REPORT OF THE
JOINT LEGISLATIVE AUDIT
AND REVIEW COMMISSION

Local Taxation of Public Service Corporation Property

TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA

SENATE DOCUMENT NO. 8

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Preface

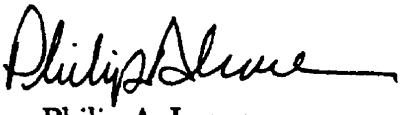
Senate Joint Resolution 309 of the 1993 General Assembly Session requested the Joint Legislative Audit and Review Commission (JLARC) to examine local property taxation of public service corporations (PSCs). This report reviews the current policy of local PSC property taxation. Specifically, the report examines the effect of local property tax rates on PSC utility rates, the relationship between local property tax rates and the value of PSC property, and alternative methods of taxing PSC property.

Concerns have been raised that PSCs site their major facilities in localities with low tax rates in order to increase profits. In addition, the argument has been made that citizens from more populous localities are in effect subsidizing the low tax rates of localities with a large PSC presence. However, analysis of the rate setting process showed that the location of PSCs has little direct impact on profits. Further, PSCs typically site their facilities based on criteria other than local tax rates, such as environmental conditions and proximity to their customer base.

Staff research also indicates that while "high PSC presence" localities enjoy an economic advantage, there is generally not a pattern of low tax effort substantially different from the taxation practices of similar localities. In fact, localities with the heaviest reliance on PSC revenues appear to use this economic advantage more to increase levels of service rather than simply to lower their tax rates.

As part of this review, JLARC staff identified the potential effects on localities of using different methods of taxing PSC property. This analysis showed that a change to the current taxing method would have an adverse impact on a few localities while only marginally increasing revenues in most localities. In addition, a change to the current process would likely require a constitutional amendment. Based on the analyses, no change to the method of taxing PSC property is recommended.

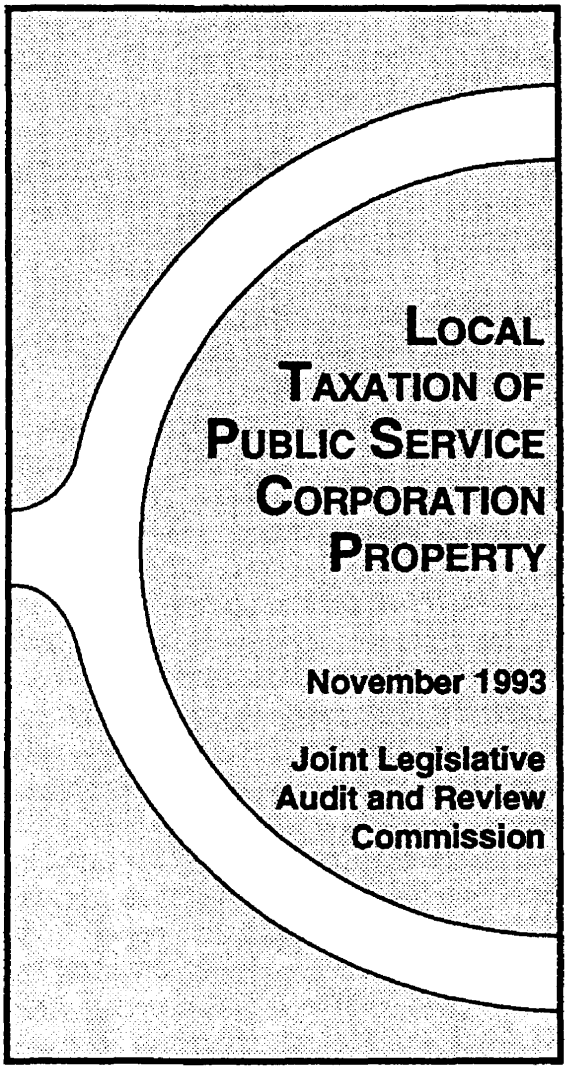
On behalf of the JLARC staff, I would like to thank the State Corporation Commission, Department of Taxation, and public service corporations across the State for their cooperation and assistance during this study.



Philip A. Leone
Director

November 30, 1993

JLARC Report Summary



Public service corporations, as defined in the *Code of Virginia*, include gas, heat, power, pipeline, electric light, water supply, telephone and telegraph, railroad, and certificated motor vehicle carrier companies. The *Constitution of Virginia* reserves real and personal property, including all PSC property except rolling stock, for local taxation only. Accordingly, local governments levy property taxes on PSC property located within their jurisdictions and collect the resulting revenues.

Senate Joint Resolution 309, passed by the 1993 Session of the Virginia General Assembly, directed the Joint Legislative Audit and Review Commission (JLARC) to study the taxation of PSC property in Virginia. The resolution instructed JLARC to examine: (1) the range of local property tax rates on PSCs across localities, (2) the effect of local property tax rates on PSC utility rates, (3) the relationship between local property tax rates and the value of PSC property, (4) alternative methods of PSC taxation, and (5) the effects of modifying the methods of taxing PSCs and distributing those revenues.

This report reviews the current policy of taxing PSC property, specifically addressing the five issues identified in the study resolution. The report examines the processes by which PSC facilities are sited and rates are set, discussing in particular the impact of local property tax rates on these processes. The report also analyzes the impact of two alternative PSC property tax allocation methods on Virginia's localities. From these analyses, JLARC staff have concluded that a change to the current process of taxing PSC property is not warranted at this time.

Site-Based Taxation of PSC Property

In Virginia, PSC property is assessed by the State but taxed locally. Two State agencies are responsible for annually assessing PSC property. The Department of Taxation (TAX) appraises the property of railroads and interstate pipeline transmission companies. The State Corporation Commission (SCC) appraises all other PSCs' property.

To appraise PSC property, the SCC and TAX utilize the inventory and summation method, which values specific catego-

ries of a PSC's property — such as buildings, land and improvements, overhead lines, and meters — within each locality. These valuations are then summed to form the tax base of the PSC within a particular tax jurisdiction. Consequently, the taxable values of PSC property are determined on a 100 percent "situs" basis.

To some, the current site-based policy benefits particular localities at the expense of others. Specifically, concern has centered on some rural localities that generate a substantial portion of their total local revenue through PSC property tax revenues. Since a significant amount of PSC operating revenue is derived from services rendered outside the jurisdiction where the property is located, citizens of localities with large populations likely provide a significant proportion of the revenue used to pay the property tax levies in other localities. The issue then can be articulated as one of highly populated localities "subsidizing" a perceived lower tax burden for residents of localities with a significant presence of PSC property. Concerns have also been raised that PSCs specifically locate their major facilities in low tax localities in order to increase their profits. JLARC staff found these concerns to be largely unwarranted.

Local Tax Rates Have Limited Influence on Siting of PSC Facilities

A review of the regulatory processes PSCs must follow revealed that local governments and their tax rates have relatively little influence on where PSCs locate their facilities. Other factors — such as the presence of water, the need to locate in either a sparsely or heavily populated area (depending on the type of facility), the cost and availability of land, and the willingness of local citizens to have a facility in their area — typically outweigh a utility's interest in siting a plant in a jurisdiction with low property tax rates. Furthermore, the rate-setting process allows PSCs to recover 100 percent of federal, State, and local taxes imposed on them, and therefore does not directly impact the level of profit authorized for each PSC. As such, PSC property is located in localities with relatively high tax rates as well as localities with relatively low rates. The taxes paid, however, do directly impact the rates charged to customers. Thus, it is likely that utilities situated in high-tax localities are allowed to charge their customers higher rates than if the utilities were located in low-tax localities.

Presence of PSC Property Does Not Have Major Impact on Local Tax Effort

JLARC staff examined in detail the taxation practices of localities with a significant reliance on PSC revenues. The results indicate that while these localities enjoy an economic advantage, there is generally not a pattern of low tax effort significantly different from the taxation practices of similar localities. In other words, factors other than reliance on PSC property tax revenues appear to explain why some localities have lower property tax rates than other localities. Further, localities with a heavy reliance on PSC property tax revenues are not alone in benefiting from a unique revenue source. Other localities in Virginia also benefit from similar locality-unique resources, such as historic sites, coal, and the seashore. The results of this analysis, therefore, indicate that localities with a heavy reliance on PSC property tax revenues are not maintaining inappropriately low tax rates.

Usage-Based Proposals Have a Substantial Negative Fiscal Impact on Bath, Louisa, and Surry Counties and a Marginal Effect on Most Other Localities

A survey of other states' methods of taxing PSC property revealed that in most states, as in Virginia, PSC property tax revenue is distributed based on the location of

PSC property. A few states, however, do distribute PSC property tax revenue based on measures or proxies of usage of utility services.

To illustrate the impact in Virginia of usage-based distribution of PSC property tax revenues, JLARC staff constructed two alternative methods of taxing PSC property. These approaches "collect" local PSC property tax revenues into a special fund and distribute those revenues across localities based on population. Population is used as a proxy for usage of PSC services. Analysis indicates that these usage-based alternatives would have a substantial negative fiscal impact on Bath, Louisa, and Surry Counties. In contrast, most local governments would experience marginal gains in their local revenue.

As a result of the changes in revenue received by each locality, State aid formulas that take into consideration local ability to pay would also be affected. JLARC staff estimated the impact of the alternative methods on the largest State aid program — funding for the educational Standards of Quality. In general, Louisa and Surry Counties would receive significant increases in State aid for primary and secondary education, while most other localities would receive marginal decreases in educational aid. Other State aid programs, such as for cooperative health departments, would also be affected by the alternative distribution methods.

Aside from the loss or gain of local PSC property tax revenue and State aid, the usage-based methods would have a number of unintended consequences, such as:

- reducing local funding for education provided by some localities,
- potentially jeopardizing the ability of some localities to service their debt,
- increasing utility rates for some PSC customers, and
- making it more difficult to site a PSC facility in a locality, since there would be little revenue incentive to do so.

The Current Policy Should Not Be Changed

The property tax is local governments' primary source of revenue and is constitutionally guaranteed to local governments. As such, it is likely that implementation of the alternative approaches would require a constitutional amendment. Such a change to one of the basic tenets of Virginia tax policy does not appear appropriate, given the negative effect it would have on a few localities and the marginal positive effect it would have on most localities. This review, therefore, has led to the conclusion that a change to Virginia's method of taxing PSC property is not warranted at this time.

Recommendation. *The current policy of local taxation of public service corporation property should not be changed at this time.*

Table of Contents

Chapter I: Introduction

The *Virginia Constitution* provides local governments with sole authority to impose property taxes. This authority includes the power to impose property taxes on public service corporations (PSCs). The *Code of Virginia* classifies PSCs as gas, heat, power, pipeline, electric light, water supply, and telephone and telegraph companies. Also, railroads and certificated motor vehicle carriers are considered PSCs. In effect, most of these industries have been granted a franchise by the State and operate as monopolies. Yet, the State, and more particularly the State Corporation Commission (SCC), maintain substantial power to regulate the rates and services of most PSCs.

Senate Joint Resolution 309 (Appendix A) requested the Joint Legislative Audit and Review Commission (JLARC) to examine the policy of local taxation of PSC property. This study originated from concerns that some rural localities generate a substantial portion of their total local revenue through PSC property tax revenues. Since a significant amount of PSC operating revenue is derived from services rendered outside the jurisdiction where the property is located, residents of localities with large populations likely provide a significant proportion of the revenue used to pay the property tax levies in other localities. The issue then becomes one of whether higher tax localities are "subsidizing" a lower tax burden or higher level of services for residents of localities with a significant presence of PSC property. Some of the questions addressed in this study, which arise from these concerns, include:

- Would local government action to lower property tax rates induce a PSC to site its facility(s) in that locality?
- Do PSCs specifically site their major facilities in low tax localities to increase their profits?
- Do local governments with PSCs serving multiple jurisdictions use PSC revenues to maintain unreasonably low tax rates?

In response to these concerns, JLARC staff examined the siting of PSC facilities, the rate setting process, and local taxing effort. JLARC staff also examined alternative methods of taxing PSC property and distributing the subsequent revenues across localities based in part on usage rather than solely on a site basis. The effects and implications of such an approach were also explored. Findings from these analyses are addressed in subsequent chapters of the report.

PROPERTY ASSESSMENT AND TAXATION

In 1992, 279 individual companies classified as PSCs conducted business in Virginia. While local governments collect a significant amount of property tax revenue from these companies, PSCs are also subject to additional State and local taxation. In

part reflective of the value of these companies and the regulatory atmosphere in which they operate, the State is responsible for determining the value of their property against which the local governments then levy property taxes. This process is the result of refining the numerous past PSC property tax practices.

PSCs In Virginia

PSCs include electric, telecommunications, water supply, gas and pipeline distribution, pipeline transmission, railroad, and certificated motor vehicle carrier companies. In tax year 1992, there were 279 individual PSCs operating in Virginia. The telecommunications industry had the most individual companies with 95. Pipeline transmission, with seven individual companies, had the fewest. Given the capital-intensive nature of some of the industries, the property value for local taxation purposes is substantial. In tax year 1992, the assessed value of PSCs statewide exceeded $20 billion (Table 1).

Table 1

Number of PSCs and Assessed Values, Tax Year 1992

PSC Type	Quantity	Assessed Value
Electric Power	22	$11,947,166,991
Telecommunications	95	6,008,806,813
Railroad	16	1,039,406,904*
Gas and Pipeline Distribution	8	758,512,591
Pipeline Transmission	7	383,687,952
Water Supply	93	96,825,749
Certificated Carrier	38	75,385,157*
Totals	279	$20,309,792,157*

*Does not include value of rolling stock.

Source: State Corporation Commission and Department of Taxation.

The value of PSC property is dependent upon many factors. Localities that have a significant number of residents generally have a higher total value of PSC property. For example, the taxable value of electric meters in Fairfax County ($19 million) is greater than the total taxable value of all PSC property in Rappahannock County. Localities may also have a significant PSC presence due to particular natural resources or local demographic characteristics. For example, Virginia Power located a nuclear-powered electric generating facility in Surry County. This location was selected because of its rural nature and its proximity to the James River. The James River moves around a natural point in the land, allowing the plant to use the water on one side of the point as a coolant and discharging the subsequent warm water on the other side of the point.

State Taxation of PSCs

Generally, PSCs are taxed differently from all other corporations in Virginia. PSCs have typically been subject to a State franchise tax based on the company's total gross receipts. This tax is in lieu of a corporate income tax. However, recent changes in the State's tax laws have required railroads and telephone companies to be subject to the corporate income tax. In addition to these taxes, a regulatory fee is also assessed on PSCs. Finally, the rolling stock of railroads and certificated motor vehicle carriers is subject to State taxation.

Gross Receipts Tax. The gross receipts tax, also known as the license tax, is often described as a tax imposed for the franchise privilege a PSC has received from the State to provide a particular service. According to the *Code of Virginia*, the gross receipts tax rate on companies providing water, heat, light, or power is to be two percent of the companies' annual gross receipts. In tax year 1992, the State collected more than $94 million from the gross receipts tax on PSCs.

Corporate Income Tax. Until 1979, all PSCs except motor vehicle carriers were exempt from the Virginia corporate income tax. As noted earlier, this exemption was provided because these companies paid a State tax on their gross receipts. However, in 1979, modification to Virginia's tax laws required railroads to pay the corporate income tax in lieu of any State tax on their gross receipts.

In 1988, further modification to Virginia's corporate tax laws made telecommunications companies subject to the corporate income tax. Unlike railroads, however, the impact of this change on telecommunications companies was phased in over a number of years. The phase-in legislation provided for a minimum tax on gross receipts at declining rates until 1996. The legislation also provided for a credit for a percentage of the amount by which the income tax exceeds the former gross receipts tax with percentages that decline until 1998. Also contained in the legislation is a request that the 1995 session of the General Assembly appoint a joint subcommittee to study the possibility of eliminating the minimum gross receipts tax.

Special Revenue Regulatory Tax. Because most PSCs are granted a franchise to operate in Virginia and are allowed to charge rates that will provide for a specific rate of return, regulation by the State is typically greater than for most private businesses. To fund this oversight activity, the SCC and the Department of Taxation (TAX) are allowed to assess a regulatory tax equal to two-tenths of one percent of the gross receipts of the PSC. This tax covers the expenses attributable to the State's regulation and assessment for taxation of PSCs. The SCC and TAX collected almost $8.8 million from this tax in 1992.

Rolling Stock Tax. The rolling stock of railroads, freight car companies, and certificated motor vehicle carriers is subject to a State tax on the assessed valuation of this property. Rolling stock of railroads includes locomotives and rolling cars as well as all other property that can reasonably be classified as rolling stock. Rolling stock of certificated motor vehicle carriers (those certificated by the SCC to operate a fixed route in Virginia) is also subject to a State tax. The rolling stock of certificated motor vehicle carriers generally includes trucks, trailers, and buses.

The rolling stock tax is levied in lieu of a local tangible personal property tax. The rolling stock tax is levied because the permanent situs of this equipment would be difficult, if not impossible, to determine due to the fact that it is often involved in both the intrastate and interstate transport of individuals or property. The value of the rolling stock is assessed by the SCC and TAX, and the tax is levied at $1 per $100 of assessed value.

The revenue generated by application of this tax is distributed to local governments. Factors used to apportion the revenue include the value of railroad roadway and track in each locality, the miles of track located in each locality, and the proportion of total vehicle miles operated by each carrier in the State for each city, county, and incorporated town. For tax year 1992, more than $4.8 million in railroad rolling stock taxes and $824,141 in motor vehicle carrier rolling stock taxes were distributed to localities.

Local Taxation of PSCs

Local taxation of PSCs is relatively straightforward. PSCs are directly taxed by localities through two taxing instruments — the real and personal property taxes and the utility license tax. Localities may also impose a utility consumer tax on consumers of telephone, water, heat, light, and power services.

Real and Personal Property Tax. The real and personal property of PSCs are generally subject to both real and personal property taxation. The exceptions to this are for the rolling stock of railroads and certificated motor vehicle carriers. As previously noted, rolling stock is subject to a State tax on the assessed value of that property.

The authority to tax PSC property clearly rests with local governments. The *Constitution of Virginia* states that "real estate, coal and other mineral lands, and tangible personal property, except the rolling stock of PSCs, are hereby segregated for, and made subject to local taxation only...." The *Constitution* further stipulates that PSCs subject to a State franchise or other tax on gross earnings will have their property assessed by a central State agency.

Local governments apply their respective real and personal property tax rates to the assessed value of PSC property located in their jurisdiction. The value of PSC property in each locality is determined on a 100 percent situs basis, which represents the total value of all PSC property located in each taxing jurisdiction. No apportionment or allocation of the value of this property is made across localities.

In tax year 1991, PSC real property was subject to taxation at average effective local tax rates ranging from $.21 to $1.40 for each $100 of assessed value. (See Appendix B for average effective real property tax rates for all cities and counties.) Personal property was taxed at average effective tax rates ranging from $.20 to $5.50 per $100 of assessed value. In FY 1992, local governments collected almost $173 million in property tax revenue from PSCs.

Utility License Tax. Local governments are also authorized to levy a utility license tax on PSCs. The utility license tax applies to the gross receipts accruing to the

company from business within the locality. The tax rate may not exceed one-half of one percent of gross receipts. In 1992, 40 cities and 71 counties levied the utility license tax with the majority imposing the tax at the maximum allowable rate.

Utility Consumer Tax. Local governments are also authorized to impose a tax on the consumers of telephone, gas, water, and electric services. Although not a direct tax on the PSC, it typically appears on the utility bill. In addition, this tax raises a substantial amount of revenue for local governments. In FY 1992, this tax provided local governments more than $307 million in revenue. In fact, some localities — Richmond City, for example — collected more revenue from this tax than the local option sales and use tax. In 1992, 40 cities and 82 counties levied this tax.

History of PSC Property Taxation

There have been five distinct periods in the evolution of PSC property taxation in Virginia. During these periods, taxation of PSC property went from being exempt from taxation to full uniformity with all other locally taxed real and personal property.

Direct Subsidy and Tax Exemption (1800-1855). As railroads were being developed, it was difficult for them to attract needed capital. However, states realized that economic progress was dependent on the development of an adequate transportation system. Therefore, states began to offer land grants and state subsidies to aid in the development of rail systems. For example, some states and localities purchased railroad stock, issued railroad bonds, or empowered railroads to occupy state-owned land without responsibility for damages. Virginia, however, did not offer such direct grants or subsidies. Still, the Commonwealth did provide the railroads with substantial property tax exemptions.

Property Taxes and Central Assessment (1855-1902). Virginia's first property tax on railroads was a State tax on PSC property required by the 1867 *Constitution of Virginia*. In order to determine the property value on which to assess the tax, every PSC was charged with valuing its own real and tangible personal property and reporting that value to the Auditor of Public Accounts.

In addition to the introduction of the property tax on PSCs, two other significant changes occurred during this period. First, counties were granted the right to tax railroad property. Second, the administration of the PSC property tax was changed, moving from the industry self-assessment to assessment by a single State agency. The Board of Public Works was the State agency charged with the determination of PSC property values.

Local PSC Property Taxation (1902-1926). Even though the assessment process used by the Department of Public Works was an improvement over the previous system of industry self-assessment, PSC property was still lightly taxed compared to other property at the local level. The 1902 *Constitution of Virginia* created the SCC in part to facilitate fair property assessments and fair tax administration.

Also during this period, a broad property tax reform was passed which granted localities the sole right to property taxation, including PSC property. The law stated, as it does now, that "real estate and tangible personal property, except the rolling stock of [PSCs], are reserved for local taxation."

Distinctive PSC Property Assessment Methods (1926-1966). During this period, Virginia's PSC property assessment process centered on the industry reporting of property-related information using SCC data collection forms. After collecting and analyzing the information listed on the forms, the SCC assigned tentative fair market values to all PSC property. Once tentative fair market values were assigned and certified, the values were transmitted to the localities. The SCC then held hearings in which the localities could express any protests concerning the tentative assessments. After changes resulting from the appeals process were made, final assessments were determined, on which the localities levied property taxes.

Generally, the PSC property assessment process has always been based on identifying each parcel of PSC property and valuing it separately. The value of the individual parcels of property are then summed to arrive at the fair market value of the property of the entire PSC. This method is commonly known as the inventory and summation method. More specifically, the method of assessing operating buildings and fixtures is based on the depreciated original cost of that property. The assessment of non-operating buildings and land is based on comparing the property to other similar and closely located property, which is commonly known as the "over-the-fence" method.

It is also important to note that during this period, PSC property was assessed at 40 percent of fair market value. At the time, this was considered to be a reasonable statewide average of the assessment levels for all other property. However, actual practice found most local governments' fair market valuations of other property to be considerably below the 40 percent valuation of PSC property.

Equalization by the Bemiss Bill (1966-Present). The previous period developed the framework for the present PSC property assessment and taxation process. However, the 40 percent valuation of PSCs raised constitutional uniformity and equality questions. At the time, most individual local government's assessments of other property were considerably less than 40 percent of fair market value.

In 1966, in order to end the unequal assessment of PSC property, the General Assembly passed legislation commonly known as the Bemiss Bill. The Bemiss Bill mandated the use of the local assessment ratio as the mechanism to equalize PSC property values with other local property values. The bill provided that all future increases in assessed valuations of PSC properties were to be made by application of the local assessment ratio in the taxing jurisdiction where the property is located. The Bemiss Bill phased in the use of the assessment ratio over a 20-year period.

The local assessment ratio, developed by TAX, uses a statistical sample of current fair market sales of real estate within a locality as its denominator and the most recent local assessment of the parcels in that sample as its numerator. The assessment ratio is multiplied by the PSC property true valuations, as determined by the SCC or

TAX, to determine the assessed or taxable value against which local governments can levy property taxes. Because local property assessments are made on a cycle ranging from one to six years and PSC assessments are made annually, the ratio equalizes PSC property values with the values of other property within and across localities. Exhibit 1 illustrates the calculation of the assessed valuation using the local assessment ratio.

PSC Assessment Process

As mentioned earlier, there are two State agencies responsible for PSC property assessment. The SCC assesses the property of electric companies, gas distribution companies, water companies, telephone companies, and the rolling stock of certificated motor vehicle carriers. TAX assesses the property of railroads and interstate pipeline transmission companies. In determining the value of the property of these PSCs, both agencies utilize the same assessment process.

Exhibit 1

Computing PSC Assessed Property Valuations

Assessed Property Valuation

= [True Property Valuation] x [Local Assessment Ratio]

Example: Norfolk Southern Railway Property in Culpeper County (1992)

Assessed Property Valuation

= [$4,427,280] x [.601] = $2,660,795

Source: JLARC staff exhibit of Department of Taxation data.

