

**REPORT OF THE  
JOINT SUBCOMMITTEE STUDYING**

**Service Charge Payments  
in Lieu of Taxation**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**House Document No. 29**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
1985**

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**Report of the Joint Subcommittee  
Studying Service Charge Payments  
In Lieu of Taxation**

**To**

**The Governor and the General Assembly of Virginia  
Richmond, Virginia  
January, 1985**

To: Honorable Charles S. Robb, Governor of Virginia  
and  
The General Assembly of Virginia

**I. INTRODUCTION**

The joint subcommittee was established pursuant to House Joint Resolution No. 125 introduced in the 1984 Session of the General Assembly by Delegate William S. Moore. The charge of the subcommittee was to study the feasibility of the Commonwealth compensating localities for the expenses imposed upon the locality by state-owned property. The joint subcommittee elected Delegate William S. Moore as chairman and Senator Madison R. Marye as vice-chairman.

The Commonwealth has long recognized the principle that state property imposes costs on a locality because of local expenses for police protection, fire protection, and other required services as well as the fact that the inability to tax state-owned property results in a loss of property tax revenue which would otherwise be received. It should be noted, however, that state property in most cases adds significantly to the locality in terms of generating other taxable economic activity in addition to providing essential services to the community. It is also clear that some localities are directly dependent on the state facility for the area's economic well-being since the Commonwealth is the area's largest employer.

The joint subcommittee has examined the merits of a service charge and presents this report which contains its findings and recommendations. The joint subcommittee has gathered, during the course of its deliberations, a great deal of data regarding the extent and composition of state-owned property. The joint subcommittee believes this data and the subcommittee's report will help to place the issues into proper perspective.

**II. EXECUTIVE SUMMARY**

The Commonwealth currently allows certain localities to impose, on a local option basis, a service charge on state-owned property which cost the Commonwealth \$1,254,525 in fiscal year 1981-82. However, the current service charge statute is restrictive and generally is provided only to those localities in which state-owned property exceeds 3% of the value of all taxable and nontaxable property in the locality. However, a locality can impose the service charge on faculty and staff housing and on the property of the Virginia Port Authority without meeting the 3% threshold.

The subcommittee found in tax year 1983 the Commonwealth owned over \$2.6 billion of property which comprised 1.71% of the value of all property in the Commonwealth. If one examines the extent of state property by locality, it is clear that state property comprises a very significant percentage of total property in some localities. For example, in Montgomery County state property comprises over 25% of the value of all property. The subcommittee also examined the extent of all exempt property in the Commonwealth and found that the value of all exempt property exceeds \$27.8 billion, which is 17.8% of the value of all property in Virginia. Again, however, the state totals hide the tremendous impact on individual localities. For example, in Portsmouth, exempt property comprises 58.43% of the value of all property. In other words, there is more exempt property in the City of Portsmouth than there is taxable property. This identical situation exists in Lexington. In Norfolk, exempt property comprises 49.91% of all property. The extent of exempt property is also a very serious concern to counties. In Montgomery County 42.47% of all property is exempt. In Alleghany the figure is 40.65%, while in York County the percentage of exempt property is 39.83%.

The subcommittee carefully weighed the service charge concept as well as the current statute concerning service charges. The subcommittee has found that the current statute contains a great deal of merit, that is, that localities with larger amounts of exempt property should be allowed to impose a service charge. The subcommittee believes that the current statute should not be amended. However, the subcommittee does believe the federal government should follow the Commonwealth's example in the service charge area by adopting legislation which would provide a federal service charge on federal property in those localities where the impact of federal property is significant.

The subcommittee examined a number of alternatives ranging from repealing the current service charge statute to allowing all localities to impose a service charge on state property. The alternative which would allow all localities to impose a service charge on all state property would cost the Commonwealth approximately \$10 million per year.

The alternatives considered by the subcommittee involved a number of complex issues such as how to quantify and account for services provided by the Commonwealth to localities which directly reduce local expenses. The subcommittee also considered the philosophical question of how to balance the costs which state property imposes as compared to the benefits which state property provides.

After thoroughly considering all of these issues and concerns the joint subcommittee believes that the current service charge statute should be retained with no changes.

### **III. CURRENT SERVICE CHARGE STATUTE**

The 1971 Constitution gave birth to the optional service charge law when subsection (g) was included in Article X, Section 6 as follows:

(g) The General Assembly may by general law authorize any county, city, town or regional government to impose a service charge upon the owners of a class or classes of exempt property for services provided by such government.

According to A. E. Dick Howard, "this provision was born of the Commission on Constitutional Revision's efforts to seek a means of alleviating the financial burdens imposed on local governments because of tax exemptions."

The Virginia General Assembly first enacted legislation to implement this constitutional provision during the 1971 Extra Session. The service charge statute has been amended numerous times since then. The current service charge statute allows a locality to impose a service charge on state-owned property, other than faculty and staff housing of an educational institution, if the value of state-owned property exceeds three percent of the value of all real estate, both taxable and nontaxable, located within the locality. The service charge may be imposed on faculty and staff housing and on property of the Virginia Port Authority without meeting the three percent threshold.

According to the Auditor of Public Accounts in fiscal year 1981-82, ten localities received payments in lieu of taxation from the Commonwealth totaling \$1,254,525. Since that time additional localities have become eligible to impose the service charge.

### **IV. AMOUNT AND COMPOSITION OF EXEMPT PROPERTY**

In order to knowledgeably discuss possible alternatives the joint subcommittee gathered a significant amount of data concerning the amount and composition of exempt property in the Commonwealth. The following table (Table 2) provides information regarding the value of federal property, state property, taxable property, and total amount of all exempt property in Virginia. The table also provides the percent which state property comprises of the total taxable and nontaxable property as well as the percent of all local property which is exempt. This data is broken down for each county and city as well as a total for the Commonwealth.

In 1983, the value of state property in the Commonwealth was estimated to be \$2,674,914,000, or 1.71% of the value of all property in the Commonwealth. If one examines the total value of

all exempt property (federal, state, local, educational, religious, benevolent, etc.) this totals \$27,804,050,000, or 17.79% of the value of all property in the Commonwealth. This means that almost one-fifth of all property in the Commonwealth is exempt. It is important to note, however, that the statewide total hides the very significant impact of exempt properties in individual localities.

Tables 3, 4, and 5 provide information on the individual localities which are the most significantly affected by exempt property. The joint subcommittee wishes to stress that the examination of exempt property on an individual locality basis shows that a number of individual counties and cities are significantly affected by the amount of tax exempt property.

Table 3 lists the 20 localities with the largest percentages of state-owned property. Montgomery County leads the list with 25.67% of the value of all its property being tax exempt state-owned property. State-owned property in the City of Williamsburg represents 22.19% of the total value of all property, 18.38% in Lexington, 15.34% in Harrisonburg, and 12.16% in Dinwiddie County. Clearly, there are a number of localities in Virginia where there are extremely large amounts of state-owned property, and where the state imposes a tremendous cost on the tax paying citizens of the locality. There are a large number of localities which exceed the 3 percent threshold.

TABLE 1  
 LOCALITIES RECEIVING PAYMENTS IN LIEU OF  
 TAXATION FROM THE COMMONWEALTH  
 Fiscal Year 1982

<u>LOCALITY</u>	<u>AMOUNT</u>
Fredericksburg	1,660
Radford	44,202
Richmond	1,045,463
Roanoke	35
Williamsburg	34,846
Albermarle	62,739
Bland	13,471
Cumberland	16,585
Patrick	30,000
Prince Edward	5,504
TOTAL	\$1,254,525

