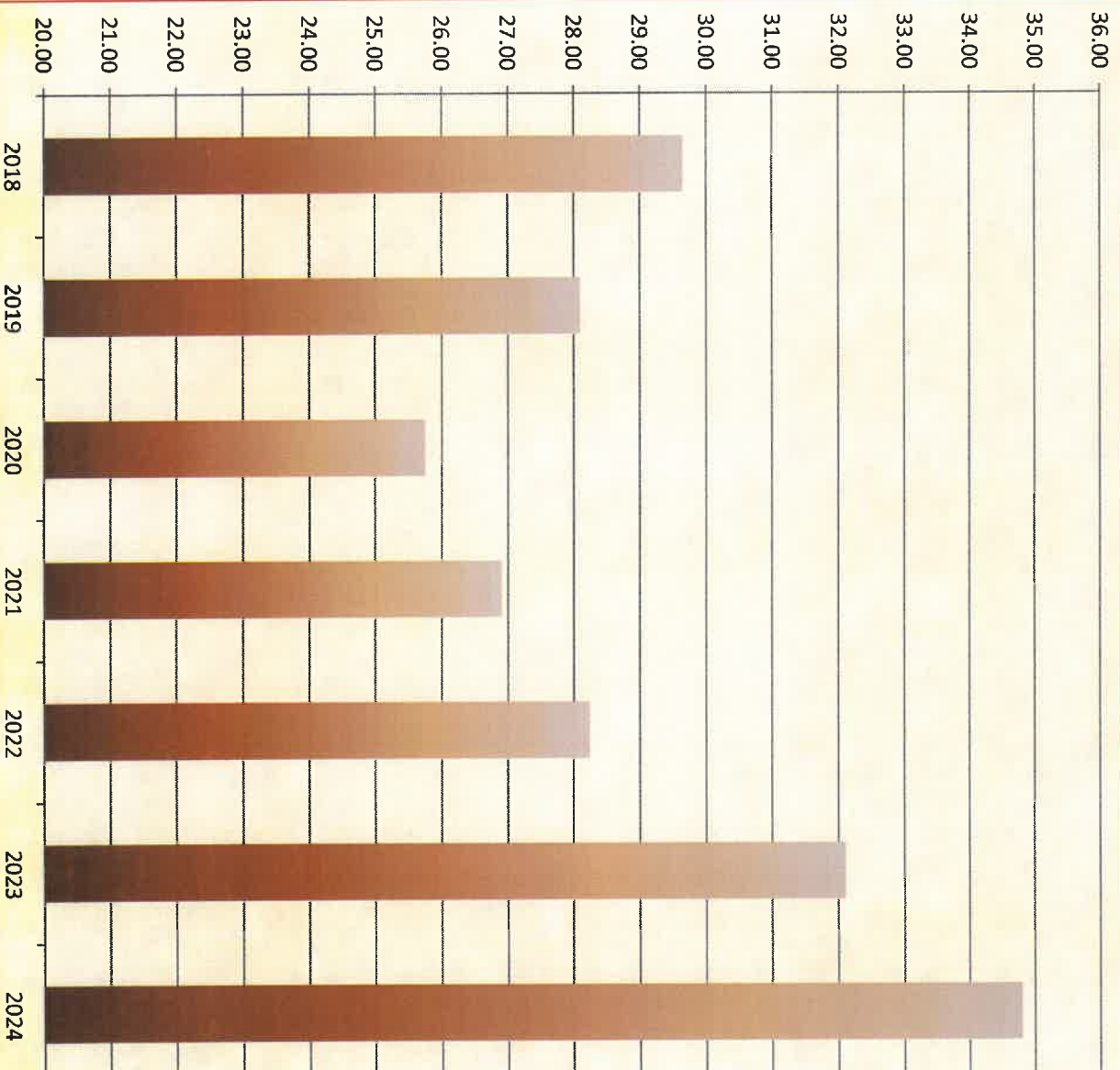
Top Expenses for Tazewell County Since FY 2018



The ACA (Obamacare) significantly reduced revenues for EMS services provided to persons insured by Medicaid and Medicare since 2018.

--Significant increases in Virginia's minimum wage meant that Paramedic pay in 2018 would be below the 2023 minimum wage. Paying the minimum wage rate for paramedics resulted in a critical staff shortage. So wage increases were approved in 2022, 2023, and 2024 to stay ahead of minimum wage.

Top Expenses Yearly Total Since 2018





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Third, our declining population and stagnant revenue base means we have few sources of revenue.