The annual PSC property assessment cycle begins January 1 when local commissioners of revenue furnish a report of the boundaries of each city and magisterial district within their taxing district to the PSCs, the SCC, and TAX. Each PSC then reports the character and location of its property to the SCC or TAX by April 15. In addition to the information reported by PSCs, site visits and inspections of PSC property are conducted in conjunction with regular local government property assessments, which have cycles ranging from one to six years.

In June, after collecting and analyzing the information provided by the industry and from the site visits and inspections, the SCC or TAX determines tentative fair market values for PSC property. The fair market valuations are determined using the inventory and summation method.

In terms of the different types of PSC property, fair market valuations are determined using either the depreciated original cost method or the "over-the-fence" method. To assess PSC operating buildings and fixtures, a depreciated original cost method is used. This method uses a property's original cost less some percentage of depreciation to determine a fair market value. For land and non-operating buildings, the "over-the-fence" method is used. This method determines the fair market value of PSC property by comparing it to other similar and closely located property. It is important to note that the assessment ratio is only applied to property values determined using the depreciated original cost method — the ratio is not applied to property values determined using the "over-the-fence" method.

Prior to the 1993 session of the General Assembly, TAX was not required to provide local governments with their local assessment ratio unless requested to do so. However, based on House Bill 1682 of the 1993 session of the General Assembly, TAX is now required to furnish the local assessment ratio to localities in which a PSC's property represents 25 percent or more of the total assessed value of real estate in that locality. The ratio must be reported to those localities by April 1 of each year. HB 1682 also requires TAX to furnish to all localities a locality-specific description of the process used to determine the assessment ratio.

Once tentative fair market values are determined, the values are certified by the SCC or TAX and transmitted to local governments by September or October. Once the certified values are received, the local governments examine the PSC property assessments and inform the SCC or TAX if corrections are needed.

Beyond reporting the accuracy of the PSC property valuations, local governments can express any protests concerning the tentative fair market valuations during hearings held by the SCC or TAX. Further appeals to the judicial system are also available to local governments. After the appeals process, final PSC property assessments are determined. It is against these final valuations which the localities levy property taxes.

JLARC REVIEW

Senate Joint Resolution 309, from the 1993 General Assembly Session, directed JLARC to study the issue of local taxation of PSC property. Specifically, the mandate requests JLARC to examine the following issues:

(1) the range of local property tax rates on PSC property,

(2 the effect of local property tax rates on PSC utility rates,

(3) the relationship between local property tax rates and the value of PSC property,

(4) alternative methods of taxing PSC property, and

(5) the effects of modifying the current methods of taxing PSC property.

Each of these issues is examined in the following chapters. Specifically, Chapter I has identified the range of local property tax rates on PSC property (Issue 1). Issue 2 is addressed through the examination of the rate setting process in Chapter II. Issue 3 is examined in Chapters II and III. In particular, the impact of property tax rates on PSC location decisions is discussed in Chapter II, while the effect of PSC property on local tax rates is examined in Chapter III. Alternative methods of taxing PSC property and the effects of these alternatives (Issues 4 and 5) are explored in Chapter IV.

Study Activities

Several activities were undertaken to address the study issues. These include a review of the *Code of Virginia* and *State Constitution*, interviews with staff of the SCC and TAX, site visits to selected local governments and PSCs, and analysis of data on local property tax rates, PSC revenues, and State aid to local governments.

***Review of the* Code of Virginia *and the* Constitution of Virginia.** JLARC staff reviewed the *Code of Virginia* and the *Constitution of Virginia* to identify the respective roles of the SCC, TAX, local governments, and PSCs. In particular, requirements associated with the siting of PSC facilities and the rate setting process were examined to determine the level of input local governments have in PSC operations.

Interviews with Staff of the SCC and TAX. JLARC staff interviewed staff of the SCC and TAX to identify the role of each agency regarding PSC property valuation and taxation. Additional questions were addressed concerning the siting of PSCs, the PSC rate setting process, and alternative methods of taxing and distributing tax revenues from PSC property.

Site Visits to Selected Local Governments and PSCs. JLARC staff conducted on-site interviews with the county administrators from Bath, Louisa, and Surry Counties. These counties were selected for visits because they rely on PSC property tax revenues for a larger portion of their budgets than any other localities. Staff also conducted interviews and toured the PSC facilities in two of these localities — the pumped storage facility in Bath County and the nuclear power plant in Louisa County.

Analysis of Effect of PSC Property on Local Taxation Effort. JLARC staff conducted several research activities to assess the effect of reliance on PSC property tax revenues on local taxation practices. Correlation and regression analyses were used to determine the relationship between PSC revenues and property tax rates. In addition, the taxation practices of localities with a significant reliance on PSC revenues were examined in detail. Five comparison groups were developed, consisting of localities with characteristics similar to the counties of Bath, Louisa, Surry, Fluvanna, and Russell, but without a significant PSC presence. The tax rates of six major tax instruments were compared to discern if localities with a heavy reliance on PSC revenues maintain lower tax efforts. Tax rate data were obtained from TAX and the Center for Public Service at the University of Virginia.

Analysis of Alternative Methods. The study required the identification of alternative methods of PSC property taxation and an analysis of the effects of modifying

the current method of taxing PSC property and redistributing those property tax revenues. In order to collect data on alternative methods, JLARC staff conducted document reviews, telephone interviews with PSC tax departments and national associations, and a telephone survey of other states.

In order to illustrate the local fiscal impact of modifying the current method, JLARC staff developed two alternative methods: (1) a local tax rates method, and (2) a statewide tax rates method. Both alternative methods reallocate a predetermined portion of local PSC revenues across local taxing jurisdictions on a per-capita basis. Data on local PSC property tax revenue, total local revenue, and population were obtained from the Auditor of Public Accounts while data on PSC assessed values and real and personal property tax rates were provided by TAX and SCC.

JLARC staff also developed an estimate of the alternative methods' impact on State aid for the educational Standards of Quality (SOQ). Data on SOQ funding accounts and the composite index were obtained from the Department of Education.

REPORT ORGANIZATION

Chapter I has provided an introduction to the taxation of PSCs in Virginia. Chapter II discusses the oversight of PSCs by State and federal agencies — specifically their involvement in siting a PSC facility and setting utility rates. Local reliance on PSC property tax revenues and the effect of PSC property on local tax effort are examined in Chapter III. Chapter IV identifies alternative methods of taxing and distributing revenues from PSC property taxation. Specific effects and implications of modifying Virginia's local property taxation of PSCs are also explored. Finally, the findings of this study are summarized and conclusions drawn in Chapter V.

Chapter II: Oversight Of Public Service Corporations

Utilities are treated as monopolies in Virginia and elsewhere because of the public's need for the services, the high cost of capital needed to provide the services, and the ability to achieve substantial economies of scale in the provision of utility services. In 1950, the Utility Facilities Act was passed, enacting into law the policy that electric, telephone, gas, and water utilities have exclusive service territories. In this way, PSCs providing the same service do not directly compete with each other. Because of this arrangement, PSCs have traditionally been heavily regulated by both the State and federal governments. This governmental oversight encompasses the siting of facilities and service areas to be covered, as well as the setting of utility rates.

Because utilities are heavily regulated, particularly over siting and rate setting, local governments and their tax rates have relatively little influence on PSC operations. Factors such as the presence of water, the need to locate in either a sparsely or heavily populated area (depending on the type of facility), the availability of land, and the willingness of local citizens to have the facility in their area, all play a major part in the determination of where to site a particular utility plant. These factors can outweigh a utility's concern over locating in a jurisdiction with high property tax rates, as major PSC facilities in Virginia are situated in both localities with relatively low tax rates and those with relatively high tax rates.

The lack of influence of tax rates becomes clear when the rate setting process is understood. Specifically, all utilities are allowed to recover 100 percent of federal, State, and local taxes imposed upon them. The amount of taxes paid does not affect their profit margin granted them by the SCC. In other words, regardless of whether they are located in a high or low tax locality, they can be expected to generate a certain profit. The taxes paid, however, do directly impact the rate allowed to be charged to customers. Thus, it is likely that utilities situated in high tax localities are allowed to charge their customers higher rates than if the utilities were located in low tax localities.

Although taxes are recoverable through the rate setting process, there is one circumstance in which local tax rates play a more significant role — the siting of major facilities by utility cooperatives. Since cooperatives are essentially owned by the customers they serve, cooperatives have a strong incentive to minimize utility rates. This concern is somewhat lessened, however, by the fact that cooperatives generally serve rural areas, where property tax rates tend to be relatively low.

For-profit PSCs also have a general interest in minimizing utility rates through minimizing taxes paid. Since profits are ultimately derived from maintaining and expanding the customer base, PSCs whose rates are too high run the risk of losing their major customers since these customers may be able to provide the particular service in-house for less cost. This would result in decreased profits for the PSC and potentially higher utility rates for the remaining customers.

Siting of PSCs

There are two aspects to the siting of PSCs. First, there is the delineation of the area to be served by a PSC. Second, there is the siting of specific PSC facilities or transmission lines. The SCC is involved in both activities. Various federal agencies also play a significant role, while the role of local governments in the siting process is more limited.

Ultimately, local governments have relatively little authority over whether a facility is sited in their locality. Local control is typically exercised through local zoning laws and by submitting supporting or opposing documentation to the SCC during its deliberations. Beyond this level of involvement, local governments must abide by the decision of the SCC or relevant federal agency.

Regulations Affect the Siting of PSC Service Areas and Facilities. As previously noted, PSCs are authorized to provide service in a specified service area only. This service area is determined by either State or federal government agencies, depending on the type of PSC. The SCC is responsible for approving the service areas of most utilities — electric, water, gas distribution, telecommunications, certificated motor carrier, and intrastate pipeline transmission (Table 3). The service areas of railroad and interstate pipeline transmission companies are approved solely by federal agencies.

For utilities regulated by the SCC, a PSC must apply to the SCC for a certificate of convenience and necessity to be granted a service area. Obtaining this certificate is dependent upon SCC judgment that the service is needed and in the best interest of the citizens in that area.

> *A recent request for a certificate of convenience and necessity for a new gas distribution corporation identified specific criteria the SCC considered in rendering a decision. The criteria included: the financial viability of the company; the technical and managerial capabilities of staff; the adequacy of the gas supply; the adequacy of pipeline capacity; the existence of a specific marketing plan; and local support for provision of the service.*

Similar criteria are used in determining the public convenience and necessity for other PSCs.

In addition to approving PSC service areas, the SCC has responsibility for approving the siting of selected PSC facilities. Section 56-265.2 of the *Code of Virginia* states that utilities must obtain a certificate of convenience and necessity to "construct, enlarge, or acquire . . . any facilities for use in public utility service, except ordinary extension or improvements in the usual course of business within the territory in which it is lawfully authorized to operate." The types of electricity generating facilities that must be approved by the SCC are further defined in the *Code*: electricity generating plants with greater than 100 megawatts of capacity, and transmission lines with capacities of at least 150 kilovolts. The *Code*, however, is not clear as to what defines an "extraordinary" water or gas project requiring SCC approval. According to the SCC,

Table 3

Agencies Involved in Regulating the Service Areas of PSCs

PSC Type	State Agency	Federal Agency
Electric	SCC; Department of Environmental Quality	Federal Energy Regulatory Commission; Nuclear Regulatory Commission
Telecommunications	SCC	Federal Communications Commission
Gas and Pipeline Distribution	SCC	Department of Transportation
Pipeline Transmission	SCC (intrastate)	Interstate Commerce Commission
Water	SCC; Department of Environmental Quality	Environmental Protection Agency
Railroads	(none)	Federal Railroad Administration; Interstate Commerce Commission
Certificated Motor Vehicle Carriers	SCC	Interstate Commerce Commission

Source: *Code of Virginia* and JLARC staff interviews with SCC.

criteria have been developed through case decisions to help identify what constitutes an extraordinary project. Most water and gas projects are considered "ordinary" additions and do not require a specific certificate of convenience and necessity.

Public utilities must also obtain the appropriate water and air permits from the Department of Environmental Quality and follow applicable federal directives. Through these regulatory processes, PSCs must demonstrate the need for the facilities and that they have taken steps necessary to minimize the environmental impact on the area. Site approval may take from several months to several years, depending on the complexity and size of the facility.

In addition to site selection approval, the SCC is charged with monitoring the major PSC construction projects "to assure that such projects are being conducted in an economical, expeditious, and efficient manner." For any construction projects that they deem to have been performed in a wasteful manner, the SCC may disallow the passing on of costs to customers through the rate setting process.

Local governments impact the siting process in two ways. First, if the locality has zoning laws (many rural localities do not), these laws must be followed in siting the facility. Second, as an "interested party" in SCC reviews, local officials may submit information either in support of or opposition to the proposed facility. For example, a local board has submitted documentation opposing the local siting of a high-voltage transmission line that is currently being evaluated by the SCC. In contrast, the Halifax County Board of Supervisors passed a resolution encouraging the siting of an electricity generating facility in its locality. The SCC is required to consider local comments; however, the Commissioners are not bound to follow local officials' requests.

Major Siting Criteria. As part of this study, the larger PSCs in the State were contacted to find out the criteria they typically use in siting a major facility. Considerations such as the proximity to their customer base, availability of water, and other environmental and engineering factors were identified by the PSCs as the primary determinants of where to site a facility. Of secondary importance were local property values and local support for the facility. All PSCs contacted stated that local tax rates have little to no effect on their siting decisions. Table 4 identifies the primary criteria used by PSCs in siting major facilities.

As reflected in the Table, each type of PSC takes into account different factors in deciding where to site a facility. As a result, there are various concentrations of PSC property in different types of localities and different areas of the State. For example, telecommunications property tends to be predominantly located in urban areas, because the equipment must be sited near the customer base. Reflective of this, Fairfax County — the most populous locality in the State — has more telecommunications property within its boundaries than any other locality. In contrast, some electricity generating facilities must be located in sparsely populated localities. For example, the power facility with the largest property value in the State is located in a rural locality — Louisa County. As highlighted by the map in Figure 1, PSC property tends to be located mostly in urban areas of the State, with the exception of the three largest power plants located in Bath, Surry, and Louisa Counties.

The primary criteria used to site a facility are substantially impacted by State and federal regulations. The recent siting of a coal burning plant in Halifax County demonstrates the importance of government regulations in siting decisions.

> *According to a representative of Old Dominion Electric Cooperative, the two primary criteria used in siting the plant were air quality and the availability of a large supply of water. Selecting a site with good air quality was of primary importance due to environmental regulations. They had to site the facility in a non-industrial area in order to obtain*

the required air permit. If they were to site in an industrial area near other companies emitting air pollution, the subsequent level of air pollution in that area would have exceeded federal and State standards for air quality.

The air quality and water supply criteria eliminated all but two possible sites for the plant.

Table 4

Major Site Selection Criteria By Type of PSC

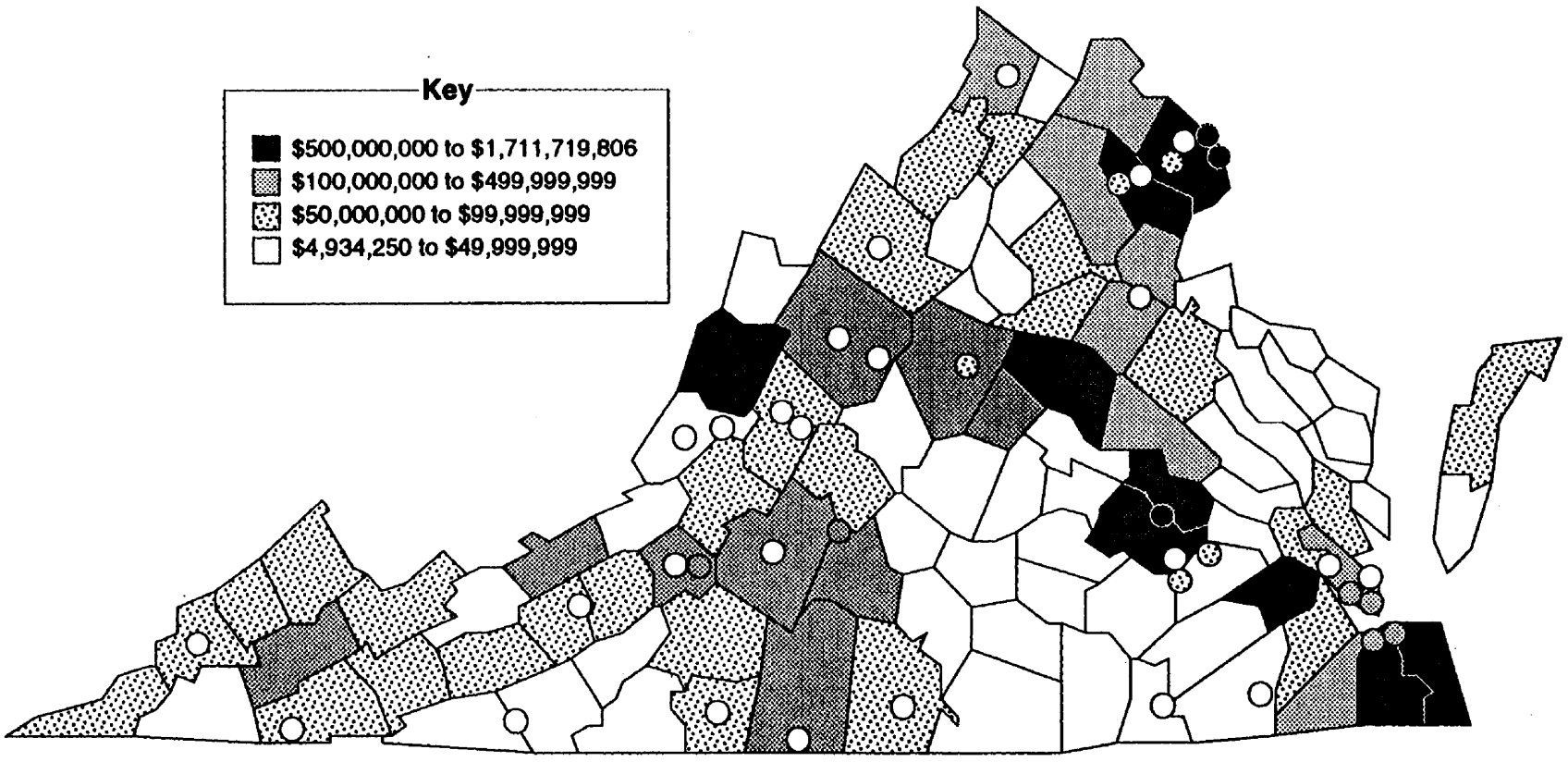
PSC Type	Site Selection Criteria for Major Facilities
Electric Power	
• nuclear power plants	sparsely populated area, near water source; availability of large area of land
• other plants	environmental considerations (e.g. clean air); availability of water; near customer base, low property values, local tax concessions (cooperatives)
Telecommunications	
• telephone central offices	engineering considerations; near customer base
• cellular companies	high elevation
Water	near water source; near customer base
Gas and Pipeline Distribution	engineering considerations; near customer base; availability of land consistent with local zoning

Source: JLARC staff telephone interviews with major PSCs, utility associations, and the SCC.

Once the two sites meeting federal and State standards were identified, additional factors such as local support were considered. For example, the PSC requested of the localities that property taxes for pollution control facilities be waived for ten years. According to the electric cooperative, about 30 percent of the total cost of the plant's property is pollution control equipment. Therefore, abatement of property taxes on this equipment was a substantial concession. Both local governments agreed to this condition. This strong local support, coupled with a better water supply in Halifax County, resulted in that locality being selected as the site of the new PSC facility.

Figure 1

PSC Assessed Property Values by Locality, 1991



Source: State Corporation Commission, *1991 PSC Equalized Assessed Value Reports.*

Utility Rate Setting

As set out in the *Virginia Constitution* and Title 56 of the *Code of Virginia*, the SCC has broad authority for regulating the rates of PSCs. Through an extensive application and review process, the SCC decides the rates PSCs will be allowed to charge. Generally, rate increase requests are initiated by PSCs and occur due to increased costs of operation. According to the SCC, over the last several years requests for rate increases for energy companies have typically occurred at least every two years.

In setting rates, the SCC allows PSCs to recover all operating expenses while also allowing a certain profit margin. Defined as an operating expense, all local property taxes are recoverable through the rate setting process. Thus, local property tax rates do not have a direct impact on the amount of profit made by a PSC. They do, however, have an impact on the rates charged to customers.

General Process. Changes in a utility's rates may occur in two ways. First, the SCC may initiate a rate change. Based on section 56-234.2 of the *Code of Virginia* and agency regulations, the SCC annually reviews the rates charged by all PSCs that generate over $1 million in gross receipts each year. If the SCC determines that a particular PSC is earning a profit greater than the profit margin authorized by the SCC for that company, then the SCC may initiate a "show cause" procedure. In this procedure, the PSC is given an opportunity to explain why the utility realized a greater profit than authorized and to defend the rates charged. The SCC subsequently rules on whether the PSC may maintain the current rate level or must decrease it by some portion. According to the SCC, "show cause" procedures are initiated very infrequently.

The second and most often used method of rate change is initiated by the PSC. Typically, the utility will submit to the SCC an application for a rate increase. Filing requirements vary based on the type of PSC and type of rate relief requested. When the application is received by the SCC, a staff audit team is assigned. The team conducts an audit by analyzing the company's financial records for the 12-month period for which information was submitted, and supplements this review with additional information obtained since the application filing.

Once the audit process is completed, a formal hearing is held in most cases. Hearings are usually conducted by a hearing examiner. At the conclusion of the hearing, the hearing examiner submits a report with recommendations to the State Corporation Commissioners. The Commissioners then issue an order detailing the rates that will be allowed.

Calculation of Rates. Rates are typically determined based on three components: expenses, profit margin, and demand for service. The formula for allowable costs and profit margin, known as the "revenue requirements formula", is presented in Table 5. Essentially, all operating expenses are fixed costs, and except for fines and penalties, are recoverable through the rates charged. The profit margin, or return on investment, is the only variable in the calculation and is determined based on an examination of the PSC's capital structure. Specifically, it is a weighted average of the cost of short- and long-term debt, preferred stock, investment tax credits, cost-free capital, and return on

Table 5

Computing Total Expenses Recoverable Through PSC Rates

Recoverable Expenses

= operation and maintenance expense

+ federal, state, and local taxes

+ depreciation and amortization

+ miscellaneous adjustments

+ (return on investment x rate base**)

Example:

Recent Virginia Power Rate Request*

Recoverable Expenses

= $1,539,507 (operation and maintenance expense)

+ $365,041 (federal, state, and local taxes)

+ $356,072 (depreciation and amortization)

+ $6,163 (miscellaneous adjustments)

+ 9.67% x $7,298,373 (return on investment x rate base**)

Resulting in a return on equity of 11.12 %

*Pre-filed SCC staff testimony for Virginia Electric and Power Company application (case number PUE 920041). Information from rate of return statement (adjusted) for 12 months ended December 31, 1991 (in thousands).

**Rate base equals the net plant investment plus allowance for working capital minus customer provided capital.

Source: State Corporation Commission.

common equity. Except for the return on equity, the costs are predetermined contractually. The SCC sets a percentage return on equity range based on analyses of comparable companies and a determination of the level of return necessary to encourage investors to continue investing in the PSC. Recently, the return on equity has typically been set at 11 to 12 percent. Also, there is an efficiency incentive built into the profit margin for electric companies. The efficiency incentive rewards economical production of electric power by allowing for a higher return on equity. The actual rates are determined by allotting the allowable costs and profit to the consumers using a measure of demand. For residential users, rates are based on peak day kilowatt hour sales. For industrial users, rates are based on kilowatt hours plus a flat fee to cover fixed costs.

Because taxes are an allowable expense, local property tax rates do not directly impact the level of profit a particular PSC will receive. However, PSCs do have an interest in minimizing rates and hence their recoverable costs. As reported by a representative of one PSC:

> *If a large industrial customer decides it can produce electricity less expensively than buying it from the PSC, it will do so. As major customers discontinue PSC service, the PSC's costs are spread over a smaller base. The result is that the remaining customers must pay more for the service, which in turn could reduce the customer base even more. According to the PSC representative, it could result in a "death spiral" for the PSC.*

Thus, ultimately it appears to be in the best interest of all customers that the property taxes paid by PSCs are minimized.

