

**REPORT OF THE**

**Commission on Virginia's  
State and Local Tax Structure  
for the 21st Century**

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



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**Commission on Virginia's State and Local Tax  
Structure for the 21<sup>st</sup> Century  
(House Joint Resolution No. 578/1999)**

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- S. John H. Bowman, Professor of Economics, Virginia Commonwealth University, "Virginia Personal Income Tax: Current Tax and Policy Options," research paper prepared for the Commission, Nov. 2000



## EXECUTIVE SUMMARY

This Commission was requested to examine broadly the current tax structure supporting Virginia's state and local governments and the present division of responsibility between the two levels of government for the provision of public services to the Commonwealth's citizens. Fundamentally, this body was asked to evaluate, given current social and economic trends, the adequacy of existing arrangements to address Virginia's future needs. Following the receipt of public testimony from around the Commonwealth, and after extended consideration of relevant data, this Commission concluded that measures should be taken (1) to establish a more efficient alignment of responsibility for the provision of public services with the revenue sources required for their provision, (2) to broaden the revenue base of localities generally, (3) to recognize in the formulation of state aid programs the considerable disparity that exists in the social, economic, and fiscal condition of our political subdivisions, (4) to arrest and reverse the erosion of existing state and local revenue bases that results in an upward impetus on tax rates, (5) to establish a permanent, broad-based entity committed to a continuing analysis of state and local fiscal concerns, (6) to protect and enhance an environment in Virginia that sustains equitably our vital business community, and (7) to promote greater equity in the development and application of tax instruments for all our citizenry.

Consistent with the perspective presented above, the voting members of the Commission unanimously endorse and submit the following proposals to the Governor and General Assembly for consideration. We recommend that:

- 1) the state increase substantially its support for both the operational and capital costs of the local school divisions;
- 2) the state government assume the full operational cost for the provision of all mandated services provided through the Comprehensive Services Act, the public health departments, the Community Services Boards, the local and regional jails, and the local social service/welfare departments;
- 3) at least six (6) percent of the state's annual individual income tax collections be dedicated for return to Virginia's localities for the purpose of broadening their revenue base and reducing their dependence on real property taxation;
- 4) the state move to protect the role of its sales and use tax in meeting the fiscal needs of the Commonwealth by (a) participating in the Streamlined Sales Tax Project, an interstate effort designed to

standardize state sales and use tax provisions in order to overcome congressional opposition to mandating their interstate collection, (b) critically reviewing all current exemptions to the sales and use tax, and (c) extending the tax to certain categories of services and new data/knowledge-related products;

- 5) increased opportunity be afforded localities to work in concert to address regional transportation concerns;
- 6) the state's individual income tax be revised, in a revenue-neutral manner, to effect changes in its tax rates, tax brackets, personal exemptions, and standard deductions;
- 7) the taxing authority of counties be made commensurate with that of cities;
- 8) the state critically review both (a) the tax-exempt status currently granted to all non-governmental property in Virginia and (b) the restrictions that currently limit the service charges that may be applied to tax-exempt property;
- 9) a permanent, broad-based fiscal study commission be established to provide to the Commonwealth's elected leadership on a continuing basis advisory comment relative to the current and prospective fiscal needs and resources of Virginia's state and local governments;
- 10) localities be permitted to retain, for needed flexibility in their revenue options, their current authority to levy the merchants' capital and business, professional, and occupational license taxes; and
- 11) increased opportunity be granted localities to collaborate in regional economic development activities.

The Commission acknowledges that none of the recommendations above can, nor should, remove from Virginia's localities the necessity to scrutinize their expenditures and to prioritize their public service needs. This Commission anticipates that future years will present localities with a growing intensification and complexity of service needs which will demand the utmost in frugality and efficiency. Moreover, the Commission also anticipates that state fiscal concerns may well require an incremental implementation of the various recommendations, such that the full beneficial impact of these proposals will not be immediate. In our judgment, however, the recommendations cited above collectively constitute a set of measures that will benefit the Commonwealth as we proceed into the 21<sup>st</sup> century.

**REPORT OF THE COMMISSION  
ON VIRGINIA'S STATE AND LOCAL TAX STRUCTURE  
FOR THE 21ST CENTURY**

**INTRODUCTION**

The Commission on the Condition and Future of Virginia's Cities included in its recommendations to the 1999 session of the General Assembly a proposal for the creation of an entity to examine comprehensively the revenue-raising capabilities and fiscal responsibilities of Virginia's state and local governments.<sup>1</sup> Pursuant to that proposal, the 1999 session of the General Assembly adopted House Joint Resolution No. 578, which established this Commission and directed it to examine "all aspects of the state and local tax structure" and "the proper division of revenues and responsibilities for services" between the two levels of government. That resolution specified that the Commission was to be comprised of "13 voting members with significant expertise in state and local taxation, public or private budgeting and finance, or public services delivery, none of whom shall be currently serving in an elected capacity."<sup>2</sup> The resolution provided that the Commission was to be assisted in its review by two non-voting *ex officio* members, the Secretary of Finance and the State Tax Commissioner.

The proposal to establish the new Commission and to give it that broad directive was founded upon awareness that major economic forces were challenging the adequacy of Virginia's current tax structure and public service delivery arrangements, particularly with respect to the Commonwealth's localities. Indicative of the complexity of the environment prompting the creation of this Commission is the fact that the resolution authorizing this study cited 19 economic trends and conditions that merited consideration in our deliberations. Included in that set of trends and conditions were those involving the deregulation of certain industries, the growing economic significance of information technology, the emergence and growth of electronic commerce, the plight of Virginia's cities, and the constraints that currently affect the revenue base of all Virginia's localities.

In addition to the broad general charge set forth in the study resolution, the Commission was also requested to consider during the course of its study 11 specific proposals referred to it by the Commission on the Condition and Future

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<sup>1</sup> The Commission on the Condition and Future of Virginia's Cities was created by House Joint Resolution No. 432 (1998) and charged with developing a profile of the Commonwealth's cities and with the identification of policies that might address their problems. Hence, concern for the plight of Virginia's cities was one of the principal motivations for establishing this Commission.

<sup>2</sup> See Appendix A for the text of House Joint Resolution No. 578 and for a list of the members. Douglas M. Jerrold resigned his position on the Commission in December 1999 and did not participate in the development of this report or in the recommendations contained herein.

of Virginia's Cities.<sup>3</sup> Further, the 2000 session of the General Assembly requested this body to include in its review consideration of proposals to eliminate the merchants' capital tax and the business, professional, and occupational license taxes (HB354); to grant fiscal autonomy to elected school boards (HJR105); to change the methods by which merchants remit their state and local sales tax collections (HJR152); to examine the equity of the sales and use tax in the advent of internet commerce (HJR311); to consider changes in the application of the sales and use tax to certain purchases made by federal contractors (HJR158/SJR150); and to evaluate the propriety and fiscal ramifications of providing compensation to merchants for the collection and remittance of local food and meals taxes (HB255).<sup>4</sup>

## **PROCEEDINGS OF THE COMMISSION**

In the course of its review, the Commission held a total of ten meetings for the receipt of testimony on the issues before it and for the analysis of relevant materials and data. In order to facilitate receipt of public comment from all geographic areas of the Commonwealth, Commission meetings were held in Richmond, Manassas, Hampton, Emory, Danville, and Charlottesville. During those sessions, the Commission received testimony from participants in similar tax studies in other states; from several national research entities; from officials of Virginia's executive and legislative agencies; from representatives of the Virginia Municipal League, the Virginia Association of Counties, other local governmental associations in the Commonwealth, and individual Virginia localities; and from members of the public. The data and materials submitted to this Commission during the course of its study were voluminous and offered a variety of perspectives on the issues before us. We are indebted to all the groups and individuals who contributed to our deliberations.

While this Commission endeavored to consider during the course of its study each of the issues referred to it for consideration, not all are the subject of recommendations subsequently found in this report. Time constraints and the inadequacy of available data precluded our ability to offer recommendations on all proposals. The issues submitted to this Commission for consideration were too consequential for our submission of recommendations where their potential ramifications could not be examined to our satisfaction. Alternatively, the recommendations that are presented in this report rest upon our judgment that they are substantiated by relevant evidence and that they clearly serve the interest of this Commonwealth and its citizenry.

## **PRINCIPLES GUIDING OUR DELIBERATIONS**

An initial and fundamental concern of this Commission was the establishment of principles that would guide our deliberations. Foremost in the set of principles endorsed by the Commission was a determination to submit to the citizens of Virginia a report intended to address long-term concerns, not one

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<sup>3</sup> See Appendix B for a list of the issues referred by the Commission on the Condition and Future of Virginia's Cities.

<sup>4</sup> See Appendix C for the text of these legislative measures.

constrained by issues of expediency. In terms of tax policy, we endorsed the general principles of tax equity, efficiency, adequacy, and predictability and sought to fashion recommendations founded upon those precepts.<sup>5</sup> With respect to fiscal burden, we endorsed the principle that individual localities, as dependent instrumentalities of the state, should not be expected to bear disproportionate burdens due to the nature of their populations nor other phenomena beyond their control. State policies, in our judgment, should be fashioned on the basis of such principles.

## ISSUES AND TESTIMONY

### GENERAL CONTEXT

As this Commission proceeded with its review, our previous perception of the general viability, fiscal capacity, and governmental integrity of this state has been confirmed. We acknowledge as prologue to the observations which follow our appreciation of the simplified governmental structure in Virginia, its well-deserved reputation for good government, its favorable state and local bond ratings, the good administration of its property taxes, its low tax rates, and the excellence of its fiscal administration in general. Notwithstanding these attributes, the evidence available to the Commission discloses areas of immediate as well as future concern. The following sections of this report address some of the more prominent of these issues.

### LOCAL FISCAL ISSUES

#### Local Revenues

**Real Estate Tax Base.** Virginia's localities utilize a revenue base that rests principally upon the real property tax. According to Virginia's Auditor of Public Accounts, the Commonwealth's counties and cities raised approximately \$2.6 billion and \$1.2 billion, respectively, from their real property tax bases in FY1999.<sup>6</sup> Those amounts constituted 43.64% and 36.48% of the total local-source revenue of the counties and cities, respectively, that fiscal year.<sup>7</sup> As the state's economy has changed, however, real property encompasses less of the economic resources of a community and may fail to grow commensurate with the fiscal needs of Virginia's localities.

Not surprisingly, then, a prominent concern expressed by local governmental officials in their testimony before this Commission was the undue reliance their jurisdictions have been required to place on their real estate base. While the data indicate that the median jurisdictional percentage of total local-source revenue raised by Virginia's counties and cities from the real property tax declined from 39.05% in FY1989 to 34.56% in FY1998, that tax

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<sup>5</sup> See Appendix D for an extended commentary on tax principles prepared for the Commission by Professor John H. Bowman of Virginia Commonwealth University.

<sup>6</sup> Auditor of Public Accounts, Commonwealth of Virginia, *Comparative Report of Local Government Revenues and Expenditures: Year Ended June 30, 1999*, Exhibit B.

<sup>7</sup> *Ibid.*

remained the primary source of local-source revenue in the latter fiscal year.<sup>8</sup> Instrumental in the reduced significance of real property taxes to localities in recent years has been the languishing growth in real property assessables. The period from 1992 through 1997 manifested a very modest growth in the statewide total of taxable real estate values, with annual increases ranging only from 0.1% in 1992 to 4.4% in 1997.<sup>9</sup> During the same period of time, annual growth in taxable individual income, the principal source of state revenue, ranged between 4.6% and 10.5%. This disparity in growth in the principal sources of state and local revenue has not been a constant characteristic of the Commonwealth's fiscal environment, however, for the statewide annual growth in real property assessments significantly surpassed that of the state's net taxable income during the preceding four-year period (1988-1991).<sup>10</sup> The issue of concern is what future economic trends portend for the two revenue sources.