QuickFacts

Tazewell County, Virginia

QuickFacts provides statistics for all states and counties. Also for cities and towns with a *population of 5,000 or more*.

Table

All Topics Population Age and Sex Race and Hispanic Origin Population Characteristics Housing Families & Living Arrangements Computer and Internet Use Education Health Economy Transportation Income & Poverty Businesses Geography

Tazewell County, Virginia

Population

Population Estimates, July 1, 2022, (V2022)

39,821

Population estimates base, April 1, 2020, (V2022)

40,439

Population, percent change - April 1, 2020 (estimates base) to July 1, 2022, (V2022)

-1.5%

Population, Census, April 1, 2020

40,429

Age and Sex

Persons under 5 years, percent

4.7%

Persons under 18 years, percent

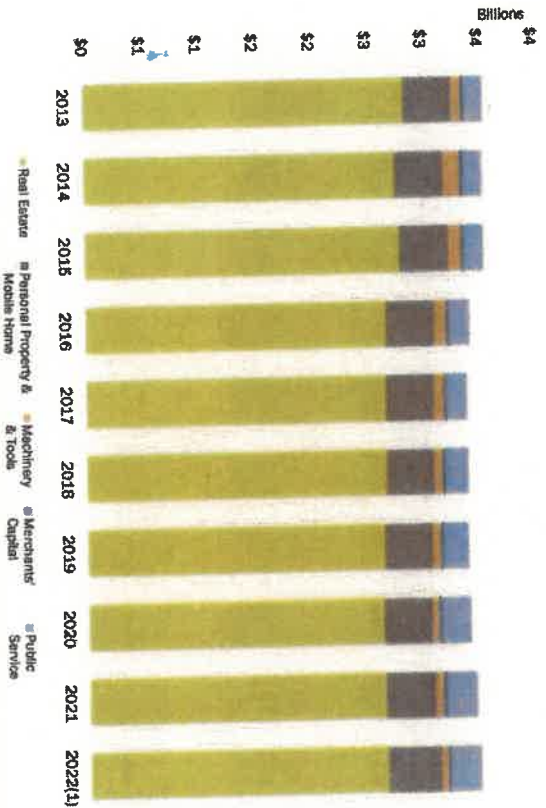
19.2%

Persons 65 years and over, percent

23.7%

Historical Assessed Value

Historical Assessed Value



Fiscal Year	Real Estate	Personal Property & Mobile Home	Machinery & Tools	Merchant's Capital	Public Service	TOTAL	Growth
2013	\$2,840,597,700	\$431,193,109	\$85,826,200	\$25,299,900	\$173,166,368	\$3,556,083,277	
2014	2,751,921,200	439,183,000	150,614,300	25,187,000	177,691,147	3,544,596,647	0%
2015	2,788,112,400	442,628,944	115,749,000	24,289,700	176,684,724	3,547,464,768	0%
2016	2,663,296,800	433,577,251	109,308,261	23,703,017	182,456,119	3,412,341,448	-4%
2017	2,653,393,750	434,951,196	85,434,736	22,026,809	186,984,542	3,382,791,033	-1%
2018	2,652,574,550	426,879,741	75,498,859	20,728,800	210,192,345	3,385,874,295	0%
2019	2,626,363,975	430,906,347	70,123,200	20,868,400	231,089,717	3,379,351,639	0%
2020	2,608,139,775	437,842,645	59,864,000	21,279,980	265,251,375	3,392,377,775	0%
2021	2,621,130,200	446,169,285	70,396,500	25,289,540	276,925,696	3,439,911,221	1%
2022 ⁽¹⁾	2,633,075,445	474,443,155	62,167,300	19,358,050	278,025,502	3,467,069,452	1%
5 Year CAGR	0%	3%	-5%	-2%	7%	1%	
10 Year CAGR	-1%	1%	-4%	-3%	5%	0%	

(1) Assessed Value Estimate updated compared to audited figure based on discussions with County Staff. The County transitioned to twice-a-year tax collections, which would not affect the overall Real Estate and Public Service Taxable Assessed Values.