Locality	Value of federal prop.	Value of State prop.	Total Taxable Property
Albemarle	\$4,178,900	\$258,101,400	\$1,873,307,790
Accomack	\$155,743,300	\$6,352,500	\$637,866,260
Alleghany	\$83,977,420	\$255,070	\$189,696,647
Amelia	\$79,900	\$2,014,700	\$207,216,430
Amherst	\$15,773,800	\$25,006,951	\$330,791,029
Appomattox	\$1,504,470	\$500,430	\$148,360,664
Arlington	\$1,063,054,300	\$1,028,300	\$7,347,935,200
Augusta			\$1,091,700,030
Bath	\$28,278,100	\$5,452,300	\$161,653,165
Bedford	\$6,038,700	\$6,238,500	\$893,471,480
Bland	\$10,601,700	\$4,116,042	\$80,789,180
Botetourt	\$14,608,410	\$621,600	\$453,344,720
Brunswick	\$4,366,460	\$29,351,580	\$320,689,080
Buchanan	\$150,000	\$652,200	\$988,550,441
Buckingham		\$21,134,500	\$275,115,200
Campbell	\$94,900	\$2,187,800	\$761,232,160
Caroline	\$74,705,300	\$1,890,800	\$340,780,710
Carroll	\$1,771,560	\$7,967,250	\$403,912,615
Charles City	\$562,800	\$2,906,900	\$106,461,053
Charlotte	\$300	\$159,200	\$206,653,030
Chesterfield	\$45,546,800	\$83,209,260	\$3,628,259,180
Clarke	\$794,200	\$3,816,100	\$302,173,300
Craig	\$21,584,600	\$131,950	\$120,902,600
Culpeper	\$472,700	\$4,005,100	\$706,418,295
Cumberland	\$113,460	\$2,598,550	\$83,467,380
Dickenson	\$27,060,699	\$101,900	\$377,675,293
Dinwiddie	\$7,716,800	\$48,239,200	\$304,643,640
Essex	\$97,500	\$377,000	\$241,285,310
Fairfax	\$819,345,541	\$88,706,185	\$24,457,320,835
Fauquier	\$43,090,700	\$16,757,420	\$1,678,847,930
Floyd	\$637,300	\$906,500	\$235,520,360
Fluvanna	\$0	\$1,032,000	\$257,425,758
Franklin	\$672,900	\$548,700	\$489,099,910
Frederick			\$800,379,643
Giles			\$228,707,000
Gloucester	\$8,000	\$8,235,900	\$606,259,278
Goochland	\$0	\$11,761,900	\$303,566,069
Grayson	\$23,233,600	\$2,517,100	\$271,934,000
Greene	\$3,000	\$359,600	\$172,029,150
Greensville	\$0	\$141,170	\$153,346,813
Halifax	\$6,687,400	\$3,796,300	\$489,173,800
Hanover	\$1,285,700	\$6,822,800	\$1,098,529,142
Henrico	\$4,394,600	\$16,391,410	\$4,253,910,140
Henry	\$17,727,210	\$2,209,940	\$884,797,171
Highland	\$14,400,900	\$3,703,400	\$124,435,000
Isle of Wight			\$584,905,086
James City		\$47,409,700	\$803,351,320
King George	\$82,860,500	\$3,075,460	\$165,136,210
King & Queen		\$302,850	\$119,476,660
King William	\$1,668,800	\$202,200	\$263,656,000
Lancaster	\$0	\$54,500	\$421,389,000
Lee	\$556,730	\$1,899,145	\$360,252,142
Loudoun	\$161,094,660	\$7,616,270	\$2,409,880,210
Louisa	\$0	\$684,400	\$382,661,349

Lunenburg	\$0	\$304,900	\$270,650,000
Madison	\$9,718,800	\$2,401,900	\$263,065,700
Mathews	\$519,200	\$285,400	\$257,728,250
Mecklenburg	\$287,600	\$17,087,900	\$343,350,900
Middlesex	\$0	\$263,900	\$301,365,723
Montgomery	\$154,251,470	\$457,882,830	\$1,026,298,790
Nelson	\$5,635,570	\$699,900	\$338,851,022
New Kent	\$0	\$2,690,000	\$271,469,700
Northampton	\$6,416,400	\$1,085,200	\$157,594,250
Northumberland	\$0	\$164,610	\$382,318,571
Nottoway			
Orange	\$1,155,500	\$3,226,800	\$552,684,080
Page	\$18,969,800	\$603,000	\$413,796,372
Patrick	\$0	\$8,663,380	\$226,782,950
Pittsylvania	\$293,200	\$2,751,600	\$1,023,418,705
Powhatan	\$0	\$20,931,290	\$250,991,424
Prince Edward	\$196,000	\$3,262,900	\$206,083,740
Prince George	\$171,145,000	\$304,100	\$369,786,070
Prince William	\$219,673,300	\$18,899,600	\$3,737,258,100
Pulaski	\$42,906,000	\$11,023,460	\$525,298,260
Rappahannock	\$0	\$143,100	\$207,984,005
Richmond	\$25,340	\$605,940	\$116,231,440
Roanoke	\$4,563,800	\$10,507,400	\$1,492,249,681
Rockbridge	\$19,644,100	\$7,328,100	\$363,083,610
Rockingham	\$20,604,100	\$1,329,710	\$1,257,638,160
Russell	\$0	\$938,400	\$438,504,422
Scott	\$10,385,400	\$1,695,500	\$250,711,350
Shenandoah	\$27,834,800	\$1,798,100	\$693,608,900
Smyth	\$22,781,670	\$29,868,160	\$462,100,782
Southampton	\$81,800	\$18,503,400	\$473,418,200
Spotsylvania	\$11,637,700	\$3,349,300	\$1,039,695,880
Stafford	\$108,949,400	\$4,050,400	\$1,066,701,955
Surry	\$78,000	\$4,485,100	\$201,885,950
Sussex	\$0	\$334,750	\$251,055,969
Tazewell			
Warren	\$14,289,500	\$1,192,000	\$431,641,662
Washington	\$8,434,490	\$4,158,600	\$729,069,160
Westmoreland	\$1,864,840	\$2,663,600	\$351,893,337
Wise	\$25,729,100	\$2,385,580	\$662,060,305
Wythe	\$30,854,700	\$2,085,700	\$480,428,420
York	\$482,944,900	\$8,844,100	\$818,551,455



Alexandria	\$100,660,500	\$29,857,200	\$4,458,063,7
Bedford	\$683,300	\$61,800	\$117,706,8
Bristol	\$815,500	\$1,667,751	\$307,386,5
Buena Vista	\$238,300	\$0	\$78,569,9
Charlottesville	\$12,901,000	\$54,356,100	\$846,002,6
Chesapeake	\$151,199,900	\$19,554,000	\$2,355,045,6
Clifton Forge	\$212,190	\$0	\$60,794,27
Colonial Heights	\$347,600	\$232,100	\$312,967,54
Covington	\$806	\$0	\$127,918,6
Danville	\$10,485,670	\$4,620,480	\$504,528,95
Emporia	\$323,210	\$600	\$92,402,76
Fairfax	\$1,153,700	\$600,400	\$815,125,70
Falls Church	\$0	\$44,100	\$497,714,70
Franklin	\$3,851,200	\$130,000	\$124,012,30
Fredericksburg	\$2,322,000	\$45,504,850	\$323,253,70
Galax	\$472,870	\$0	\$116,064,85
Hampton	\$1,024,395,100	\$43,952,900	\$1,987,996,60
Harrisonburg	\$6,229,700	\$123,916,400	\$575,064,00
Hopewell	\$578,200	\$626,300	\$379,788,60
Lexington	\$442,100	\$39,280,400	\$106,219,86
Lynchburg	\$7,163,300	\$10,602,550	\$1,208,521,31
Manassas	\$1,646,100	\$36,300	\$560,807,70
Manassas Park	\$0	\$0	\$93,953,98
Martinsville	\$435,850	\$975,250	\$326,684,25
Newport News	\$191,890,000	\$58,262,100	\$2,925,679,48
Norfolk	\$2,224,402,950	\$213,636,430	\$3,591,980,21
Norton	\$330,200	\$90,100	\$69,757,30
Petersburg			
Poquoson	\$250,000	\$27,500	\$216,788,88
Portsmouth	\$1,853,615,530	\$16,045,670	\$1,519,161,272
Radford	\$195,570	\$13,600	\$160,535,300
Richmond	\$26,339,400	\$382,624,000	\$4,164,294,120
Roanoke	\$9,589,500	\$7,459,025	\$1,568,252,425
Salem	\$25,596,000	\$2,025,600	\$428,979,850
South Boston	\$202,500	\$46,000	\$109,525,140
Staunton	\$246,980	\$28,580,070	\$393,436,460
Suffolk	\$38,658,500	\$17,269,400	\$886,155,350
Virginia Beach	\$1,187,694,074	\$67,292,471	\$7,635,460,975
Waynesboro	\$555,250	\$106,250	\$348,989,050
Williamsburg	\$254,800	\$102,064,300	\$300,327,800
Winchester	\$1,676,800	\$1,000,500	\$496,056,200
	\$11,056,472,250	\$2,674,914,040	\$128,499,624,034