Further, it should be noted that considerable variation has been experienced by localities in the growth of their real estate tax base. Statistics reveal that between 1988 and 1998, 47 counties and cities recorded a median annual increase in the per capita true value of their real estate of less than 3%, that 17 recorded median annual growth rates of less than 1%, and that 6 actually manifested a negative median annual rate of change. During the same period, however, 14 jurisdictions experienced a median annual increase in per capita true real estate values greater than 6%.<sup>11</sup>

Another factor that affects the capacity of the real estate base to support the fiscal needs of Virginia localities is the extent of tax-exempt property within their boundaries. According to the Virginia Department of Taxation, the total fair market value of tax-exempt real property in the Commonwealth's counties and cities in Tax Year 1998 was more than \$60.7 billion and represented more than 14% of the aggregate fair market real property values in those jurisdictions.<sup>12</sup> In terms of individual jurisdictions, the percentage of fair market values that was tax exempt in Tax Year 1998 ranged from a low of 2.87% in Rappahannock County to a high of 56.28% in the City of Portsmouth. During the same tax year 26 jurisdictions reported tax-exempt property as constituting more than 20% of the fair market values, with 11 recording more than 30% of their property as tax exempt, and with 2 (Cities of Portsmouth and Lexington) having more than 50% of their real estate values in that category.<sup>13</sup>

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<sup>8</sup> See Appendix E (selected tables from Commission on Local Government, *Local-Source Revenue Profile of Virginia's Counties and Cities: FY1989-98*), Table B1.2. The percentage of local-source revenue raised from real estate taxes in FY1998 ranged from a low of 14.43% in Bath County to a high of 57.11% in Fauquier County. (*Ibid.*, Table D1.3.)

<sup>9</sup> See Appendix F (selected tables from Commission on Local Government, *Compendium of Statistical Tables*), Table 42.

<sup>10</sup> *Ibid.*

<sup>11</sup> Commission on Local Government, "Rates of Change in the Per Capita True Valuation of Real Estate by Locality, 1988-98." (Appendix G)

<sup>12</sup> Virginia Department of Taxation, *Annual Report: Fiscal Year 1999*, Table 5.3.

<sup>13</sup> *Ibid.*

Of the total tax-exempt property in Tax Year 1998, approximately \$44.3 billion was classified as "government" and \$16.4 billion was categorized as "non-government."<sup>14</sup> Property owned by the Commonwealth constituted approximately \$6.0 billion of that classified as "government."<sup>15</sup> The taxes lost by counties and cities due to all real property exemptions in Tax Year 1998 totaled more than \$650.5 million, with that attributable to property owned by the Commonwealth totaling approximately \$58.9 million.<sup>16</sup> While many of the tax exemptions are the result of local initiative, the end result is a constriction of that local revenue resource. In brief, while the experience of individual counties and cities has differed, the real estate tax base of Virginia's localities has grown modestly in recent years and is reduced in its significance in numerous jurisdictions by a concentration of tax-exempt property.

**Sales and Use Tax.** Another issue of concern regarding the fiscal prospects of Virginia's localities is the diminishing significance of the sales and use tax. Although the local-option sales tax generated approximately \$402.6 million in revenue for Virginia's counties and \$277.3 million for cities in FY1999, representing 6.8% and 8.4%, respectively, of their total local-source revenue collections for that fiscal year, trendlines suggest that this revenue source will contribute relatively less to addressing local public needs in the future.<sup>17</sup> The data reveal that the median jurisdictional percentage of total local-source revenue derived by Virginia's counties and cities from the local option sales and use tax declined from 8.79% in FY1989 to 6.63% in FY1998.<sup>18</sup>

Several factors are contributing to the diminished significance of the sales and use tax in Virginia. First, an increasing percentage of the economy in Virginia and in the nation generally is derived from services as opposed to the production and sale of tangible products. When the statewide sales and use tax was adopted in Virginia in 1966, goods accounted for 58% of national consumption, but by 1998 that percentage had decreased to 41%.<sup>19</sup> Second, the growing volume of interstate sales, spurred in large part by catalog transactions and e-commerce, reduces sales and use tax collections. While Virginia's use tax could apply to such activity, there are severe restrictions on the authority of a state to require non-resident commercial firms to collect that tax. One study of the impact of interstate sales, resulting from e-commerce and otherwise, has estimated that by 2003 the aggregate loss in revenue to Virginia's state and local

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<sup>14</sup> *Ibid.*

<sup>15</sup> Virginia Department of Taxation, "Summary of Tax Exempt and Tax Immune Real Estate Property-1998," unpublished table. The Department of Taxation has noted that inconsistencies in the classification of tax-exempt properties by localities affect the totals in various categories, and, as a consequence, such totals should be viewed with caution.

<sup>16</sup> Virginia Department of Taxation, *Annual Report: Fiscal Year 1999*, Table 5.3; and "Tax Exempt and Tax Immune Property-1998."

<sup>17</sup> *Comparative Report on Local Government Revenues and Expenditures Year Ended June 30, 1999*, Exhibit B-2.

<sup>18</sup> Appendix E, Table B7.2.

<sup>19</sup> John L. Knapp, Professor and Director of Research, Center for Public Service, University of Virginia. "Important State-Local Government Fiscal Issues," presentation to the Commission, Dec. 14, 1999.

governments due to interstate sales will be approximately \$458 million.<sup>20</sup> Third, Virginia, like virtually all states, has sanctioned major constrictions in its sales tax base through a multitude of exemptions enacted over the years. The Virginia Department of Taxation estimated in August 1998 that the revenue loss to the Commonwealth in FY1999 from exemptions from the sales and use tax was approximately \$3.6 billion.<sup>21</sup> The granting of exemptions continues, with 260 non-profit organizations having been provided sales tax exemptions since 1995.<sup>22</sup> In sum, the evidence suggests that, given present circumstances, the sales and use tax constitutes a vulnerable source of revenue to Virginia's localities.

**Personal Property Tax.** A third element of concern relative to the current fiscal status of Virginia's localities is the practical constraint that now appears to apply to their use of the personal property tax as a consequence of the Personal Property Tax Relief Act of 1998.<sup>23</sup> In recent years the personal property tax, derived principally from the tax on the assessed value of automobiles, has been one of increasing significance to Virginia's localities, with the median jurisdictional percentage of total local-source revenue generated from that tax rising from 14.86% in FY1989 to 16.37% in FY1998.<sup>24</sup> However, a concern exists in local governments that political reality will diminish the growth of that revenue in the future.

The provisions of the Personal Property Tax Relief Act of 1998 call for the state to compensate localities for the tax they would have collected on up to \$20,000 of the assessed value of personally owned automobiles calculated upon the local tax rate and assessment practices in the applicable local ordinance as of dates specified in the legislation. While localities may in the future raise their personal property tax rates and alter their assessment methodology, state reimbursement shall remain fixed by those that applied as of the dates specified in the 1998 legislation. Any additional tax liability placed upon the residents of a locality resulting from an increase in personal property tax rates or from a revised assessment methodology would be borne by the taxpayer. Local governments are concerned that, since a majority of the citizenry of Virginia has probably been conditioned to believe that their car tax has been permanently ended by the enactment of the 1998 legislation, a political cap has been applied to this revenue source.

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<sup>20</sup> Donald Bruce and William F. Fox, "E-Commerce in the Context of Declining State Sales Tax Bases," Center for Business and Economic Research, The University of Tennessee, Feb. 2000. The United States General Accounting Office has also examined the issue of revenue losses due to e-commerce and other forms of interstate sales and has reported a range of estimates of state and local revenue losses in Virginia in 2003 between \$123 million and \$458 million. (U.S. General Accounting Office, *Sales Taxes: Electronic Commerce Growth Presents Challenges: Revenue Losses Are Uncertain*, June 2000.)

<sup>21</sup> Virginia Department of Taxation, "Analysis of Sales and Use Tax Exemptions in Virginia," p.6, presentation to the House Finance Subcommittee Studying Sales and Use Tax Exemptions, Aug. 6, 1998. The report emphasized that the estimates should be viewed with caution and that due to problems "associated with multiple counting of overlapping exemptions" the actual revenue gained from the repeal of all the exemptions "is likely to be lower" than the reported total.

<sup>22</sup> Staff, Senate Finance Committee, "Review of Major General Fund Taxes," presentation to the Subcommittee on Tax Policy, Senate Finance Committee, June 6, 2000.

<sup>23</sup> Va. Code, Chapter 35.1, Title 58.1.

<sup>24</sup> Appendix E, Table B3.2.

**Merchants' Capital and Business, Professional, and Occupational License Taxes.** One of the issues referred to this Commission for consideration was a proposal to repeal the merchants' capital and the business, professional, and occupational (BPOL) license taxes. In FY1999 the merchants' capital tax, which was used exclusively by counties, generated approximately \$10 million in county revenue, while the BPOL taxes produced more than \$385 million in revenue for all Virginia localities.<sup>25</sup> Those tax proceeds represented collectively more than 4.2% of the total local-source revenue of Virginia's localities that year.

The significance of these tax sources to localities has diminished modestly over the past decade. In terms of the merchants' capital tax, the median jurisdictional percentage of county local-source revenue coming from this tax decreased from 0.35% in FY1989 to 0.17% in FY1998.<sup>26</sup> With respect to BPOL taxes, the median jurisdictional percentage of the total local-source revenue of cities derived from these tax sources declined during the same period from 6.11% to 5.14%.<sup>27</sup> Despite this decline in the relative significance of the merchants' capital tax and the BPOL taxes for localities generally, these sources are important revenue sources for numerous jurisdictions. In FY1998 five Virginia localities (Arlington County and the Cities of Fairfax, Harrisonburg, Norton, and Winchester) raised more than 9% of their total local-source revenue from the BPOL taxes.<sup>28</sup> While this Commission recognizes the problems associated with taxes of this nature, their repeal should be accompanied by concomitant action by the state to replace these revenue sources.

**Charges for Services.** Another characteristic of the local-source revenue profile of Virginia's counties and cities that merits note is the increased reliance those jurisdictions have placed during the past decade on "charges for services."<sup>29</sup> In FY1999 Virginia's counties and cities raised \$534.8 million and \$336.7 million, or 9.08% and 10.17%, respectively, of their total local-source revenue from such charges.<sup>30</sup> The median jurisdictional percentage of total local-source revenue raised by Virginia's counties and cities from that source increased from 6.25% in FY1989 to 10.00% in FY1998.<sup>31</sup> While the use of "charges for services" avoids the political difficulty of increasing taxes, the application of such charges for the use of libraries, recreational facilities, solid waste collection, and other services can discourage the use of such services and have undesirable effects on a community.

**Distinctions in County and City Taxing Authority.** The distinction in the taxing authority of counties and cities has been the subject of debate in this state

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<sup>25</sup> *Comparative Report of Local Government Revenues and Expenditures Year Ended June 30, 1999*, Exhibits B and B-2.

<sup>26</sup> Appendix E, Table B5.2.

<sup>27</sup> *Ibid.*, Table B9.2.

<sup>28</sup> *Ibid.*, Table D7.3.

<sup>29</sup> Included in the category of "charges for services" are funds collected by localities for certain fire and rescue, health, welfare, library, cultural enrichment, education, and recreation and park services. See Auditor of Public Accounts, Commonwealth of Virginia, *Uniform Financial Reporting Manual*. The category "charges for services" does not include water and sewerage user charges.

