ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item
Meeting of February 23, 2008

DATE: February 19, 2008

SUBJECT: Request to advertise for a public hearing on March 27, 2008 for a proposed real estate tax rate of $.125 per $100 of assessed value on properties used for or zoned to permit commercial and industrial uses.

C. M. RECOMMENDATION:

Authorize the advertisement of a public hearing on March 27, 2008 on the attached proposed amendment (Attachment 1) to Chapter 20 (Real Estate Assessments) to impose a real estate tax of $0.125 per $100 of assessed value on properties used for or zoned to permit commercial and industrial uses in CY 2008 for transportation purposes.

ISSUE: At what level should the County tax real estate for transportation initiatives in the County?

SUMMARY: With the passage of HB 3202 (Chapter 896, Acts of the Assembly), the County was authorized by State law to levy an additional real estate tax on industrial and commercial properties for transportation initiatives that benefit the County. At the November 13, 2007, County Board Meeting, the Board voted to add a new section to the Arlington County Code that created a separate classification of commercial and industrial properties that can be taxed separately from other properties within the County.

The maximum rate that the County can set is $0.25. The proposed advertised rate would provide sufficient funds to address the County's most critical priorities and provide rate flexibility in the future to adjust for changing market conditions. The flexibility will be especially important to ensure the ability to cover debt that may be dependent on this revenue source.

DISCUSSION:

There is significant need in the County and region to alleviate congestion and improve the transportation infrastructure. Over $600 million in need has been identified for transportation projects within the County over the six-year period. The most immediate needs identified are to complete funding for:

County Manager: RC/BMB

County Attorney: PM SM

27. F.

Staff: Tamara Ashby, Department of Environmental Services
Richard Stephenson, Department of Management & Finance

- Rosslyn Metro Station Access Improvements - Construct second entrance to the Rosslyn Metro Station between North Moore and North Lynn Streets consisting of three new high-speed elevators, a new mezzanine and fare-gate area.
- Ballston-MU Metrorail Station Access Improvements - Construct 2nd Entrance to the Ballston Metro Station at N. Vermont Street consisting of new escalator/elevator entrance, fare gates and platform access.
- Columbia Pike Street Improvements – Plan, design and construct selected street and intersection improvements in this 3.5-mile-long corridor to create a consistent five-lane cross section at most intersections. (This corridor has a number of sections that are presently four lanes which reduce the operational efficiency of the corridor.)
- Columbia Pike Streetcar - Design and construct street car line with supporting station stops and maintenance facility. This line will extend from Bailey's Crossroads to the Pentagon City Metrorail Station.
- Pentagon City Multimodal - Hayes Street Corridor Improvements – Rebuild two long blocks of South Hayes Street between Army Navy Drive and South 15th Street. Upgrade intersections, signals, lighting, sidewalks, bus stops/transfer facilities and other transportation features. Construct new elevator to the Metro tunnel on the west side of Hayes Street.
- Crystal City Potomac Yard Transitway – Construct three transit stations and 1.1 miles of dedicated transitway extending from South Glebe Road to 26th Street. Upgrade signals, intersections and transit stops between 26th Street and the Crystal City Metro Station at 18th Street.

Each of these projects would utilize not only the commercial real estate tax, but the also other sources of funding authorized by actions taken by the State General Assembly in 2007, and state and federal sources as appropriate. In addition to these major projects, the commercial real estate tax funding, depending on availability, would also be utilized to fund other transportation projects within the County that would benefit the business community.

FISCAL IMPACT: The proposed tax rate of $0.125 per $100 of assessed value is being advertised as the maximum rate the County Board can establish. This rate is estimated to yield $21.4 million for local transportation initiatives and, together with funds from other sources, would allow the County to implement important transportation initiatives.

ATTACHMENT I

AMENDMENT TO CHAPTER 20 OF THE ARLINGTON COUNTY CODE TO ESTABLISH AN ADDITIONAL REAL ESTATE TAX ON CERTAIN COMMERCIAL AND INDUSTRIAL PROPERTIES IN ARLINGTON COUNTY FOR TRANSPORTATION PURPOSES

BE IT ORDAINED that Chapter 20 the Arlington County Code is amended, reenacted, and recodified as follows:

* * *

§ 20-6 (c) Classification and taxation of certain commercial and industrial real property.

(1) Beginning January 1, 2008, all commercial and industrial real property in Arlington County declared by the General Assembly to be a separate class of real property for local taxation pursuant to Virginia Code §58.1-3221.3 shall be assessed accordingly. Such separate class shall not include any property excluded from such class by law.

(2) In addition to all other taxes and fees permitted by law, the classified real property may be subject to an amount of real property tax, in addition to such amount(s) otherwise authorized by law, at a rate imposed annually by ordinance of the Arlington County Board; such rate shall not exceed the amount authorized by the Code of Virginia.

(3) Upon appropriation by the Arlington County Board, all revenues generated from the additional real property tax imposed in accordance with this Section 20-6 (c) shall be used exclusively for transportation purposes that benefit Arlington County.

(4) The additional real property tax imposed under this Section shall be levied, administered, enforced, and collected in the same manner as set forth in Subtitle III of Title 58.1 of the Code of Virginia, for the levy, administration, enforcement, and collection of local taxes. In addition, the director of the department of real estate assessments shall separately assess and set forth upon Arlington County's land book the fair market value of that portion of property that is defined as a separate class of real property for local taxation in accordance with the provisions of this section.

(5) The tax described in this section shall be levied at a rate of $0.125 per one hundred dollars ($100) of assessed valuation of taxable real property.

(6) Any person assessed who fails to pay the tax installments on or before the respective payment date shall incur a penalty thereon of ten (10) percent or ten

dollars ($10.00), whichever shall be greater, but not to exceed the amount of the tax, which shall be added to the amount of taxes due from such person assessed.

(7) Interest shall accrue on any amount past due at the same rate as real property taxes under section 27.3.1.

2. This amendment shall become effective for tax year 2008 and thereafter.