TABLE 2-A

## Service Charges - 1983

Locality	State as Percent of Total	Total Exempt Property	Exempt as Percent of Total
Albemarle	11.22%	\$426,965,500	18.56%
Accomack	0.75%	\$212,599,500	25.00%
Alleghany	0.08%	\$129,924,580	40.65%
Amelia	0.91%	\$14,567,570	6.57%
Amherst	5.98%	\$87,619,253	20.94%
Appomattox	0.29%	\$21,335,952	12.57%
Arlington	0.01%	\$1,619,992,700	18.06%
Augusta	0.00%	\$158,692,700	12.69%
Bath	2.62%	\$46,167,600	22.22%
Bedford	0.65%	\$61,476,830	6.44%
Bland	4.06%	\$20,642,046	20.35%
Botetourt	0.12%	\$61,225,710	11.90%
Brunswick	7.56%	\$67,476,630	17.38%
Buchanan	0.06%	\$79,973,100	7.48%
Buckingham	6.65%	\$42,899,700	13.49%
Campbell	0.26%	\$73,990,470	8.86%
Caroline	0.43%	\$97,801,100	22.30%
Carroll	1.76%	\$49,090,520	10.84%
Charles City	2.50%	\$9,983,450	8.57%
Charlotte	0.07%	\$21,959,890	9.61%
Chesterfield	2.09%	\$354,377,880	8.90%
Clarke	1.13%	\$35,694,300	10.56%
Craig	0.09%	\$28,097,950	18.86%
Culpeper	0.51%	\$72,268,300	9.28%
Cumberland	2.88%	\$6,726,710	7.46%
Dickenson	0.02%	\$56,641,608	13.04%
Dinwiddie	12.16%	\$91,928,600	23.18%
Essex	0.14%	\$21,272,780	8.10%
Fairfax	0.33%	\$2,567,786,808	9.50%
Fauquier	0.91%	\$153,052,820	8.35%
Floyd	0.36%	\$15,197,500	6.06%
Fluvanna	0.36%	\$27,225,000	9.56%
Franklin	0.10%	\$49,829,400	9.25%
Frederick	0.00%	\$53,478,700	6.26%
Giles	0.00%	\$42,534,036	15.68%
Gloucester	1.26%	\$48,576,320	7.42%
Goochland	3.53%	\$30,053,130	9.01%
Grayson	0.78%	\$49,640,100	15.44%
Greene	0.19%	\$14,051,200	7.55%
Greensville	0.09%	\$9,018,970	5.55%
Halifax	0.69%	\$63,189,900	11.44%
Hanover	0.58%	\$79,716,600	6.77%

<u>Locality</u>	State as Percent of <u>Total</u>	Total Exempt <u>Property</u>	Exempt as Percent <u>of Total</u>
Henrico	0.35%	\$425,152,660	9.09%
Henry	0.22%	\$107,243,060	10.81%
Highland	2.48%	\$24,853,900	16.65%
Isle of Wight	0.00%	\$41,923,500	6.69%
James City	5.09%	\$128,811,400	13.82%
King George	1.17%	\$98,249,240	37.30%
King & Queen	0.24%	\$8,403,010	6.57%
King William	0.07%	\$14,727,700	5.29%
Lancaster	0.01%	\$19,609,600	4.45%
Lee	0.48%	\$38,412,476	9.64%
Loudoun	0.27%	\$373,109,250	13.41%
Louisa	0.17%	\$13,588,780	3.43%
Lunenburg	0.11%	\$19,635,200	6.76%
Madison	0.79%	\$41,832,000	13.72%
Mathews	0.11%	\$13,113,500	4.84%
Mecklenburg	4.29%	\$55,339,100	13.88%
Middlesex	0.08%	\$19,725,400	6.14%
Montgomery	25.67%	\$757,616,150	42.47%
Nelson	0.19%	\$22,114,740	6.13%
New Kent	0.94%	\$15,785,300	5.50%
Northampton	0.58%	\$31,114,700	16.49%
Northumberland	0.04%	\$15,658,100	3.93%
Nottoway			
Orange	0.55%	\$38,088,500	6.45%
Page	0.13%	\$52,059,200	11.17%
Patrick	3.29%	\$36,855,840	13.98%
Pittsylvania	0.24%	\$110,275,110	9.73%
Powhatan	7.24%	\$38,019,410	13.16%
Prince Edward	1.14%	\$79,373,620	27.81%
Prince George	0.05%	\$204,436,280	35.60%
Prince William	0.44%	\$586,927,800	13.57%
Pulaski	1.67%	\$135,416,220	20.50%
Rappahannock	0.07%	\$9,153,300	4.22%
Richmond	0.45%	\$19,619,140	14.44%
Roanoke	0.64%	\$148,363,720	9.04%
Rockbridge	1.78%	\$49,498,550	12.00%
Rockingham	0.10%	\$138,770,830	9.94%
Russell	0.20%	\$40,743,800	8.50%
Scott	0.57%	\$48,136,600	16.11%
Shenandoah	0.23%	\$89,634,200	11.44%
Smyth	5.05%	\$129,334,046	21.87%
Southampton	3.55%	\$47,178,100	9.06%
Spotsylvania	0.30%	\$82,062,650	7.32%
Stafford	0.32%	\$206,153,700	16.20%
Surry	1.99%	\$23,679,400	10.50%
Sussex	0.12%	\$18,996,840	7.03%
Tazewell			
Warren	0.24%	\$59,673,882	12.15%
Washington	0.52%	\$75,712,320	9.41%
Westmoreland	0.70%	\$30,837,080	8.06%
Wise	0.28%	\$183,688,971	21.72%
Wythe	0.37%	\$83,118,000	14.75%
York	0.65%	\$541,834,900	39.83%

Locality	State as Percent of Total	Total Exempt Property	Exempt as Percent of Total
Alexandria	0.56%	\$853,520,600	16.07%
Bedford	0.04%	\$45,598,320	27.92%
Bristol	0.44%	\$74,265,684	19.46%
Buena Vista	0.00%	\$16,351,350	17.23%
Charlottesville	5.36%	\$168,749,400	16.63%
Chesapeake	0.69%	\$475,420,800	16.80%
Clifton Forge	0.00%	\$12,338,319	16.87%
Colonial Heights	0.07%	\$36,245,100	10.38%
Covington	0.00%	\$20,923,630	14.06%
Danville	0.75%	\$110,701,200	17.99%
Emporia	.00%	\$22,611,810	19.66%
Fairfax	0.07%	\$68,644,000	7.77%
Falls Church	0.01%	\$57,400,600	10.34%
Franklin	0.08%	\$45,894,100	27.01%
Fredericksburg	10.43%	\$113,113,260	25.92%
Galax	0.00%	\$21,791,860	15.81%
Hampton	1.30%	\$1,391,668,400	41.18%
Harrisonburg	15.34%	\$232,919,500	28.83%
Hopewell	0.14%	\$60,427,300	13.73%
Lexington	18.38%	\$107,485,690	50.30%
Lynchburg	0.68%	\$344,098,123	22.16%
Manassas	0.01%	\$79,551,600	12.42%
Manassas Park	0.00%	\$15,405,050	14.09%
Martinsville	0.24%	\$79,408,150	19.55%
Newport News	1.63%	\$653,871,874	18.27%
Norfolk	2.98%	\$3,579,128,790	49.91%
Norton	0.09%	\$35,673,200	33.84%
Petersburg			
Poquoson	0.01%	\$13,773,500	5.97%
Portsmouth	0.44%	\$2,135,352,690	58.43%
Radford	0.01%	\$105,119,940	39.57%
Richmond	7.26%	\$1,108,483,060	21.02%
Roanoke	0.41%	\$255,069,420	13.99%
Salem	0.38%	\$109,076,000	20.27%
South Boston	0.03%	\$22,797,130	17.23%
Staunton	5.24%	\$151,498,540	27.80%
Suffolk	1.52%	\$252,218,080	22.16%
Virginia Beach	0.71%	\$1,830,087,010	19.33%
Waynesboro	0.03%	\$53,651,750	13.32%
Williamsburg	22.19%	\$159,555,500	34.69%
Winchester	0.16%	\$115,755,500	18.92%
	1.71%	\$27,804,050,018	17.79%

Table 4 provides a listing of the 20 localities in Virginia in terms of the largest percentages of all exempt property. The City of Portsmouth leads the list with 58.43% of its property being exempt. This means that less than 42% of the value of all property in Portsmouth is taxable. Lexington also has over 50% of its property as exempt. The next three localities with the largest percentages of exempt property are Norfolk with 49.91%, Montgomery County with 42.47%, and Hampton with 41.18%.

The joint subcommittee wishes to observe that it is not only state and federal property which makes a significant impact on the ability of localities to generate property tax revenue but that there are also significant amounts of religious, benevolent, educational, and charitable property which adds to the problem of impairing a locality's ability to generate property tax revenue.