Chapter III: The Effect of Public Service Corporation Property on Local Taxation Effort

Several local governments rely on PSC revenue for a significant portion of their total local budgets. This situation has raised some concern because PSC operating revenue is collected for some services provided outside the locality where it is sited. Revenues for some electric plants, for example, are generated statewide. Therefore, citizens of localities with large populations likely provide a substantial amount of revenue indirectly used to pay property taxes in localities where PSC facilities are sited. The argument has been made that citizens from more populous localities are in effect subsidizing the low taxes of localities with a large PSC presence.

JLARC staff conducted several research activities to assess the effect of PSC property tax revenues on local taxation practices. Through statistical analyses, it was found that PSC revenues and property tax rates are weakly associated. Specifically, there appear to be factors other than reliance on PSC revenues which can better explain the variation in property tax rates. This was further substantiated through detailed examination of the taxation practices of localities with significant reliance on PSC revenues. These localities include the counties of Bath, Fluvanna, Louisa, Russell, and Surry. Comparison groups were developed consisting of localities with similar characteristics but with limited PSC presence. The results indicate that while these "high PSC presence" localities enjoy an economic advantage, there is generally not a pattern of low tax effort substantially different from the taxation practices of similar localities.

In Virginia, there are many localities with locality-unique resources. It is not unusual for localities to rely heavily on one source of revenue from such resources. For example, the City of Williamsburg benefits greatly from the local option sales tax due to the presence of Colonial Williamsburg and related attractions. Similar advantages exist in different parts of the State: Virginia Beach City, the coal-producing counties in Southwest Virginia, Franklin County (Smith Mountain Lake), and Norfolk City (shipyards). The additional taxation revenues benefiting these localities not only expand the tax base, but also help to compensate for the costs associated with maintaining the resources located within their boundaries.

Several Local Governments Rely Substantially on PSC Property Tax Revenues

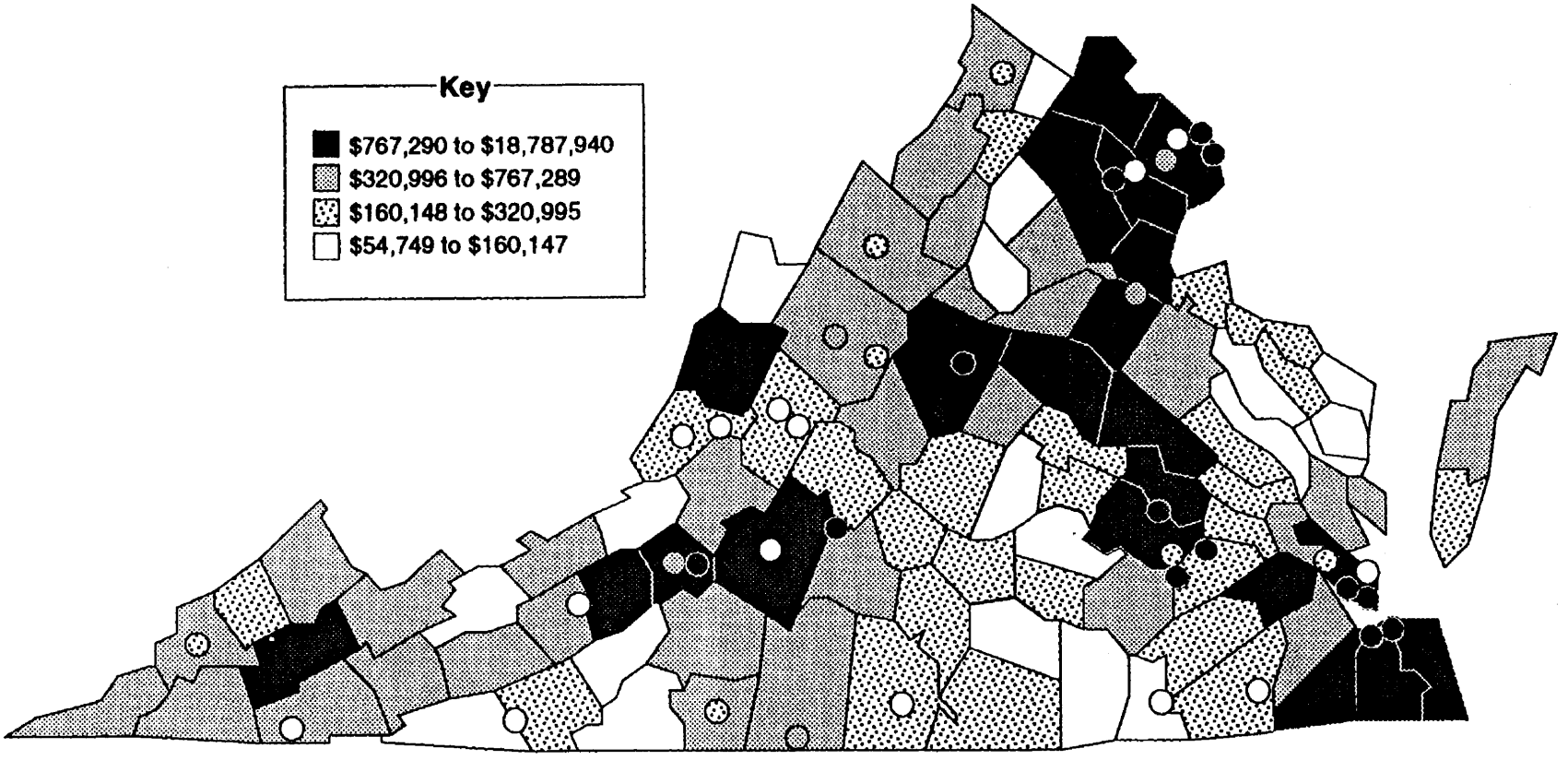
In 1992, Virginia's localities collected almost $173 million through taxation of PSC property. As shown in Figure 2, most of the localities with the highest PSC revenue are in the State's "urban crescent" — the eastern part of Virginia encompassing Northern Virginia, the Richmond metropolitan area, and the Tidewater region. In 1992, local PSC revenues ranged from $54,749 in Craig County to $18,787,940 in Fairfax County. Localities generating the most property tax revenues from PSCs are listed in Table 6.

However, the extent to which each locality relies on PSC property taxes varies dramatically. As reflected in Figure 3, five counties collected at least ten percent of their

Figure 2

PSC Revenues by Locality, FY 1992

(In Quartiles)



Source: Auditor of Public Accounts, *Comparative Report of Local Government Revenues and Expenditures* for FY 1992.

Table 6

Localities Generating the Most Property Tax Revenues from PSCs FY 1992

Locality	PSC Tax Revenues
Fairfax County	$18,787,940
Chesterfield County	11,083,835
Prince William County	10,970,414
Richmond City	9,813,894
Louisa County	8,742,575
Norfolk City	7,735,424
Alexandria City	7,529,970
Chesapeake City	7,351,265
Bath County	6,406,724
Henrico County	5,985,072

Note: Appendix B contains a listing of PSC property tax revenues for each city and county.

Source: Auditor of Public Accounts, Comparative Report of Local Government Revenue

total local revenue from PSC property taxes. Virginia Power operates a pumped storage facility in Bath County, nuclear power plants in Louisa and Surry Counties, and a coal fired electric generating plant in Fluvanna County. In addition, the Appalachian Power Company has a coal fired electric generating plant in Russell County. Of these localities, Bath County generated more than 70 percent of its total local revenue from the real property tax on PSCs in 1992. Seven additional localities generated at least five percent of their total local revenues from PSC property taxes, compared to the statewide median of 2.40 percent.

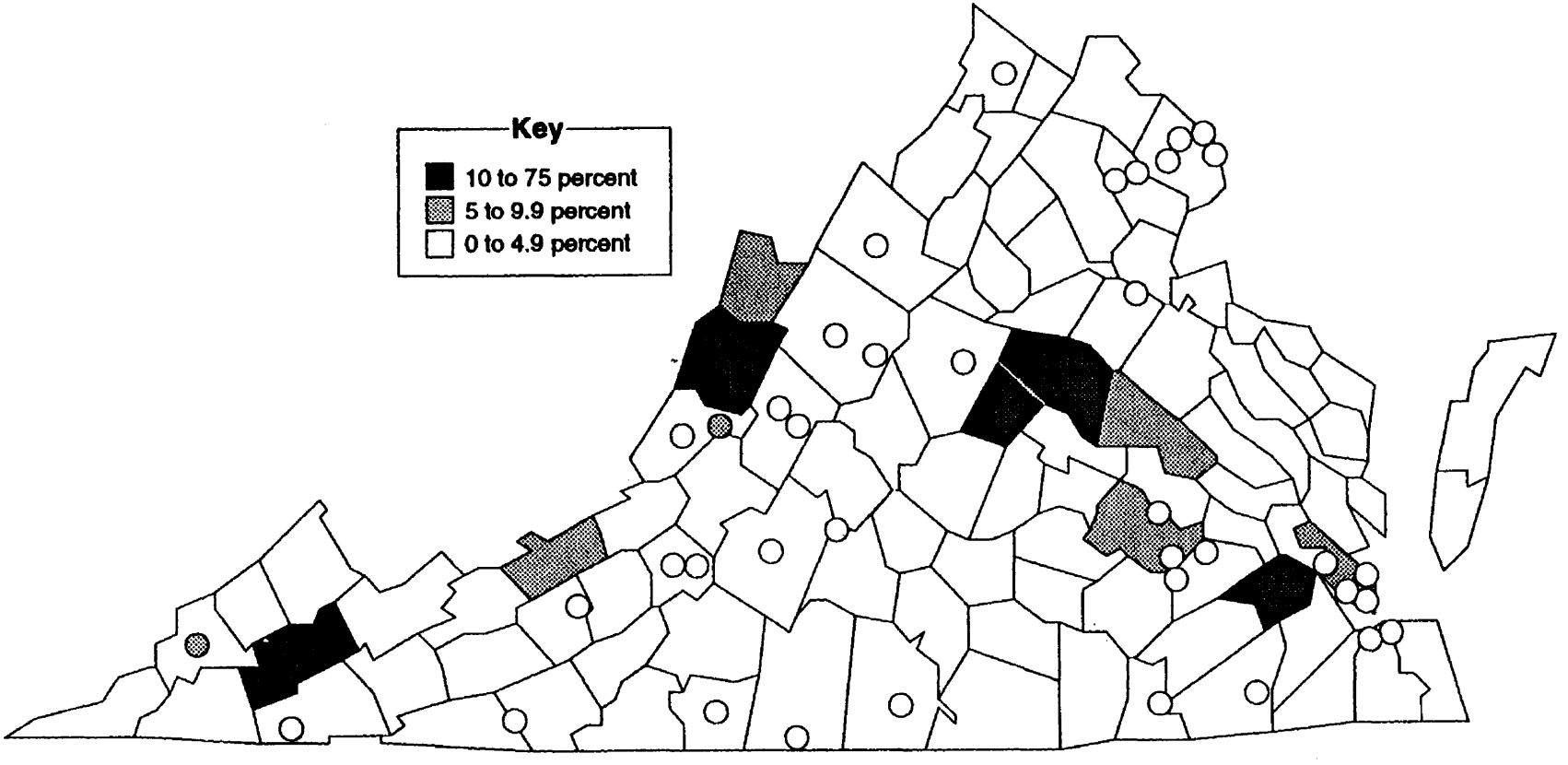
The fact that several localities generate a substantial portion of their total local revenue through PSC property taxes has raised some concern. Specifically, because some PSC operating revenue is typically derived from services provided outside the jurisdiction where the property is located (particularly for electric service), localities with large populations indirectly provide a substantial proportion of the revenue used to pay the property taxes in other jurisdictions. This contributes to the argument that some local governments are using PSC property tax revenue to maintain a low local tax effort.

The Relationship Between Reliance on PSC Revenues and Tax Effort is Weak

JLARC staff conducted regression and correlation analyses to assess the effect of PSC property tax revenues on the taxation practices of local governments. These statistical techniques were used to determine if a general relationship exists between local reliance on property tax revenues and property tax rates. This analysis indicated

Figure 3

PSC Property Tax Revenues as a Percentage of Total Local Revenues, FY 1992



Source: Auditor of Public Accounts, *Comparative Report of Local Government Revenues and Expenditures* for FY 1992.

that reliance on PSC revenues and tax effort are only marginally related. In other words, heavy reliance on PSC revenues does not appear to be the major factor explaining a locality's low tax effort.

Overview of Research Methods. Correlation and regression analyses are commonly used statistical techniques for measuring the relationships between factors, such as the amount of revenues received from PSCs and property tax rates. Correlation analysis is a standard statistical technique that measures the strength and direction of the relationship between two variables. In addition to showing whether or not there is a relationship between two variables, it shows whether there is a positive or negative relationship between the variables.

Regression analysis is a standard statistical technique that can be used to further analyze the relationship between a dependent variable and one or more independent variables. It produces an equation that best summarizes the impact the independent variables may have in predicting how much a dependent variable increases or decreases. The equation contains a "constant," which represents the value of the dependent variable when all the independent variables are equal to zero. The equation also contains "coefficients" for each independent variable. The coefficients indicate the weight that each independent variable has in causing the dependent variable to increase or decrease.

In addition to the equation that is produced, regression analysis provides a measure of the strength of the relationship between the dependent variable and the independent variables. This measure is designated as the R^2, a statistic that can range from zero to one. The statistic indicates the percentage of the variation in the dependent variable that is explained by the independent variables, based on the regression equation. For example, if an equation has an R^2 of .40 then the combination of independent variables accounts for 40 percent of the variation that can be observed in the dependent variable. The objective of using regression analysis in this study is to determine whether local reliance on PSC property tax revenues explains a substantial portion of the variation in property tax rates statewide.

Results of Statistical Analyses. Two independent variables were included in this analysis: population density and PSC revenues as a proportion of total local revenues. Population density was included as a proxy for service levels. Higher property tax rates are expected for localities in urban areas since they tend to require higher service levels. This variable essentially controls for the effect of service levels on property tax rates. The second independent variable, PSC revenues as a proportion of total local revenues, represents a measure of local reliance on PSC revenues.

The local average effective real property tax rate per $100 of true value was used as the dependent variable. This figure is derived by multiplying the nominal tax rate by the median assessment/sales ratio. The fact that assessment procedures, principally the length of the assessment cycle, vary among localities discourages accurate comparison of nominal tax rates. However, the local average effective real property tax rate accounts for these differences. For these variables, a correlation analysis was performed. As discussed, correlation analysis measures the strength and direction of the relationship

between two variables. Analysis between the reliance on PSC revenues and the true effective real property tax rates showed that there is a weak negative (inverse) correlation. The strength of this association was tested through regression analysis. First, a bivariate analysis was conducted with population density and tax rates. The R^2 statistic (.307) indicates that approximately 31 percent of the variation in tax rates is explained by variations in population density. The addition of PSC revenues as a proportion of total local revenues produced an R^2 of .313; an increase of only .006. This indicates that there is a marginal association between PSC revenues as a proportion of total local revenues and property tax rates. Therefore, there is not a statewide trend of local governments which rely more heavily on PSC revenues maintaining lower property tax rates. Rather, there are other factors accounting for the variance in property tax rates. In particular, it is likely that "local aspiration" plays a significant role in the setting of property tax rates, though there is no quantitative measure to test this notion.

However, the fact remains that the five localities with the most significant reliance on PSC tax revenues have property tax rates below the statewide median tax rate of $.60 (Table 7). To address this issue, JLARC staff examined in detail the tax rates for the major local taxes.

Table 7

Real Property Tax Rates of Localities with Significant Reliance on Public Service Corporation Property Tax Revenues, 1991

Locality	PSC Property Tax Revenues as a Proportion of Total Local Revenues	Population Density*	Local Government Expenditures Per Capita	1991 Average Effective Real Property Tax Rates
Bath County	71%	9	$2,065.25	$.34
Surry County	66	22	1,897.11	.47
Louisa County	53	41	1,079.02	.47
Fluvanna County	11	43	1,075.72	.51
Russell County	10	60	1,085.87	.59
Median for Counties	**2.72%**	**57**	**$1,085.87**	**$.52**
Median for Cities	1.84	1,716	1,503.00	.97
Statewide Median	**2.46**	**77**	**1,153.28**	**.60**

*Population density is defined as residents per square mile.

Sources: JLARC staff analysis of data from the Auditor of Public Accounts' *Comparative Report of Local Government Revenue*, the Department of Taxation, and the Center for Public Service, *Virginia Statistical Abstract*, 1992-93 Edition.

Taxation Practices of Localities With Substantial PSC Reliance are Basically Similar to Comparable Localities

JLARC staff prepared comparison groups for the localities with the heaviest reliance on PSC property tax revenue — Russell, Fluvanna, Louisa, Surry, and Bath Counties. The comparison groups consisted of localities with similar characteristics, such as income, population, and population density, but without a substantial PSC presence. Analysis of tax usage and rates indicates that while localities with a significant reliance on PSC revenues enjoy an economic advantage, there is not a clear pattern of tax effort significantly lower than similar localities with little PSC property. Instead, localities with a significant reliance on PSC revenues have tended to increase service levels.

Analysis of Local Taxation Usage and Rates. Table 8 presents the major local taxes and 1992 rates for the comparison localities (real property tax rates are 1991 figures). The instruments examined include taxes on real property; tangible personal property; business, professional, and occupational licenses; utility consumers; motor vehicle licenses; and machinery and tools. The local option sales tax was not included because all localities levy this tax at the maximum rate of one percent. In total, these taxes account for all but three percent of the tax revenues of all counties. The gray-shaded areas in Table 8 denote the lowest tax rate for each tax instrument within the comparison groups.

As is demonstrated, the taxes and rates of the localities with a significant PSC presence are basically similar to those of comparable localities with little PSC revenues. However, there are some exceptions. Bath County's tangible personal property tax rate is low ($.16). Due to the increased revenues from the pumped storage facility, Bath County officials were able to drop their nominal personal property tax from $3.50 to $.75 in FY 1985 and then to $.20 in FY 1988. Bath County also has the lowest motor vehicle license tax ($5.00). At $10.00, Surry County's motor vehicle license tax is the lowest in its comparison group as well. In addition, Surry County does not impose a utility consumer tax like its comparison localities. Finally, Louisa County's tangible personal property and machinery and tools tax rates are lower than any of its comparison localities. On the other hand, none of the five localities had the lowest rate for the largest local tax generator — the real property tax.

Instead of reducing their tax rates substantially, the localities with the heaviest reliance on PSC revenues reported using the additional PSC revenues to increase their levels of service. For example in the area of education, Bath, Surry, and Louisa Counties far exceed the required funding levels for the Standards of Quality. Using the PSC revenues, these localities have also made improvements to their school facilities.

> *Louisa County's school board recently completed a $12,490,000 elementary school consolidation and construction project — consolidating six elementary schools to three elementary schools. In addition, a $2,000,000 school construction fund has been established. The FY 1993-1994 capital improvement budget places*

Table 8

Comparison of Tax Rates of Major Local Taxation Instruments

County	Real Property[a]	Tangible Personal Property[b]	BPOL[c]	Utility Consumer[d]	Motor Vehicle License[e]	Machinery and Tools[f]
Russell	0.59	1.07	none	three	15.00	1.45
Accomack	0.62	2.30	none	four	10.00	0.28 - 0.77
Buchanan	.56	1.43	none	three	0.00	.39 - 1.56
Carroll	0.35	0.98	none	one	20.00	0.98
Lee	0.67	1.02	none	two	10.00	0.25 - 1.13
Mecklenburg	0.28	1.03	none	none	25.00	0.49
Wythe	0.49	1.52	none	three	15.00	0.37 - 1.31
Fluvanna	0.51	3.02	none	two	20.00	0.26 - 0.40
Alleghany	0.57	2.08	four	three	20.00	0.89
Essex	0.44	2.39	none	two	20.00	0.35
Greene	0.71	3.63	four	one	20.00	1.55
Madison	0.50	1.70	none	two	25.00	1.10
Louisa	0.47	1.11	none	one	15.00	0.17
Caroline	0.51	2.50	four	two	23 - 28.00	0.90
Dinwiddie	0.56	3.60	four	three	20.00	0.66
Giles	0.63	1.75	none	one	15.00	0.875
Orange	0.45	2.20	none	two	20.00	1.17 - 1.47
Southampton	0.52	2.94	three	two	23.00	0.72
Surry	0.47	2.57	four	none	10.00	0.88
Amelia	0.46	2.39	four	two	20.00	1.00
Charles City	0.74	2.87	none	two	20.00	0.25 - 1.75
King & Queen	0.60	2.86	none	two	15.00	0.94
Rappahannock	0.48	2.13	none	three	20.00	none
Sussex	0.44	3.49	none	three	20.00	0.48 - 2.38
Bath	0.34	0.16	none	none	5.00	0.20
Bland	0.60	1.18	none	one	20.00	0.15 - 0.73
Craig	0.50	1.62	none	none	15.00	2.20
Cumberland	0.21	2.28	four	two	20.00	1.20
Highland	0.44	1.00	none	two	15.00	0.10

[a]Average effective true tax rates per $100 of assessed value, 1991. (Virginia Department of Taxation)

[b]Adjusted effective tax rates per $100 of assessed value, based on the retail value in the National Automobile Dealers' Association Official Used Car Guide of a 1990 Taurus GL four door sedan with a six cylinder engine, 1992. (University of Virginia, Center for Public Service)

Table 8 Continued: Notes

[c]Business, professional, and occupational license taxes, 1992. Four of the license taxes were considered: professionals, retail merchants, contractors, and repair service occupations. These four taxes correspond to the four broad categories for classifying business concerns. The table identifies the number of license taxes imposed by the locality. The actual tax rates are included in Appendix D. (University of Virginia, Center for Public Service)

[d]Utility consumers' taxes include levies on residential, commercial, and industrial customers of telephone, gas, water, electric, and cable television services, 1992. The table identifies the number of utility services taxed by the locality. The actual tax rates are included in Appendix D. (University of Virginia, Center for Public Service)

[e]Motor vehicle license taxes for private passenger automobiles, 1992. Rates are indicated as either a flat rate or by a range which represents the minimum and the maximum tax by weight. (University of Virginia, Center for Public Service)

[f]Effective property tax rate per $100 of assessed value on machinery and tools, 1992. (University of Virginia, Center for Public Service)

$1,000,000 in this fund. The purpose of the fund is for Louisa County to be debt free by 2018, the year the Nuclear Regulatory Commission license expires for unit one of the North Anna Power Station.

Revenues from taxation of PSCs have enabled Bath, Surry, and Louisa Counties to improve other infrastructure as well. For example, Bath County has used PSC revenues to provide water and sewer services to certain population pockets and to build an industrial park. Similarly, Louisa County has used PSC revenues to develop capital projects — including a water system, a regional sewer system, and an industrial air park served with water and sewer services — without incurring debt.

Other Localities Benefit from Locality-Unique Property. Since there are many localities with locality-unique resources in Virginia, it is not unusual for a locality to rely heavily on one source of revenue. For example, the City of Williamsburg benefits from the local option sales tax due to the presence of Colonial Williamsburg. In 1992, this city collected $235.84 per capita through the local option sales tax compared to the statewide median of $44.36 per capita. Williamsburg maintains an average effective true real property tax rate of $.48, which is low in comparison to other cities (the 1991 statewide median for cities was $.97) and many counties (the 1991 statewide median for counties was $.52). Citizens from localities around the State visit Colonial Williamsburg; however, the local option sales tax revenues are not distributed among the localities. The city of Virginia Beach also generates a significant amount of local option sales tax ($26,235,734 in 1992) through tourism because of its close proximity to the ocean. Many tourists are from Virginia localities outside of Virginia Beach. However, proposals for redistributing these revenues to the other Virginia localities have not been seriously considered. Another example is the City of Richmond which benefits from the banks headquartered within its boundaries. These banks serve the entire State; however, only Richmond City collects property tax revenue for the central headquarters.

Similarly, the coal-producing counties in Southwest Virginia (Dickenson, Buchanan, Lee, Tazewell, and Wise) benefit economically from locality-unique resources through severance taxes. In 1991, Dickenson County relied on coal tax revenues for 34

percent of the county's total local revenues. Dickenson County does not impose a motor vehicle license tax or a utility consumers tax. In addition, Dickenson County's average effective true real property tax rate is $.49, which is similar to the rates in Surry ($.47), Louisa ($.47), and Fluvanna ($.51) Counties.