<sup>30</sup> *Comparative Report of Local Government Revenues and Expenditures Year Ended June 30, 1999*, Exhibit B

<sup>31</sup> Appendix E, Table B23.2.

for many years and has resulted in numerous legislative proposals to end the distinction. The distinction principally involves restrictions on county authority, that do not apply to cities, with respect to taxes affecting meals, transient occupancy, and admissions/amusements. These restrictions encompass rate limitations and, in the instance of the meals tax, a requirement for approval by the county electorate in a referendum. As a consequence of these various restrictions, in FY1998 the average county collection from the meals tax (\$6.64) was less than one-tenth that of cities (\$69.56), the average county collection from the transient occupancy tax (\$3.42) was approximately one-fifth that of cities (\$17.09), and the average county receipts from the admission/amusement tax (\$0.03) was only a modest fraction of that of cities (\$1.69).<sup>32</sup> While the variation in local taxing authority does not affect the property, general sales, and other principal local tax sources, it is a distinction that, in our view, merits critical review.<sup>33</sup>

### **Local Expenditures**

**Growing Dependence on Local-Source Funds.** Virginia's counties and cities expended collectively a total of approximately \$13.4 billion for operational and maintenance purposes in FY1999.<sup>34</sup> While those funds were derived from local, state, and federal sources, the local component has grown in significance over the past several decades, principally due to the diminished role of the federal government since the early 1980s. Between FY1981 and FY1999 the percentage of the general revenue of the Commonwealth's counties and cities derived from the federal government decreased from 11.0% to 6.4%.<sup>35</sup> Statistics indicate that the diminution in federal intergovernmental aid over the period in question was met essentially through an increase in local-source revenue. During the same span of years, the state's contribution to the general revenue of Virginia's counties and cities remained essentially stable (decreasing slightly from 32.1% to 32.0%), while the component of the total raised by the localities increased from 56.8% to 61.6%.<sup>36</sup>

**Changing Expenditure Profile.** Virginia's counties and cities continue to commit the preponderance of their operational expenditure to public education, with approximately \$7.4 billion, or 55.8% of their total operational outlays being expended for that purpose in FY1999.<sup>37</sup> However, needs in other functional areas are requiring an increasing percentage of local expenditures. The median jurisdictional operating expenditure by Virginia's counties and cities for "education" declined from 68.52% of total expenditures in FY1990 to 63.11% in

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<sup>32</sup> *Ibid.*, Tables A15.1, A16.1, and A17.1.

<sup>33</sup> See Appendix H for a listing of the statutory provisions establishing the taxing authority of Virginia's counties, cities, and towns.

<sup>34</sup> *Comparative Report of Local Government Revenues and Expenditures Year Ended June 30, 1999*, Exhibit C.

<sup>35</sup> Appendix F, Table 40. If federal aid in FY1999 had remained at 11.0% of total county and city general revenue, those localities would have received \$684 million more in such assistance that fiscal year.

<sup>36</sup> *Ibid.*

<sup>37</sup> *Comparative Report of Local Government Revenues and Expenditures Year Ended June 30, 1999*, Exhibit C. The expenditure totals listed here do not include the outlays by the two towns that maintain separate school divisions.

FY1998.<sup>38</sup> During the same span of years, the median jurisdictional expenditure for “public safety” increased from 8.63% to 9.80% and that for “health and welfare” rose from 7.90% to 10.82%.<sup>39</sup> In terms of non-educational needs, local governments have been confronted in recent years with an array of social and environmental issues not traditionally within the scope of their responsibilities. Such issues have included problems associated with AIDS, the homeless, daycare facilities for working parents, numerous environmental concerns, and the costs associated with serving an increasingly polyglot population. Emerging concerns of the latter nature often require local action before they receive the attention of the higher levels of government. Thus, the operational expenditure pattern for Virginia’s localities will likely continue to reflect the requirement for a growing commitment of resources beyond the realm of public education.

### Disparity in Local Conditions

While the data reviewed above address the general trends and conditions affecting Virginia’s localities, variations in those conditions exist throughout the Commonwealth. Testimony and data presented to this Commission vividly disclose the substantial variations which exist throughout Virginia in terms of population growth,<sup>40</sup> resident income,<sup>41</sup> student eligibility for school lunch assistance,<sup>42</sup> the incidence of poverty,<sup>43</sup> crime rates, other demographic and social measures, and revenue resources. The variation in local conditions in Virginia was amply conveyed to this Commission by presentations from the Urban Crescent Mayors and Chairs, Virginia First Cities, the City of Petersburg, the Hampton Roads Regional Planning District Commission, Loudoun County, and other entities. While those reports are too numerous and expansive for extended comment here, they clearly portrayed the variation in conditions affecting Virginia’s localities.<sup>44</sup> Similarly, the annual report of the Commission

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<sup>38</sup> Appendix I (selected tables from Commission on Local Government, *Local Operational Expenditure Profile of Virginia’s Counties and Cities: FY1990-98*), Table E6.2.

<sup>39</sup> *Ibid.*, Tables E3.2 and E5.2.

<sup>40</sup> Population growth in Virginia’s counties and cities between the years 1990 and 1999 ranged from a high of 80.9% in Loudoun County to a low of -13.6% in the City of Norfolk. During the period in question 15 jurisdictions (13 counties and 2 cities) had population increases in excess of 25%, while 25 localities (18 cities and 7 counties) recorded negative growth rates. (Weldon Cooper Center for Public Service, Jan. 24, 2000, data derived from website <<http://virginia.edu/coopercenter/vastat/txt/est9099c.html>>.) The 1999 population figures are provisional estimates for July 1, 1999.

<sup>41</sup> The median adjusted gross income on all tax returns in Virginia in 1997 ranged from a high of \$46,305 in Loudoun County to a low of \$13,743 in Northampton County. [Appendix J (selected tables from Commission on Local Government, *Report on the Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia’s Counties and Cities: 1997/98*), Table 5.]

<sup>42</sup> The percentage of students eligible for free or reduced price lunches under school nutrition programs in school year 1999-2000 ranged from a high of 69.7% in the City of Franklin to a low of 4.47% in the City of Poquoson. (Virginia Department of Education, “SY 1999-2000 Free and Reduced Price Lunch Program Eligibility Report,” June 2, 2000. Eligibility for free and reduced cost school lunches is set by the Food and Nutrition Service of the U.S. Department of Agriculture based on federal income poverty guidelines. During school year 1999-2000 a student from a family of four living in the lower 48 states was eligible for a reduced price lunch if his/her family had an annual income of \$30,895 or less and was eligible for a free lunch if his/her family had an annual income of \$21,710 or less. (*Federal Register*, Vol.64, No. 63, pp.15, 951-52.)

<sup>43</sup> The estimated rate of poverty in Virginia’s localities in 1995 ranged from a high of 26.3% of population in Northampton County to a low of 3.5% in Loudoun County. (U.S. Census Bureau, “County Estimates for People of All Ages in Poverty for Virginia: 1995,” Table A95-51, Small Area Income and Poverty Estimates Program.)

<sup>44</sup> See, for example, Virginia First Cities, presentation to Commission, Dec. 14, 1999. (Appendix K)

on Local Government conveys an important perspective on the comparative fiscal condition of Virginia's cities and counties based on their revenue capacity, expenditure requirements, and the income of their resident population. While no statistical study is capable of encompassing and measuring comprehensively all the dimensions of a locality's social and fiscal health, that annual report clearly contributes to an appreciation of the divergence of local conditions in Virginia.<sup>45</sup> In addressing the concerns of Virginia's localities, the variation in their needs and circumstances must be fully recognized. The following sections of this report note briefly these variations in several functional areas.

**Social Service Costs.** Representatives of some jurisdictions have expressed concern regarding the inordinate burdens borne by their localities due to the concentration of residents requiring an array of social services, many of which are mandated by the state or federal government.<sup>46</sup> Such residential concentrations are reflected in the extraordinary variation in the expenditure profiles of localities. Data for FY1998, for example, disclose that in the functional area of "public safety" per capita expenditures ranged from a high of \$617.56 in the City of Richmond to a low of \$63.66 in Montgomery County.<sup>47</sup> In that fiscal year the City of Richmond's outlay for "public safety" constituted 22.38% of its total operating expenditures, while the comparable measure for Montgomery County was only 6.29%.<sup>48</sup> In terms of "health and welfare," in FY1998 per capita jurisdictional expenditures ranged from a high of \$439.58 in the City of Richmond to a low of \$59.72 in the City of Poquoson.<sup>49</sup> The City of Richmond's fiscal commitment to "health and welfare" that year constituted 15.93% of its total operational expenditures, while the comparable statistic for the City of Poquoson was 3.46%.<sup>50</sup> In brief, as a consequence of the varying nature of their residential populations, considerable disparity exists in the Commonwealth in terms of local expenditures for these social services.

**Educational Expenditures.** Testimony and data presented to the Commission also revealed the magnitude of local expenditure for both the operational and capital costs borne for education. Data for FY 1999 disclose that Virginia's counties and cities expended more than \$7.4 billion for the operation of their educational programs, or approximately 55.8% of their total operational outlays, and bore debt service costs for educational purposes of more than \$700

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<sup>45</sup> The report measures the theoretical revenue capacity of each county and city in Virginia, calculates the revenue effort of each jurisdiction, and establishes its "fiscal stress" relative to each other locality. In its report covering the 1997/98 fiscal period, of the 24 jurisdictions in the "high stress" quadrant of the continuum, 22 were cities. (Appendix J, Table 6.3.)

<sup>46</sup> James L. Eason, President of the Hampton Roads Partnership, presentation to the Commission, March 16, 2000.

<sup>47</sup> Appendix I, Table 2.2. The expenditure category of "public safety" in Virginia encompasses outlays for law enforcement and traffic control, fire and rescue services, correction and detention, inspections, and other protection. (Auditor of Public Accounts, *Uniform Financial Reporting Manual*, pp.3-88, 89.)

<sup>48</sup> Appendix I, Table 3.2.

<sup>49</sup> *Ibid.*, Table 2.2. The expenditure category of "health and welfare" embraces outlays for health, mental health, and welfare/social services. (*Uniform Financial Reporting Manual*, pp.3-92, 93.)

<sup>50</sup> Appendix I, Table 3.2.

million.<sup>51</sup> As of the end of FY1999, Virginia's localities, inclusive of the two towns that operate separate school divisions, carried an outstanding gross debt for education in excess of \$4.6 billion.<sup>52</sup>

In terms of the experience of individual localities, per capita operational expenditures for education ranged in FY1998 from a high of \$1,663.31 in the City of Falls Church to a low of \$520.44 in the City of Lexington.<sup>53</sup> Operational outlays by the City of Falls Church constituted 49.42% of its total operational expenditures that year, while those of the City of Lexington represented 37.27% of its aggregate expenditures.<sup>54</sup> With respect to financial liability incurred for capital projects, gross debt for educational purposes ranged from a high of \$707 million in Fairfax County to the absence of any such debt in the Cities of Emporia, Franklin, and Williamsburg.<sup>55</sup>

In regard to current and prospective local expenditures to address the capital needs of public schools, there are data to suggest that such outlays will be considerable for those localities confronting extensive rehabilitation costs and for those experiencing high population growth. With respect to the latter set of localities, the testimony presented to this Commission by Loudoun County is illustrative. Since 1992 that jurisdiction has built, is in the process of building, or has committed to bonded debt by referendum to build 21 new schools.<sup>56</sup> Further, the County's Capital Improvement Program has projected a need to build an additional 23 schools by 2006, constituting a total of 44 new schools in 14 years. As a consequence of its need to provide schools and other infrastructure for its growing population, the County's net tax supported debt is projected to increase from \$120 million in 1994 to \$717 million in 2006, at which date its annual debt service is expected to be approximately \$100 million.