TABLE 3

LOCALITIES WITH LARGEST PERCENTAGES  
OF STATE-OWNED PROPERTY, TOP 20, 1983

<u>RANK</u>	<u>LOCALITY</u>	<u>PERCENTAGE</u>
1	Montgomery	25.67%
2	Williamsburg	22.19%
3	Lexington	18.38%
4	Harrisonburg	15.34%
5	Dinwiddie	12.16%
6	Albemarle	11.22%
7	Fredericksburg	10.43%
8	Brunswick	7.56%
9	Richmond City	7.26%
10	Powhatan	7.24%
11	Buckingham	6.65%
12	Amherst	5.98%
13	Charlottesville	5.36%
14	Staunton	5.24%
15	James City	5.09%
16	Smyth	5.05%
17	Mecklenburg	4.29%
18	Bland	4.06%
19	Southampton	3.55%
20	Goochland	3.53%

\*Revised October 10, 1984

TABLE 4  
 LOCALITIES WITH LARGEST PERCENTAGES  
 OF EXEMPT PROPERTY, TOP 20, 1983

<u>RANK</u>	<u>LOCALITY</u>	<u>PERCENTAGE</u>
1	Portsmouth	58.43%
2	Lexington	50.30%
3	Norfolk	49.91%
4	Montgomery	42.47%
5	Hampton	41.18%
6	Alleghany	40.65%
7	York	39.83%
8	Radford	39.57%
9	King George	37.30%
10	Prince George	35.60%
11	Williamsburg	34.69%
12	Norton	33.84%
13	Harrisonburg	28.83%
14	Bedford	27.92%
15	Prince Edward	27.81%
16	Staunton	27.80%
17	Franklin	27.01%
18	Fredericksburg	25.92%
19	Accomack	25.00%
20	Dinwiddie	23.18%

TABLE 5  
 LOCALITIES WITH THE LARGEST AMOUNTS  
 OF STATE-OWNED PROPERTY, TOP 20, 1983

<u>RANK</u>	<u>LOCALITY</u>	<u>AMOUNT</u>
1	Montgomery	\$ 457,882,830
2	Richmond	382,624,000
3	Albemarle	258,101,400
4	Norfolk	213,636,430
5	Harrisonburg	123,916,400
6	Williamsburg	102,064,300
7	Fairfax County	88,706,185
8	Chesterfield	83,209,260
9	Virginia Beach	67,292,471
10	Newport News	58,262,100
11	Charlottesville	54,356,100
12	Dinwiddie	48,239,200
13	James City	47,909,700
14	Fredericksburg	45,504,850
15	Hampton	43,952,900
16	Lexington	39,280,400
17	Smyth	29,868,160
18	Alexandria	29,857,200
19	Brunswick	29,351,580
20	Staunton	28,580,070

\*Revised October 10, 1984



## **V. ALTERNATIVES**

The joint subcommittee has examined the concept of a service charge as well as the current statute allowing certain localities to impose a service charge if the value of state property exceeds 3% of all property in the locality.

The joint subcommittee examined 5 basic alternatives. Of course, there were various variations of each of these alternatives. The 5 basic alternatives are as follows:

1. Retain the current system with no changes.
2. Repeal the service charge statute so that no locality could impose a service charge.
3. Eliminate the current 3% threshold so that all localities could impose a service charge on state property. This alternative would provide that if a service charge was adopted it must be extended to all exempt property. Moreover, the costs of the services used to calculate the service charge must be apportioned over all taxable and nontaxable property. Finally, the local cost of the services must be reduced by any state aid received for the services.
4. Eliminate the current 3% threshold so that all localities could impose a service charge. Allow localities to impose the service charge on state owned property only. The costs of services used to calculate the service charge would be apportioned over all taxable and nontaxable property (except federal) and there would be no reduction for state aid received for these services. This alternative was proposed by the Virginia Municipal League.
5. Allow localities to impose a service charge equal to 1/2 of the service charge rate computed in alternative No. 3. The logic for this alternative is that real property taxes comprise approximately 1/2 of local revenues statewide, and therefore, the service charge in lieu of real property taxes should cover only 1/2 of expenditures.

## **VI. RECOMMENDATIONS**

The Joint Subcommittee has examined the current service charge statute and has found that it contains a great deal of merit. The current service charge statute allows those localities which are the most impacted by state-owned property to impose the service charge in order to have this property pay for a portion of the cost which it imposes. However, the joint subcommittee has examined a number of alternatives to the current service charge statute. The alternatives ranged from repealing the current service charge statute to making significant changes in the law to allow all localities to impose this service charge on state property, provided the locality imposes a service charge on all other exempt property. The subcommittee has found that the alternative to allow all localities to impose a service charge on state property would cost the Commonwealth approximately \$10 million per year.

There are a number of complex issues involved with revising the current service charge law which include the following:

- exactly which services should be included in the calculation of the service charge;
- how should the service charge calculation take into account the services which the Commonwealth provides localities but which may not be identified by a specific appropriation to the locality; and
- how should the service charge be structured where service charge services are provided jointly by counties and towns on a mutually shared basis.

The other issue which the subcommittee considered was how to balance the costs which state property clearly imposes as compared to the benefits which state property generates in terms of local employment, economic activity, needed services, and generating other taxable economic activity.

The subcommittee has examined the current statute and believes it to be sound and equitable. Some of the alternatives which have been considered by the subcommittee, including the proposal put forward by the Virginia Municipal League, show a great deal of merit but they are costly and complex. Moreover, it is difficult to quantify into a precise service charge

formula the many factors and variables that should properly be considered. In the subcommittee's judgment, the current service charge statute serves the Commonwealth well. Perhaps the service charge should be considered again by the General Assembly at some point as more data becomes available but at the current time, the joint subcommittee makes no recommendation for changes. The joint subcommittee does believe, however, that the Federal government should follow the Commonwealth's lead in the service charge area by adopting legislation which would provide a federal service charge on federal property where the impact of federal property is significant.

Respectfully submitted,

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William S. Moore, Jr., Chairman

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Madison R. Marye, Vice Chairman

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J. Paul Councill, Jr.

.....

C. Richard Cranwell

.....

Frederick H. Creekmore

.....

Benjamin J. Lambert III

.....

L. Cleaves Manning

.....

Howard P. Anderson

.....

John W. Russell

.....