The additional taxation revenues benefiting these localities help to compensate for the costs associated with maintaining the resources located within their boundaries. For Louisa and Surry Counties, there are risks and costs associated with having a nuclear power plant within their borders. For example, there are increased safety expenses. These localities must maintain full-time coordinators of emergency services and conduct full-scale drills every two years to test emergency readiness. Additional policing and sheriffing are also required for security around the plant. In addition, there are potentially high long-term costs associated with decommissioning a nuclear power plant. These costs are difficult to quantify but would have to be considered were reallocation of PSC revenues to be undertaken.

Chapter IV: Alternative Methods of Taxing Public Service Corporation Property

SJR 309 requested JLARC to examine alternative methods of PSC property taxation and the effects of modifying the current method used in Virginia. Most other states tax PSC property in a method similar to that used in Virginia. Nonetheless, the collected data reveals that, across the country, a number of different PSC property tax methods are used.

Two alternative methods of taxing PSC property were constructed to illustrate the effects of modifying the current method of taxing PSC property in Virginia. One alternative approach uses local tax rates while the other uses statewide tax rates. Both alternative methods reallocate a predetermined portion of local PSC revenues across local taxing jurisdictions on a per-capita basis. Population is used as a proxy for usage of PSC services, because usage data are not readily available on a locality-by-locality basis.

The analysis, which examines the effects of redistributing 25, 50, 75, and 100 percent of local PSC property tax revenues, shows that both the local tax rates method and the statewide tax rates method would have a substantial negative fiscal impact on Bath, Louisa, and Surry Counties. Altogether, as many as 31 local governments would lose revenue and as many as ten of these would lose at least $1 million annually in local revenues. Still, most other local governments would experience marginal gains in their local revenue.

Further analysis indicates that most local governments which would lose local PSC property tax revenue under the alternative methods would receive increased State aid for educational Standards of Quality (SOQ) costs. Yet, the increased State payments generally would not offset the local loss of PSC property tax revenues. Consequently, Bath, Louisa, and Surry Counties would experience an appreciable net loss of local revenue under both alternative methods.

Furthermore, the alternative methods could have a number of unintended consequences. For instance, redistributing PSC property tax revenue could affect local funding of primary and secondary education and debt service, local support for the siting of PSC facilities, and utility rates.

Aside from the effects of the alternative methods, implementation of either method may be constrained by the *Virginia Constitution*. The methods appear to be inconsistent with sections of the *Constitution* dealing with equitable taxation of PSCs and local taxation of PSC property. Therefore, any change to the method of taxing PSC property would likely require a constitutional amendment.

Other States' Approaches to Taxing PSC Property

As part of this study, JLARC staff conducted telephone interviews with staff in the other 49 states to determine each state's method of assessing and taxing PSC property. The results show that in most states, a local property tax is applied to PSC property based on where the property is located. However, most states use a different assessment process than Virginia, making it difficult to directly compare their PSC property taxation practices to Virginia.

Of the eight states that do have similar assessment or valuation methods, seven of them tax PSC property on a situs basis, as Virginia does. These states are: Connecticut, Delaware, Maine, Massachusetts, Minnesota, Rhode Island, and Vermont. The remaining state — Indiana — uses site-based taxation for electric, water, and cellular telephone companies. However, for gas pipeline, railroad, and telephone companies (other than cellular ones), the state apportions property values to each locality based on pipeline, track, and wire line miles, respectively. These methods imply a partially site-based and partially usage-based approach and are statutorily required in Indiana. According to the staff person contacted, the statutes pertaining to PSC property taxation have been in place for years and there is some discussion now on changing to a solely site-based taxation approach.

Overview of Alternative Methods

The two alternative PSC property taxation approaches developed by JLARC staff are intended to illustrate the effects of reallocating PSC property tax revenues across localities. Both methods are designed to recognize the location of PSC property and the usage of PSC services. In theory, the two alternative methods capture into a special fund a predetermined percentage of local PSC property tax revenue and then redistribute the captured revenue back to local governments based on population. Population is used as a proxy for usage of PSC services. Locality-specific data on usage of PSC services, such as the number of kilowatt hours of service or service connections, are not readily accessible.

The proportion of PSC property tax revenue which is not captured into the special fund, gives weight to where the property is sited. The proportion of PSC property tax revenue which is captured, gives weight to where utility services are used. The basic framework of the alternative methods is somewhat similar to that used in Virginia to capture State sales tax revenue and redistribute a portion of it back to localities based on school-age population.

The difference between the two alternative methods are the real and personal property tax rates which the methods levy against PSC property. The first approach levies *local* real and personal property tax rates, as does the current approach. Consequently, under this method, local governments set the level of PSC property tax revenue.

To control for fluctuations in local tax rates, the second alternative approach levies *statewide* real and personal property tax rates on PSC property. The statewide

rates have been set to generate a total amount of PSC property tax revenue equal to that generated by the actual local rates, strictly for comparison purposes. As with the local tax rates method, the statewide tax rates method reallocates PSC property tax revenue based on population. However, unlike the local tax rates method, the statewide tax rates method affects the amount of local PSC property tax revenues local governments collect before the revenues are redistributed, since the statewide tax rates differ from the local tax rates.

For example, the statewide real property tax rate used in the statewide tax rates method is $.767 per $100 of assessed value. By applying this statewide rate to the assessed value of PSC property in Bath County, which had an average effective local real property tax rate of $.34 per $100 of assessed value in tax year 1991, the county would generate a substantially higher amount of PSC property tax revenue under the statewide tax rates method than under the current method.

The analysis of the alternative methods examines redistribution of 25, 50, 75, and 100 percent of local PSC property tax revenue. These figures are intended to illustrate the impact on Virginia's localities of low, medium, and high reallocations of PSC property tax revenue.

Local Tax Rates Method Has Negative Impact on Bath, Louisa, and Surry Counties

The local tax rates method would substantially reduce Bath, Louisa, and Surry Counties' local revenues. In fact, assuming no changes in the current service levels and tax rates, Bath, Louisa, and Surry Counties would stand to lose at least 12 percent and as much as 73 percent of their local revenue if 25 percent or more of PSC property revenue is redistributed. As reflected in Table 9, the proportional loss of local revenue experienced by Bath, Louisa, and Surry Counties would be at least eight times that experienced by any other local government.

Overall, for all four redistribution levels, Bath, Surry, and Louisa Counties account for 41 percent of the redistributed PSC property tax revenues. In terms of dollar amounts, redistribution of 25 percent, 50 percent, 75 percent, and 100 percent of local PSC property tax revenue would result in the three counties together losing $5 million, $10 million, $15 million, and $20 million, respectively. This fiscal impact on Bath, Louisa, and Surry Counties is due to their uncommonly high per-capita PSC property tax revenue. The local tax rates method, in effect, would redistribute PSC property tax revenue from localities with a high per-capita PSC property tax revenue to localities with low per-capita PSC property tax revenue.

Eighty-five percent of local governments would gain revenue under this method, yet these gains are generally marginal. Only eight local governments would gain more than five percent of their total local revenue, and this only occurs when 100 percent of PSC property tax revenues are redistributed. The local tax rates method essentially would capture revenue from a few local governments and reallocate the revenue across many local governments.

Table 9

Localities Losing the Greatest Percentage of Local Revenue Using Local Tax Rates Method, FY 1992

Locality	*Percent Change in Local Revenue When 25, 50, 75, and 100 Percent of Local PSC Property Tax Revenue is Redistributed*			
	25 Percent	50 Percent	75 Percent	100 Percent
Bath County	-18%	-36%	-55%	-73%
Surry County	-14	-28	-42	-57
Louisa County	-12	-24	-36	-48
Fluvanna County	-1	-3	-4	-5
York County	-1	-2	-3	-4
Russell County	-1	-2	-2	-3
Chesterfield County	-1	-1	-2	-2
Giles County	-1	-1	-2	-2
City of Norton	-1	-1	-2	-2
City of Alexandria	-1	-1	-1	-2
Statewide Median	+.45%	+.91%	+1.38%	+1.84%
Maximum Gain	+1.64	+3.29	+4.93	+6.58

Note: This does not account for changes in SOQ funding.

Source: JLARC staff analysis of FY 1992 Auditor of Public Accounts data.

It is interesting to note that a number of local jurisdictions with large populations and a large presence of PSC property would lose local revenue under the local tax rates method. For example, the Cities of Alexandria, Chesapeake, and Norfolk along with Prince William and Arlington Counties, each would lose approximately one percent of local revenue. Appendix E illustrates the fiscal impact of the local tax rates method for all counties and cities.

Statewide Tax Rates Method Has Negative Impact on Bath, Louisa, and Surry Counties

As mentioned earlier, the statewide tax rates method uses statewide real and personal property tax rates, which generate a total amount of PSC property tax revenue equal to that generated using the actual local tax rates. As a result, the statewide tax rates method would generate less revenue in localities with high local property tax rates and more revenue in localities with low local property tax rates. For example, the statewide real property tax rate used in the statewide tax rates method is $.767 per $100 of assessed value. By applying this statewide rate to the assessed value of PSC property in Prince William County, which had an average effective local real property tax rate of

$1.36 per $100 of assessed value in tax year 1991, the county would generate a substantially lower amount of PSC property tax revenue (before redistribution) under the statewide tax rates method than under the current method.

Overall, with all four redistribution levels, about 80 percent of local governments would gain local revenue under the statewide tax rates method, using FY 1991 data; however, these gains would be relatively minor. As with the local tax rates method, the statewide tax rates method would capture a relatively small amount of local revenue from a few local governments and redistribute the captured revenue across many local governments. As reflected in Table 10, Bath, Louisa, and Surry Counties would lose a disproportionate amount of local revenue.

Not only would Bath, Louisa, and Surry Counties contribute a disproportionate amount of their local revenue for redistribution, but, as the percentage of PSC property tax revenue to be reallocated is increased, the fiscal impact on these three counties would increase dramatically. To illustrate, if 50 percent of PSC property tax revenue were redistributed, Louisa and Surry Counties would account for 17 percent of the $22.1 million redistributed. If 75 percent and 100 percent of PSC property tax revenue were redistributed, Bath, Louisa, and Surry Counties would account for 38 percent of the $30.9 million and 47 percent of the $41.9 million redistributed, respectively.

Local governments which would lose a marginal amount of PSC property tax revenues under the statewide tax rates method include the Cities of Alexandria, Chesapeake, and Richmond along with Chesterfield and Prince William Counties. Appendix F illustrates the fiscal impact of the statewide tax rates method for all counties and cities.

Alternative Methods Have Limited Impact on Standards of Quality Funding

JLARC staff developed an estimate of the alternative methods' impact on the State's contribution to the Standards of Quality (SOQ) costs for local school divisions. The estimate indicates that Louisa and Surry Counties would experience significant increases in State aid for SOQ costs. Most other school districts would experience small decreases in State SOQ funding.

Assumptions of SOQ Analysis. There are two possible assumptions when considering the alternative methods' impact on State aid to localities for SOQ costs. First, some might argue that it is not appropriate to alter the composite index since the alternative approaches do not affect PSC assessed values in any manner. Since the PSC assessed values are not affected, the local property tax bases used to calculate the composite index are not affected (except when 100 percent of PSC revenue is redistributed).

To the contrary, some could argue that redistribution of local PSC property tax revenue using the alternative methods affects each locality's fiscal condition. Since the calculation of State and local shares of SOQ costs are based on local ability to pay, it follows that the level of State SOQ funding provided to each locality would be affected by the alternative methods.

Table 10

Localities Losing the Greatest Percentage of Local Revenue Using the Statewide Tax Rates Method FY 1991

Redistribute 25 Percent of Local PSC Property Tax Revenue		*Redistribute 50 Percent of Local PSC Property Tax Revenue*		*Redistribute 75 Percent of Local PSC Property Tax Revenue*		*Redistribute 100 Percent of Local PSC Property Tax Revenue*	
Locality	Change in Local Revenue	Locality	Change in Local Revenue	Locality	Change in Local Revenue	Locality	Change in Local Revenue
City of Chesapeake	-2%	Surry County	-16%	Surry County	-40%	Bath County	-69%
City of Richmond	-2%	Louisa County	-13%	Bath County	-32%	Surry County	-64%
Prince William Co.	-2%	City of Chesapeake	-2%	Louisa County	-31%	Louisa County	-50%
City of Clifton Forge	-1%	City of Richmond	-2%	Fluvanna County	-4%	Fluvanna County	-6%
City of Petersburg	-1%	Prince William Co.	-2%	York County	-3%	York County	-5%
King George County	-1%	Fluvanna County	-2%	Russell County	-2%	Russell County	-3%
City of Hopewell	-1%	Chesterfield County	-1%	City of Chesapeake	-2%	City of Chesapeake	-2%
City of Covington	-1%	City of Clifton Forge	-1%	City of Richmond	-2%	City of Norton	-2%
Chesterfield County	-1%	York County	-1%	Prince William County	-2%	Chesterfield County	-2%
King William County	-1%	City of Petersburg	-1%	Chesterfield County	-1%	Giles County	-2%
Statewide Median	+.74%	Statewide Median	+.97%	Statewide Median	+1.20%	Statewide Median	+1.49%
Maximum	+41.34	Maximum	+4.51	Maximum	+4.92	Maximum	+5.98

Note: This does not account for changes in SOQ funding.

Note: Under the 25 percent redistribution factor, the largest increase in local revenue (41.34 percent) is for Bath County. The next largest increase in local revenue is 8.09 percent for Surry County, followed by 4.78 percent for Louisa County.

Source: JLARC staff analysis of FY 1991 Auditor of Public Accounts data.

For analytic purposes, JLARC staff assumed that the alternative methods would affect State SOQ funding. To reflect the assumed effect of redistributing local PSC property tax revenue on State aid for SOQ costs, JLARC staff excluded a portion of local PSC property values from the calculation of State and local shares of SOQ costs.

Calculation of Impact on State Aid for SOQ Costs. The SOQ represent minimum requirements for school divisions to provide a program of high quality for public elementary and secondary education. The SOQ costs are apportioned between the Commonwealth and local units of governments which comprise school divisions. The Department of Education estimates State and local apportionment of SOQ costs.

The Department of Education formula for calculating the State and local apportionment of SOQ costs is the composite index. The composite index is calculated using three measures of local ability to pay — true values of property (including PSC property), personal income, and taxable retail sales. In order to estimate the potential impact of the alternative methods on State and local SOQ costs, JLARC staff excluded a portion of each locality's PSC property true values from the calculation of the composite index. The excluded portion is equal to the proportion of local PSC property tax revenue redistributed under the alternative methods. The remaining local PSC property true values were then used to recalculate each school district's composite index.

With this estimate, it is possible to explain, at least in part, local gains or losses of State SOQ funding by examining each locality's proportion of PSC property values to total property values. For the most part, the JLARC SOQ estimate would redistribute State aid for SOQ costs from school districts with a below average proportion of PSC property to those districts with an above average proportion.

Few Localities Experience Major SOQ Funding Changes. For school year 1992-93, both alternative methods would lower SOQ funding for approximately half of Virginia's 138 school districts using any of the redistribution factors. Nonetheless, the loss of State SOQ funding would be minimal. Only two school districts would lose more than four percent of their State aid — Fairfax and Rappahannock Counties — and this is only under the 100 percent redistribution option.

Other school districts which would experience a marginal loss of State SOQ funds include the Cities of Norfolk, Richmond, Suffolk, and Virginia Beach along with Henrico County. Appendix G illustrates the fiscal impact of the alternative methods on State aid for SOQ costs for all school districts.

Of the school districts that would gain State SOQ funding, only Louisa and Surry Counties would experience substantial increases. Louisa County would receive increased State aid by 16 percent, 31 percent, 48 percent, and 65 percent, under the 25, 50, 75, and 100 percent redistribution options, respectively. Surry County would experience much larger gains of 24 percent, 81 percent, and 140 percent, under the 50, 75, and 100 percent redistribution options. Surry County would experience no change in State aid for SOQ costs under the 25 percent option. Such disproportionate gains are not surprising since both counties have a very high per-capita presence of PSC property.

Although Bath County also has a high per-capita presence of PSC property, Bath County's State aid for SOQ costs would remain unchanged under the 25, 50, and 75 percent redistribution options. By statute, the local share of SOQ costs or composite index cannot exceed 80 percent. A composite index value originally above 80 percent is capped at 80 percent. Since Bath County's current composite index is well above 80 percent, the effect of the decrease in local true values of PSC property would not be large enough to lower Bath's composite index below the cap. However, Bath County would gain a substantial amount of State SOQ funding under the 100 percent redistribution option. With this option, Bath County's loss of true values of PSC property would be sufficient to lower its composite index to 44 percent, which would result in a 113 percent increase in State SOQ funding.

Net Effect of Alternative Methods is Marginal for Most Localities

In terms of changes in local PSC property tax revenue and State SOQ funding, the alternative methods would have a disproportionately negative net effect on Bath, Louisa, and Surry Counties. As reflected in Table 11, these three counties would lose a substantial amount of local revenue using either alternative method.

Overall, most local governments would gain PSC property tax revenue and would lose State SOQ funding. However, these changes are marginal at best. Furthermore, the changes in PSC property tax revenues would be of a larger magnitude than the changes in SOQ funding. As a result, localities which would lose PSC property tax revenue would also show a net loss in total local revenue. Three localities — Goochland, Nelson, and Prince William Counties — would actually lose revenue under both alternative methods and would lose State aid for SOQ costs.

In addition to those counties just listed, other local governments which would experience a net loss of local revenue include the Cities of Alexandria, Chesapeake, Norton, Richmond, and Roanoke, along with Arlington, Henrico, Chesterfield, Fairfax, Fluvanna, Russell, and York Counties. Appendixes H and I illustrate the net fiscal impact of the alternative methods for Virginia's cities and counties.

Alternative Methods Have Unintended Consequences

Aside from the impacts discussed, there are additional consequences of changing the method of PSC property taxation that need to be taken into account when considering such a policy decision. For example, State aid programs other than SOQ, such as health department funding, could be affected by the alternative methods. The alternative methods may also decrease additional local funding of primary and secondary education and jeopardize the ability of some localities to service their school debt. In addition, the statewide tax rates method may alter utility rates. The alternative methods could also reduce or eliminate the monetary incentive (property tax revenues) for local citizens to allow PSC facilities to site in their jurisdiction. Thus, the siting of large facilities could become a much more difficult task for PSCs.

Table 11

Localities With the Greatest Net Loss of Local Revenue Using the Alternative Methods

LOCAL TAX RATES METHOD

Redistribution Factor = 25		Redistribution Factor = 50		Redistribution Factor = 75		Redistribution Factor = 100	
Locality	Change in Revenue	Locality	Change in Revenue	Locality	Change in Revenue	Locality	Change in Revenue
Bath County	-18%	Bath County	-36%	Bath County	-55%	Bath County	-60%
Surry County	-14	Surry County	-25	Surry County	-31	Surry County	-37
Louisa County	-7	Louisa County	-13	Louisa County	-20	Louisa County	-26
York County	-1	York County	-1	York County	-2	York County	-2
Chesterfield County	-1	Chesterfield County	-1	Chesterfield County	-2	Chesterfield County	-2
City of Alexandria	-1	City of Alexandria	-1	City of Alexandria	-1	City of Alexandria	-2
Fluvanna County	-.4	Prince William County	-1	Prince William County	-1	Prince William County	-2
Prince William County	-.4	Fluvanna County	-1	Fluvanna County	-1	City of Chesapeake	-2
City of Chesapeake	-.4	City of Chesapeake	-1	City of Chesapeake	-1	Fluvanna County	-2
City of Richmond	-.3	City of Richmond	-1	City of Richmond	-1	City of Richmond	-1

STATEWIDE TAX RATES METHOD

Redistribution Factor = 25		Redistribution Factor = 50		Redistribution Factor = 75		Redistribution Factor = 100	
Locality	Change in Revenue	Locality	Change in Revenue	Locality	Change in Revenue	Locality	Change in Revenue
City of Chesapeake	-2%	Surry Count	-13%	Bath County	-32%	Bath County	-55%
City of Richmond	-2	Louisa County	-2	Surry County	-29	Surry County	-45
Prince William County	-2	City of Chesapeake	-2	Louisa County	-15	Louisa County	-27
City of Petersburg	-1	Prince William County	-2	City of Chesapeake	-2	York County	-2
City of Clifton Forge	-1	City of Richmond	-2	Prince William County	-2	Fluvanna County	-2
King George County	-1	Chesterfield County	-1	City of Richmond	-2	City of Chesapeake	-2
City of Hopewell	-1	City of Petersburg	-1	Chesterfield County	-1	Prince William County	-2
City of Covington	-1	City of Clifton Forge	-1	York County	-1	City of Richmond	-2
City of Roanoke	-1	City of Hopewell	-1	Fluvanna County	-1	Chesterfield County	-1
King William County	-1	City of Manassas	-1	City of Manassas	-1	Russell County	-1

Source: JLARC staff analysis of FY 1991 and FY 1992 Auditor of Public Accounts data and school year 1992-93 Department of Education data.

Other State Aid Programs are Affected. The Cooperative Health Departments Program and other State aid programs that use ability-to-pay measures to distribute funds to local governments could be affected by the alternative methods. However, JLARC staff only estimated the alternative approaches' effects on State aid for SOQ costs, since funding for this program is by far the largest stream of State aid to local governments. If changes in the distribution of all State aid programs based on local ability to pay were calculated, the net effect on most local budgets would likely be even less significant.

Local Funding for Primary and Secondary Education May Be Affected. Of major concern to local governments with a large reliance on PSC property tax revenue is their ability to fund primary and secondary education at current levels. Officials from Bath, Louisa, and Surry Counties stated that a substantial portion of local PSC property tax revenues are used to fund their school systems at levels beyond those required by the SOQ. In fact, as Table 12 indicates, all three counties' actual local primary and secondary educational operating expenditures per pupil were well in excess of that required by the SOQ in FY 1992. Louisa County's per-pupil expenditures were somewhat lower than those for Bath and Surry Counties, due in part to its growth in school age population. Most school divisions fund local education somewhat beyond SOQ requirements. Nonetheless, administrators from Bath, Louisa, and Surry Counties noted that any substantial loss of PSC revenue would result in cutbacks in local funding of primary and secondary education.

Table 12

Actual Local and Required Local Primary and Secondary Educational Operating Expenditures Per Pupil for Bath, Surry, and Louisa Counties, FY 1992

Locality	Actual Local Per-Pupil Expenditures	SOQ Required Local Per-Pupil Expenditures
Bath County	$5,997	$2,640
Surry County	4,799	2,663
Louisa County	2,767	2,224

Source: JLARC staff analysis of FY 1992 Department of Education data.

One result of the additional local education spending has been lower than average pupil/teacher ratios in Bath, Surry, and Louisa Counties. In fact, Bath County's FY 1992 elementary and secondary pupil/teacher ratios were considerably below the statewide averages (Table 13). Surry County also had below average elementary and secondary pupil/teacher ratios. In addition, Louisa County had a below average secondary pupil/teacher ratio.

Table 13

Ratio of Pupils to Instructional Personnel for Elementary and Secondary Education for Bath, Surry, and Louisa Counties, FY 1992

Locality	Elementary Pupil/Teacher Ratio	Secondary Pupil/Teacher Ratio
Bath County	11.1	7.3
Surry County	14.3	9.5
Louisa County	17.9	10.7
Statewide Average	15.6	12.3

Source: JLARC staff analysis of FY 1992 Department of Education data.

Debt Service May Be Affected. Local officials also stated that a substantial portion of PSC property tax revenues is used for school construction and capital improvements. Administrators from Bath and Louisa Counties emphasized that their debt service for such projects is based on the receipt of current levels of PSC property tax revenue. As a result, according to these officials, any significant decrease in local PSC revenue would substantially limit their ability to service their school debt.

For example, in FY 1985, Bath County's unfunded debt per capita was $74. In this same year, the large Virginia Power electric generating station in Bath County began operations. Consequently, Virginia Power began providing the county with considerable property tax revenues. Bath County then set out to renovate its aging school facilities. The county added new science labs and a gymnasium to the high school. Since FY 1987, bonds amounting to $12.7 million have been issued to finance these and other school-related construction and capital improvements. As a result, Bath County's per-capita unfunded debt climbed to $1,337 by FY 1992, ranking eighth highest among Virginia's counties. Of the county's FY 1992 reported debt, close to 100 percent has been utilized for educational purposes. The county undertook that debt with the expectation that the debt would be serviced through the considerable revenues generated by the Virginia Power plant.