While the school construction concerns of Loudoun County are pronounced, the burden for the construction and maintenance of public schools is felt generally by localities throughout the Commonwealth. A survey published by the Virginia Department of Education in 1996 advised that over 50% of the state's school divisions reported deferred maintenance, that nearly one-third of existing schools had overcrowded classrooms, and that an estimated 7,900 new classrooms would be required during the ensuing five years. That state survey reported that the cost of the unfunded component of those needs was then in excess of \$2.2 billion.<sup>57</sup>

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<sup>51</sup> *Comparative Report of Local Government Revenues and Expenditures Year Ended June 30, 1999*, Exhibits C and F.

<sup>52</sup> See Appendix L.

<sup>53</sup> Appendix I, Table 2.2. The locality with the second highest per capita expenditure for education in FY1998 was Alleghany County (\$1,349.63).

<sup>54</sup> *Ibid.*, Table 3.2. The percentage of total operational expenditures for education that year ranged from a high of 76.61% in Rockingham County to a low of 27.79% in the City of Williamsburg.

<sup>55</sup> *Comparative Report of Local Government Revenues and Expenditures Year Ended June 30, 1999*, Exhibit G.

<sup>56</sup> James G. Burton, Loudoun County Board of Supervisors, statement to the Commission Feb. 17, 2000.

<sup>57</sup> Virginia Department of Education, "School Facility Status Survey," July 1996.

Those fiscal needs exist notwithstanding a significant exertion by Virginia's localities to address the physical requirements of their school divisions. The data indicate that from FY1990 to FY1999 Virginia's localities collectively made capital expenditures for education that totaled more than \$5.3 billion, expended nearly \$5.1 billion in debt service on their educational obligations, and carried at the end of that period an outstanding gross debt incurred for educational purposes of more than \$4.6 billion.<sup>58</sup> Again, the evidence with respect to the burden borne by localities relative to the funding of the public schools reveals considerable variation in conditions throughout the Commonwealth.

### **Differential Impact of Development**

Another condition that merits note in this report is the differential impact that development may have on state and local finances. Examination of this issue is instructive in terms of the existing distinctions in state and local tax structure and service responsibility. Illustrative of these distinctions are the projected fiscal consequences of the proposed WorldCom, Inc. project in Loudoun County, which entails commercial development encompassing 534 acres of property in the vicinity of Dulles Airport. That project, as presented to the County, contemplated the construction of corporate offices, retail space, and two hotels constituting a total square footage of more than 6.4 million square feet and the provision of employment to 24,148 persons. The prospective employment figure represented, as of June 1998, 38% of the County's total employment.<sup>59</sup> While Loudoun County is cognizant of the attractive aspects of this proposed development, it is projected that the development will confront the County with the need to serve a project-generated 7,488 households and a project-related added school enrollment of 4,363 pupils. As a consequence principally of the anticipated high pupil generation, consultants to Loudoun County have estimated that the annual net fiscal benefit to the County at the project's completion in 2010 would be \$950,000, an amount equivalent to only 0.55% of that jurisdiction's total local-source revenue in 1997. Alternatively, the consultants have asserted that the state will be the principal beneficiary of the development, due to its tax structure (e.g., individual income, corporate income, sales, and fuel taxes) and its comparatively modest recurring expenditures to support the development. While the WorldCom, Inc. project proposed in Loudoun County differs in magnitude from the typical experience of most jurisdictions, the distinction in fiscal impact for the locality and the state highlights a disparity of statewide significance.

### **State Intergovernmental Assistance**

**Social Services.** As noted previously, due to the nature of their resident populations, Virginia's localities confront varying burdens for the provision of social services. In large measure, the provision of these services is mandated by state law, reflecting the view of the legislature that their provision is essential to

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<sup>58</sup> See Appendix L.

<sup>59</sup> Dr. Thomas Muller and Michael Siegel, "Fiscal Impact of Proposed Concept Plan for WorldCom Corporate Office headquarters in Loudoun County, Virginia," June 8, 1998.

the well-being of the Commonwealth. Jurisdictions that contain significant concentrations of residents requiring public health services; mental health, mental retardation, and substance abuse services; social services; and correctional intervention bear disproportionately high costs. Extraordinary expenditures for these mandated social services can reduce the ability of localities to meet the other basic needs of their communities and to maintain their economic competitiveness. The mandated operational costs to localities for the maintenance of jails and for the mandated services provided through the local public health departments, social service/welfare departments, Community Services Boards, and the Comprehensive Services Act have totaled more than \$400 million annually in recent years.<sup>60</sup> Local expenditures for these mandated social services have ranged from a high of more than \$86 million in Fairfax County to a low of \$105 thousand in Highland County. If Virginia's counties and cities were spared the cost of these mandated social services, and if the savings were applied to a reduction in their 1999 nominal real estate tax rates, 61 jurisdictions would have been able to reduce their rates by 15% or more, 15 by 25% or more, and one (City of Petersburg) by 43%. As these data reveal, the impact of added state assistance with these mandated social service costs would be of considerable consequence to numerous localities.

In terms of city and county expenditures for "public safety" and "health and welfare," between FY1990 and FY1998 the median local per capita operational outlay (excluding both federal and state categorical aid) increased far more rapidly than did local expenditures in any other functional area. The median local (i.e., exclusive all intergovernmental categorical aid) per capita expenditure for "public safety" rose over that period of time by 138.64%, while that for "health and welfare" grew by 139.51%.<sup>61</sup> During the same span of years, the annual median level of state categorical support for "public safety" in counties and cities fell from 52.36% to 38.30%, while that for "health and welfare" declined from 37.11% to 29.24%.<sup>62</sup> It is important to note, however, that the state categorical aid measure for "public safety" does not reflect the action of the 1999 session of the General Assembly to increase funding for local police departments.<sup>63</sup> It should also be noted that in addition to categorical aid to localities for "health and welfare," the state also makes direct expenditures on behalf of localities in support of those functions. However, in terms of such direct state expenditure on behalf of localities for "health and welfare," the median jurisdictional per capita level of state support declined from \$23.88 in FY1990 to \$17.17 in FY1998.<sup>64</sup> Thus, direct state aid to localities for "health and welfare" has declined in recent years, not only in real terms, but in absolute dollars as well.

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<sup>60</sup> See Appendix M for a set of tables examining the estimated annual cost to the state for the assumption of the operational costs of these mandated social services and the prospective impact of such state assumption on individual localities.

<sup>61</sup> Appendix I, "Mean Per Capita Level of Adjusted Local Operational Expenditure by Category and Jurisdictional Class, FY1990-FY1998."

<sup>62</sup> *Ibid.*, Tables F3.2 and F5.2.

<sup>63</sup> Governor Gilmore proposed an increase in state support for local police departments of \$99 million effective to the 1999 session of the General Assembly. That budgetary proposal was approved by the legislature and took effective FY2000.

<sup>64</sup> Appendix I, Table B5.4.

**Education.** While many of Virginia's counties and cities are experiencing rapidly increasing costs for social services, education remains their principal expense. As a consequence, testimony and data presented to this Commission focused prominently on the cost of education and the state's role in funding this preeminent public responsibility. Local concern was expressed both in terms of state support for public school operations and for facility construction and maintenance.

In terms of operational support, interstate data indicate that the contribution made by Virginia's state government to the support of public schools is less than the national norm. According to statistics published by the U.S. Bureau of the Census, during 1996-97 funds supplied by the state government in Virginia (inclusive of the 1.0% sales tax returned to localities for educational purposes) constituted 40.5% of total public school revenue in the Commonwealth, while the comparable statistic for all states was 48.8%.<sup>65</sup> During the same fiscal year, Virginia's local governments provided 54.6% of total public school revenue in the Commonwealth, while the comparable measure of local support in all the states was 44.8%.<sup>66</sup> In terms of "general revenue" investment per pupil for elementary-secondary public school systems in 1996-97, the amount provided by Virginia's state government (\$2,681) was exceeded by that of 37 states, while the comparable outlay by Virginia's localities (\$3,616) was surpassed by that of localities in only 14 states.<sup>67</sup> When interstate comparisons are made on the basis of "general revenue" investment in elementary-secondary public school systems in relation to a state's personal income, a similar comparative profile is presented. In 1996-97 Virginia's state government provided a level of "general revenue" support of the Commonwealth's public schools equivalent to 1.76% of the state's personal income, an investment substantially below that of all states (2.33%), and one exceeded by that of 43 states.<sup>68</sup> Alternatively, Virginia's local governments that year provided a level of "general revenue" support of the Commonwealth's public schools constituting 2.38% of the state's personal income, a figure greater than that for localities in the nation generally (2.14%) and exceeding that in all but 17 states.<sup>69</sup>

In regard to the possible modification and enlargement of state operational assistance to localities for public education, two issues have been raised for consideration. First, evidence suggests that the formula used in the allocation of Basic School Aid should be reexamined. That formula relies fundamentally upon a measure identified as the "composite index of local ability to pay" for a determination of the required local contribution to fund the

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<sup>65</sup> U.S. Bureau of the Census, *Public Education Finances: 1997* (May 2000), Table 5. Only nine states contributed a smaller percentage of funds for the operation of their public schools that year than Virginia.

<sup>66</sup> *Ibid.* Localities in only 11 states contributed a larger percentage of funds in support of public schools than did Virginia localities.

<sup>67</sup> *Ibid.* Table 11. The category "general revenue" is defined by the U.S. Census Bureau as "all school system revenue except employee-retirement or other insurance trust fund revenue." (*Ibid.*, Appendix A, A-2.)

<sup>68</sup> *Ibid.*, Table 12.

<sup>69</sup> *Ibid.*

"Standards of Quality."<sup>70</sup> The "composite index," however, is founded solely upon the measurement of a locality's comparative ability to raise revenue, with no consideration given to the demands placed upon its revenue base to fund other essential services. Some Virginia localities are able to devote the bulk of their local resources to their public schools, while other jurisdictions are compelled to invest heavily in other functions, such as social services, public safety, and public works. In this regard, data presented to this Commission have disclosed the lack of correlation between the "composite index" of some communities and their "fiscal stress" ranking as determined by the Commission on Local Government.<sup>71</sup> If these measures correlated well, those jurisdictions recording a relatively high "composite index," denoting a comparatively high revenue capacity, should concurrently record a relatively low level of "fiscal stress." Evidence indicates, however, that with respect to Virginia's older core cities the correlation between these two measures is particularly weak. The lack of correlation in these measures is one indication of the need to review critically the propriety of using the "composite index" in its present form for the distribution of several billion dollars annually in state educational assistance.

Second, evidence suggests that there is a need for the state to reexamine the elements which comprise the "standards of quality," particularly with respect to the determination of the number of instructional positions included in those standards. To the extent that local school divisions employ instructional personnel in excess of the number prescribed by the "standards of quality," state appropriations to fund the standards are not available to assist with their cost. In school year 1997-98, data indicate that 25,644 teachers, or 25.9% of the total employed by the local school divisions, were not funded under the "standards of quality."<sup>72</sup> Since funds for the "standards of quality" constitute approximately 86% of direct state aid for public education in Virginia, the composition of those standards is a prime determinant of state educational assistance to localities.<sup>73</sup> The significance of these two considerations has been recognized by Virginia's Joint Legislative Audit and Review Commission, which is currently engaged in a study of these concerns and which is due to submit a final report on its findings and recommendations in late 2001.