Edward E. Willey

APPENDIX A

1993 VALUES

CITIES	EXEMPT FEDERAL - FMV	EXEMPT STATE - FMV	LOCAL FAIR MARKET VALUE	TOTAL OTHER TAX EXEMPT PROPERTY	TOTAL OF STATE AND LOCAL FMV	TOTAL OF STATE, LOCAL, FEDERAL & OTHER EXEMPT FMV	TOTAL OF STATE, LOCAL, FEDERAL & OTHER EXEMPT FMV	LAW ENFORCEMENT AND TRAFFIC CONTROL	FIRE AND RESCUE SERVICE	SANITATION AND WASTE REMOVAL	TOTAL SERVICE RELATED EXPENDITURES	STATE SHARE OF EXP. NOT INCL. FED. FMV	STATE SHARE OF EXP. INCL. FEDERAL FMV	STATE SHARE OF EXP. INCL. ALL TAX EXEMPT FMV	RATE PER \$100 OF VALUE NOT INCL. FED FMV	RATE PER \$100 OF VALUE INCL. FEDERAL FMV	RATE PER \$100 OF VALUE INCL. ALL TAX EXEMPT
ALEXANDRIA	100,640,500	29,857,200	4,383,228,600	722,002,900	4,413,085,800	4,313,746,300	5,235,749,200	11,815,087	7,742,845	2,834,933	22,412,845	151,637	148,255	127,811	.5079	.4965	.4281
BEAUFORT	683,300	61,800	116,304,200	44,853,220	116,368,000	117,051,300	161,904,320	466,933	17,746	131,042	555,723	295	293	212	.4776	.4748	.3432
BRISTOL	813,300	1,447,751	307,221,719	71,782,433	303,889,470	304,704,970	374,487,403	1,184,317	848,514	472,012	2,476,843	13,593	13,557	10,972	.8150	.8129	.6379
CHESAPEAKE	191,199,900	19,354,000	2,361,282,400	304,646,900	2,380,836,400	2,532,036,300	2,834,703,200	5,902,458	4,814,541	2,668,516	13,385,715	109,938	103,373	92,271	.5422	.5287	.4719
CLIFTON PARK	212,190	0	59,007,095	12,126,129	59,007,095	59,219,285	71,345,414	223,290	67,458	101,480	392,428	0	0	0	.6651	.6627	.5508
COLONIAL HEIGHTS	347,400	232,100	310,000,390	35,645,400	310,232,490	310,580,990	346,245,490	797,640	99,675	350,662	1,247,997	934	933	837	.4923	.4818	.3644
COVINGTON	864,290	0	53,838,290	19,174,060	53,838,290	54,644,580	73,818,640	428,338	273,705	222,773	924,818	0	0	0	1.7178	1.6924	1.2528
DANVILLE	18,683,470	4,428,480	498,174,580	95,515,050	502,795,060	513,280,730	608,873,780	2,581,723	2,043,133	1,056,006	5,680,862	52,205	51,138	43,109	1.1299	1.1068	.9350
EMPIRIA	323,210	400	92,334,800	22,288,000	92,335,400	92,658,610	114,946,610	349,473	79,181	166,558	815,212	5	5	4	.8929	.8798	.7092
FAIRFAX	1,153,700	600,400	791,197,600	66,889,900	791,798,000	792,951,700	859,841,600	2,815,840	1,451,848	941,456	5,409,144	4,102	4,096	3,777	.6831	.6822	.6291
FALLS CHURCH	0	44,100	469,072,380	57,357,100	469,116,480	469,116,480	524,473,580	1,274,429	437,292	342,791	2,054,512	193	193	172	.4380	.4380	.3902
FARMILIO	3,851,200	130,800	122,864,000	41,912,900	122,994,000	124,843,200	148,758,100	523,244	160,298	253,007	936,549	990	966	721	.7615	.7383	.5358
FREDERICKSBURG	2,322,000	45,504,850	281,496,427	65,284,410	327,001,277	329,323,277	394,609,687	1,002,366	440,390	429,492	1,872,648	260,394	258,757	215,946	.5727	.5686	.4746
GALAT	472,870	0	111,351,400	21,318,990	111,351,400	111,824,270	133,143,260	446,326	149,068	157,864	753,660	0	0	0	.6767	.6738	.5639
HANPTON	1,024,395,100	43,952,900	1,874,315,300	323,320,400	1,918,268,200	2,442,643,300	3,265,983,700	6,422,364	5,096,944	3,188,490	14,707,798	336,997	219,682	197,934	.7667	.4998	.4583
HARRISONBURG	4,229,700	123,916,400	349,722,935	102,773,400	493,639,335	499,869,035	602,642,435	832,254	433,940	431,216	1,497,410	426,094	420,784	349,024	.3439	.3384	.2817
HOPWELL	578,200	626,300	359,419,400	59,222,800	360,045,900	360,624,100	419,846,900	1,180,729	866,731	1,050,095	3,097,555	5,388	5,380	4,621	.9603	.9589	.7378
LEXINGTON	442,180	39,280,400	104,827,816	67,743,190	144,108,216	144,550,316	212,313,506	420,633	151,162	236,974	808,789	220,456	219,782	149,635	.5612	.5595	.3809
LYNCHBURG	7,163,300	10,402,550	1,144,853,940	324,332,273	1,157,456,490	1,164,619,790	1,490,952,063	4,654,709	4,198,881	1,062,388	9,915,978	50,832	90,274	70,515	.8567	.8514	.6651
NANASAS	1,644,100	36,300	532,070,100	77,869,200	532,106,400	533,752,500	611,421,700	945,815	234,369	415,136	1,395,320	109	108	95	.2998	.2989	.2408
NANASAS PARK	0	0	92,389,333	15,405,050	92,389,333	92,389,333	107,794,185	342,492	181,459	109,892	437,043	0	0	0	.6895	.6895	.5910
NORTHAMPTON	433,850	975,250	282,440,850	77,997,850	283,416,100	283,851,950	341,849,000	1,247,889	575,570	349,106	2,192,545	7,545	7,533	5,909	.7736	.7724	.6459
NEWPORT NEWS	191,899,000	30,282,100	2,444,737,943	403,719,774	2,723,020,045	2,914,910,045	3,318,629,819	7,177,218	5,885,466	6,322,807	19,383,631	414,735	387,433	340,300	.7118	.6458	.5841
NEWPORT	2,224,402,750	215,636,430	3,393,815,800	1,141,889,810	3,516,652,230	5,741,055,180	6,882,144,598	19,877,577	13,793,180	7,553,901	40,424,658	2,453,796	1,504,284	1,254,848	1.1495	.7041	.5874
NORTHON	330,200	90,100	70,523,600	35,252,900	70,613,700	70,943,900	106,194,800	292,882	34,850	127,361	455,093	581	578	386	.6445	.6415	.4785
PETERSBURG	0	0	553,864,100	0	553,864,100	553,864,100	553,864,100	2,418,342	2,216,454	866,451	5,301,247	0	0	0	.9932	.9932	.9932
POQUON	250,000	27,500	209,983,133	13,496,000	210,010,633	210,260,633	223,756,633	347,175	247,846	44,612	434,633	83	83	18	.3022	.3018	.2834
PORTSMOUTH	1,853,615,330	16,045,670	1,477,084,278	265,691,440	1,493,129,948	3,346,745,478	5,612,435,968	7,330,874	5,864,473	3,774,218	16,969,567	182,361	81,359	73,375	1.1765	.5079	.4698

FAIRHILL	1,155,700	607,600	791,197,600	66,867,900	711,784,000	790,321,700	809,841,000	2,015,840	1,651,848	941,456	5,467,144	4	4,076	3,777	.6631	.6922	.6251
FALLS CHURCH	0	44,100	469,072,500	57,357,100	469,116,480	469,116,480	526,473,580	7,778,479	437,292	342,791	2,054,512	193	193	172	.4380	.4380	.7902
FRANKLIN	3,851,200	130,000	122,844,000	41,912,900	122,994,000	124,845,200	148,758,100	523,244	140,298	253,007	934,549	990	940	721	.7615	.7383	.5550
FREDERICKSBURG	2,372,000	43,504,050	281,494,427	45,286,410	327,001,277	329,323,277	394,609,487	1,802,366	440,370	429,692	1,072,648	240,594	258,757	215,946	.5727	.5486	.4746
GALAZ	472,878	0	111,351,400	21,318,990	111,351,400	111,824,270	133,143,260	446,526	149,068	157,866	753,440	0	0	0	.6787	.6738	.5459
HAUGHTON	1,024,393,100	43,952,900	1,074,315,300	323,320,400	1,918,248,200	2,942,443,300	3,245,983,700	6,422,344	5,096,944	3,188,490	14,707,798	334,997	219,482	197,954	.7467	.6998	.4503
HARRISONBURG	4,229,700	123,916,400	349,722,935	102,773,400	493,639,335	499,869,035	602,642,435	832,254	433,940	431,216	1,697,410	426,094	426,784	349,024	.3439	.3396	.2817
HOPKINS	578,200	426,300	339,419,400	59,222,800	340,045,900	340,424,100	419,816,900	1,188,729	846,731	1,050,093	3,097,555	5,388	5,388	4,621	.8603	.8589	.7378
LEXINGTON	442,100	39,280,400	104,827,816	47,765,190	144,108,216	144,550,316	212,313,504	420,453	151,162	236,974	808,789	220,456	219,782	149,433	.5612	.5595	.3809
LYCHBURG	7,143,300	19,602,550	1,146,853,940	326,332,273	1,157,456,490	1,164,619,790	1,490,932,063	4,654,709	4,198,881	1,062,388	9,915,978	99,832	99,274	78,515	.8567	.8514	.6451
MANASSAS	1,646,100	36,300	532,070,100	77,849,200	532,106,400	533,752,500	611,621,700	945,813	234,349	415,136	1,395,320	109	108	93	.2998	.2989	.2488
MANASSAS PARK	0	0	92,389,335	13,405,050	92,389,335	92,389,335	107,794,385	342,492	184,459	109,892	637,843	0	0	0	.6895	.6895	.5910
MARTINSVILLE	433,850	973,250	282,440,850	77,997,050	283,416,100	283,851,950	341,849,000	1,247,889	573,570	349,186	2,192,565	7,345	7,533	5,909	.7736	.7724	.6959
MEPHISTO	191,890,000	58,262,100	2,464,757,945	463,719,774	2,723,020,043	2,914,910,043	3,318,629,819	7,177,210	5,863,694	6,322,867	19,383,431	414,733	387,433	340,300	.7118	.6630	.5843
MERRIFIELD	2,224,002,950	215,436,430	3,303,015,800	1,141,089,410	3,516,652,250	3,741,055,180	4,802,144,590	19,877,577	13,793,186	7,553,961	40,424,458	2,453,794	1,504,284	1,254,848	1.1495	.7041	.3874
MERTON	330,200	90,100	70,323,600	33,252,900	70,613,700	70,943,900	106,196,800	292,882	34,850	127,361	435,093	581	578	386	.6445	.6415	.4285
PETERSBURG			533,864,100	0	533,864,100	533,864,100	533,864,100	2,418,342	2,216,434	866,431	5,501,247	0	0	0	.9932	.9932	.9932
POWERSVILLE	250,000	27,500	209,983,135	13,496,000	210,010,635	210,260,635	223,756,433	342,175	247,846	44,612	634,633	83	83	78	.3022	.3018	.2836
PORTSMOUTH	1,853,613,530	16,845,678	1,477,084,278	265,691,490	1,493,129,948	3,346,745,878	3,612,436,968	7,330,876	5,844,473	3,774,218	16,969,567	182,361	81,359	73,373	1.1343	.3070	.4698
RAPHAEL	193,370	13,600	154,921,450	104,910,770	156,933,050	157,130,620	262,041,390	548,646	299,965	343,886	1,192,497	103	103	62	.7599	.7589	.4351
RICHMOND	26,339,400	382,624,000	3,943,721,840	699,519,660	4,328,345,840	4,354,485,240	5,054,204,900	17,899,785	14,192,422	7,821,428	41,904,833	3,704,379	3,681,964	3,172,368	.9481	.9423	.8291
ROANOKE	9,389,900	7,439,023	1,331,942,484	238,020,895	1,339,401,309	1,548,991,009	1,787,011,904	5,702,599	5,046,808	4,048,176	15,597,583	75,577	75,109	63,105	1.0132	1.0070	.8728
ROLFE	23,596,000	2,925,600	423,398,700	81,434,400	427,424,300	433,020,300	534,474,700	1,279,453	882,981	1,046,062	3,208,496	15,205	14,346	12,160	.7507	.7082	.6093
ROYAL BOURN	287,500	46,000	107,633,254	22,548,630	107,699,254	107,901,754	130,450,384	433,331	193,782	224,767	874,028	373	373	308	.8115	.8100	.6780
STANTON	246,980	28,388,878	354,007,290	122,671,490	382,387,360	382,834,340	505,505,830	1,523,299	346,762	561,723	2,433,986	181,824	181,707	137,612	.6342	.6338	.6013
SUFFOLK	38,438,300	17,269,400	863,480,050	196,290,180	880,749,450	919,407,950	1,115,698,130	1,869,116	1,309,579	1,324,133	4,502,828	88,290	84,577	69,697	.5112	.4898	.4036
VIENNA BEACH	1,187,694,874	67,292,471	6,918,589,307	578,841,384	6,985,881,778	8,173,575,852	8,752,417,236	16,049,700	8,224,304	7,004,594	31,274,598	301,257	257,482	240,453	.4477	.3824	.3873
WATERLOO	533,250	184,250	316,605,200	52,990,250	316,711,450	317,266,700	370,256,950	889,542	422,254	78,022	1,389,818	446	443	399	.4388	.4381	.3754
WILLIAMSBURG	234,800	192,644,300	283,974,480	97,236,400	384,038,700	384,293,300	443,529,900	739,488	559,164	216,993	1,515,445	400,720	400,433	348,777	.3926	.3924	.3417
WINCHESTER	1,474,800	1,600,900	374,756,696	113,078,200	373,757,196	377,433,996	490,512,196	1,343,556	457,155	351,993	2,152,784	5,732	5,704	4,391	.3729	.3704	.3389
TOTAL CITIES	4,888,861,634	1,272,362,497	39,136,182,418	4,861,815,939	40,428,744,915	47,317,406,549	54,179,422,488	133,778,644	94,793,272	60,043,615	288,615,351	9,828,561	8,333,597	7,281,812			
AGGREGATE TOTAL	11,079,499,234	2,479,339,440	123,364,158,985	14,056,649,737	126,062,718,425	137,137,808,659	150,737,436,914	243,122,500	166,015,871	96,840,784	503,939,155	12,143,590	10,737,213	9,307,208			