Louisa County has also used PSC property tax revenues to finance school construction. Specifically, in the late 1980s, the county consolidated six elementary schools to three elementary schools, at a cost of $12.5 million. To service this and other school-related debt, the county established a School Construction Fund (using PSC property tax revenues). The purpose of the fund is to make Louisa County debt free by 2018, the year the Nuclear Regulatory Commission license for unit one at the North Anna station expires. The county administrator stressed that without PSC property tax revenues the School Construction Fund would not exist.

The Statewide Tax Rates Method May Affect Utility Rates. The potential use of statewide real and personal property tax rates in the statewide tax rates method raises the property tax rate on PSC property in localities with low property tax rates and lowers the property tax rate on PSC property in localities with high property tax rates. As a result, were the statewide tax rates methods to be implemented, PSC property tax obligations would increase or decrease on a locality-by-locality basis.

For example, a few localities with low property tax rates have an enormous presence of PSC property, such as the Virginia Power nuclear powered electric generating plants. If these localities' low local property tax rates were replaced with the higher statewide rates, the property tax bills paid by Virginia Power to these counties would increase. Since the increased local property taxes are completely recoverable through the utility rate setting process, the higher property tax bills could be passed on to the consumer through increased utility rates.

In effect, consumers served by PSCs which are predominantly sited in high tax localities would benefit through lower utility bills, while consumers using PSCs predominantly sited in low tax localities would have to pay higher utility bills under the statewide tax rates method. The implications of raising utility rates for some residents while lowering the rates for others would need to be considered.

Siting of PSC Facilities Could be Affected. The changes in local revenue caused by the alternative methods would not usurp the regulatory nature of siting PSC facilities. However, employing non-location based redistribution factors would diminish local support for having a PSC facility in a locality. Without the incentive of large tax revenues, officials from Bath, Surry, and Louisa Counties stated that they may have voiced opposition to the siting of the large PSC facilities in their jurisdictions. As mentioned in Chapter II, the SCC considers the level of local support for a PSC facility in its decision whether to allow a PSC to locate a facility in a particular locality. Representatives of PSCs also noted the increased difficulty they would likely face in siting a facility if there were no tax benefit to the local jurisdictions.

Constitutional Concerns May Constrain Modification of Current Method

There are two constitutional concerns with the alternative methods. The first issue deals with taxing property at different rates. Article X, Section 1 of the *Virginia Constitution* states that "All taxes shall be ... uniform upon the same class of subjects within the territorial limits of the authority levying the tax". The statewide tax rates method appears to be inconsistent with this section, since PSC property would be taxed at a different rate than other property.

The second concern pertains to the definition of a local versus State tax. Article X, Section 4 reserves all PSC property except rolling stock for local taxation only. Given that PSC property tax revenues would be captured into a special fund for redistribution back to the localities, it is questionable whether the property tax on PSCs could still be considered a local, rather than a State, tax. There are currently no "local" taxes in which the revenues are redistributed across localities. The one percent sales tax that is

distributed to local governments based on school age population, in the same nature as the alternative methods presented, is possible because it is the State tax portion that is redistributed. The local portion is returned to localities based on point of sale. Thus, any modification that redistributed property tax revenues across localities may require a change to the *Virginia Constitution*.

Chapter V: Conclusion And Recommendation

This study has examined the policy of local property taxation of PSCs to determine the need for a modification to the current approach. As part of the study, specific concerns that have been raised about the current approach were explored to determine their merit. For example, concerns have been voiced that PSCs site their major facilities in localities with low tax rates in order to increase PSC profits. Analysis of the rate setting process showed that PSC action to this effect would have little direct impact on profits. Rather than using local tax rates as a major siting criterion, PSCs typically site their facilities based on other criteria, such as environmental conditions, including the availability of water, engineering considerations, and proximity to their customer base. These criteria are beyond the control of local governments and to some extent limit PSC flexibility in siting facilities.

Analysis of local tax rates showed no overall indication that local governments with a significant reliance on PSC revenues impose taxes at substantially lower rates than other similar localities. A large PSC site does, however, create a tax benefit for a locality. In general, localities with the highest reliance on PSC revenues do have lower property tax rates than the statewide average. However, since all PSC taxes are recovered through the rate setting process, the payment of lower local property taxes by PSCs ultimately results in lower utility bills to customers.

Alternative approaches were considered to determine the possible impact on localities of changing the process of taxing PSCs. The alternative methods centered around the redistribution of PSC property tax revenues to localities based on a measure of usage rather than situs, which is the current allocation measure.

The results of these analyses showed that the alternative approaches would have an adverse impact on a few localities while only marginally increasing revenues in most localities. Redistribution of PSC revenues would also have some additional negative consequences, such as potentially increasing rates for some utility customers, reducing local funding for education in some localities, and making it more difficult to site a facility in a locality since there would be no tax benefit to do so.

Further, the property tax is local governments' primary source of revenue and is constitutionally guaranteed to local governments. The alternative approaches would take away part of local governments' authority over property taxes, likely requiring a constitutional amendment. Such a change to one of the basic tenets of Virginia tax policy does not appear warranted, given the marginal effect it would have on most localities. This review, therefore, has led to the conclusion that a change to Virginia's method of taxing PSC property is not warranted.

Recommendation. **The current policy of local taxation of public service corporation property should not be changed at this time.**

Appendixes

Appendix A

Senate Joint Resolution 309, 1993 Session

Requesting the Joint Legislative Audit and Review Commission to study local taxation of public service corporations.

WHEREAS, a March 1992 study by the Department of Taxation shows that the highest effective rate at which real property is taxed by a Virginia jurisdiction is more than six times the lowest rate ($1.37 vs. $0.22); and

WHEREAS, public service corporation revenues account for a higher proportion of total local revenues than other local real property tax revenues in some localities; and

WHEREAS, the disproportionate influence of public service corporation tax revenues substantially affects various state aid formulas; and

WHEREAS, other states use different methods for taxing public service corporations; and

WHEREAS, there is a continuous need to study the many complex issues concerning local revenue resources including the local property tax rates on public service corporations and the effects of these rates; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Joint Legislative Audit and Review Commission be requested to conduct a study of property tax rates on public service corporations. The Commission shall examine issues including, but not limited to: (i) the range of local property tax rates on public service corporations across localities, (ii) the effect of local property tax rates on public service corporation utility rates, (iii) the relationship between local property tax rates and the value of public service corporation property, (iv) alternative methods of public service corporation taxation, and (v) the effects of modifying the methods of taxing public service corporations and distributing those revenues.

The Department of Taxation, State Corporation Commission, Commission on Local Government, and all other state and local government agencies are requested to cooperate by providing any information that the Joint Legislative Audit and Review Commission deems necessary for the purpose of completing its study.

The Commission shall complete its work in time to submit its recommendations and final report to the Governor and the 1994 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Appendix B

Local Revenues and Tax Rates from Taxation of Public Service Corporations

Locality	1992 PSC Revenues	1991 Average Effective Real Property Tax Rates
Alexandria City	$7,529,970	$0.97
Bedford City	$62,540	$0.67
Bristol City	$126,081	$1.04
Buena Vista City	$96,570	$0.84
Charlottesville City	$1,083,738	$1.03
Chesapeake City	$7,351,265	$1.25
Clifton Forge City	$152,850	$1.18
Colonial Heights City	$255,205	$1.13
Covington City	$159,035	$0.80
Danville City	$405,926	$0.69
Emporia City	$125,608	$0.78
Fairfax City	$723,342	$0.82
Falls Church City	$126,917	$0.94
Franklin City	$68,703	$0.83
Fredericksburg City	$446,093	$1.03
Galax City	$73,034	$0.79
Hampton City	$2,447,585	$1.16
Harrisonburg City	$246,895	$0.55
Hopewell City	$767,290	$1.19
Lexington City	$91,184	$0.74
Lynchburg City	$1,615,079	$1.12
Manassas City	$1,023,835	$1.19
Manassas Park City	$87,735	$1.35
Martinsville City	$160,148	$0.68
Newport News City	$4,471,362	$1.13
Norfolk City	$7,735,424	$1.24
Norton City	$194,577	$0.69
Petersburg City	$1,149,792	$1.38
Poquoson City	$95,264	$0.86
Portsmouth City	$1,414,709	$1.22
Radford City	$106,025	$0.59
Richmond City	$9,813,894	$1.40
Roanoke City	$3,308,396	$1.17
Salem City	$320,996	$0.99
South Boston City	$139,378	$0.81
Staunton City	$503,608	$0.92
Suffolk City	$1,141,308	$1.00
Virginia Beach City	$5,702,837	$0.98
Waynesboro City	$271,357	$0.84
Williamsburg City	$174,037	$0.51
Winchester City	$221,718	$0.52

Appendix B

Local Revenues and Tax Rates from Taxation of Public Service Corporations

Locality	1992 PSC Revenues	1991 Average Effective Real Property Tax Rates
Accomack County	$538,403	$0.62
Albemarle County	$1,327,929	$0.67
Alleghany County	$228,379	$0.57
Amelia County	$127,001	$0.46
Amherst County	$300,961	$0.47
Appomattox County	$223,060	$0.52
Arlington County	$5,847,858	$0.73
Augusta County	$720,991	$0.43
Bath County	$6,406,724	$0.34
Bedford County	$792,102	$0.52
Bland County	$73,799	$0.60
Botetourt County	$548,244	$0.59
Brunswick County	$110,281	$0.34
Buchanan County	$328,403	$0.56
Buckingham County	$222,016	$0.35
Campbell County	$595,663	$0.41
Caroline County	$408,606	$0.51
Carroll County	$172,540	$0.35
Charles City County	$176,065	$0.74
Charlotte County	$173,160	$0.45
Chesterfield County	$11,083,835	$1.03
Clarke County	$140,987	$0.60
Craig County	$54,749	$0.50
Culpeper County	$588,970	$0.67
Cumberland County	$128,679	$0.21
Dickenson County	$318,017	$0.52
Dinwiddie County	$394,118	$0.56
Essex County	$82,923	$0.44
Fairfax County	$18,787,940	$1.03
Fauquier County	$1,100,458	$0.76
Floyd County	$154,857	$0.55
Fluvanna County	$746,208	$0.51
Franklin County	$368,392	$0.43
Frederick County	$700,315	$0.42
Giles County	$619,802	$0.63
Gloucester County	$464,830	$0.83
Goochland County	$261,555	$0.48
Grayson County	$129,298	$0.57
Greene County	$239,663	$0.71
Greensville County	$104,400	$0.46
Halifax County	$254,550	$0.30

Appendix B

Local Revenues and Tax Rates from Taxation of Public Service Corporations

Locality	1992 PSC Revenues	1991 Average Effective Real Property Tax Rates
Hanover County	$1,096,495	$0.60
Henrico County	$5,985,072	$0.93
Henry County	$455,527	$0.52
Highland County	$75,059	$0.44
Isle of Wight County	$505,961	$0.68
James City County	$703,721	$0.68
King & Queen County	$79,778	$0.62
King George County	$247,132	$0.60
King William County	$221,784	$0.79
Lancaster County	$128,547	$0.38
Lee County	$354,084	$0.67
Loudoun County	$2,369,866	$0.91
Louisa County	$8,742,575	$0.47
Lunenburg County	$119,911	$0.51
Madison County	$99,850	$0.50
Mathews County	$74,735	$0.42
Mecklenburg County	$246,739	$0.28
Middlesex County	$106,188	$0.40
Montgomery County	$782,438	$0.65
Nelson County	$364,778	$0.67
New Kent County	$262,219	$0.65
Northampton County	$178,279	$0.53
Northumberland County	$79,585	$0.35
Nottoway County	$225,583	$0.49
Orange County	$424,891	$0.45
Page County	$167,172	$0.36
Patrick County	$129,039	$0.49
Pittsylvania County	$680,653	$0.38
Powhatan County	$256,904	$0.64
Prince Edward County	$206,053	$0.32
Prince George County	$298,030	$0.77
Prince William County	$10,970,414	$1.36
Pulaski County	$563,092	$0.60
Rappahannock County	$76,291	$0.48
Richmond County	$168,989	$0.41
Roanoke County	$1,492,617	$1.04
Rockbridge County	$311,495	$0.43
Rockingham County	$675,766	$0.57
Russell County	$1,142,875	$0.59
Scott County	$321,255	$0.60
Shenandoah County	$431,143	$0.44

Appendix B

Local Revenues and Tax Rates from Taxation of Public Service Corporations

Locality	1992 PSC Revenues	1991 Average Effective Real Property Tax Rates
Smyth County	$385,461	$0.53
Southampton County	$193,851	$0.52
Spotsylvania County	$776,874	$0.68
Stafford County	$1,011,410	$0.92
Surry County	$5,669,808	$0.47
Sussex County	$182,418	$0.44
Tazewell County	$460,772	$0.55
Warren County	$194,795	$0.37
Washington County	$521,972	$0.61
Westmoreland County	$195,602	$0.57
Wise County	$362,280	$0.37
Wythe County	$418,288	$0.49
York County	$2,753,800	$0.63
TOTAL	$172,987,957	

Note: Town PSC revenues are included in the appropriate county data.

Appendix C

Composition of Comparison Groups

Locality	Median Family Adjusted Gross Income 1989	Population 1990	Population Density 1990
RUSSELL COUNTY	23,521.00	28,667.00	60
Accomack County	24,242.00	31,703.00	67
Buchanan County	25,927.00	31,333.00	62
Carroll County	23,933.00	26,594.00	56
Lee County	21,156.00	24,496.00	56
Mecklenburg County	25,013.00	29,241.00	47
Wythe County	25,017.00	25,466.00	55
FLUVANNA COUNTY	32,360.00	12,429.00	43
Alleghany County	30,942.00	13,176.00	30
Essex County	29,362.00	8,689.00	33
Greene County	32,845.00	10,297.00	66
Madison County	29,385.00	11,949.00	37
LOUISA COUNTY	30,818.00	20,325.00	41
Caroline County	31,871.00	19,217.00	36
Dinwiddie County	30,904.00	20,960.00	41
Giles County	28,691.00	16,366.00	45
Orange County	31,966.00	21,421.00	63
Southampton County	31,182.00	17,550.00	29
SURRY COUNTY	30,159.00	6,145.00	22
Amelia County	29,196.00	8,787.00	25
Charles City County	33,055.00	6,282.00	35
King and Queen County	29,016.00	6,289.00	20
Rappahannock County	32,322.00	6,622.00	25
Sussex County	28,147.00	10,248.00	21
BATH COUNTY	25,523.00	4,799.00	9
Bland County	26,510.00	6,514.00	18
Craig County	27,327.00	4,372.00	13
Cumberland County	25,392.00	7,825.00	26
Highland County	22,184.00	2,635.00	6

Source: Center for Public Service, Virginia Statistical Abstract, 1992-93 Edition

Appendix C

Composition of Comparison Groups

Groups were developed to compare taxation usage and rates between localities with heavy reliance on PSC revenues and those with limited PSC presence. In determining which localities to include in the comparison groups, JLARC staff used three factors: median family adjusted gross income (MFAGI), population, and population density. The following process was used for each of the five localities with significant reliance on PSC revenues. First, all Virginia localities were sorted by MFAGI. The localities within $3,000 of the target locality's MFAGI were included in the second sort which was based on population. From this grouping, localities were eliminated if they had greater than 5,000 people over or under the target locality's population. The third sort was based on population density. The four to six localities which were most similar to the target locality based on this grouping were included in the comparison group. For the Bath County comparison group, only three localities were identified based on this process. Highland County was added because it had the closest population density to Bath County, even though it had an MFAGI more than $3,000 less then Bath County (there was a $3,339 difference).

Appendix D

Business, Professional, and Occupational License Taxes

Locality	Professionals			Retail Merchants		
	Flat Rate	Rate/$100	Dollar Volume Gross Receipts	Flat Rate	Rate/$100	Dollar Volume Gross Receipts
RUSSELL COUNTY	none					
Accomack County	none					
Buchanan County	none					
Carroll County	none					
Lee County	none					
Mecklenburg County	none					
Wythe County	none					
FLUVANNA COUNTY	none					
Alleghany County	15 (min)	$0.29	over $5,000	15 (min)	$0.10	over $15,000
Essex County	none					
Greene County	20 (min)		under $5,000	20 (min)	$0.15	all
	30		$5,000 to $6,825			
		$0.44	over $6825			
Madison County	none					
LOUISA COUNTY	none					
Caroline County	15 (min)	$0.49	all	15 (min)	$0.15	all
Dinwiddie County	25 (min)	$0.45	all	25 (min)	$0.16	all
Giles County	none					
Orange County	none					
Southampton County	25 (min)	$0.58	all			
SURRY COUNTY	30 (min)	$0.15	over $20,000	25 (min)	$0.15	over $1,000
Amelia County	15 (min)	$0.15	all	15 (min)	$0.05	all
Charles City County	none					
King and Queen County	none					
Rappahannock County	none					
Sussex County	none					
BATH COUNTY	none					
Bland County	none					
Craig County	none					
Cumberland County	25	$0.10	all	25	$0.05	all
Highland County	none					

Source: Center for Public Service, 1992 Tax Rates in Virginia's Cities, Counties, and Selected Towns

Appendix D (continued)

Utility Consumers' Tax

Locality	Type of Utility Service			
	Electricity	Telephone	Gas	Water
RUSSELL COUNTY	R: 20% 1st $15 C: 10% 1st $200 I: 20% 1st $1,000 2% over $1,000	R: 20% 1st $10 CI: 20% 1st $25	R: 20% 1st $15 C: 10% 1st $200 I: 20% 1st $1,000 2% over $1,000	***
Accomack County	R: 10% 1st $15 2% over $15 CI: 10% 1st $100 2% over $100	R: 10% 1st $15 2% over $15 CI: 10% 1st $100 2% over $100	R: 10% 1st $15 2% over $15 CI: 10% 1st $100 2% over $100	R: 10% 1st $15 CI: 10% 1st $100
Buchanan County	R: 10% 1st $15 C: 10% 1st $30 I: 10% 1st $50	R: 10% 1st $15 CI: 10% 1st $30 I: 10% 1st $50	R: 10% 1st $15 C: 10% 1st $30	***
Carroll County	RCI: 15% 1st $15	***	***	***
Lee County	RCI: 15% 1st $15	RCI: 15% 1st $15	***	***
Mecklenburg County	***	***	***	***
Wythe County	R: 20% 1st $15 C: 20% 1st $200 I: 20% 1st $1,000 1% over $1,000	R: 20% 1st $15 CI: 20% 1st $25	R: 20% 1st $15 C: 20% 1st $200 I: 20% 1st $1,000 1% over $1,000	***
FLUVANNA COUNTY	RCI: 20% 1st $15	RCI: 20% 1st $15	***	***
Alleghany County	R: 15% 1st $15 CI: 10% 1st $500	R: 15% 1st $15 CI: 10% 1st $500	R: 15% 1st $15 CI: 10% 1st $500	***
Essex County	R: 20% 1st $15 CI: 10% 1st $100	R: 20% 1st $15 CI: 10% 1st $100	***	***
Greene County	R: 15% 1st $15 CI: 15% 1st $50	***	***	***
Madison County	R: 20% 1st $10 CI: 20% 1st $100	R: 20% 1st $10 CI: 20% 1st $100	***	***
LOUISA COUNTY	R: 15% ($15.00 max) CI: multiple units 15% of $15.00 ($15.00 max)	***	***	***
Caroline County	R: 20% 1st $15 CI: 20% 1st $50	R: 20% 1st $15 CI: 20% 1st $50	***	***
Dinwiddie County	R: 20% 1st $15 CI: 20% 1st $150	R: 20% 1st $15 CI: 20% 1st $150	R: 20% 1st $15 CI: 20% 1st $150	***

Key to Abbreviations: R: Residential C: Commercial I: Industrial

Appendix D (continued)

Utility Consumers' Tax

Locality	Type of Utility Service			
	Electricity	Telephone	Gas	Water
Giles County	R: 20% 1st $15 CI: 20% 1st $45	***	***	***
Orange County	R: 20% 1st $15 CI: 15% 1st $100	R: 20% 1st $15 CI: 15% 1st $100	***	***
Southampton County	R: 20% 1st $15 CI: 20% 1st $250	R: 13% 1st $15 CI: 13% 1st $25	***	***
SURRY COUNTY	***	***	***	***
Amelia County	R: 20% 1st $12.50 CI: 20% 1st $25	R: 20% 1st 12.50 CI: 20% 1st $25	***	***
Charles City County	RCI: 20% 1st $10	RCI: 10% 1st $10	***	***
King and Queen County	R: 20% 1st $15 ($3.00 max) CI: 10% 1st $100 ($10.00 max)	R: 20% 1st $15 ($3.00 max) CI: 10% 1st $100 ($10.00 max)	***	***
Rappahannock County*	RCI: 20% 1st $15	RCI: 20% 1st $15	I: 20% 1st $15	***
Sussex County	R: 10% 1st $15 CI: 10% 1st $150	R: 10% 1st $15 CI: 10% 1st $150	R: 10% 1st $15 CI: 10% 1st $150	***
BATH COUNTY	***	***	***	***
Bland County	R: 20% 1st $15 C: 15% 1st $200 I: 15% 1st $200 1% 1st $201 to $1,000	***	***	***
Craig County	***	***	***	***
Cumberland County	RCI: 20% 1st $15	RCI: 20% 1st $15	***	***
Highland County	RCI: 20% 1st $15	RCI: 20% 1st $15	***	***

Key to Abbreviations: R: Residential C: Commercial I: Industrial

* Rappahannock County also taxes consumers of water service at the rate of 20% for the first $15 for residential, commercial, and industrial consumers.