With respect to state support for school construction and maintenance, the state has initiated several programs in recent years to assist localities with those costs. Despite this increased state support, the fiscal burden of this activity continues to be borne predominantly by localities. As noted earlier, between FY1990 and FY1999 localities expended more than \$5 billion in debt service as a consequence of indebtedness incurred for school construction and rehabilitation and carried at the end of FY1999 an outstanding gross debt in excess of \$4.6

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<sup>70</sup> Article VII, Section 2 of the Virginia Constitution provides that the State Department of Education shall develop "standards of quality" for local school divisions, subject to revision by the General Assembly, and directs the legislature to establish a mechanism for the apportionment of the cost for the implementation of those standards between the state and the localities. The "composite index" of local ability to pay constitutes the principal instrument used in the apportionment of such costs.

<sup>71</sup> Fiscal Analytics, LLC, "An Examination of State Aid Policies for the First Cities," June 22, 2000.

<sup>72</sup> Teresa A. Atkinson, "State Funding for Elementary and Secondary Education in Virginia," presentation to House Appropriations Committee, Jan. 27, 2000.

<sup>73</sup> *Ibid.*

billion.<sup>74</sup> Again, recognition of this fiscal issue is manifested by the continued work of the Commission on Educational Infrastructure and Technology, which is due to submit its next report to the 2001 session of the General Assembly.<sup>75</sup>

### **Summary Comment**

The preceding sections of this report have reviewed the major areas of concern cited by local governmental officials and others relative to the problems confronting Virginia's political subdivisions. These problems consist of languishing growth in the principal source of local revenue, prospects for diminished growth in several other local revenue sources, increased utilization of "charges for services," and, in some jurisdictions, disproportionate fiscal burdens due to the nature of their populations and the concentration of tax-exempt property. The data also indicate that the economic prosperity that the Commonwealth has experienced in recent years has not been reflected in the fiscal condition and prospects of all localities. In terms of the fiscal prospects of Virginia's localities generally, a recent study commissioned by a consortium of major business leaders in the Commonwealth and undertaken by a prominent research entity concluded that, based upon a projection of revenue collected under present legal authority and upon a projection of "current services" expenditures, coupled with the requirement of additional outlays to address educational and transportation infrastructure needs, Virginia's local governments may confront by FY2006 an annual deficit in revenue of almost \$1.0 billion.<sup>76</sup>

## **STATE FISCAL ISSUES**

### **Current Status and Projections**

All available data indicate that the current fiscal condition of the state government is strong. Among the data cited in support of that judgment is the significant and increasing growth in state revenues since the mid-1990s, particularly with respect to its principal revenue source—the individual income tax. In terms of the growth in total general fund revenue from FY1995 to FY2000, the annual increase in state receipts has been successively 5.8%, 6.9%, 8.1%, 10.4%, 10.6%, and 10.5%.<sup>77</sup> With respect to the state's individual income tax collections, net revenue from that source has grown annually during the same period at rates of 5.7%, 7.9%, 8.7%, 14.3%, 12.6%, and 12.2%.<sup>78</sup> Current projections, however, forecast more moderate growth in the state's general

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<sup>74</sup> Appendix L.

<sup>75</sup> House Joint Resolution No. 223 continued the Commission on Educational Infrastructure, which was initially established in 1996, as the Commission on Educational Infrastructure and Technology. The change in title was in recognition of the growing needs of the public schools for technology equipment.

<sup>76</sup> Barents Group LLC, "Projections of Virginia's State and Local Expenditures and Revenues," Sep. 1999, pp. vii, viii. This report was prepared by the request of Virginia Forward, which is comprised of representatives of a number of major Virginia business entities.

<sup>77</sup> Staff, Senate Finance Committee, "Revenue Components of General Fund" (unpublished table) for FY1995-99 data; and Ronald L. Tillett, Secretary of Finance, "Actual Fiscal Year 2000 Revenues and the State of the Virginia Economy," Aug. 21, 2000, for the FY2000 data.

<sup>78</sup> *Ibid.*

fund and in its individual income tax collections during the current biennium. The state's total general fund collections (exclusive of funds from the Tobacco Master Settlement and the transfer of net lottery proceeds) are projected to increase by 5.5% and 6.9% in FY2001 and FY2002, respectively, while during the same period its individual income tax receipts are expected to grow sequentially by 8.0% and 7.8%.<sup>79</sup> As a consequence of the state's current and prospective fiscal health, the Commonwealth's Revenue Stabilization Fund, designed to assist the state during periods of economic downturn, is projected to total nearly \$900 million by the end of FY2002.<sup>80</sup> These favorable budgetary projections reflect consideration of the full funding of the repeal of the car tax and other fiscal commitments previously made by the state.<sup>81</sup>

Expressions of concern have been raised, however, regarding the ability of the state to meet adequately the needs of the Commonwealth over the next several biennia. Several business groups have undertaken analyses of this issue, with the resulting studies concluding that the state government is likely to confront significant annual deficits during the next several biennia.<sup>82</sup> One analysis contended that on the basis of projections of current state revenues and a continuation of "current service" levels, the state government would confront an annual shortfall of more than \$1.0 billion by FY2008.<sup>83</sup> That analysis added that the inclusion of funds required to address supplemental needs in the areas of higher education, transportation, and Medicaid, as quantified by several formal state studies, would increase the projected annual deficit to more than \$3.5 billion by FY2008.<sup>84</sup> Administration officials have challenged the validity of analyses of this nature and have contended that the state government can properly address those public needs that can be realistically foreseen.<sup>85</sup>

It is not necessary for this Commission to resolve the variance in perspective that exists with respect to the specific findings of these studies. We are obliged to note, however, that there do exist major needs in this Commonwealth relative to transportation, education, and other service areas that merit attention. Further, given the rapidity of change in the current economic environment and the uncertainty that invariably accompanies the future, this period of relative prosperity in the Virginia may be the optimal time to address vigorously the needs of the Commonwealth.

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<sup>79</sup> The projections are revised estimates as of May 19, 2000. (Staff, Senate Finance Committee.)

<sup>80</sup> "Actual Fiscal Year 2000 Revenues and the State of the Virginia Economy."

<sup>81</sup> The implementation of the repeal of the car tax, as specified by the Personal Property Tax Relief Act, is now projected to cost the state \$572 million in FY2001 and \$855 million in FY2002. (Staff, Senate Finance Committee, unpublished table.)

<sup>82</sup> One study commissioned by the Virginia Business Council was published in June 1998 and a second sponsored by Virginia Forward was published in separate volumes in September and December 1999.

<sup>83</sup> "Projection of Virginia's State and Local Expenditures and Revenues," p.iii, Sep. 1999, study prepared for Virginia Forward. The authors of the report defined a "current service" level projection to be a statistical construct "whereby current program levels are held constant in real (inflation adjusted) terms and revenues are based on current law." (*Ibid.*, p.i.)

<sup>84</sup> *Ibid.*, pp.20-35.

<sup>85</sup> See Appendix N for a response from Governor James S. Gilmore, III to Henry H. Harrell, Chairman & Chief Executive Officer, Universal Corporation, relative to the 1998 report commissioned by the Virginia Business Council and a reply to that response by the authors of the study.

With respect to challenges to our fiscal future, the Commonwealth should be cognizant not only of its service needs, but also of potential future economic difficulty and the fact that the full effect of the recent state tax cuts are yet to be experienced.<sup>86</sup> In terms of future revenue concerns, it may be anticipated that the sales tax will confront slower growth in the years ahead and that a downturn in the stock market will adversely affect the state's individual income tax collections. In regard to the latter issue, it has been asserted that Virginia is among the top ten states in the nation in terms of the risk it bears from capital gains fluctuations.<sup>87</sup>

### Estimates of Transportation Needs

A staff report to the Senate Finance Committee in November 1999 addressed the issue of the Commonwealth's transportation needs. In terms of highway concerns, that report observed that between 1993 and 1998 the number of registered vehicles and the number of vehicle-miles traveled in Virginia increased by 17% and 16%, respectively, or more than twice the growth of the state's population during the same period (8%).<sup>88</sup> The report also noted that the "average daily traffic volume" in Virginia rose by 175% between 1992 and 1997, an increase in volume surpassing that in the nation generally (118%). In regard to the growth in these highway-related measures, an urban mobility study reported that as of 1997 the Washington, D.C. area (encompassing Northern Virginia, the District of Columbia, and adjacent areas in Maryland) ranked first in the nation in terms of annual per capita hours of traffic delay (62 hours/person) and first in the nation in annual per capita cost of traffic congestion (\$1,025/person).<sup>89</sup>

The Senate Finance Committee staff concluded its December 1999 report on Virginia's transportation issues by reviewing the findings of previous studies that had endeavored to quantify the state's needs. The staff report noted that past studies had consistently documented highway needs in Virginia as "totaling more than \$35 billion" and that the state's "highway revenues [were] not growing in line with economic growth or with the general fund."<sup>90</sup> In a report to the 1998 session of the General Assembly, the Commission on the Future of Transportation in Virginia placed the cost of addressing the Commonwealth's road needs during the twenty-year period from 1998 to 2015 at \$57.8 billion and projected a "shortfall" in revenue to meet those needs of \$40.0 billion, or nearly

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<sup>86</sup> The Secretary of Finance estimated in a report to the legislature in December 1999 that as of FY2002 the implementation of the Personal Property Tax Relief Act, the repeal of the sales tax on non-prescription drugs, and the planned phased reduction in the state's sales tax on food from 3.5% to 2.0% would reduce state revenue collections by approximately \$855 million, \$12.4 million, and \$63.6 million, respectively. ("Governor Gilmore's Proposed 2000-2002 Budget.")

<sup>87</sup> "Revenue and Budget Outlook for 2000-2002."

<sup>88</sup> Staff, Senate Finance Committee, "Condition of Highways and Mass Transit in Virginia," Nov. 18-19, 1999.

<sup>89</sup> David Schrank and Tim Lomax, *The 1999 Annual Mobility Report* (Texas Transportation Institute, The Texas A&M University System), II-5. The study also stated that congestion in the Washington, D.C. area in 1997 resulted in an excess fuel consumption that year of 327 million gallons. The transportation departments of a number of states, including those of Maryland and Texas sponsor this annual urban mobility study.

<sup>90</sup> "Condition of Highways and Mass Transit in Virginia," p.13. See Appendix O for a table displaying the annual change in the principal revenue sources contributing to the two highway trust funds.

70% of the funding requirements.<sup>91</sup> A more current statement relative to the Commonwealth's transportation needs and funding effort will be available with the publication of the next report by the Virginia Department of Transportation issued pursuant to Section 33.1-23.03. That report is now expected to be released in early 2001.<sup>92</sup>

## COMPARATIVE FISCAL BURDEN

### Tax Burden

A staff report to the Senate Finance Committee's Subcommittee on Tax Policy in June 2000 asserted that "[b]y all accepted measures of tax burden, Virginia is a low tax state."<sup>93</sup> In support of that assertion, the report cited data indicating that state and local tax collections in Virginia in FY1998 constituted 9.8% of the Commonwealth's personal income, with the total tax collections in only three states constituting a smaller percentage of their personal income. Examined from another perspective, a study released by the Federal Reserve Bank of Boston indicated that, while Virginia's state and local governments had a theoretical tax-generating capacity in 1996 exceeding that in all but 17 states, its overall tax effort that year was surpassed by that of 34 states.<sup>94</sup> Thus, the data clearly reveal that on the basis of both state and local tax collections, Virginia's investment in public sector concerns is comparatively modest.<sup>95</sup>

If the citizenry and political leadership of the Commonwealth determine that there exists a necessity to increase investment in public services in Virginia, there appears to be latitude in the state's tax structure to accommodate that desire. Virginia's state taxes are low in relation to its five adjoining states and to the nation generally.<sup>96</sup> In terms of the individual income tax, the state's principal revenue source, Virginia's top tax bracket (5.75%) is less than that in all neighboring states that utilize a tax on earned income.<sup>97</sup> Further, Virginia

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<sup>91</sup> *Interim Report of the Commission on the Future of Transportation in Virginia* (House Document No. 12), p.11. When the cost of the twenty-year highway needs were adjusted by the Commission for inflation, presumed to be 2.6% per year, the total costs of the projects rose to \$74.5 billion and the revenue deficiency increased to \$53.8 billion.