DAVENPORT & COMPANY

Stafford County, Virginia

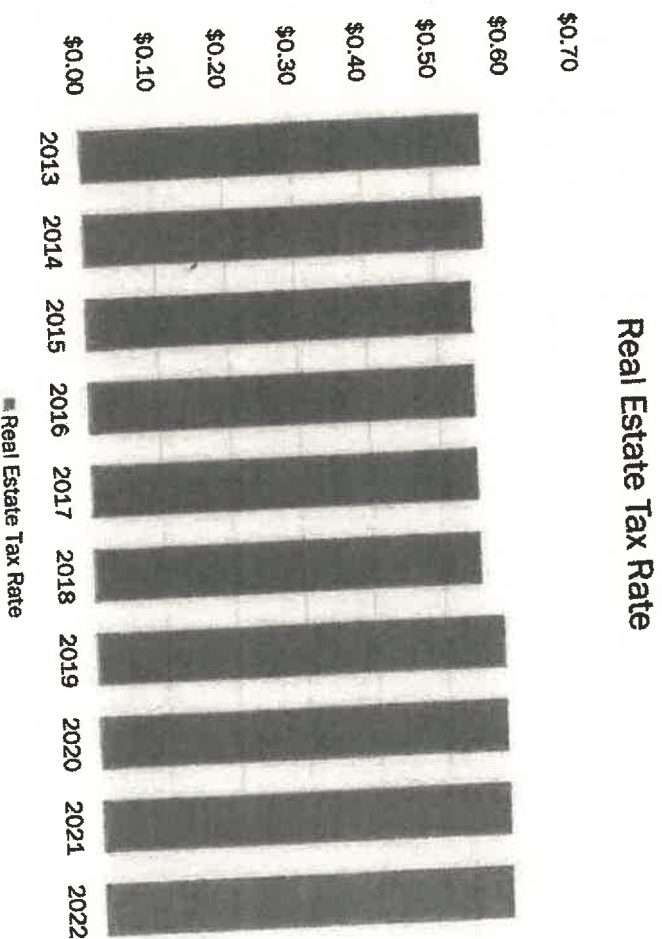
Source: 2022 Audit

June 21, 2022

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Real Estate Tax

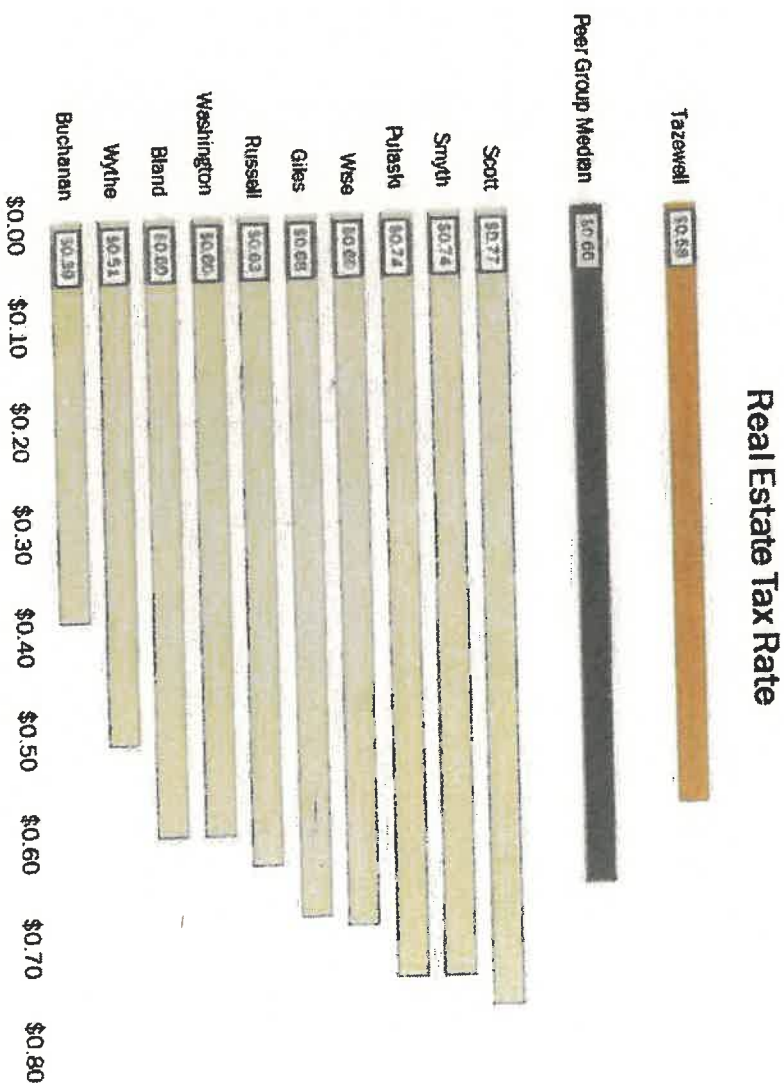
FY	Real Estate Tax Rate
2013	\$0.57
2014	0.57
2015	0.55
2016	0.55
2017	0.55
2018	0.55
2019	0.58
2020	0.58
2021	0.58
2022	0.58