1983 VALUES

COUNTIES	EXEMPT FEDERAL - FMV	EXEMPT STATE - FMV	LOCAL FAIR MARKET VALUE	TOTAL OTHER TAX EXEMPT PROPERTY	TOTAL OF STATE AND LOCAL FMV	TOTAL OF STATE, LOCAL, AND FEDERAL FMV	TOTAL OF LOCAL, FEDERAL & OTHER EXEMPT FMV	LAW ENFORCEMENT AND TRAFFIC CONTROL	FIRE AND RESCUE SERVICE	SANITATION AND WASTE REMOVAL	TOTAL SERVICE RELATED EXPENDITURES	STATE SHARE OF EXP. NOT INCL. FED. FMV	STATE SHARE OF EXP. INCL. FEDERAL FMV	STATE SHARE OF EXP. INCL. ALL TAX EXEMPT FMV	RATE PER \$100 OF VALUE NOT INCL. FED. FMV	RATE PER \$100 OF VALUE INCL. FEDERAL FMV	RATE PER \$100 OF VALUE INCL. ALL TAX EXEMPT
ACCOMACK	155,743,560	6,352,500	633,230,340	50,503,700	639,581,040	795,314,340	843,850,040	247,735	309,921	399,197	950,853	9,523	7,659	7,201	.1499	.1206	.1134
ALBEMARLE	4,170,900	230,101,600	1,370,129,600	164,605,200	1,834,226,000	1,838,404,900	2,003,090,100	902,251	400,683	336,683	1,719,597	241,971	241,421	221,573	.0930	.0935	.0850
ALLEGHANY	83,977,420	225,070	190,596,543	43,672,990	190,851,613	202,029,033	320,521,123	450,101	37,419	204,621	700,221	090	631	544	.3521	.2476	.2151
AMELIA	79,900	2,014,700	234,650,500	12,472,970	230,673,200	230,755,100	231,224,150	141,926	25,077	90,257	204,040	2,229	2,220	2,117	.1106	.1106	.1051
APPOLO	15,773,000	25,006,951	326,966,499	46,830,502	351,973,450	367,747,250	414,505,752	503,169	69,579	101,905	676,733	47,930	45,002	40,690	.1917	.1033	.1627
APPOMATTOX	1,504,470	500,430	146,270,094	19,351,052	146,770,524	140,274,994	167,606,046	240,244	26,060	09,374	363,606	1,200	1,227	1,006	.2470	.2433	.2170
ARLINGTON	1,063,054,300	10,203,300	7,150,200,000	353,910,100	7,160,403,300	8,223,337,600	8,779,447,700	13,504,116	11,000,349	4,347,003	29,059,660	41,733	36,330	34,037	.4030	.3534	.3510
ARUNDEL			1,206,079,660	0	1,206,079,660	1,206,079,660	1,206,079,660	781,523	400,130	200,661	1,382,322	0	0	0	.1146	.1146	.1146
BATH	20,270,100	3,452,300	76,924,925	12,437,200	82,377,225	110,655,325	123,092,525	112,742	30,497	120,190	271,429	17,965	13,374	12,023	.3295	.2453	.2209
BEAUFORT	6,030,700	4,210,300	590,057,045	49,199,630	597,096,345	603,133,045	652,334,675	417,922	100,162	202,612	800,696	0,366	0,202	7,657	.1541	.1520	.1227
BLAND	10,601,700	4,116,042	80,163,040	5,924,304	84,279,002	94,000,702	100,805,006	72,566	0,190	121,337	202,073	9,069	0,766	0,251	.2398	.2130	.2005
BUTE	14,600,410	621,600	476,934,320	45,995,700	497,335,920	512,164,320	550,160,030	499,253	72,064	137,543	709,660	007	061	790	.1426	.1306	.1271
BURKHOOD	4,366,660	29,351,500	320,144,033	33,730,590	349,496,415	353,042,075	387,421,463	249,800	32,273	143,035	441,116	37,046	36,509	33,402	.1262	.1247	.1130
BUSKINGHAM	150,000	452,200	922,023,400	79,170,900	923,473,600	923,625,600	1,002,796,500	399,102	140,697	634,543	1,174,422	029	029	764	.1272	.1272	.1171
BUCKINGHAM	0	21,134,300	271,940,300	21,745,200	293,073,000	293,073,000	314,040,200	126,910	04,492	92,513	303,915	21,916	21,916	20,401	.1037	.1037	.0963
CAMPBELL	94,900	2,107,000	706,002,190	71,707,770	700,109,990	700,204,090	859,992,660	732,015	130,203	214,459	1,097,477	3,046	3,046	2,792	.1392	.1392	.1276
CAROLINE	74,705,300	1,090,000	360,563,340	21,294,400	362,474,140	437,179,440	450,303,040	299,337	112,105	160,110	571,052	2,903	2,473	2,359	.1570	.1500	.1200
CARROLL	1,771,560	7,767,250	390,173,215	39,335,310	406,102,665	407,914,025	447,209,333	330,030	154,707	36,490	522,035	10,241	10,196	9,299	.1205	.1200	.1167
CHARLES CITY	362,000	2,706,700	105,394,200	6,513,750	106,501,100	109,043,900	113,377,730	42,915	29,094	40,220	112,237	3,007	2,991	2,023	.1034	.1029	.0971
CHARLOTTE	300	159,200	205,700,220	21,000,390	205,939,420	205,939,720	227,740,110	177,523	25,797	113,135	316,507	245	245	221	.1537	.1537	.1390
CHESTERFIELD	43,544,000	03,209,260	3,366,297,100	223,621,020	3,449,306,360	3,495,053,160	3,720,674,900	6,037,250	4,333,717	045,251	11,210,210	270,607	267,000	259,004	.3252	.3210	.3015
CLARKE	794,200	3,016,100	343,263,220	31,004,000	347,079,320	347,073,320	370,957,520	263,036	26,765	17,616	300,217	3,309	3,301	3,104	.0900	.0906	.0813
CRAWFORD	21,504,600	131,950	09,327,270	6,301,600	09,459,220	111,043,020	117,425,220	04,042	2,690	23,004	111,424	164	132	125	.1246	.1003	.0909
CULPEPER	472,700	4,005,100	547,009,617	67,790,500	531,014,717	552,207,417	620,077,917	430,010	30,391	166,596	627,005	4,351	4,347	4,050	.1136	.1133	.1011
CUMBERLAND	117,660	2,390,330	02,670,660	4,010,700	03,261,210	03,304,670	09,397,370	121,963	13,346	50,147	107,456	5,713	5,705	5,449	.2190	.2193	.2097
DICKINSON	27,060,099	101,900	397,399,103	29,479,009	397,501,003	426,561,702	450,040,791	240,733	04,210	010,556	743,501	191	170	167	.1070	.1151	.1630
DINWIDDIE	7,716,000	40,239,200	333,012,213	33,972,600	401,251,413	400,960,213	444,940,013	430,260	144,032	357,504	940,596	113,000	110,947	101,977	.2344	.2300	.2114
ESSEX	07,500	377,000	230,071,710	20,790,200	230,240,710	230,346,210	260,144,490	96,700	46,612	119,706	262,026	414	414	301	.1099	.1090	.1010
FAYETTE	019,343,541	00,700,105	23,190,140,433	1,639,733,002	23,270,046,620	24,090,192,161	25,757,927,243	34,545,323	30,044,074	10,491,070	73,602,273	200,394	270,309	260,630	.3251	.3101	.2970
FARMINGHAM	43,000,700	16,757,420	1,213,179,920	01,204,300	1,220,937,760	1,223,029,060	1,366,732,740	603,144	46,700	220,200	070,256	15,747	10,000	10,000	.0796	.0740	.0717