<sup>92</sup> The report required by this section was due for release in October 1999, but its publication was delayed to incorporate the impact of the state's recent transportation initiatives launched in conjunction with the 2000 legislative session.

<sup>93</sup> Staff, Senate Finance Committee, "Review of Major General Fund Taxes," p.1, June 6, 2000.

<sup>94</sup> Robert Tannenwald, "Federal Disparity Among the States Revisited," *New England Economic Review*, July/August 1999.

<sup>95</sup> In the continuing national debate on taxes, it is relevant to note that the most recent data published by the Organization for Economic Cooperation and Development (OECD), comprised of the 29 major industrialized nations of the world, indicate that as of 1998, the latest year for which the data are available, total tax revenue from all levels of government (including social security payroll taxes) in the United States constituted a smaller percentage of the country's gross domestic product (28.9%) than the comparable measure for all but four of the OECD nations-Turkey (28.7%), Japan (28.4%), Korea (21.1%), and Mexico (16.0%). The unweighted average for all OECD nations was 37.0%. See Organization for Economic Cooperation and Development, *Revenue Statistics: 1965/1999*, Table 1 (Paris, 2000).

<sup>96</sup> See Appendix P for tables prepared by the Federation of Tax Administrators of state tax rates in the nation as of January 1, 2000

<sup>97</sup> The top rate individual income tax rate in Maryland currently ranges in its various localities between 5.80% and 7.81%. The top rate in Maryland in tax year 2000 is calculated as the aggregate of the top state rate (4.80%)

employs a flat rate on corporate income (6%) that is less than the flat rate in three of its adjoining states and less than the top rate in another (Maryland-8.25%), its general sales tax rate (3.5%) is less than that in all adjoining states, and its excise tax on gasoline (17.5 cents/gallon) is less than that in all contiguous states except Kentucky (16.4 cents/gallon). Again, it appears to this Commission that Virginia could increase its revenue collections to address the needs of its residents without placing the Commonwealth at a competitive disadvantage.

### Tax Equity

The resolution establishing this Commission cited as one of the concerns prompting this study the issue of equity in the taxes imposed on the Commonwealth's citizenry. The resolution thereby indicated the relevance of that subject to our analysis. With respect to this issue, the Institute on Taxation and Economic Policy (ITEP) stated in testimony to this Commission, "Virginia has a regressive tax structure—middle-and low-income families pay a greater share of their income in Virginia state and local taxes than do the wealthy."<sup>98</sup> In support of that contention, ITEP presented tabular data indicating that state and local taxes in Virginia constituted 9.2% of the income of families in the second lowest quintile of the family income continuum in the Commonwealth (income range of \$15,000-\$26,000), that such taxes represented 8.6% of family income of the families in the second from the highest quintile (income range of \$43,000-\$71,000), but only 6.9% of income for families in the top 1% of the income continuum (incomes of \$295,000 or more). While the offset for the payment of federal taxes reduces the burden of Virginia's state and local taxes for all income levels, the impact of the offset was determined to be significantly greater at the higher income levels, with that for families in the upper 1% of the family income continuum (2.0%) reducing the net impact of state and local taxes on those families to 4.9%.<sup>99</sup>

Family income patterns are of relevance to the issue of equity in the review of tax structure and policy. With respect to such patterns, a recent study undertaken jointly by the Center on Budget Policy and Priorities (CBPP) and the Economic Policy Institute (EPI) concluded, "Nationwide, from the late 1970s to the late 1990s, the average real income of the lowest-income families fell by over six percent after adjustment for inflation, and the average real income of the middle fifth of families grew by about five percent." In contrast, the study reported that "the average real income of the highest-income fifth of the families increased by over 30%."<sup>100</sup> In terms of the experience of the Commonwealth, the

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and the varying local rates (1.00% to 3.01%). The range of local rates in Maryland is available at the website of the Comptroller of the State of Maryland (<http://www.comp.state.md.us/individual/taxtips/tip53.asp>) Tennessee imposes a flat tax of 6% on only interest and dividend income.

<sup>98</sup> Michael Ettlinger, Tax Policy Director, Institute on Taxation and Economic Policy, statement to the Commission, July 10, 2000. (Appendix Q)

<sup>99</sup> *Ibid.* The calculations by ITEP assume that the car tax relief program, the grocery tax reduction, and the low-income tax credit provisions of HB160 (2000) have been fully implemented.

<sup>100</sup> Jared Bernstein, Elizabeth C. McNichol, Lawrence Michel, and Robert Zahradnik, *Pulling Apart: A State-by-State Analysis of Income Trends* (Center on Budget and Policy Priorities and the Economic Policy Institute: Washington, D.C., Jan. 2000), p.viii. The income data used in the analysis are before tax income for families (two or more related individuals residing together) from the U.S. Bureau of the Census' March Current Population Survey public use files. The data for the study are "pooled" income statistics for the periods 1978-80, 1988-90.

analysis undertaken by the two research entities indicated that from the late 1970s to the late 1990s the average income of Virginia families in the lowest 20% of the income continuum actually decreased in real terms by 1.4%, while that of the top 20% of the spectrum increased by 42.7%.<sup>101</sup> As of the latter period, the analysis determined that the average income of Virginia' families in the top 20% of the income continuum (\$151,117) was nearly 11 times that of families in the lowest 20% of the distribution (\$14,141).<sup>102</sup> Again, these income trends require attention in the formulation of public policy in general.

It is significant to note that Virginia has taken a number of tax-related actions in recent years to alleviate the plight of our low-income residents. Such actions include the phased reduction in the sales tax on "food purchased for human consumption" and, beginning with tax year 2000, the adoption of a tax credit of \$300 for each individual, spouse, and dependent whose individual or family Virginia adjusted gross income does not exceed 100% of the poverty guidelines.<sup>103</sup> The credits provided by this new enactment may not exceed the tax liability on the individual or joint return.

While the new tax credit for low-income individuals and families constitutes a significant improvement in Virginia's individual income tax structure, further refinements might be considered.<sup>104</sup> First, the new tax credits provide no assistance to near-poor families with incomes marginally above the poverty line. Virginia's current program creates what has been termed an income tax "cliff," in that if a family's Virginia adjusted gross income exceeds the federal poverty guidelines by a single dollar, such a family is subject to the full amount of the tax due. Second, the current tax credit program is "non-refundable," with the tax-paying individual or family not eligible to receive any portion of the credit in excess of the tax liability. A "refundable" credit, in contrast, would actually elevate the income of working poor families. Both of these concerns would be rectified by Virginia's adoption of an earned income tax credit provision modeled on the federal program. Under the current federal earned income tax program, tax credits are not terminated abruptly at a specified income level, but are gradually reduced as income grows, with the credit currently ending for families with one child when family income reaches \$27,413.

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and 1996-98. The first two periods were peaks of economic expansion and the latter encompasses the highest point of the current expansion for which state data are available. Pooled data were used in the study to increase sample size and, thereby, the precision of the calculations. All data in the report are in 1997 dollars adjusted for inflation.

<sup>101</sup> *Ibid.*, Table 1. The average income of families in Virginia in the middle 20% of the income distribution rose in real terms by 12.3% from the late 1970s to the late 1990s. (*Ibid.*, Table 5.)

<sup>102</sup> *Ibid.*, Table 2. The average family income in the top 20% of the income spectrum in Virginia in the late 1990s (\$151,117) was nearly three times that of families in the middle 20% of the income continuum (\$51,444). (*Ibid.*, Table 6.)

<sup>103</sup> The provisions governing the phased reduction in the sales tax applicable to food "purchased for human consumption" is codified as Sec. 58.1-611.1, Code of Virginia. The tax credit, which was established by HB160/2000, is codified as Sec. 58.1-339.8, Code of Virginia.

<sup>104</sup> See Robert Zahradnik, "Virginia Has Improved the Tax Treatment of Low-Income Families, and An EITC Modeled on the Federal EITC Would Go Further," statement submitted to the Commission by the Center on Budget and Policy Priorities, Washington, D.C., Sep. 29, 2000. (Appendix R)

At least 15 states, including Maryland, have adopted earned income tax provisions modeled on the federal program.<sup>105</sup>

### Summary Comment

The evidence reviewed above suggests that if the Commonwealth deems it necessary to increase its investment in public sector concerns, it has the prowess and latitude in its tax structure to do so. However, any adaptation of tax structure in Virginia should take cognizance of the general economic and income trends in the state.

### **BUSINESS PERSPECTIVE**

While the business interests that addressed this Commission voiced concerns on numerous issues, they appeared to express a consensus view regarding the adequacy of public resources in Virginia to address the fundamental needs of the Commonwealth and with respect to the division of responsibility between the state and its localities. In that regard, the Vice President of Public Affairs of the Northern Virginia Technology Council advised this Commission that "Virginia's existing tax structure is failing in its primary purpose—to raise funds sufficient to meet the public investment needs of the Commonwealth and its localities." He added that "the current tax structure in Virginia bears no relation to the economy that has transformed the Commonwealth and its localities over the last two decades."<sup>106</sup> Similarly, the Chairman of the Virginia Chamber of Commerce's Tax Policy Committee observed that "[c]alls for restructuring Virginia's tax system generally emanate from two concerns: (1) that local governments are without sufficient revenue resources to meet their mandated service responsibilities and the needs and expectations of its citizens, and (2) that the system must be 'modernized' to comport with the realities of a global, information driven economy." He concluded that both concerns were "legitimate" and could be addressed "without wholesale overhaul of the current tax system."<sup>107</sup> A parallel theme was expressed by the Chairman of the Virginia Association for Commercial Real Estate, who advised this Commission that his association "shares the concerns of most local governments about the need for increased local revenues to adequately address the impact of residential growth that results from Virginia's economic development successes." He added that his association "agrees that localities often do not share in the benefits derived by the Commonwealth from economic development."<sup>108</sup>

While the above-referenced statements and others from the business community conveyed to the Commission a number of concerns relative to

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<sup>105</sup> See Appendix R, p. 3.

<sup>106</sup> J. Douglas Koelemay, Vice President of Public Affairs, Northern Virginia Technology Council, statement to the Commission, Feb. 17, 2000.

<sup>107</sup> D. French Slaughter, Chairman of the Tax Policy Committee, Virginia Chamber of Commerce, statement to the Commission, July 10, 2000.

<sup>108</sup> Thomas A. Grant, Chairman, Virginia Association for Commercial Real Estate, letter to Commission, May 22, 2000.

issues of tax equity and the need for simplicity in tax administration, they manifested generally a recognition that the resources available to local governments in the Commonwealth appeared inadequate and that the fiscal relationship between the state and its political subdivisions required reexamination.