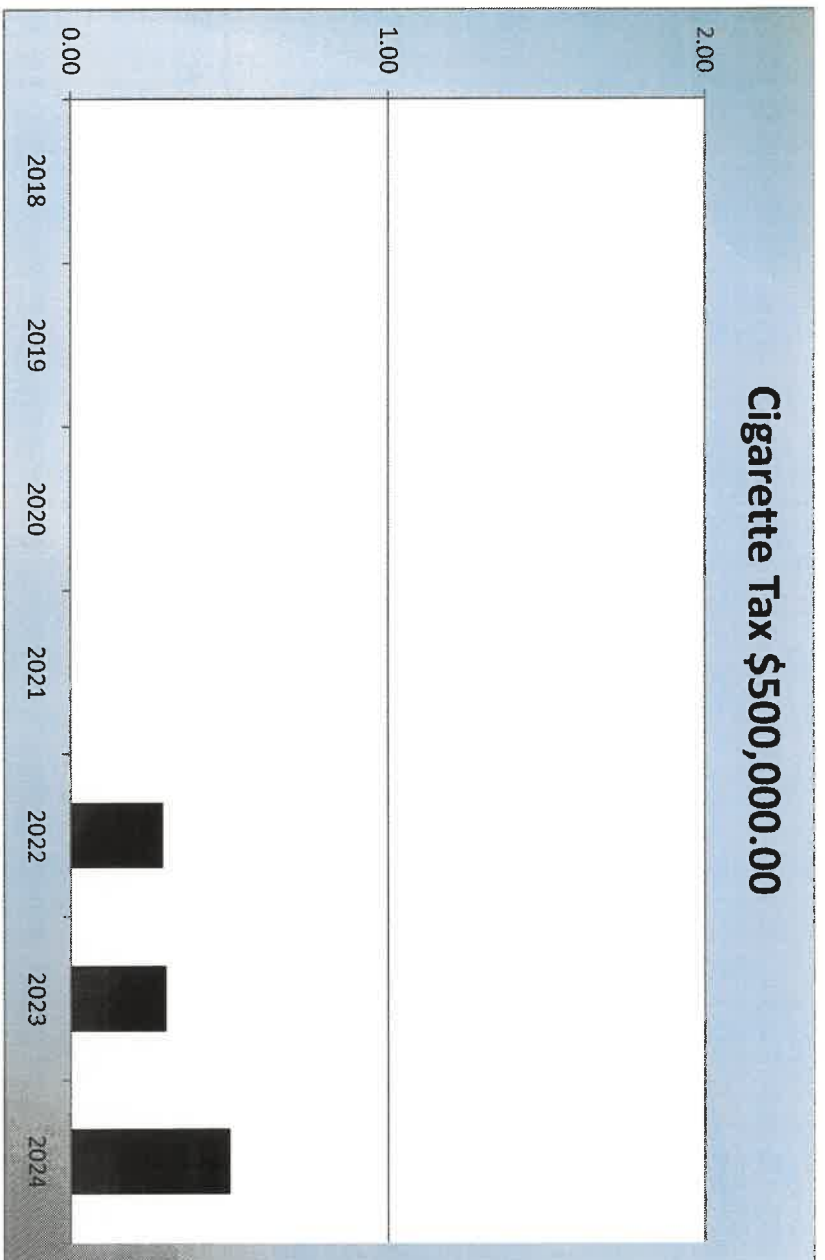
Real Estate Tax | Comparative

- The County's Real Estate Tax Rate is competitive with the peer group.

Locality	Real Estate Tax Rate
Tazewell	\$0.58
Peer Group Median	0.66
Scott	0.77
Smyth	0.74
Pulaski	0.74
Wise	0.69
Giles	0.68
Russell	0.63
Washington	0.60
Bland	0.60
Wythe	0.51
Buchanan	0.39



New Local Revenues Since 2018



Bristol District Improvement Commission (Casino)

FY24

\$630,000.00



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Staff Recommendation

Inconvenient Truths:

--In the last two fiscal years the State has increased teacher pay by 12% and Sheriff's Deputies pay by 20%. This increases our local share. This has increased our annual costs by roughly \$2.2m.

--In FY23 and FY24 we paid for these increases with ARPA funds, which will be exhausted in FY24. This means state mandated spending created \$2.2m of the expected \$4.1m budget deficit for us in FY25.

--We can make cuts to close the gap in FY25 if we maintain the real property rate as is. Going forward we need to establish a meals tax to cover the revenue gaps in FY26, FY27, FY28...