Source: Center for Public Service, 1992 Tax Rates in Virginia's Cities, Counties, and Selected Towns

Appendix E

Local Loss/Gain of Revenue Using Local Tax Rates Method, FY 1992

Locality	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue
Cities:								
Alexandria	-0.50%	-1,100,187	-0.99%	-2,200,374	-1.49%	-3,300,560	-1.99%	-4,400,747
Bedford	0.71%	26,336	1.41%	52,671	2.12%	79,007	2.82%	105,343
Bristol	0.63%	93,016	1.25%	186,031	1.88%	279,047	2.51%	372,063
Buena Vista	0.47%	19,892	0.95%	39,785	1.42%	59,677	1.90%	79,569
Charlottesville	0.01%	6,347	0.03%	12,694	0.04%	19,041	0.05%	25,389
Chesapeake	-0.46%	-754,835	-0.92%	-1,509,671	-1.37%	-2,264,506	-1.83%	-3,019,342
Clifton Forge	-0.19%	-5,874	-0.39%	-11,749	-0.58%	-17,623	-0.78%	-23,498
Colonial Heights	0.26%	46,974	0.53%	93,948	0.79%	140,921	1.05%	187,895
Covington	0.12%	8,404	0.23%	16,809	0.35%	25,213	0.46%	33,617
Danville	0.83%	265,246	1.67%	530,492	2.50%	795,737	3.34%	1,060,983
Emporia	0.13%	7,128	0.25%	14,257	0.38%	21,385	0.51%	28,514
Fairfax	-0.12%	-43,915	-0.23%	-87,830	-0.35%	-131,744	-0.46%	-175,659
Falls Church	0.16%	35,699	0.32%	71,398	0.48%	107,097	0.64%	142,796
Franklin	0.55%	38,556	1.10%	77,112	1.65%	115,667	2.21%	154,223
Fredericksburg	0.09%	22,645	0.18%	45,291	0.27%	67,936	0.36%	90,581
Galax	0.43%	27,840	0.85%	55,681	1.28%	83,521	1.71%	111,362
Hampton	0.27%	314,899	0.55%	629,797	0.82%	944,696	1.09%	1,259,595
Harrisonburg	0.61%	155,010	1.22%	310,020	1.83%	465,030	2.45%	620,040
Hopewell	-0.15%	-33,572	-0.30%	-67,145	-0.46%	-100,717	-0.61%	-134,290
Lexington	0.47%	25,367	0.94%	50,734	1.41%	76,101	1.88%	101,468
Lynchburg	0.07%	46,899	0.14%	93,798	0.22%	140,697	0.29%	187,596
Manassas	-0.14%	-56,426	-0.27%	-112,852	-0.41%	-169,278	-0.54%	-225,704

Locality	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue
Manassas Park	0.35%	25,541	0.71%	51,083	1.06%	76,624	1.42%	102,165
Martinsville	0.59%	70,738	1.18%	141,476	1.77%	212,214	2.37%	282,952
Newport News	0.05%	73,851	0.09%	147,703	0.14%	221,554	0.19%	295,405
Norfolk	-0.07%	-172,464	-0.14%	-344,928	-0.22%	-517,392	-0.29%	-689,856
Norton	-0.50%	-19,058	-1.00%	-38,117	-1.50%	-57,175	-2.00%	-76,233
Petersburg	-0.09%	-25,991	-0.17%	-51,983	-0.26%	-77,974	-0.35%	-103,966
Poquoson	0.66%	52,557	1.32%	105,114	1.97%	157,671	2.63%	210,227
Portsmouth	0.41%	352,256	0.82%	704,511	1.23%	1,056,767	1.64%	1,409,023
Radford	0.89%	84,957	1.78%	169,914	2.67%	254,871	3.56%	339,827
Richmond	-0.36%	-1,061,561	-0.73%	-2,123,122	-1.09%	-3,184,683	-1.46%	-4,246,244
Roanoke	-0.16%	-160,585	-0.31%	-320,769	-0.47%	-481,154	-0.62%	-641,538
Salem	0.32%	84,881	0.63%	169,763	0.95%	254,644	1.26%	339,526
South Boston	0.28%	19,319	0.56%	26,637	0.84%	39,956	1.13%	53,274
Staunton	0.22%	42,669	0.45%	85,337	0.67%	128,006	0.90%	170,675
Suffolk	0.19%	75,208	0.38%	150,416	0.57%	225,624	0.76%	300,832
Virginia Beach	0.35%	1,314,769	0.70%	2,629,538	1.05%	3,944,307	1.40%	5,259,076
Waynesboro	0.33%	60,825	0.66%	121,650	0.98%	182,475	1.31%	243,300
Williamsburg	0.24%	37,680	0.47%	75,360	0.71%	113,040	0.95%	150,720
Winchester	0.40%	97,316	0.81%	194,632	1.21%	291,949	1.62%	389,265
Counties:								
Accomack	0.46%	85,573	0.92%	171,146	1.36%	256,720	1.84%	342,293
Albemarle	0.24%	147,584	0.48%	295,168	0.72%	442,753	0.97%	590,337
Alleghany	0.39%	32,351	0.78%	64,702	1.18%	97,053	1.57%	129,404
Amelia	0.62%	30,174	1.24%	60,347	1.86%	90,521	2.48%	120,695
Amherst	1.06%	122,916	2.13%	245,833	3.19%	368,749	4.25%	491,665
Appomattox	0.61%	30,240	1.22%	60,481	1.83%	90,721	2.44%	120,962
Arlington	-0.09%	-267,521	-0.17%	-535,041	-0.26%	-802,562	-0.35%	-1,070,082
Augusta	0.74%	205,745	1.49%	411,490	2.23%	617,234	2.97%	822,979

	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
Locality	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue
Bath	-18.21%	-1,568,655	-36.42%	-3,137,310	-54.63%	-4,705,965	-72.84%	-6,274,620
Bedford	0.65%	127,419	1.31%	254,838	1.96%	382,258	2.62%	509,677
Bland	1.17%	26,273	2.35%	52,546	3.52%	78,819	4.70%	105,092
Botetourt	0.28%	37,702	0.56%	75,404	0.83%	113,106	1.11%	150,808
Brunswick	1.53%	82,517	3.06%	165,033	4.58%	247,550	6.11%	330,067
Buchanan	0.57%	132,569	1.15%	265,138	1.72%	397,707	2.29%	530,276
Buckingham	0.73%	33,942	1.45%	67,883	2.18%	101,825	2.90%	135,767
Campbell	0.87%	179,969	1.74%	359,938	2.61%	539,907	3.48%	719,877
Caroline	0.32%	34,769	0.64%	69,538	0.96%	104,308	1.28%	139,077
Carroll	1.64%	140,573	3.29%	281,145	4.93%	421,718	6.58%	562,291
Charles City	-0.00%	-669	-0.01%	-1,339	-0.02%	-2,008	-0.03%	-2,678
Charlotte	0.82%	37,211	1.64%	74,422	2.45%	111,633	3.27%	148,844
Chesterfield	-0.60%	-1,276,528	-1.21%	-2,553,055	-1.81%	-3,829,583	-2.41%	-5,106,111
Clarke	0.61%	48,007	1.23%	96,013	1.84%	144,020	2.46%	192,026
Craig	1.11%	17,275	2.21%	34,549	3.32%	51,824	4.42%	69,099
Culpeper	0.21%	48,162	0.42%	96,324	0.62%	144,486	0.83%	192,648
Cumberland	0.41%	22,186	0.82%	44,371	1.22%	66,557	1.63%	88,743
Dickenson	0.38%	42,279	0.75%	84,559	1.13%	126,838	1.51%	169,118
Dinwiddie	0.47%	49,400	0.94%	98,800	1.41%	148,200	1.88%	197,600
Essex	0.76%	39,817	1.52%	79,634	2.29%	119,451	3.05%	159,268
Fairfax	0.07%	1,065,381	0.14%	2,130,763	0.22%	3,196,144	0.29%	4,261,525
Fauquier	0.12%	64,779	0.24%	129,559	0.36%	194,337	0.49%	259,116
Floyd	0.89%	45,227	1.77%	90,454	2.66%	135,681	3.55%	180,908
Fluvanna	-1.36%	-95,042	-2.72%	-190,084	-4.07%	-285,127	-5.43%	-380,169
Franklin	1.00%	187,248	2.00%	374,496	3.00%	561,743	4.00%	748,991
Frederick	0.46%	151,054	0.92%	302,108	1.38%	453,162	1.84%	604,216
Giles	-0.55%	-42,111	-1.09%	-84,223	-1.64%	-126,334	-2.19%	-168,445
Gloucester	0.48%	94,334	0.96%	188,668	1.45%	283,002	1.93%	377,336
Goochland	0.36%	35,066	0.73%	70,131	1.09%	105,197	1.46%	140,263
Grayson	1.46%	78,451	2.92%	156,901	4.38%	235,352	5.84%	313,802

Locality	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue
Greene	0.25%	15,081	0.49%	30,162	0.74%	45,243	0.98%	60,324
Greensville	0.81%	38,576	1.63%	77,152	2.44%	115,728	3.26%	154,304
Halifax	1.33%	137,959	2.66%	275,919	3.99%	413,878	5.32%	551,837
Hanover	1.54%	177,921	3.07%	355,842	4.61%	533,763	6.14%	711,684
Henrico	0.01%	33,941	0.03%	67,883	0.04%	101,824	0.06%	135,765
Henry	1.08%	274,863	2.16%	549,726	3.24%	824,589	4.32%	1,099,452
Highland	-0.06%	-876	-0.12%	-1,751	-0.18%	-2,627	-0.24%	-3,502
Isle of Wight	0.25%	50,337	0.50%	100,674	0.75%	151,011	1.00%	201,348
James City	0.18%	72,454	0.36%	144,907	0.54%	217,361	0.72%	289,814
King & Queen	0.69%	23,402	1.38%	46,805	2.07%	70,207	2.77%	93,609
King George	0.36%	34,543	0.72%	69,086	1.08%	103,629	1.45%	138,172
King William	0.24%	22,303	0.48%	44,606	0.71%	66,909	0.95%	89,212
Lancaster	0.57%	43,548	1.15%	87,096	1.72%	130,644	2.29%	174,192
Lee	1.08%	80,738	2.17%	161,476	3.25%	242,213	4.33%	322,951
Loudoun	0.02%	28,837	0.04%	57,674	0.06%	86,511	0.07%	115,348
Louisa	-12.04%	-2,039,778	-24.09%	-4,079,557	-36.13%	-6,119,335	-48.17%	-8,159,114
Lunenburg	1.05%	49,147	2.10%	98,295	3.15%	147,442	4.20%	196,589
Madison	0.99%	58,291	1.97%	116,582	2.96%	174,872	3.94%	233,163
Mathews	0.84%	40,488	1.67%	80,976	2.51%	121,464	3.35%	161,952
Mecklenburg	1.30%	140,600	2.60%	281,200	3.90%	421,800	5.20%	562,400
Middlesex	0.65%	34,689	1.29%	69,378	1.94%	104,067	2.59%	138,756
Montgomery	0.74%	311,479	1.48%	622,957	2.22%	934,436	2.96%	1,245,915
Nelson	-0.02%	-1,749	-0.04%	-3,498	-0.06%	-5,248	-0.08%	-6,995
New Kent	0.13%	9,442	0.25%	18,884	0.38%	28,326	0.50%	37,768
Northampton	0.70%	45,564	1.40%	91,128	2.10%	136,692	2.80%	182,256
Northumberland	0.87%	55,101	1.74%	110,201	2.61%	165,302	3.47%	220,402
Nottoway	0.75%	47,499	1.51%	94,998	2.26%	142,497	3.02%	189,995
Orange	0.35%	45,147	0.69%	90,294	1.04%	135,441	1.38%	180,587
Page	1.32%	108,889	2.65%	217,777	3.97%	326,666	5.29%	435,554
Patrick	1.50%	88,148	3.00%	176,296	4.51%	264,444	6.01%	352,592

	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
Locality	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue
Pittsylvania	1.19%	213,765	2.39%	427,530	3.58%	641,295	4.78%	855,061
Powhatan	0.59%	46,549	1.17%	93,098	1.76%	139,647	2.35%	186,196
Prince Edward	1.12%	68,894	2.25%	137,789	3.37%	206,683	4.50%	275,578
Prince George	0.86%	114,705	1.72%	229,409	2.59%	344,114	3.45%	458,818
Prince William	-0.41%	-1,216,522	-0.83%	-2,433,045	-1.24%	-3,649,567	-1.66%	-4,866,090
Pulaski	0.54%	94,538	1.08%	189,076	1.62%	283,614	2.16%	378,152
Rappahannock	0.58%	27,026	1.16%	54,052	1.74%	81,079	2.33%	108,105
Richmond	0.20%	7,980	0.40%	15,960	0.59%	23,940	0.79%	31,920
Roanoke	0.25%	178,657	0.50%	357,314	0.75%	535,970	1.00%	714,627
Rockbridge	0.44%	50,790	0.88%	101,581	1.32%	152,371	1.76%	203,162
Rockingham	0.73%	232,188	1.45%	464,376	2.18%	696,564	2.91%	928,752
Russell	-0.80%	-87,562	-1.59%	-175,124	-2.39%	-262,686	-3.19%	-350,249
Scott	1.18%	79,312	2.37%	158,625	3.55%	237,937	4.73%	317,250
Shenandoah	0.64%	115,828	1.28%	231,657	1.92%	347,485	2.55%	463,314
Smyth	0.94%	127,249	1.88%	254,498	2.83%	381,747	3.77%	508,996
Southampton	0.78%	71,257	1.57%	142,514	2.35%	213,771	3.14%	285,027
Spotsylvania	0.45%	217,920	0.89%	435,839	1.34%	653,759	1.79%	871,679
Stafford	0.35%	198,504	0.70%	397,008	1.05%	595,513	1.39%	794,017
Surry	-14.16%	-1,374,793	-28.33%	-2,749,587	-42.49%	-4,124,380	-56.66%	-5,499,173
Sussex	0.48%	24,576	0.96%	49,152	1.45%	73,728	1.93%	98,304
Tazewell	0.91%	204,747	1.82%	409,495	2.73%	614,242	3.64%	818,989
Warren	0.92%	138,449	1.85%	276,898	2.77%	415,347	3.69%	553,797
Washington	0.83%	188,071	1.65%	376,143	2.48%	564,214	3.31%	752,285
Westmoreland	0.58%	59,810	1.15%	119,621	1.74%	179,431	2.32%	239,242
Wise	0.84%	181,895	1.68%	363,791	2.52%	545,686	3.36%	727,581
Wythe	0.49%	72,943	0.99%	145,887	1.48%	218,830	1.98%	291,773
York	-1.12%	-381,582	-2.23%	-763,165	-3.35%	-1,144,747	-4.46%	-1,526,330

Source: JLARC staff analysis of FY 1992 Auditor of Public Accounts and Deptarment of Taxation data.

Appendix F

Local Loss/Gain of Revenue Using Statewide Tax Rates Method, FY 1991

Locality	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue
Cities:								
Alexandria	0.21%	451,100	-0.12%	-269,486	-0.46%	-990,073	-0.79%	-1,710,660
Bedford	1.04%	36,695	1.63%	57,619	2.22%	78,542	2.81%	99,466
Bristol	0.52%	72,687	1.18%	164,842	1.84%	256,996	2.50%	349,153
Buena Vista	0.06%	3,102	0.64%	26,195	1.20%	49,288	1.77%	72,380
Charlottesville	-0.33%	-160,653	-0.17%	-82,997	-0.01%	-5,341	0.15%	72,315
Chesapeake	-1.64%	-2,557,814	-1.77%	-2,747,933	-1.89%	-2,938,052	-2.01%	-3,128,172
Clifton Forge	-1.20%	-35,341	-0.98%	-28,945	-0.77%	-22,548	-0.55%	-16,152
Colonial Heights	-0.27%	-45,562	0.07%	12,225	0.41%	70,011	0.74%	127,798
Covington	-0.86%	-57,396	-0.70%	-47,077	-0.55%	-36,758	-0.40%	-26,439
Danville	0.26%	78,856	1.27%	388,900	2.28%	698,944	3.30%	1,008,987
Emporia	0.01%	733	0.00%	112	-0.00%	-510	-0.02%	-1,132
Fairfax	-0.15%	-54,727	-0.26%	-98,717	-0.36%	-142,707	-0.50%	-186,697
Falls Church	0.21%	41,946	0.34%	69,222	0.48%	96,497	0.61%	123,773
Franklin	0.49%	32,186	0.99%	65,253	1.49%	98,319	2.00%	131,385
Fredericksburg	-0.62%	-158,448	-0.47%	-119,626	-0.32%	-80,804	-0.16%	-41,982
Galax	0.21%	14,055	0.53%	36,114	0.86%	58,174	1.19%	80,233
Hampton	-0.34%	-379,318	0.06%	70,206	0.47%	519,729	0.88%	969,252
Harrisonburg	0.85%	205,636	1.37%	330,085	1.88%	454,535	2.40%	578,984
Hopewell	-0.87%	-188,895	-0.76%	-164,109	-0.64%	-139,322	-0.53%	-114,536
Lexington	0.19%	9,733	0.66%	33,696	1.13%	57,659	1.59%	81,622
Lynchburg	-0.43%	-255,284	-0.18%	-107,393	0.07%	40,497	0.32%	188,387

Locality	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue
Manassas	-0.54%	-226,698	-0.42%	-176,616	-0.29%	-124,535	-0.17%	-72,453
Manassas Park	0.13%	9,184	0.54%	37,564	0.95%	65,944	1.36%	94,324
Martinsville	0.62%	74,889	1.09%	132,333	1.57%	189,778	2.04%	247,222
Newport News	-0.24%	-365,698	0.09%	143,255	0.43%	652,208	0.77%	1,161,161
Norfolk	-0.66%	-1,513,514	-0.35%	-807,164	-0.04%	-100,814	0.27%	605,537
Norton	0.32%	11,591	-0.40%	-14,393	-1.12%	-40,378	-1.84%	-66,363
Petersburg	-1.17%	-340,258	-0.88%	-255,527	-0.58%	-170,797	-0.29%	-86,066
Poquoson	0.81%	64,232	1.46%	115,427	2.11%	166,622	2.76%	217,817
Portsmouth	0.01%	8,756	0.47%	401,736	0.93%	794,715	1.39%	1,187,695
Radford	1.00%	86,850	1.76%	152,890	2.51%	218,930	3.27%	284,970
Richmond	-1.59%	-4,520,875	-1.60%	-4,558,056	-1.62%	-4,595,236	-1.63%	-4,632,417
Roanoke	-0.77%	-770,370	-0.63%	-623,062	-0.48%	-476,753	-0.33%	-326,445
Salem	-0.02%	-4,315	0.39%	89,788	0.79%	183,851	1.20%	277,935
South Boston	-0.65%	-30,068	-0.21%	-9,649	0.22%	10,369	0.66%	30,586
Staunton	-0.27%	-51,677	0.10%	18,377	0.47%	88,431	0.84%	158,484
Suffolk	-0.52%	-201,975	-0.26%	-102,235	-0.00%	-2,496	0.25%	97,243
Virginia Beach	0.10%	347,432	0.51%	1,781,629	0.91%	3,215,825	1.32%	4,650,021
Waynesboro	0.21%	36,127	0.50%	87,154	0.79%	138,181	1.08%	189,207
Williamsburg	0.76%	111,495	0.80%	116,562	0.83%	121,628	0.87%	126,694
Winchester	0.71%	161,905	0.95%	216,064	1.19%	270,222	1.43%	324,380
Counties:								
Accomack	0.68%	107,735	1.09%	172,399	1.49%	237,063	1.90%	301,727
Albemarle	-0.45%	-266,640	-0.26%	-155,604	-0.07%	-44,567	0.11%	66,470
Alleghany	0.95%	72,766	1.15%	88,090	1.36%	103,414	1.56%	118,737
Amelia	0.53%	28,620	1.16%	62,662	1.59%	76,804	2.22%	100,945
Amherst	2.26%	249,004	2.82%	310,174	3.37%	371,344	3.93%	432,514
Appomattox	1.66%	75,063	1.75%	79,039	1.84%	83,015	1.93%	86,991
Arlington	0.22%	638,749	0.03%	81,397	-0.16%	-475,954	-0.35%	-1,033,306
Augusta	1.02%	280,312	1.41%	388,006	1.81%	495,701	2.20%	603,396

	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
Locality	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue
Bath	41.34%	3,195,336	4.51%	348,665	-32.32%	-2,498,006	-69.15%	-5,344,677
Bedford	1.34%	248,323	1.57%	291,093	1.80%	333,864	2.04%	376,634
Bland	0.56%	13,476	1.55%	36,324	2.53%	59,174	3.50%	82,023
Botetourt	0.81%	105,743	0.73%	95,682	0.65%	85,621	0.58%	75,561
Brunswick	2.19%	136,046	3.05%	189,669	3.91%	243,292	4.77%	296,914
Buchanan	0.71%	174,694	0.97%	240,262	1.24%	305,829	1.50%	371,457
Buckingham	2.78%	122,921	2.49%	110,147	2.21%	97,374	1.92%	84,601
Campbell	2.35%	456,099	2.56%	497,088	2.77%	538,077	2.98%	579,066
Caroline	0.81%	79,252	0.82%	80,811	0.84%	82,369	0.86%	83,927
Carroll	2.82%	235,672	3.87%	323,850	4.92%	412,027	5.98%	500,205
Charles City	-0.64%	-42,462	-0.70%	-46,378	-0.76%	-50,295	-0.82%	-54,212
Charlotte	2.91%	121,631	2.98%	124,919	3.06%	128,207	3.14%	131,495
Chesterfield	-0.81%	-1,596,588	-1.15%	-2,265,512	-1.48%	-2,932,436	-1.83%	-3,599,359
Clarke	1.03%	77,838	1.43%	107,686	1.83%	137,536	2.22%	167,388
Craig	0.81%	12,227	1.66%	25,093	2.52%	37,959	3.37%	50,825
Culpeper	-0.30%	-70,661	-0.14%	-32,064	0.03%	6,552	0.19%	45,169
Cumberland	2.85%	135,461	2.39%	114,015	1.94%	92,569	1.49%	71,123
Dickenson	1.59%	169,071	1.57%	167,399	1.55%	165,726	1.54%	164,054
Dinwiddie	0.36%	37,239	0.69%	70,772	1.02%	104,304	1.35%	137,837
Essex	1.42%	68,911	1.88%	91,748	2.35%	114,585	2.82%	137,422
Fairfax	-0.19%	-2,837,832	-0.07%	-1,068,886	0.05%	700,059	0.17%	2,469,005
Fauquier	-0.03%	-17,179	0.05%	25,045	0.14%	67,268	0.22%	109,492
Floyd	1.32%	62,014	1.94%	91,564	2.57%	121,115	3.20%	150,663
Fluvanna	0.78%	50,906	-1.52%	-99,258	-3.82%	-249,416	-6.11%	-399,577
Franklin	1.69%	305,209	2.27%	409,394	2.85%	513,579	3.43%	617,763
Frederick	0.74%	240,939	0.76%	248,377	0.79%	255,816	0.81%	263,255
Giles	2.70%	199,078	1.21%	89,326	-0.28%	-20,426	-1.76%	-130,178
Gloucester	0.08%	15,947	0.49%	92,715	0.89%	169,482	1.30%	246,250
Goochland	0.98%	92,072	0.97%	91,620	0.97%	91,168	0.96%	90,716
Grayson	1.98%	97,349	3.21%	157,868	4.44%	218,386	5.66%	278,904
Greene	3.74%	205,776	3.37%	185,675	3.01%	165,574	2.64%	145,472

	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
Locality	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue
Greensville	2.37%	114,869	2.40%	116,137	2.42%	117,404	2.45%	118,672
Halifax	2.87%	281,068	3.62%	355,029	4.36%	428,990	5.13%	502,951
Hanover	0.47%	228,791	0.66%	322,860	0.85%	416,929	1.05%	510,997
Henrico	0.36%	796,397	0.46%	1,025,814	0.56%	1,255,232	0.67%	1,484,649
Henry	1.58%	388,624	2.40%	588,293	3.21%	787,961	4.02%	987,630
Highland	0.21%	3,090	-0.36%	-5,220	-0.93%	-13,531	-1.49%	-21,841
Isle of Wight	0.93%	179,060	0.97%	187,341	1.02%	195,622	1.06%	203,904
James City	0.54%	208,151	0.60%	231,908	0.66%	255,666	0.72%	279,424
King & Queen	3.25%	110,237	2.96%	100,416	2.67%	90,596	2.38%	80,776
King George	-1.01%	-86,783	-0.27%	-23,530	0.46%	39,723	1.20%	102,976
King William	-0.79%	-69,006	-0.46%	-40,239	-0.13%	-11,473	0.20%	17,294
Lancaster	0.86%	59,419	1.19%	82,448	1.53%	105,476	1.86%	128,505
Lee	2.13%	160,833	2.71%	204,799	3.29%	248,765	3.87%	292,732
Loudoun	0.12%	180,659	0.11%	162,794	0.10%	144,929	0.09%	127,064
Louisa	4.78%	796,696	-13.34%	-2,224,185	-31.46%	-5,245,066	-49.58%	-8,265,947
Lunenburg	1.31%	60,164	2.08%	95,660	2.86%	131,156	3.63%	166,652
Madison	1.21%	64,603	1.93%	103,436	2.66%	142,268	3.38%	181,101
Mathews	1.04%	48,231	1.66%	76,508	2.27%	104,785	2.88%	133,061
Mecklenburg	2.32%	235,875	3.11%	316,435	3.90%	396,995	4.69%	477,555
Middlesex	1.55%	79,321	1.80%	92,096	2.06%	104,870	2.31%	117,645
Montgomery	1.11%	442,030	1.79%	711,849	2.48%	981,668	3.16%	1,251,487
Nelson	1.45%	109,663	1.25%	94,717	1.05%	79,771	0.86%	64,824
New Kent	0.72%	52,959	0.67%	49,079	0.62%	45,200	0.56%	41,321
Northampton	0.62%	39,974	1.19%	76,937	1.77%	113,901	2.34%	150,865
Northumberland	1.00%	61,072	1.58%	96,365	2.15%	131,657	2.73%	166,950
Nottoway	1.22%	76,838	1.61%	101,198	2.00%	125,557	2.39%	149,917
Orange	-0.00%	-801	0.14%	16,899	0.29%	34,599	0.43%	52,299
Page	1.84%	141,057	2.85%	217,935	3.86%	294,813	4.86%	371,692
Patrick	2.68%	156,597	3.59%	210,185	4.51%	263,774	5.43%	317,362
Pittsylvania	3.31%	581,849	3.63%	638,306	3.95%	694,763	4.27%	751,219
Powhatan	0.60%	44,218	0.97%	71,369	1.34%	98,520	1.71%	125,671

Locality	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue
Prince Edward	2.87%	161,602	3.45%	194,873	4.04%	227,744	4.62%	260,614
Prince George	1.43%	176,844	2.03%	250,753	2.63%	324,663	3.22%	398,572
Prince William	-1.51%	-4,320,920	-1.56%	-4,453,244	-1.60%	-4,586,568	-1.65%	-4,717,891
Pulaski	0.51%	88,984	1.03%	181,029	1.56%	273,075	2.08%	365,120
Rappahannock	0.50%	23,249	0.89%	41,519	1.28%	59,788	1.68%	78,058
Richmond	2.51%	94,857	2.16%	81,523	1.81%	68,189	1.45%	54,855
Roanoke	-0.17%	-115,420	0.20%	133,780	0.58%	382,980	0.95%	632,180
Rockbridge	1.52%	193,112	1.44%	182,539	1.36%	171,966	1.27%	161,393
Rockingham	0.94%	290,222	1.49%	456,684	2.03%	623,147	2.57%	789,609
Russell	0.74%	79,434	-0.64%	-68,725	-2.03%	-216,883	-3.41%	-365,042
Scott	1.52%	100,686	2.46%	164,602	3.44%	228,518	4.40%	292,434
Shenandoah	1.98%	314,957	2.28%	361,142	2.57%	407,326	2.86%	453,510
Smyth	1.26%	165,067	1.98%	258,811	2.70%	352,556	3.42%	446,300
Southampton	3.06%	257,018	3.42%	286,995	3.78%	316,973	4.14%	346,950
Spotsylvania	0.39%	164,163	0.76%	319,237	1.12%	474,310	1.49%	629,384
Stafford	0.16%	84,855	0.49%	261,048	0.82%	437,242	1.15%	613,435
Surry	8.09%	765,017	-16.09%	-1,521,527	-40.26%	-3,808,071	-64.44%	-6,094,615
Sussex	1.92%	93,608	1.83%	89,245	1.74%	84,883	1.65%	80,520
Tazewell	1.37%	293,432	2.09%	447,523	2.81%	601,615	3.53%	755,706
Warren	2.28%	308,094	2.72%	367,057	3.16%	426,019	3.60%	484,981
Washington	0.97%	205,969	1.76%	374,709	2.55%	543,426	3.35%	712,144
Westmoreland	0.15%	14,047	0.67%	64,334	1.20%	114,621	1.72%	164,908
Wise	1.58%	357,019	2.02%	455,090	2.45%	553,161	2.89%	651,232
Wythe	1.10%	160,323	1.27%	185,927	1.45%	211,531	1.63%	237,135
York	0.90%	289,199	-0.95%	-305,775	-2.81%	-900,750	-4.66%	-1,495,724

Source: JLARC staff analysis of FY 1991 Auditor of Public Accounts and Department of Taxation data.