## **SUMMARY OF ISSUES AND TESTIMONY**

The testimony and data presented to this Commission addressed numerous issues from varying perspectives. Our review of those materials suggests to us a series of measures that the Commonwealth should take with respect to its fiscal affairs. The evidence indicates to us that there is a need (1) to establish a more efficient alignment of responsibility for the provision of public services with the revenue sources required for their delivery, (2) to broaden the revenue base of localities generally, (3) to recognize the considerable disparity in the social and economic conditions of our political subdivisions, (4) to arrest and reverse the erosion of existing state and local revenue sources, (5) to establish a broad-based entity committed to a continuous and comprehensive analysis of state and local fiscal resources and needs, (6) to protect and promote an environment in Virginia to sustain equitably the business community; (7) and to assure equity in tax policy for all our citizenry. With these goals in mind, we offer the recommendations that follow.

## **RECOMMENDATIONS**

The recommendations that follow are unanimously endorsed by the voting members of this Commission and constitute, from our perspective, a balanced and integrated set of proposals that are designed collectively to address the array of state and local fiscal concerns cited above. Virginia's localities and our state government confront the necessity of making difficult choices in funding the multitude of costly services demanded by contemporary society. These proposals highlight such choices. We anticipate that the rapidity of social and economic change and the increasing complexity of the human experience will continue to confront governments generally with needs persistently pressing the limit of their resources. Such a prevailing condition will require prioritization in the use of public resources, frugality, and the utmost efficiency in service provision.

This Commission is fully cognizant of the fact that the recommendations presented below propose, in several instances, significant changes in state funding practices. We recognize that such modifications have ramifications for other state policies and programs and will require the reconciliation of contending needs and concerns. Furthermore, this Commission also recognizes that the recommendations that follow may necessitate an incremental approach to their adoption and implementation. Again, however, the proposals constitute collectively, in our judgement, a general policy direction that the Commonwealth should take to rectify the current imbalances in its fiscal arrangements.

## EDUCATION

*We recommend that the state increase substantially its support for both the operational and capital costs of the local school divisions.*

Quality education is indispensable to the economic and social health of the Commonwealth and constitutes a fundamental concern of our state government. Consistent with the significance of education among the public concerns of the Commonwealth, data presented to this Commission clearly reveal the prominence accorded education by Virginia's localities. While many of Virginia's counties and cities are confronting significantly increasing costs for a variety of social services, financing education remains their preeminent fiscal concern. Although the state government has given increased attention to public educational issues in recent years, comparative interstate data continue to disclose that the state government in Virginia does not support the public schools in the Commonwealth in a manner comparable to other states. Indicative of this situation is the fact that 1996/97 data (the latest interstate data available) reveal that the investment by Virginia's state government in the operational costs of the Commonwealth's public schools constituted an amount equivalent to 1.76% of the state's personal income, a level of investment exceeded by that of 43 states.

In recognition of these conditions and of the importance of education to the future economic and social health of the Commonwealth, we recommend that the state increase substantially its support for both the operational and capital costs of the local school divisions. In terms of operational costs, we recommend that the state revise the "Standards of Quality" to reflect more accurately the prevailing practices of the local school divisions and the new computer-related and other educational implements now required for Virginia's students to compete in a global economy. To that end, we recommend that the Standards of Quality be revised to accord greater recognition of (1) the number of teachers, special resource personnel, guidance counselors, nurses, support staff, and administrators actually employed by the local school divisions; (2) the salaries as required by differing local conditions for their proper remuneration and retention; (3) the necessity of continued professional development by instructional staff; and (4) the cost of technology. The state should then assume a full 55% of such revised Standards of Quality foundation program. Further, we recommend that the "composite index" of local ability to pay that is used to determine the local share of the state prescribed basic educational program be modified in recognition of a locality's comparative fiscal effort. Currently, the "composite index" is solely a measure of a locality's revenue-generating capability, with no consideration given to the multiplicity of fiscal demands placed upon that revenue base. Some jurisdictions can devote the predominant share of their local resources to the support of their public schools, while making moderate fiscal efforts. Other localities confront considerable and inescapable non-educational expenditures that, when combined with educational funding needs, require heavy revenue efforts on their part. Notwithstanding that reality, the funding of the Standards of Quality currently rests upon an implicit assumption that each locality's revenue base is equally available to support its public schools and does not take into account the degree to which local

governments are taxing that revenue base to meet all the demands placed upon them.

With respect to the capital costs of local school divisions, there is a need for the state to continue to increase, as it has in recent years, its assistance to local governments for the construction and rehabilitation of their school facilities, with particular attention being paid to those confronting inordinate fiscal burdens. As noted previously in this report, between FY1990 and FY1999 localities expended more than \$5 billion in debt service as a consequence of school construction and rehabilitation obligations and carried at the end of that period an outstanding gross debt for educational purposes in excess of \$4.6 billion. We recommend that the state develop permanent revenue sources and a distributional mechanism, apart from the Standards of Quality and other existing arrangements, to support the capital requirements of the local school divisions. This new state support program might be funded through dedicated resources derived from current revenue or from bonds. The increases in state support for local public schools herein proposed should constitute a net addition to current state aid and not supplant any financial assistance currently provided the Commonwealth's localities.

## **SOCIAL SERVICES**

***We recommend that the state government assume the full operational costs of all mandated services provided through the Comprehensive Services Act, the public health departments, the Community Services Boards, the local and regional jails, and the social service/welfare departments.***

Numerous Virginia localities bear inordinate social service costs due to a concentration of residents within their jurisdiction requiring such services. Localities have little control over the migration of people into and out of their jurisdictions and are rendered economically vulnerable due to a concentration of high-cost residents. To the extent that a locality is unable to address those social service needs mandated as basic by the state and concurrently attend to the other general public service requirements of its community, the viability of the Commonwealth is diminished. Accordingly, we recommend that the state government assume full responsibility for the funding of all mandated services provided through the Comprehensive Services Act, the public health departments, the Community Services Boards, the local and regional jails, and the social service/welfare departments. Such services should consist of all those mandated by the state and/or federal governments. While Virginia's localities should continue to have the option to extend or enhance those services at local expense, those that are mandated and thus deemed essential for the well-being of the Commonwealth should be the responsibility of the state. In order to expedite this proposed state initiative, we recommend that the administration of these services continue as presently structured, but that state funding cover their total operational costs. According to data presented to this Commission by the administering state agencies, the total annual cost of the state's assumption of these mandated services would initially be slightly in excess of \$400 million per year. The state's assumption of the operational costs of these services might be phased-in over several biennia.

## DEDICATION OF PORTION OF STATE INCOME TAX COLLECTIONS TO LOCALITIES

*We recommend that at least six (6) percent of the state's annual net individual income tax collections be dedicated for return to Virginia's localities and distributed on a formula that incorporates a variety of measures.*

Virginia's localities are heavily dependent on the real property tax. The languishing nature of real property assessables in many Virginia localities in recent years, as well as current and prospective economic trends, indicate to this Commission the propriety of broadening the revenue base supporting the Commonwealth's localities. To that end, we recommend that at least six (6) percent of the state's annual net individual income tax collections be dedicated for return to Virginia's localities and distributed on a formula that incorporates a variety of measures. Such measures might include residential population, place of filing of tax return, wages by place of employment, and a locality's fiscal effort. However, the establishment of a program enabling localities to share in the growth of the state's individual income tax collections should take precedence over the details of a distributional formula. The factors ultimately included in any distributional formula should be analyzed, not only in terms of their immediate impact on the allocation of the dedicated funds, but also with respect to their impact on projected future allocations. This Commission recognizes that any distributional formula ultimately endorsed by the legislature will be the product of negotiation and analysis and that a detailed prescription of a specific formula requires further study. Further, in recognition of the difficulty which will be encountered in obtaining consensus with respect to such a formula, we recommend that considerable deference be accorded to any arrangement obtaining the general endorsement of Virginia's localities. In that regard, the proposal developed jointly by the Virginia Municipal League and the Virginia Association of Counties calling for a distribution of 10% of the dedicated funds in equal amounts to counties and cities, of 40% of the dedicated funds on the basis of where wages are earned, and of 50% of the amount on the basis of location of filing, merits respectful consideration. Again, however, the establishment of a tax program permitting localities to share in the growth of the state's individual income tax collections should not be delayed due to the details of a distributional formula.

This proposed dedication of state income tax receipts to localities should be accomplished initially by statute and subsequently by constitutional provision. The broadening of the revenue base of localities, which would result from this recommendation, will provide localities with a different mix of taxes, needed flexibility in addressing the needs of their communities, and, accordingly, the opportunity to reduce their dependence, and hence their tax rates, on property assessables. Our calculations indicate that this proposal would make available for distribution to Virginia's localities approximately \$500 million in FY2002. The funds dedicated to localities pursuant to this recommendation should constitute new state aid and should not supplant any state funds currently provided the Commonwealth's political subdivisions. Again, the dedication of these funds to localities could be implemented over several biennia.

## SALES AND USE TAX

*We recommend that Virginia move to preserve the role of the sales and use tax in funding the public needs of the Commonwealth.*

The sales and use tax is a vital component of Virginia's state and local tax structure, and its role in the Commonwealth's fiscal future should be preserved. There are three major elements of this issue that merit attention. First, it is essential, from our perspective, that the state endeavor to equalize the tax differential currently confronted by resident and non-resident businesses. In an effort to address this tax differential, we recommend that Virginia participate in the Streamlined Sales Tax Project, which is a multi-state initiative to standardize definitions and other elements of the sales and use tax structure in the various states in order to overcome the United States Congress' objections to the mandatory interstate collection of these taxes. Twenty-three (23) states have taken official action to join this effort, and 13 others are participating as "observer states." This interstate initiative is a laudable effort to address the inequity in the present arrangement that places resident merchants at an economic disadvantage to non-resident vendors. To the extent that non-resident merchants are excused from the collection of these taxes, Virginia's merchants are subject to unfair competition, and the state's sales and use tax collections are eroded.

Second, given the growing significance of services in our contemporary economy and the emergence of knowledge/data-related products that are not currently subject to Virginia's sales and use tax, we recommend that the state begin the extension of that tax to selected components of this economic activity. Based upon the incidence of the taxation of services in other states, we recommend that consideration be given in Virginia to an extension of the tax initially to personal services, amusements, and repair services. With respect to such an initiative, an estimate presented to the Commission indicates that, based on 1997 economic census data, an extension of the sales and use tax to personal services, amusements, and repair services would have provided the Commonwealth approximately \$146 million in additional revenue during calendar year 1999.<sup>109</sup> We believe such an extension of the sales and use tax, which is at one of the lowest combined rates of sales taxes in the nation, can be effected in a manner that is appropriate, equitable, and not disruptive to the state's economy. In our view, public revenues should be derived in part from expenditures for consumption, and this proposed broadening of the sales and use tax base is responsive to that principle and in recognition of the growing role of services in consumption.

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<sup>109</sup> Knapp, "Estimated Revenue from Expanding the Sales and Use Tax Base to Include Selected Services," research paper prepared for the Commission, Nov. 2000. Due to limitations in the available data and other complexities, the author has cautioned that his calculations provide only a "rough estimate" of the potential yield from the extension of the sales and use tax to these categories of services. A survey conducted by the Federation of Tax Administrators in 1996 (the latest available) examined the incidence of state taxation of 164 types services aggregated into eight major categories (e.g., business services, professional services, personal services, admissions/amusements, fabrication/repair/installation, etc.) and indicated that Virginia was below the national norm in every instance. (This survey is cited in Dr. Knapp's research paper prepared for the Commission.)