FAMLIER	43,010,700	16,757,420	1,213,179,920	93,204,700	1,229,937,340	1,272,028,040	1,366,252,740	683,144	66,792	229,290	979,226	13,342	12,890	12,911	.0796	.0769	.0717
F. STB	637,300	906,500	176,027,010	13,633,700	176,933,510	177,570,810	191,224,510	148,623	85,877	117,267	331,767	1,802	1,796	1,668	.1988	.1981	.1840
FLORHAM	0	1,032,000	304,240,443	26,193,000	305,292,443	305,292,443	331,485,443	209,710	65,493	27,476	302,009	1,024	1,024	943	.0992	.0992	.0910
FRANKLIN	672,900	310,700	473,493,743	48,607,800	474,042,443	474,715,143	523,323,143	667,854	187,403	205,247	1,040,504	1,228	1,226	1,112	.2237	.2234	.2026
FRENCHICK			876,577,597	0	876,577,597	876,577,597	876,577,597	633,695	101,528	341,761	1,096,984	0	0	0	.1251	.1251	.1251
GILES			248,425,500	0	248,425,500	248,425,500	248,425,500	418,353	144,345	146,824	729,322	0	0	0	.2937	.2937	.2937
GLoucester	0,000	8,233,990	394,767,160	40,332,420	603,083,060	603,011,060	643,543,480	491,247	141,532	279,482	913,261	12,501	12,501	11,717	.1318	.1318	.1423
GREENLAND	0	11,761,900	310,162,836	18,291,230	321,923,936	321,923,936	340,213,166	291,199	214,250	101,901	607,330	22,190	22,190	20,997	.1887	.1887	.1785
GRAND	23,233,600	2,517,100	269,770,900	23,089,600	272,208,000	293,521,600	319,411,000	390,890	136,617	188,460	715,967	6,619	6,098	5,642	.2629	.2423	.2242
GRINE	3,000	339,600	199,730,310	13,488,600	200,089,910	200,092,910	213,781,510	146,649	32,490	22,078	201,217	362	362	338	.1066	.1066	.0941
GREENVILLE	0	141,170	152,096,356	8,877,800	152,237,526	152,237,526	161,115,326	210,054	78,948	224,817	513,819	476	476	450	.3375	.3373	.3189
HOLDFAM	6,687,600	3,796,300	485,533,100	52,706,200	489,349,400	496,036,800	548,743,000	319,814	133,436	274,314	926,964	7,191	7,094	6,413	.1894	.1869	.1689
HANOVER	1,283,700	6,822,800	1,201,938,920	71,698,100	1,209,761,720	1,210,047,420	1,281,633,320	1,692,953	376,114	528,305	2,607,372	14,717	14,702	13,880	.2157	.2153	.2034
HEATCO	4,394,600	16,391,410	3,081,380,235	404,366,650	3,097,771,645	3,092,166,265	4,306,332,915	12,166,211	6,600,175	1,609,452	20,373,838	85,679	85,382	77,546	.5227	.5221	.4731
HENRY	17,737,210	2,209,940	879,181,370	87,305,910	881,391,310	899,118,720	986,424,620	1,287,300	136,014	639,342	2,002,636	5,021	4,922	4,487	.2272	.2272	.2030
HIGHLAND	14,400,900	3,783,400	124,286,180	6,789,600	127,989,500	142,399,400	149,140,000	87,080	7,384	39,002	133,873	3,074	3,482	3,324	.1644	.0940	.0898
TOWNSHIP OF HIGHT			581,314,744	0	581,314,744	581,314,744	581,314,744	237,273	116,932	163,374	519,399	0	0	0	.0894	.0894	.0894
JAMES CITY	18,181,700	47,489,700	794,763,640	63,300,000	842,173,340	860,273,040	923,373,040	638,094	1,209,117	410,188	2,277,399	128,205	123,307	116,965	.2104	.2047	.2466
KING GEORGE	82,860,300	3,075,640	186,636,460	12,313,280	189,731,920	272,592,420	284,905,700	218,709	55,684	72,389	346,982	3,624	3,915	3,746	.1829	.1273	.1218
KING & QUEEN	0	302,050	119,048,390	8,100,160	119,351,440	119,351,440	127,451,600	37,804	-5,203	23,101	68,100	173	173	162	.0571	.0571	.0534
KING WILLIAM	1,668,800	202,200	261,177,800	12,836,700	261,380,000	263,048,900	275,905,300	289,182	21,232	83,219	393,633	305	303	288	.1506	.1496	.1427
LANCASTER	0	34,500	276,390,160	19,535,100	276,644,660	276,644,660	294,199,760	137,292	45,530	104,238	287,080	37	37	33	.1038	.1038	.0959
LEE	336,730	18,999,143	360,232,142	33,956,601	379,251,287	379,808,017	413,764,618	117,542	72,577	237,161	427,280	21,405	21,374	19,325	.1127	.1125	.1028
LONDON	161,094,660	7,616,270	2,349,941,660	204,398,320	2,337,337,930	2,318,632,390	2,723,050,910	1,683,075	958,050	228,339	2,869,464	9,270	8,677	8,026	.1217	.1139	.1054
LONDON	0	684,400	378,946,250	12,904,380	379,630,630	379,630,630	392,335,030	392,924	119,977	221,700	734,601	1,324	1,324	1,281	.1933	.1933	.1871
LINCOLN	0	304,900	269,239,400	19,330,300	269,564,300	269,564,300	288,894,600	131,767	31,313	149,271	332,331	376	376	331	.1233	.1233	.1130
NOBIS	9,718,800	2,481,900	333,642,630	29,711,300	338,044,330	347,763,330	377,474,630	192,291	14,899	15,662	222,832	1,583	1,339	1,418	.0639	.0641	.0590
PATHEN	319,200	285,600	234,849,390	12,308,900	233,134,970	233,634,190	247,963,090	141,377	25,341	82,008	248,926	278	278	265	.0976	.0974	.0929
PECKLESDUNE	287,600	17,087,900	138,712,000	37,963,600	333,799,900	336,087,300	394,051,100	495,878	74,120	189,622	739,620	36,482	36,433	32,941	.2133	.2133	.1928
PIEDMONT	0	263,900	227,893,730	19,461,300	228,137,638	228,137,638	247,619,138	185,832	36,676	204,721	366,429	424	424	391	.1606	.1606	.1608
MONTGOMERY	134,231,470	637,982,830	789,932,370	143,481,050	1,247,833,400	1,402,086,870	1,347,368,720	631,371	188,080	343,137	1,183,348	634,293	384,314	330,179	.0948	.0844	.0763
NELSON	5,633,370	699,900	337,729,102	13,779,270	338,429,092	344,064,372	379,842,842	218,982	39,218	138,811	417,011	814	802	768	.1163	.1163	.1098
NEW KENT	0	2,490,000	271,873,143	13,015,300	274,363,143	274,363,143	287,660,443	138,049	46,063	144,738	348,870	3,418	3,418	3,262	.1271	.1271	.1213
NORTHAMPTON	6,416,600	1,085,200	136,118,430	23,613,100	137,203,630	163,620,030	187,233,130	204,817	39,125	170,421	408,363	2,820	2,710	2,348	.2399	.2497	.2182
NORTHAMPTON	0	164,610	373,733,944	13,493,490	373,917,634	373,917,634	391,411,144	246,639	63,402	130,169	440,229	193	193	185	.1171	.1171	.1173