Appendix G

Local Loss/Gain of State SOQ Funding Using Alternative Methods, School Year 1992-93

Locality	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid
Cities:								
ALEXANDRIA	0.00%	0	0.00%	0	0.00%	0	0.00%	0
BEDFORD CITY	-0.06%	-1,405	-0.14%	-3,062	-0.21%	-4,769	-0.29%	-6,529
BRISTOL	-0.14%	-9,542	-0.28%	-18,971	-0.42%	-28,705	-0.57%	-38,738
BUENA VISTA	0.00%	315	0.02%	637	0.03%	970	0.04%	1,310
CHARLOTTESVILLE	-0.04%	-3,620	-0.08%	-6,969	-0.12%	-10,420	-0.16%	-13,981
CHESAPEAKE CITY	0.14%	102,861	0.27%	200,706	0.40%	301,536	0.54%	405,498
CLIFTON FORGE	0.20%	4,016	0.40%	8,111	0.61%	12,328	0.83%	16,678
COLONIAL HEIGHTS	-0.13%	-7,455	-0.26%	-15,259	-0.40%	-23,301	-0.55%	-31,594
COVINGTON	0.12%	3,296	0.25%	6,620	0.38%	10,049	0.51%	13,582
DANVILLE	-0.04%	-7,694	-0.08%	-17,232	-0.13%	-27,061	-0.18%	-37,197
EMPORIA	0.12%	3,181	0.24%	6,501	0.37%	9,920	0.50%	13,445
FAIRFAX CITY	0.00%	0	0.00%	0	0.00%	0	0.00%	0
FALLS CHURCH	0.00%	0	0.00%	0	0.00%	0	0.00%	0
FRANKLIN CITY	-0.07%	-3,587	-0.14%	-6,910	-0.21%	-10,336	-0.28%	-13,871
FREDERICKSBURG	-0.12%	-4,228	-0.24%	-8,377	-0.36%	-12,663	-0.48%	-17,079
GALAX	-0.02%	-538	-0.05%	-1,401	-0.08%	-2,288	-0.11%	-3,205
HAMPTON	-0.06%	-30,563	-0.11%	-59,429	-0.16%	-89,177	-0.22%	-119,846
HARRISONBURG	-0.39%	-22,605	-0.80%	-46,205	-1.22%	-70,523	-1.65%	-95,597
HOPEWELL	0.08%	9,084	0.17%	18,504	0.26%	28,208	0.35%	38,218
LEXINGTON	0.01%	161	0.01%	221	0.02%	280	0.02%	346
LYNCHBURG	0.07%	14,662	0.13%	27,736	0.19%	41,212	0.25%	55,103

	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
Locality	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid
MANASSAS CITY	-0.52%	-45,726	-1.06%	-93,650	-1.62%	-143,037	-2.19%	-193,955
MANASSAS PARK	-0.20%	-8,823	-0.42%	-18,070	-0.64%	-27,599	-0.87%	-37,424
MARTINSVILLE	-0.04%	-2,909	-0.09%	-6,100	-0.14%	-9,389	-0.19%	-12,775
NEWPORT NEWS	-0.05%	-41,365	-0.12%	-91,432	-0.19%	-143,026	-0.26%	-196,224
NORFOLK	0.03%	29,348	0.06%	52,769	0.08%	76,904	0.11%	101,789
NORTON	0.40%	9,806	0.81%	19,858	1.23%	30,214	1.66%	40,895
PETERSBURG	0.09%	13,608	0.18%	28,069	0.27%	42,970	0.37%	58,337
POQUOSON	-0.16%	-9,601	-0.35%	-20,268	-0.54%	-31,264	-0.73%	-42,599
PORTSMOUTH	-0.04%	-20,912	-0.08%	-41,437	-0.12%	-62,590	-0.16%	-84,400
RADFORD	-0.07%	-2,429	-0.13%	-4,662	-0.19%	-6,980	-0.26%	-9,350
RICHMOND CITY	0.14%	76,335	0.28%	156,620	0.43%	239,357	0.58%	324,661
ROANOKE CITY	0.09%	27,000	0.18%	53,970	0.27%	81,765	0.37%	110,419
SALEM	-0.13%	-9,668	-0.25%	-19,524	-0.39%	-29,682	-0.52%	-40,155
SOUTH BOSTON	0.06%	2,273	0.12%	4,154	0.17%	6,090	0.22%	8,068
STAUNTON	0.02%	1,070	0.03%	2,057	0.04%	3,075	0.06%	4,123
SUFFOLK	-0.00%	-1,202	-0.02%	-3,760	-0.03%	-6,397	-0.04%	-9,117
VIRGINIA BEACH	-0.15%	-256,781	-0.31%	-529,851	-0.48%	-811,258	-0.65%	-1,101,390
WAYNESBORO	-0.07%	-4,234	-0.15%	-8,971	-0.24%	-13,856	-0.32%	-18,891
WILLIAMSBURG	0.00%	0	0.00%	0	0.00%	0	0.00%	0
WINCHESTER	-0.30%	-15,452	-0.60%	-31,169	-0.91%	-47,366	-1.23%	-64,067
Counties:								
ACCOMACK	0.02%	2,446	0.02%	3,370	0.03%	4,323	0.04%	5,303
ALBEMARLE	-0.21%	-41,376	-0.44%	-85,439	-0.67%	-130,852	-0.92%	-177,671
ALLEGHANY	0.09%	6,442	0.20%	13,302	0.30%	20,378	0.41%	27,664
AMELIA	-0.03%	-1,446	-0.06%	-2,846	-0.09%	-4,291	-0.13%	-5,779
AMHERST	0.07%	9,375	0.14%	17,839	0.21%	26,561	0.28%	35,555
APPOMATTOX	0.21%	13,519	0.42%	27,017	0.64%	40,915	0.87%	55,254
ARLINGTON	0.00%	0	0.00%	0	0.00%	0	0.00%	0
AUGUSTA	0.02%	4,150	0.03%	7,272	0.04%	10,491	0.06%	13,807

	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
Locality	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid
BATH	0.00%	0	0.00%	0	0.00%	0	113.37%	1,116,785
BEDFORD	0.13%	25,300	0.26%	50,914	0.40%	77,313	0.54%	104,527
BLAND	0.04%	1,689	0.09%	3,600	0.14%	5,542	0.19%	7,569
BOTETOURT	0.17%	18,058	0.34%	37,042	0.52%	56,606	0.70%	76,780
BRUNSWICK	0.02%	1,768	0.04%	2,957	0.05%	4,166	0.07%	5,416
BUCHANAN	0.04%	6,964	0.09%	15,098	0.13%	23,471	0.18%	32,105
BUCKINGHAM	0.28%	16,961	0.56%	34,335	0.85%	52,243	1.15%	70,706
CAMPBELL	0.14%	30,265	0.28%	60,031	0.42%	90,705	0.57%	122,330
CAROLINE	0.17%	15,609	0.34%	31,095	0.52%	47,056	0.70%	63,512
CARROLL	0.00%	1,166	0.02%	2,286	0.03%	3,424	0.04%	4,597
CHARLES CITY	0.21%	6,421	0.42%	12,963	0.64%	19,705	0.87%	26,657
CHARLOTTE	0.17%	10,583	0.34%	21,264	0.52%	32,272	0.71%	43,621
CHESTERFIELD	0.18%	193,390	0.37%	392,101	0.57%	596,879	0.77%	808,009
CLARKE	-0.39%	-12,963	-0.79%	-26,220	-1.20%	-39,878	-1.63%	-53,964
CRAIG	0.01%	273	0.03%	534	0.04%	802	0.06%	1,081
CULPEPER	-0.10%	-10,660	-0.21%	-22,847	-0.32%	-36,404	-0.44%	-48,351
CUMBERLAND	0.31%	10,464	0.64%	21,465	0.98%	32,805	1.32%	44,498
DICKENSON	0.08%	8,430	0.17%	17,019	0.25%	25,865	0.34%	34,980
DINWIDDIE	0.17%	17,086	0.33%	34,375	0.51%	52,192	0.69%	70,559
ESSEX	-0.16%	-6,312	-0.33%	-13,055	-0.50%	-20,001	-0.68%	-27,163
FAIRFAX	-0.99%	-1,641,497	-2.02%	-3,353,780	-3.08%	-5,118,354	-4.17%	-6,937,651
FAUQUIER	-0.66%	-76,132	-1.34%	-159,771	-2.05%	-243,903	-2.78%	-330,646
FLOYD	0.00%	506	0.00%	393	0.00%	271	0.00%	134
FLUVANNA	1.11%	64,584	2.25%	131,194	3.42%	199,841	4.64%	270,615
FRANKLIN	-0.07%	-10,359	-0.14%	-22,386	-0.22%	-34,786	-0.30%	-47,564
FREDERICK	-0.02%	-3,056	-0.04%	-7,421	-0.07%	-11,921	-0.09%	-16,559
GILES	0.60%	44,686	1.22%	90,672	1.86%	137,993	2.52%	186,859
GLOUCESTER	-0.09%	-13,962	-0.19%	-28,880	-0.30%	-44,253	-0.40%	-60,103
GOOCHLAND	-0.09%	-2,712	-0.18%	-5,723	-0.28%	-8,822	-0.39%	-12,016
GRAYSON	-0.02%	-1,355	-0.04%	-3,190	-0.07%	-5,056	-0.10%	-7,007

Locality	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid
GREENE	-0.07%	-3,926	-0.15%	-8,564	-0.24%	-13,343	-0.33%	-18,271
GREENSVILLE	0.04%	2,209	0.08%	4,365	0.12%	6,590	0.17%	8,861
HALIFAX	0.08%	12,691	0.18%	26,768	0.27%	41,351	0.37%	56,323
HANOVER	-0.03%	-6,951	-0.06%	-15,342	-0.10%	-23,991	-0.13%	-32,907
HENRICO	-0.10%	-69,911	-0.21%	-142,006	-0.32%	-216,300	-0.44%	-292,898
HENRY	-0.00%	-768	-0.00%	-2,105	-0.01%	-3,483	-0.02%	-4,903
HIGHLAND	0.27%	2,947	0.54%	5,887	0.82%	8,916	1.11%	12,041
ISLE OF WIGHT	0.04%	4,134	0.08%	8,386	0.12%	12,766	0.16%	17,280
JAMES CITY	-0.29%	-29,142	-0.58%	-58,805	-0.88%	-89,372	-1.19%	-120,889
KING GEORGE	-0.08%	-5,120	-0.16%	-10,447	-0.25%	-15,936	-0.34%	-21,590
KING QUEEN	-0.08%	-2,027	-0.16%	-4,125	-0.25%	-6,286	-0.33%	-8,502
KING WILLIAM	0.14%	5,780	0.28%	11,698	0.42%	17,794	0.57%	24,076
LANCASTER	-0.53%	-14,426	-1.09%	-29,620	-1.66%	-45,281	-2.25%	-61,424
LEE	0.09%	13,946	0.19%	29,078	0.30%	44,714	0.40%	60,784
LOUDOUN	0.00%	0	0.00%	0	0.00%	0	0.00%	0
LOUISA	15.53%	696,485	31.53%	1,819,962	48.02%	2,771,642	65.03%	3,752,833
LUNENBURG	0.00%	409	0.01%	955	0.02%	1,517	0.03%	2,098
MADISON	-0.18%	-8,489	-0.36%	-17,345	-0.55%	-26,453	-0.74%	-35,860
MATHEWS	-0.30%	-8,417	-0.61%	-17,149	-0.93%	-26,146	-1.26%	-35,419
MECKLENBURG	0.05%	7,252	0.09%	13,019	0.13%	18,960	0.17%	25,085
MIDDLESEX	-0.36%	-9,184	-0.74%	-18,687	-1.13%	-28,480	-1.52%	-38,577
MONTGOMERY	-0.02%	-4,656	-0.04%	-8,989	-0.06%	-13,456	-0.09%	-18,063
NELSON	-0.03%	-1,542	-0.07%	-3,406	-0.11%	-5,332	-0.15%	-7,414
NEW KENT	0.00%	302	0.01%	661	0.02%	1,031	0.03%	1,415
NORTHAMPTON	-0.04%	-2,941	-0.08%	-6,420	-0.11%	-9,978	-0.15%	-13,606
NORTHUMBERLAND	-0.72%	-18,836	-1.48%	-38,423	-2.26%	-58,810	-3.06%	-79,421
NOTTOWAY	0.16%	11,105	0.32%	22,564	0.49%	34,378	0.66%	46,556
ORANGE	0.07%	6,003	0.12%	11,141	0.18%	16,433	0.24%	21,890
PAGE	-0.05%	-4,288	-0.10%	-8,790	-0.15%	-13,428	-0.20%	-18,213
PATRICK	-0.02%	-1,782	-0.05%	-4,012	-0.08%	-6,308	-0.12%	-8,677

	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
Locality	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid
PITTSYLVANIA	0.16%	42,287	0.31%	82,775	0.46%	124,495	0.62%	167,552
POWHATAN	-0.00%	-36	-0.00%	-231	-0.00%	-433	-0.01%	-643
PRINCE EDWARD	0.18%	12,896	0.36%	26,771	0.54%	39,038	0.73%	52,720
PRINCE GEORGE	0.00%	142	-0.00%	-110	-0.00%	-370	-0.00%	-643
PRINCE WILLIAM	-0.05%	-45,997	-0.09%	-88,312	-0.13%	-131,919	-0.18%	-176,878
PULASKI	0.04%	5,987	0.08%	10,962	0.11%	16,045	0.15%	21,328
RAPPAHANNOCK	-0.99%	-15,901	-2.00%	-32,149	-3.04%	-48,896	-4.12%	-66,160
RICHMOND	0.20%	6,888	0.41%	14,085	0.62%	21,502	0.84%	29,149
ROANOKE	-0.09%	-29,025	-0.18%	-57,801	-0.28%	-87,454	-0.37%	-118,027
ROCKBRIDGE	0.14%	11,101	0.28%	22,116	0.42%	33,465	0.57%	45,167
ROCKINGHAM	-0.11%	-24,341	-0.22%	-50,021	-0.34%	-76,488	-0.46%	-103,771
RUSSELL	0.45%	67,314	0.92%	135,931	1.39%	206,622	1.88%	279,547
SCOTT	0.07%	9,781	0.14%	18,707	0.21%	27,839	0.28%	37,314
SHENANDOAH	-0.14%	-15,326	-0.27%	-31,015	-0.42%	-47,180	-0.56%	-63,847
SMYTH	0.06%	9,550	0.12%	19,249	0.19%	29,282	0.26%	39,586
SOUTHAMPTON	0.00%	254	-0.00%	-193	-0.00%	-665	-0.01%	-1,129
SPOTSYLVANIA	-0.12%	-35,194	-0.24%	-73,432	-0.37%	-112,837	-0.50%	-153,467
STAFFORD	-0.12%	-36,407	-0.23%	-73,813	-0.36%	-112,366	-0.48%	-152,108
SURRY	0.00%	0	24.16%	322,710	81.07%	1,082,629	139.74%	1,866,113
SUSSEX	0.18%	7,282	0.37%	14,795	0.57%	22,536	0.77%	30,518
TAZEWELL	0.01%	3,533	0.03%	7,153	0.04%	10,886	0.06%	14,802
WARREN	-0.17%	-17,227	-0.35%	-34,957	-0.53%	-53,226	-0.72%	-72,062
WASHINGTON	-0.04%	-7,275	-0.07%	-14,986	-0.11%	-22,934	-0.15%	-31,127
WESTMORELAND	-0.13%	-6,151	-0.26%	-12,324	-0.40%	-18,687	-0.53%	-25,247
WISE	0.09%	20,631	0.17%	41,466	0.26%	63,001	0.35%	85,130
WYTHE	0.10%	11,974	0.20%	25,375	0.31%	39,180	0.43%	53,418
YORK	0.72%	169,341	1.46%	343,580	2.22%	523,142	3.00%	708,271

Locality	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid	Percent Loss/ Gain of State SOQ Aid	Loss/Gain of SOQ State Aid
Towns:								
COLONIAL BEACH	-0.29%	-5,015	-0.59%	-10,215	-0.90%	-15,582	-1.22%	-21,112
WEST POINT	-0.34%	-6,303	-0.69%	-12,621	-1.04%	-19,130	-1.41%	-25,840

Source: JLARC staff analysis of School Year 1992-93 Department of Education data.

Appendix H

Net Local Loss/Gain of Revenue Using Local Tax Rates Method, FY 1992

Locality	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue
Cities:								
Alexandria	-1,100,187	-0.50%	-2,200,374	-0.99%	-3,300,560	-1.49%	-4,400,747	-1.99%
Bedford	24,931	0.67%	49,610	1.33%	74,238	1.99%	98,813	2.65%
Bristol	83,474	0.56%	167,061	1.13%	250,342	1.69%	333,325	2.25%
Buena Vista	20,206	0.48%	40,422	0.96%	60,647	1.44%	80,879	1.93%
Charlottesville	2,727	0.00%	5,725	0.01%	8,621	0.02%	11,407	0.02%
Chesapeake	-651,974	-0.40%	-1,308,965	-0.79%	-1,962,970	-1.19%	-2,613,844	-1.59%
Clifton Forge	-1,859	-0.06%	-3,638	-0.12%	-5,295	-0.18%	-6,820	-0.23%
Colonial Heights	39,519	0.22%	78,688	0.44%	117,620	0.66%	156,301	0.88%
Covington	11,701	0.16%	23,429	0.32%	35,262	0.49%	47,199	0.65%
Danville	257,552	0.81%	513,260	1.61%	768,677	2.42%	1,023,786	3.22%
Emporia	10,310	0.18%	20,758	0.37%	31,305	0.56%	41,959	0.75%
Fairfax	-43,915	-0.12%	-87,830	-0.23%	-131,744	-0.35%	-175,659	-0.46%
Falls Church	35,699	0.16%	71,398	0.32%	107,097	0.48%	142,796	0.64%
Franklin	34,969	0.50%	70,202	1.00%	105,332	1.51%	140,352	2.01%
Fredericksburg	18,417	0.07%	36,914	0.15%	55,273	0.22%	73,502	0.29%
Galax	27,303	0.42%	54,280	0.83%	81,233	1.24%	108,156	1.66%
Hampton	284,336	0.25%	570,368	0.50%	855,519	0.74%	1,139,749	0.99%
Harrisonburg	132,405	0.52%	263,815	1.04%	394,507	1.56%	524,444	2.07%
Hopewell	-24,488	-0.11%	-48,641	-0.22%	-72,509	-0.33%	-96,072	-0.44%
Lexington	25,528	0.47%	50,955	0.95%	76,382	1.42%	101,814	1.89%
Lynchburg	61,561	0.09%	121,536	0.19%	181,909	0.28%	242,698	0.37%

Locality	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue
Manassas	-102,152	-0.25%	-206,502	-0.50%	-312,315	-0.75%	-419,660	-1.01%
Manassas Park	16,716	0.23%	33,013	0.46%	49,025	0.68%	64,742	0.90%
Martinsville	67,829	0.57%	135,376	1.13%	202,826	1.70%	270,177	2.26%
Newport News	32,487	0.02%	56,271	0.04%	76,526	0.05%	99,181	0.06%
Norfolk	-143,116	-0.06%	-292,159	-0.12%	-440,488	-0.18%	-588,067	-0.25%
Norton	-9,253	-0.24%	-18,259	-0.48%	-26,961	-0.71%	-35,338	-0.93%
Petersburg	-12,383	-0.04%	-23,914	-0.08%	-35,004	-0.12%	-45,629	-0.15%
Poquoson	42,956	0.54%	84,845	1.06%	126,407	1.58%	167,629	2.10%
Portsmouth	331,344	0.39%	663,074	0.77%	994,176	1.16%	1,324,623	1.54%
Radford	82,527	0.86%	165,252	1.73%	247,891	2.60%	330,477	3.46%
Richmond	-985,226	-0.34%	-1,966,502	-0.67%	-2,945,326	-1.01%	-3,921,563	-1.34%
Roanoke	-133,384	-0.13%	-266,799	-0.26%	-399,388	-0.39%	-531,119	-0.51%
Salem	75,213	0.28%	150,239	0.56%	224,963	0.84%	299,371	1.11%
South Boston	15,592	0.33%	30,791	0.65%	46,045	0.97%	61,362	1.30%
Staunton	43,738	0.23%	87,394	0.46%	131,061	0.69%	174,798	0.92%
Suffolk	74,006	0.19%	146,655	0.37%	219,227	0.56%	291,715	0.74%
Virginia Beach	1,057,988	0.28%	2,099,687	0.56%	3,133,049	0.83%	4,157,685	1.11%
Waynesboro	56,591	0.30%	112,678	0.61%	168,619	0.91%	224,409	1.21%
Williamsburg	37,680	0.24%	75,360	0.47%	113,040	0.71%	150,720	0.95%
Winchester	81,864	0.34%	163,463	0.68%	244,583	1.02%	325,196	1.35%
Counties:								
Accomack	88,019	0.47%	174,517	0.94%	261,042	1.41%	347,566	1.87%
Albemarle	108,209	0.17%	209,790	0.34%	311,601	0.51%	412,666	0.68%
Alleghany	58,793	0.47%	79,003	0.96%	117,426	1.42%	157,068	1.90%
Amelia	28,728	0.59%	57,501	1.18%	86,230	1.78%	114,916	2.37%
Amherst	132,292	1.14%	263,672	2.28%	395,310	3.42%	527,221	4.56%
Appomattox	43,759	0.88%	87,498	1.77%	131,636	2.66%	176,216	3.56%
Arlington	-267,521	-0.09%	-535,041	-0.17%	-802,562	-0.26%	-1,070,082	-0.35%
Augusta	209,895	0.76%	418,762	1.51%	627,725	2.27%	836,786	3.02%

Locality	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue
Bath	-1,568,655	-18.21%	-3,137,310	-36.42%	-4,705,965	-54.63%	-5,157,834	-59.87%
Bedford	152,719	0.78%	305,752	1.57%	459,571	2.36%	614,203	3.15%
Bland	27,962	1.25%	56,146	2.51%	84,362	3.77%	112,662	5.04%
Botetourt	55,760	0.41%	112,447	0.83%	169,715	1.25%	227,686	1.68%
Brunswick	84,285	1.56%	167,990	3.11%	251,716	4.66%	335,483	6.21%
Buchanan	139,533	0.80%	280,236	1.61%	421,178	1.62%	562,361	2.43%
Buckingham	50,903	1.09%	102,218	2.19%	154,068	3.29%	206,473	4.41%
Campbell	210,234	1.02%	419,970	2.03%	630,613	3.05%	842,207	4.07%
Caroline	50,378	0.46%	100,633	0.93%	151,363	1.39%	202,588	1.87%
Carroll	141,739	1.66%	283,431	3.32%	425,142	4.97%	566,887	6.63%
Charles City	5,751	0.06%	11,624	0.13%	17,697	0.19%	23,979	0.26%
Charlotte	47,795	1.05%	95,687	2.10%	143,905	3.16%	192,465	4.23%
Chesterfield	-1,083,137	-0.51%	-2,160,955	-1.02%	-3,232,704	-1.53%	-4,296,102	-2.03%
Clarke	35,044	0.45%	69,794	0.89%	104,141	1.33%	138,062	1.77%
Craig	17,548	1.12%	35,083	2.24%	52,628	3.37%	70,180	4.49%
Culpeper	37,502	0.16%	73,477	0.32%	109,082	0.47%	144,297	0.62%
Cumberland	32,650	0.60%	65,836	1.21%	99,362	1.83%	133,240	2.45%
Dickenson	50,709	0.45%	101,578	0.90%	152,703	1.36%	204,098	1.82%
Dinwiddie	66,486	0.63%	133,175	1.27%	200,391	1.91%	268,159	2.55%
Essex	33,505	0.64%	66,579	1.27%	99,450	1.90%	132,105	2.53%
Fairfax	-576,116	-0.04%	-1,223,017	-0.08%	-1,922,210	-0.13%	-2,676,125	-0.18%
Fauquier	-13,353	-0.03%	-30,213	-0.06%	-49,586	-0.09%	-71,630	-0.13%
Floyd	45,735	0.90%	90,847	1.75%	136,952	2.66%	181,042	3.55%
Fluvanna	-30,458	-0.44%	-58,891	-0.84%	-85,288	-1.22%	-109,553	-1.56%
Franklin	176,889	0.95%	352,109	1.88%	526,956	2.82%	701,427	3.75%
Frederick	147,996	0.45%	294,667	0.90%	441,241	1.34%	587,657	1.79%
Giles	2,575	0.03%	6,449	0.08%	11,659	0.15%	18,414	0.24%
Gloucester	80,372	0.41%	159,788	0.82%	238,749	1.22%	317,232	1.62%
Goochland	32,354	0.34%	64,408	0.67%	96,375	1.00%	128,246	1.33%
Grayson	77,096	1.44%	153,711	2.86%	230,295	4.29%	306,795	5.71%
Greene	11,155	0.18%	21,598	0.35%	31,900	0.52%	42,053	0.68%

Locality	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue
Greensville	40,785	0.86%	81,518	1.72%	122,318	2.58%	163,185	3.45%
Halifax	150,650	1.45%	302,707	2.92%	455,229	4.38%	608,161	5.86%
Hanover	170,970	1.48%	340,500	2.94%	509,772	4.40%	678,777	5.86%
Henrico	-35,969	-0.02%	-74,123	-0.03%	-114,477	-0.05%	-157,133	-0.07%
Henry	274,085	1.08%	547,621	2.15%	821,106	3.22%	1,094,549	4.30%
Highland	2,071	0.14%	4,136	0.28%	6,289	0.43%	8,539	0.58%
Isle of Wight	54,471	0.27%	109,060	0.54%	163,777	0.82%	218,628	1.09%
James City	43,312	0.11%	86,102	0.21%	127,989	0.32%	168,925	0.42%
King & Queen	18,282	0.54%	36,357	1.07%	54,271	1.60%	72,019	2.13%
King George	32,517	0.34%	64,961	0.68%	97,343	1.02%	129,671	1.36%
King William	28,083	0.30%	56,304	0.60%	84,702	0.90%	113,289	1.21%
Lancaster	29,122	0.38%	57,476	0.76%	86,363	1.12%	112,768	1.49%
Lee	94,884	1.27%	190,553	2.56%	286,928	3.85%	383,735	5.15%
Loudoun	28,837	0.02%	57,674	0.04%	86,511	0.06%	115,348	0.07%
Louisa	-1,143,293	-6.75%	-2,259,595	-13.34%	-3,347,693	-19.77%	-4,406,281	-26.02%
Lunenburg	49,556	1.06%	99,249	2.12%	148,959	3.18%	198,687	4.24%
Madison	49,802	0.84%	99,237	1.68%	148,419	2.51%	197,303	3.34%
Mathews	32,071	0.66%	63,827	1.32%	95,318	1.97%	126,533	2.61%
Mecklenburg	147,852	1.37%	294,219	2.72%	440,760	4.07%	587,485	5.43%
Middlesex	25,505	0.48%	50,691	0.95%	75,587	1.41%	100,179	1.87%
Montgomery	306,523	0.73%	613,966	1.46%	920,575	2.19%	1,227,652	2.92%
Nelson	-3,291	-0.04%	-6,906	-0.08%	-10,579	-0.12%	-14,309	-0.16%
New Kent	9,744	0.13%	19,545	0.26%	29,357	0.39%	39,183	0.52%
Northampton	42,523	0.65%	85,709	1.32%	126,717	1.96%	171,850	2.64%
Northumberland	36,265	0.57%	71,778	1.13%	108,691	1.68%	140,981	2.22%
Nottoway	58,604	0.93%	117,561	1.87%	176,875	2.81%	236,552	3.76%
Orange	51,150	0.39%	101,434	0.78%	151,874	1.16%	202,478	1.55%
Page	104,600	1.27%	208,987	2.54%	313,238	3.81%	417,341	5.07%
Patrick	86,366	1.47%	172,283	2.93%	258,136	4.40%	343,914	5.86%
Pittsylvania	256,052	1.43%	510,305	2.85%	765,791	4.28%	1,022,612	5.72%
Powhatan	46,513	0.59%	92,667	1.17%	139,214	1.75%	185,553	2.34%

	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
Locality	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue
Prince Edward	81,790	1.33%	163,580	2.67%	245,721	4.01%	328,297	5.36%
Prince George	114,846	0.86%	229,299	1.72%	343,744	2.58%	458,175	3.44%
Prince William	-1,262,520	-0.43%	-2,521,357	-0.86%	-3,781,486	-1.29%	-5,042,569	-1.72%
Pulaski	100,525	0.57%	200,038	1.14%	299,659	1.71%	399,480	2.28%
Rappahannock	11,125	0.24%	21,903	0.47%	32,182	0.69%	41,945	0.90%
Richmond	14,868	0.37%	30,045	0.75%	45,441	1.13%	61,069	1.52%
Roanoke	149,631	0.21%	299,513	0.42%	448,516	0.63%	596,600	0.83%
Rockbridge	61,891	0.53%	123,697	1.07%	185,836	1.61%	248,329	2.15%
Rockingham	207,847	0.65%	414,355	1.30%	620,076	1.94%	824,981	2.58%
Russell	-20,249	-0.18%	-39,193	-0.36%	-56,064	-0.51%	-70,701	-0.64%
Scott	89,093	1.33%	177,332	2.64%	265,776	3.96%	354,564	5.29%
Shenandoah	100,502	0.65%	200,642	1.11%	300,305	1.66%	399,487	2.20%
Smyth	136,799	1.01%	273,747	2.03%	411,029	3.04%	548,582	4.06%
Southampton	71,511	0.79%	142,321	1.57%	213,116	2.35%	283,898	3.13%
Spotsylvania	182,726	0.37%	362,408	0.74%	540,922	1.11%	718,212	1.47%
Stafford	162,097	0.28%	323,195	0.57%	483,147	0.85%	641,909	1.13%
Surry	-1,374,793	-14.16%	-2,426,876	-25.00%	-3,041,751	-31.34%	-3,633,061	-37.43%
Sussex	31,858	0.63%	63,947	1.26%	96,264	1.89%	128,821	2.53%
Tazewell	208,280	0.93%	416,648	1.85%	625,128	2.78%	833,792	3.71%
Warren	121,222	0.81%	241,941	1.61%	362,121	2.41%	481,735	3.21%
Washington	180,796	0.79%	361,166	1.59%	541,280	2.38%	721,158	3.17%
Westmoreland	53,659	0.52%	107,297	1.04%	160,744	1.56%	213,995	2.06%
Wise	202,526	0.94%	405,257	1.67%	606,687	2.81%	812,712	3.76%
Wythe	84,918	0.58%	171,262	1.16%	256,010	1.75%	345,191	2.34%
York	-212,242	-0.62%	-419,585	-1.23%	-621,606	-1.82%	-818,059	-2.39%

Source: JLARC staff analysis of FY 1992 Auditor of Public Accounts and Deptarment of Taxation data and school year 1992-93 Department of Education Data.

Appendix I

Net Local Loss/Gain of Revenue Using Statewide Tax Rates Method, FY 1992

Locality	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue
Cities:								
Alexandria	451,100	0.21%	-269,486	-0.12%	-990,073	-0.45%	-1,710,660	-0.79%
Bedford	35,290	1.00%	54,557	1.54%	73,773	2.08%	92,936	2.62%
Bristol	63,145	0.45%	145,872	1.05%	228,293	1.64%	310,415	2.23%
Buena Vista	3,418	0.08%	26,832	0.66%	50,258	1.23%	73,690	1.80%
Charlottesville	-164,273	-0.33%	-89,966	-0.18%	-15,761	-0.03%	58,334	0.12%
Chesapeake	-2,454,953	-1.58%	-2,547,228	-1.64%	-2,636,517	-1.69%	-2,722,674	-1.75%
Clifton Forge	-31,326	-1.06%	-20,834	-0.71%	-10,220	-0.35%	526	0.02%
Colonial Heights	-53,016	-0.31%	-3,034	-0.02%	46,710	0.27%	96,204	0.56%
Covington	-54,100	-0.81%	-40,457	-0.60%	-26,709	-0.40%	-12,858	-0.19%
Danville	71,161	0.23%	371,668	1.21%	671,883	2.20%	971,790	3.18%
Emporia	3,914	0.07%	6,612	0.13%	9,410	0.18%	12,213	0.23%
Fairfax	-54,727	-0.15%	-96,717	-0.25%	-143,707	-0.38%	-186,697	-0.50%
Falls Church	41,946	0.21%	69,222	0.34%	96,497	0.48%	123,773	0.61%
Franklin	26,600	0.43%	55,343	0.89%	87,086	1.39%	117,514	1.79%
Fredericksburg	-162,676	-0.63%	-128,003	-0.50%	-93,457	-0.36%	-59,061	-0.23%
Galax	13,518	0.20%	34,714	0.51%	55,886	0.83%	77,028	1.14%
Hampton	-409,880	-0.37%	10,776	0.00%	430,552	0.39%	849,406	0.77%
Harrisonburg	183,031	0.76%	283,661	1.18%	384,012	1.59%	483,387	2.00%
Hopewell	-179,811	-0.83%	-145,605	-0.67%	-111,114	-0.51%	-76,318	-0.35%
Lexington	9,894	0.19%	33,917	0.66%	57,939	1.13%	81,967	1.60%
Lynchburg	-240,621	-0.40%	-79,656	-0.13%	81,709	0.14%	243,490	0.41%

	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
Locality	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue
Manassas	-274,423	-0.65%	-270,266	-0.64%	-267,571	-0.63%	-266,409	-0.63%
Manassas Park	660	0.00%	19,494	0.28%	38,345	0.55%	56,901	0.82%
Martinsville	71,880	0.60%	126,233	1.04%	180,389	1.49%	234,446	1.94%
Newport News	-407,062	-0.27%	51,824	0.03%	509,181	0.34%	964,937	0.64%
Norfolk	-1,484,166	-0.65%	-754,395	-0.33%	-23,910	-0.01%	707,326	0.31%
Norton	21,397	0.59%	5,464	0.15%	-10,164	-0.28%	-25,467	-0.71%
Petersburg	-326,650	-1.12%	-227,458	-0.78%	-127,826	-0.44%	-27,729	-0.09%
Poquoson	54,632	0.69%	95,159	1.20%	135,358	1.71%	175,218	2.22%
Portsmouth	-12,156	-0.01%	360,299	0.42%	732,125	0.86%	1,103,295	1.30%
Radford	84,421	0.97%	148,228	1.70%	211,950	2.43%	275,620	3.16%
Richmond	-4,444,540	-1.56%	-4,401,436	-1.55%	-4,355,879	-1.53%	-4,307,755	-1.51%
Roanoke	-743,370	-0.75%	-569,092	-0.57%	-393,988	-0.40%	-218,025	-0.22%
Salem	-13,983	-0.06%	70,244	0.30%	154,170	0.66%	237,780	1.02%
South Boston	-27,795	-0.60%	-5,696	-0.12%	16,459	0.35%	38,675	0.83%
Staunton	-50,607	-0.27%	20,434	0.11%	91,506	0.49%	162,607	0.86%
Suffolk	-203,177	-0.52%	-105,996	-0.27%	-8,893	-0.02%	88,126	0.22%
Virginia Beach	90,652	0.03%	1,251,778	0.35%	2,404,567	0.68%	3,548,630	1.01%
Waynesboro	31,894	0.18%	78,183	0.45%	124,325	0.71%	170,316	0.97%
Williamsburg	111,495	0.76%	116,562	0.80%	121,628	0.83%	126,694	0.87%
Winchester	146,453	0.64%	184,894	0.81%	222,856	0.98%	260,313	1.15%
Counties:								
Accomack	110,161	0.69%	175,769	1.11%	241,986	1.52%	307,031	1.93%
Albemarle	-308,016	-0.52%	-241,042	-0.40%	-175,418	-0.29%	-111,200	-0.19%
Alleghany	79,208	1.04%	101,391	1.33%	123,786	1.62%	146,402	1.92%
Amelia	27,075	0.60%	49,816	1.10%	72,513	1.60%	95,156	2.10%
Amherst	258,379	2.35%	328,013	2.98%	397,905	3.61%	468,069	4.25%
Appomattox	88,582	1.96%	106,056	2.35%	123,930	2.75%	142,245	3.15%
Arlington	638,749	0.22%	81,397	0.03%	-475,954	-0.16%	-1,033,306	-0.35%
Augusta	284,462	1.04%	395,278	1.44%	506,192	1.85%	617,202	2.25%

Locality	25 Percent Redistribution: Loss/Gain of PSC Property Tax Revenue	25 Percent Redistribution: Percent Loss/ Gain of Local Revenue	50 Percent Redistribution: Loss/Gain of PSC Property Tax Revenue	50 Percent Redistribution: Percent Loss/ Gain of Local Revenue	75 Percent Redistribution: Loss/Gain of PSC Property Tax Revenue	75 Percent Redistribution: Percent Loss/ Gain of Local Revenue	100 Percent Redistribution: Loss/Gain of PSC Property Tax Revenue	100 Percent Redistribution: Percent Loss/ Gain of Local Revenue
Bath	3,195,336	41.34%	348,665	4.51%	-2,498,006	-32.32%	-4,227,891	-54.70%
Bedford	273,623	1.48%	342,007	1.85%	411,177	2.22%	481,160	2.60%
Bland	15,164	0.65%	39,924	1.70%	64,718	2.76%	89,592	3.83%
Botetourt	123,601	0.95%	132,705	1.02%	142,168	1.09%	152,280	1.17%
Brunswick	137,815	2.21%	192,626	3.09%	247,458	3.98%	302,330	4.86%
Buchanan	181,659	0.74%	255,379	1.03%	329,340	1.33%	403,562	1.64%
Buckingham	139,882	3.17%	144,483	3.27%	149,617	3.39%	155,307	3.52%
Campbell	486,364	2.51%	557,119	2.87%	628,782	3.24%	701,396	3.61%
Caroline	94,861	0.97%	111,905	1.14%	129,425	1.32%	147,439	1.50%
Carroll	236,839	2.83%	326,136	3.90%	415,451	4.96%	504,802	6.03%
Charles City	-36,041	-0.55%	-33,416	-0.51%	-30,590	-0.46%	-27,554	-0.42%
Charlotte	132,214	3.16%	146,183	3.49%	160,479	3.83%	175,116	4.18%
Chesterfield	-1,405,198	-0.71%	-1,873,412	-0.95%	-2,335,556	-1.19%	-2,791,351	-1.42%
Clarke	64,875	0.86%	81,469	1.08%	97,660	1.30%	113,424	1.51%
Craig	12,501	0.83%	25,627	1.70%	38,761	2.57%	51,906	3.44%
Culpeper	-81,341	-0.34%	-54,911	-0.23%	-28,652	-0.12%	-3,162	-0.01%
Cumberland	145,925	3.06%	135,480	2.85%	125,374	2.63%	115,621	2.43%
Dickenson	177,501	1.66%	184,418	1.73%	191,591	1.80%	199,034	1.87%
Dinwiddie	54,326	0.53%	105,147	1.03%	156,496	1.53%	208,396	2.03%
Essex	62,599	1.29%	78,693	1.62%	94,584	1.94%	110,259	2.27%
Fairfax	-4,479,329	-0.30%	-4,422,666	-0.30%	-4,418,295	-0.30%	-4,468,646	-0.30%
Fauquier	-95,311	-0.19%	-134,728	-0.27%	-178,635	-0.36%	-221,154	-0.45%
Floyd	62,523	1.33%	91,957	1.95%	121,394	2.58%	150,796	3.20%
Fluvanna	115,489	1.77%	31,936	0.49%	-49,873	-0.76%	-128,981	-1.97%
Franklin	294,650	1.63%	387,007	2.15%	478,793	2.65%	570,199	3.15%
Frederick	237,883	0.73%	240,968	0.74%	243,895	0.75%	246,696	0.76%
Giles	243,764	3.30%	179,998	2.44%	117,567	1.59%	56,681	0.77%
Gloucester	1,986	0.01%	63,835	0.34%	125,229	0.66%	186,147	0.98%
Goochland	89,360	0.95%	85,897	0.91%	82,346	0.87%	78,699	0.83%
Grayson	95,994	1.95%	154,678	3.14%	213,330	4.33%	271,898	5.52%
Greene	201,850	3.66%	177,111	3.22%	152,230	2.76%	127,201	2.31%

	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
Locality	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue
Greensville	117,078	2.42%	120,502	2.49%	123,994	2.56%	127,552	2.63%
Halifax	293,759	3.00%	381,817	3.89%	470,341	4.80%	559,274	5.70%
Hanover	221,840	0.46%	307,518	0.63%	392,938	0.81%	476,090	0.96%
Henrico	726,467	0.33%	883,809	0.40%	1,036,931	0.47%	1,191,750	0.54%
Henry	387,857	1.58%	586,189	2.39%	784,479	3.20%	982,727	4.00%
Highland	6,037	0.41%	667	0.05%	-4,615	-0.32%	-9,800	-0.67%
Isle of Wight	183,194	0.95%	195,727	1.02%	208,389	1.08%	221,183	1.15%
James City	179,009	0.46%	173,103	0.45%	166,294	0.43%	158,535	0.41%
King & Queen	105,117	3.10%	89,969	2.65%	74,660	2.20%	59,186	1.74%
King George	-88,810	-1.04%	-27,655	-0.32%	33,437	0.39%	94,474	1.10%
King William	-63,226	-0.72%	-28,541	-0.32%	6,321	0.07%	41,371	0.47%
Lancaster	44,993	0.65%	52,827	0.76%	60,195	0.87%	67,081	0.97%
Lee	174,779	2.31%	233,877	3.09%	293,480	3.88%	353,518	4.68%
Loudoun	160,659	0.12%	162,794	0.11%	144,929	0.10%	127,064	0.09%
Louisa	1,693,181	10.15%	-404,223	-2.42%	-2,473,424	-14.83%	-4,513,115	-27.07%
Lunenburg	60,573	1.32%	96,615	2.11%	132,674	2.89%	168,750	3.68%
Madison	56,114	1.05%	86,091	1.61%	115,815	2.16%	145,241	2.71%
Mathews	39,815	0.86%	59,359	1.29%	78,639	1.70%	97,642	2.11%
Mecklenburg	243,127	2.39%	329,453	3.23%	415,955	4.08%	502,640	4.93%
Middlesex	70,137	1.37%	73,408	1.44%	76,390	1.50%	79,068	1.55%
Montgomery	437,375	1.10%	702,880	1.77%	968,210	2.44%	1,233,423	3.11%
Nelson	108,121	1.43%	91,309	1.20%	74,436	0.98%	57,511	0.76%
New Kent	53,281	0.73%	49,740	0.68%	46,231	0.63%	42,737	0.58%
Northampton	37,033	0.57%	71,817	1.11%	105,926	1.64%	140,259	2.18%
Northumberland	42,236	0.69%	57,942	0.95%	73,647	1.19%	87,529	1.43%
Nottoway	87,943	1.40%	123,761	1.97%	159,936	2.55%	196,473	3.13%
Orange	5,202	0.04%	28,040	0.23%	51,032	0.42%	74,190	0.62%
Page	136,768	1.79%	209,145	2.74%	281,385	3.68%	353,479	4.62%
Patrick	154,815	2.65%	206,173	3.53%	257,466	4.40%	308,685	5.28%
Pittsylvania	624,136	3.55%	721,081	4.10%	819,258	4.66%	918,771	5.23%
Powhatan	44,182	0.60%	71,138	0.97%	98,067	1.34%	125,628	1.70%

	25 Percent Redistribution		50 Percent Redistribution		75 Percent Redistribution		100 Percent Redistribution	
Locality	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue	Loss/Gain of PSC Property Tax Revenue	Percent Loss/ Gain of Local Revenue
Prince Edward	174,498	3.09%	220,444	3.91%	266,781	4.73%	313,534	5.56%
Prince George	176,986	1.43%	250,644	2.03%	324,293	2.62%	397,929	3.22%
Prince William	-4,366,918	-1.53%	-4,541,556	-1.59%	-4,717,486	-1.65%	-4,894,769	-1.71%
Pulaski	94,971	0.54%	191,991	1.10%	289,120	1.65%	386,448	2.21%
Rappahannock	7,348	0.16%	9,370	0.20%	10,892	0.23%	11,898	0.26%
Richmond	101,745	2.70%	95,608	2.53%	89,691	2.38%	84,004	2.23%
Roanoke	-144,445	-0.22%	75,980	0.11%	295,526	0.45%	514,153	0.78%
Rockbridge	204,212	1.61%	204,655	1.62%	205,431	1.62%	206,560	1.63%
Rockingham	265,881	0.87%	406,663	1.32%	546,659	1.78%	685,838	2.23%
Russell	146,748	1.37%	67,207	0.63%	-10,261	-0.10%	-85,495	-0.80%
Scott	110,467	1.66%	183,309	2.76%	256,357	3.86%	329,748	4.96%
Shenandoah	299,631	1.89%	330,127	2.08%	360,146	2.27%	389,669	2.45%
Smyth	174,617	1.34%	278,061	2.13%	381,638	2.92%	485,885	3.72%
Southampton	257,272	3.07%	286,802	3.42%	316,318	3.77%	345,821	4.12%
Spotsylvania	128,969	0.31%	245,805	0.58%	361,473	0.86%	475,917	1.13%
Stafford	48,448	0.09%	187,235	0.35%	324,876	0.61%	461,327	0.87%
Surry	765,017	8.09%	-1,198,817	-12.68%	-2,725,442	-28.82%	-4,228,502	-44.71%
Sussex	100,891	2.07%	104,040	2.13%	107,418	2.20%	111,037	2.27%
Tazewell	296,965	1.39%	454,677	2.12%	612,500	2.86%	770,508	3.59%
Warren	290,867	2.16%	332,088	2.46%	372,703	2.76%	412,920	3.06%
Washington	196,714	0.93%	359,721	1.69%	520,492	2.45%	681,017	3.20%
Westmoreland	7,896	0.06%	82,010	0.64%	85,934	1.00%	136,661	1.46%
Wise	377,850	1.87%	496,856	2.20%	616,151	2.73%	736,362	3.26%
Wythe	172,297	1.18%	211,302	1.45%	250,711	1.72%	290,655	1.99%
York	458,540	1.43%	37,805	0.12%	-377,608	-1.18%	-767,453	-2.45%

Source: JLARC staff analysis of FY 1991 Auditor of Public Accounts and Department of Taxation data and school year 1992-93 Department of Education Data.

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