NORTHAMPTON	0	164,610	175,751,044	15,495,490	375,917,654	375,917,654	391,411,144	246,650	63,402	150,169	440,229	193	193	105	.1171	.1171	.1125
WATFORD			261,430,190	0	261,430,190	261,430,190	261,430,190	176,410	44,785	133,417	354,612	0	0	0	.1336	.1336	.1336
DRAME	1,155,500	3,226,800	545,803,030	33,706,200	549,029,030	550,195,130	583,891,530	265,215	110,154	121,322	496,689	2,919	2,913	2,743	.0905	.0903	.0851
PADE	18,969,800	603,000	348,740,645	32,486,460	349,347,665	368,313,465	400,799,865	167,326	65,666	119,194	332,186	573	544	500	.0951	.0902	.0829
PATRICK	0	8,663,300	224,521,240	28,192,460	233,184,620	233,184,620	261,377,080	202,367	41,087	35,080	278,542	10,349	10,349	9,232	.1195	.1195	.1066
PITTSYLVANIA			1,090,431,925	0	1,090,431,925	1,090,431,925	1,090,431,925	743,866	181,587	398,850	1,324,303	0	0	0	.1214	.1214	.1214
POUNTA	0	20,931,290	283,610,095	17,088,120	304,541,365	304,541,385	321,629,505	142,845	120,307	63,175	326,327	22,429	22,429	21,237	.1072	.1072	.1013
PRINCE EDWARD	196,000	3,262,900	205,483,110	75,914,720	208,746,090	208,942,090	284,856,810	258,169	107,495	125,988	491,652	7,685	7,678	5,632	.2333	.2333	.1726
PRINCE GEORGE	171,143,000	394,100	356,116,200	32,987,180	356,420,300	327,565,300	360,552,480	750,190	80,542	50,273	881,095	752	508	478	.2472	.1670	.1572
PRINCE WILLIAM	219,673,300	18,899,600	3,676,954,600	348,334,900	3,695,854,200	3,915,527,500	4,263,882,400	7,393,744	4,844,667	800,072	13,118,903	67,084	63,321	58,148	.3330	.3330	.3077
PLUMER	42,906,800	11,623,460	316,372,840	81,486,760	327,596,300	370,502,300	631,989,040	709,446	136,399	298,572	1,164,417	24,329	22,699	19,687	.2207	.2041	.1786
RAFFAEL	0	143,130	247,468,254	9,010,200	247,611,354	247,611,354	256,621,554	100,227	3,488	34,212	166,127	93	93	89	.0647	.0647	.0624
RICHMOND	25,346	605,940	112,953,500	18,987,860	113,561,440	113,586,780	132,574,640	156,607	42,289	86,123	285,019	1,321	1,320	1,303	.2510	.2509	.2130
ROANOK	4,363,800	10,507,490	1,466,363,180	133,292,320	1,476,870,580	1,481,434,380	1,614,726,900	2,161,984	653,296	66,812	2,864,092	20,377	20,314	18,637	.1939	.1933	.1776
ROCKBRIDGE	19,644,100	7,328,100	359,868,820	22,526,350	367,196,920	386,841,020	409,367,370	292,028	347,677	362,444	1,402,349	20,004	18,988	17,943	.2730	.2591	.2449
ROCKINGHAM	20,604,100	1,329,710	1,417,892,380	116,827,520	1,419,222,390	1,439,826,190	1,556,663,210	362,407	345,567	173,836	1,081,810	1,014	999	924	.0762	.0751	.0695
RUSSELL	0	939,690	416,945,851	39,265,490	416,984,251	416,984,251	456,789,651	271,843	111,370	350,985	734,398	1,633	1,633	1,509	.1761	.1761	.1600
SCOTT	10,385,400	1,695,300	247,684,070	36,055,700	249,779,370	259,164,970	293,220,670	366,443	70,122	206,848	643,433	4,385	4,209	3,695	.2586	.2483	.2179
SHEMPOAN	27,834,800	1,798,100	683,270,500	60,001,300	683,068,600	712,903,400	772,994,700	417,977	90,183	240,310	748,310	1,944	1,880	1,741	.1092	.1050	.0948
SHYEM	22,781,670	29,848,150	439,629,468	76,684,216	489,497,628	512,279,298	588,963,314	456,121	64,478	361,103	881,702	53,800	51,407	44,714	.1801	.1721	.1497
SOUTHAMPTON	81,800	18,335,400	472,396,400	28,592,900	490,991,800	490,993,600	519,576,500	389,767	114,036	198,840	702,663	26,488	26,484	25,026	.1431	.1431	.1332
SPOTSYLVANIA	11,637,700	3,249,200	1,001,462,580	67,083,450	1,004,811,880	1,016,449,380	1,083,333,230	637,066	368,296	391,063	1,376,427	4,633	4,601	4,316	.1390	.1374	.1289
STAFFORD	108,949,400	4,050,400	855,234,210	93,153,900	939,384,610	968,334,910	1,061,487,910	928,563	752,267	416,101	2,896,931	9,883	8,771	8,001	.2466	.2166	.1973
SURRY	78,000	4,483,130	201,582,966	19,116,200	206,068,066	206,146,040	228,262,340	34,068	86,016	86,527	286,611	4,497	4,493	4,114	.1003	.1002	.0917
SUSSEX	0	324,750	233,296,648	18,562,050	253,631,398	253,631,398	272,293,488	380,321	32,087	288,524	701,132	923	923	842	.2764	.2764	.2373
TAZEWELL			716,613,179	0	716,613,179	716,613,179	716,613,179	486,184	202,626	484,454	1,173,264	0	0	0	.1637	.1637	.1637
WARREN	14,289,500	1,151,000	429,203,358	44,192,382	430,293,358	444,684,858	488,977,240	415,797	54,150	177,891	647,838	1,794	1,737	1,580	.1505	.1457	.1323
WASHINGTON	8,434,490	4,158,600	845,497,420	63,119,230	849,636,920	858,090,510	921,209,740	484,998	262,434	273,197	1,020,849	4,996	4,947	4,608	.1291	.1190	.1100
WESTMORELAND	1,844,840	2,463,600	179,172,344	26,308,640	181,836,144	183,700,984	210,069,624	394,614	72,938	152,452	628,004	9,082	8,990	7,864	.3410	.3373	.2932
WISE	25,729,180	2,385,380	645,390,899	117,922,010	647,776,479	673,505,379	791,427,589	81,836	180,279	741,491	923,606	3,401	3,271	2,784	.1426	.1371	.1167
WYTHE	30,854,700	2,085,700	307,482,696	50,177,600	309,568,396	340,423,096	390,600,696	133,746	91,056	262,721	487,523	3,285	2,987	2,603	.1573	.1432	.1248
YORK	482,944,900	8,884,100	604,143,584	50,045,900	613,027,484	1,093,972,584	1,146,018,484	732,047	1,039,334	546,188	2,317,589	33,387	18,787	17,966	.3781	.2113	.2022
TOTAL COUNTIES	4,186,228,400	1,425,996,943	84,207,974,567	7,194,833,818	85,633,973,310	89,820,202,110	96,338,214,428	109,543,836	71,222,399	36,797,169	217,363,604	2,315,029	2,201,616	2,025,393			

APPENDIX B

Service Charge Subcommittee Alternative

Allow localities to impose a service charge on all tax exempt property to cover such property's proportionate share of police, fire and sanitation expenses. The local service charge rate would essentially be calculated by dividing local expenditures for police, fire and sanitation (minus any state aid received for these purposes) by the fair market value of all local property (taxable and nontaxable). The alternative would provide that if a locality chooses to impose a service charge it must impose the service charge on all exempt property. The current 3% threshold would be eliminated. The service charge rate would be calculated as follows:

- (1) 
$$\frac{\text{POLICE/FIRE/SANITATION EXPENSES}}{\text{TOTAL VALUE OF ALL TAXABLE AND NONTAXABLE PROPERTY}} = \text{LOCAL SERVICE CHARGE RATE}$$
- (2) 
$$\text{LOCAL SERVICE CHARGE RATE} \times \text{VALUE OF EXEMPT ENTITY} = \text{LOCAL SERVICE CHARGE}$$

Calculation of Portsmouth Service Charge on State Property only:

- (1) 
$$\frac{\$ 16,969,567 \text{ (Column 11)}}{\$ 3,612,436,968 \text{ (Column 7)}} = 46.97¢/\$100 \text{ of value}$$
- (2) Portsmouth Service Charge on State Property = 46.97¢ X \$16,045,670 (Column 2)  
 = \$ 75,375 (Column 14)