Third, we recommend that a moratorium be established by the legislature regarding the granting of any new sales and use tax exemptions and that all existing exemptions be critically reviewed and considered for elimination. While estimates of the revenue lost in Virginia through the multitude of sales and use tax exemptions are imprecise, the evidence indicates that the loss in FY1999 probably exceeded several billion dollars. Exemptions of such fiscal magnitude provide an upward impetus for states to raise their tax rates in order to offset the lost revenue. Maintenance of Virginia's low tax rates is rendered more difficult by such massive tax exemptions. Since many of the sales and use tax exemptions carry provisions calling for their termination in 2001, the legislature will have an opportunity in the immediate future to initiate a critical review. Such a review should be comprehensive and entail a re-examination of all sales and use tax exemptions previously granted. The interest of tax equity and fiscal responsibility suggests the appropriateness of such action. In sum, we recommend that Virginia take action with respect to the three issues cited above in order to preserve the role of the sales and use tax in funding the public needs of the Commonwealth.

## TRANSPORTATION NEEDS AND FUNDING

*We recommend that greater opportunity be afforded localities to work in concert to address regional transportation concerns.*

A preeminent issue in the Commonwealth at the current time is the level of funding available to meet Virginia's growing transportation concerns. In terms of highway transportation issues, the number of registered vehicles and vehicle-miles traveled in Virginia have grown in recent years at rates more than double the increase in the state's population. One manifestation of this growth in vehicular traffic is the increasing congestion and delay confronted by motorists in certain areas of the Commonwealth. This reality is evident in Northern Virginia, which is part of one of the most traffic-clogged metropolitan areas in the nation, an area second only to Los Angeles in terms of the longest average commuting times for major metropolitan regions.

While recent estimates of the funds needed to address Virginia's highway transportation needs have varied, they have consistently been placed in excess of \$35 billion, with a report issued in 1998 by the Commission on the Future of Transportation in Virginia estimating the need at \$57.8 billion. The latter report, which projected transportation needs in the Commonwealth during the twenty-year period from 1998 to 2017, concluded that the deficiency in funding to address the projected highway needs would be \$40.0 billion in current dollars (1997) and \$53.8 billion when adjusted for inflation.<sup>110</sup> At the present time, the projected revenue growth in the principal instruments used to fund Virginia's transportation needs is not reassuring. According to December 1999 estimates by the Department of Motor Vehicles, the two trust funds that have historically provided the principal resources to address Virginia's transportation concerns will grow in FY2001 and FY2002 by only 3.3% and 3.5%, respectively. In

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<sup>110</sup> *Final Report of the Commission on the Future of Transportation in Virginia* (House Document No. 30, 1998), p. i. See also the *Interim Report of the Commission* (House Document No. 12, 1998), p. 11.

increasing its funding for transportation purposes, we recommend that such funding be derived from fuels, vehicles, and related user charges and that the state's general revenue instruments be reserved for general government purposes. With respect to this proposal, it is relevant to note that Virginia has a significantly lower motor fuel tax than its immediate neighbors.

In recognition of the magnitude of the state's transportation needs, we recommend that greater opportunity be afforded localities to work in concert to address their transportation concerns, including the ability to establish regional transportation entities having broader authority with respect to planning, prioritizing, funding (exclusive of any independent taxing authority), and implementing transportation solutions for their member jurisdictions. While the Virginia Department of Transportation should maintain its role in the actual construction process, some restructuring of that agency may be appropriate in recognition of the increase in regional latitude. The governing bodies of the proposed regional entities should contain an appropriate mix of gubernatorial appointees and local elected officials. The proposed districts should be empowered to obtain their resources through a variety of instruments, including the issuance of bonds, the use of property-owner approved special tax districts, the imposition of tolls, intergovernmental aid, and contractual agreements with the private sector. In order to preserve the critical integrity of a region's transportation programs, the proposed new regional transportation entities should supplant all existing regional transportation structures.

While this Commission is aware of the attention currently being given transportation issues by other state study entities, we are obliged to note the apparent growing disparity in the state's transportation needs and resources. Further, the evidence indicates to us that some regions of the Commonwealth may find it necessary to move more vigorously than the state generally in addressing their transportation concerns. To this end, we recommend that such regions be given the latitude, with appropriate state involvement and oversight, to respond to their distinct concerns and conditions. Delays in rectifying transportation concerns, such as exist in Northern Virginia and other areas of the Commonwealth, exact both human and fiscal costs, and they merit an aggressive response.

## **STATE INDIVIDUAL INCOME TAX**

**We recommend that Virginia's individual income tax structure be modified for needed equity, efficiency, and future tax adequacy.**

We recommend that the individual income tax, the Commonwealth's principal revenue source, be modernized to reflect the many changes that have occurred since the basic structure of that tax was established 75 years ago. Modification of the structure is needed for equity, efficiency, and future tax adequacy. The income tax recommendations presented below constitute an integrated set of proposals designed to address these concerns and are estimated

to be revenue-neutral in their aggregate effect.<sup>111</sup> If the state should wish to raise additional funds from the individual income tax, higher rates or other modifications could be adopted for this purpose; however, the Commission firmly believes that the fundamental nature of the recommendations below should be preserved.

This Commission fully appreciates the political difficulty in effecting the proposed recommendations, but we view the proposals as eminently appropriate, equitable, and necessary in assuring an appropriate tax structure for the 21<sup>st</sup> century. The proposed modifications are prompted by recognition of the vast changes that have occurred since the current income tax system was formed – changes that include higher overall income levels, different relative contributions of the spouses in generating family income, and different relative abilities of older and younger taxpayers. The individual income tax already is the Commonwealth's largest source of revenue, and its prominence is likely to increase. It is vitally important that this tax be imposed as fairly and efficiently as possible.

With respect to the need to modernize the individual income tax, one of the first statements presented to this Commission at the outset of our study asserted that Virginia's "tax rate structure was an anachronism."<sup>112</sup> In support of that assertion, it was noted that the first two tax brackets (0 to \$3,000 and \$3,000 to \$5,000) have not been changed since they were established in 1926, and, if adjusted to 1998 dollars, those brackets would extend to \$27,523 and \$45,872, respectively.<sup>113</sup> We agree that Virginia's individual income tax brackets and rate structure should be revised.<sup>114</sup> Unlike the 1920s, the first \$5,000 of income now represents a small part of average income in the Commonwealth. Moreover, the graduated rate structure, imposing nearly three times as high a marginal rate at the upper end as at the lower end, presents problems for the equitable taxation of married couples with different divisions of income between the spouses, as well as other problems. Accordingly, the Commission recommends that the rate structure of Virginia's individual income tax be comprised of two brackets, with a rate of 5.0 % applied to the first \$50,000 of taxable income and a rate of 5.75 % applied to amounts above \$50,000.

Another element of Virginia's current income tax structure that merits modification is the size of the tax-free amounts created by the combination of standard deductions and personal exemptions. For most family sizes, these tax-free amounts constitute half or less the relevant poverty threshold.<sup>115</sup> The Commission recommends that these tax-free amounts be increased to more appropriate levels. Specifically, we recommend standard deductions of \$7,000 for

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<sup>111</sup> "Revenue neutrality" is defined in the context of the proposed modification of the individual income tax structure as a condition producing the same liability as in tax year 1998, the latest year for which a computerized database was available for making the simulations underlying the recommendations.

<sup>112</sup> Knapp, "Important State-Local Government Fiscal Issues," presentation to the Commission, Dec. 14, 1999.

<sup>113</sup> *Ibid.*

<sup>114</sup> For a commentary on the Virginia individual income tax and options for revision, see John H. Bowman, Professor of Economics, Virginia Commonwealth University, "Virginia Personal Income Tax: Current Tax and Policy Options," research paper prepared for the Commission, Nov. 2000. (Appendix S)

<sup>115</sup> *Ibid.*

married couples filing jointly and \$3,500 for single persons and married persons filing either separate or combined returns. With regard to personal exemptions, we have determined that exemptions of \$2,500 each (with no added exemptions based on age or blindness), in concert with the increased standard deductions, accomplish the goal of removing poverty-level income from the base for most taxpayers. However, the Commission recommends that the exemptions should be converted to "tax credits" equal to \$125.00 each, an amount equivalent to the product of the bottom tax rate (5.0 %) times the exempt amount (\$2,500). This proposed credit produces the same savings to the taxpayer regardless of income level.

While such increases in standard deductions and personal exemptions would benefit all Virginia citizens, they would have a pronounced beneficial impact on low-income residents. The proposed increases are of a degree that largely eliminates the tax liability of individuals and families with incomes below the poverty threshold. These recommendations would give a family of two \$12,000 tax-free income (\$7,000 in standard deductions and tax credits equivalent in value to \$5,000 in exempted income). These proposed changes would reduce the income subject to state taxation of two-person families by \$12,000, compared to the current \$6,600 tax-free level. Similarly, as a consequence of the proposed changes, the tax-free amount for a family of four would increase from \$8,200 to \$17,000, an amount slightly in excess of 1998 poverty threshold for a family of that size (\$16, 530).<sup>116</sup>

While the Commission proposes that Virginia's individual income tax rates, brackets, standard deductions, and personal credits be reviewed periodically for possible adjustment, we do not recommend that they be indexed for automatic change. The prominence of Virginia's individual income tax to the fiscal well-being of the Commonwealth is such that it should not be made subject to mechanical adaptation; rather, it should remain amenable to modification only as a consequence of deliberate action by the state's elected leadership. The need for periodic adjustment of these various elements of the individual income tax should be obvious, however, from the data presented above.

Another integral component of the individual income tax recommendations presented in this section is the termination of the special age deductions currently granted to individuals age 62 to 64 (\$6,000) and to those age 65 and over (\$12,000). Age alone is not a valid measure of need or hardship. While historically it was true that poverty was a problem strongly associated with aging, this situation has not been the case for many years. In any event, though, individual income tax liability should rest upon measured income, rather than proxies for ability to pay, such as age or selected categories of disability. This Commission finds no basis for arbitrarily granting an additional deduction to a citizen who reaches age 62 (or 65) on January 1 of a year and denying such a deduction to an individual reaching such age a day thereafter. These age-based deductions can constitute an inappropriate shifting of the tax burden to others who are often less able to bear it. Further, as the age group of those 62 and over

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<sup>116</sup> *Ibid.*

grows in proportion to the total population in the years ahead, these age deductions will become increasingly costly to the Commonwealth.

As with certain other recommendations made by this Commission, the proposed elimination of the age-based deductions could be effected incrementally. It may be advisable to phase-out these deductions over a few years, rather than ending them abruptly. Elimination of the additional exemptions (credits) based on age and blindness, however, should be ended simultaneous with the proposed trebling of the value of the basic personal exemption, or credit.

These proposed changes seek to end reliance on proxies for taxpaying ability, such as age or selected disabilities, reflecting the Commission's belief that all Virginians should be treated more consistently and equitably for income tax purposes. Consistent with that end, the Commission recommends that Social Security benefits reported as taxable income on federal tax returns be subject to the Virginia individual income tax. By treating this source of income more nearly like other income – including other sources of retirement income – this proposed modification would reduce another arbitrary element in Virginia's individual income tax structure and improve the horizontal equity of the tax.

Finally, with respect to the state's individual income tax, we recommend that Virginia expand upon the positive step taken by the General Assembly during the 2000 session to alleviate the tax burden of individuals and families below the poverty level. As noted earlier in this report, the previous session of the General Assembly enacted a measure, now codified as Sec.58.1-339.8, providing a \$300 tax credit for each individual, spouse, and dependent whose individual or family Virginia adjusted gross income does not exceed 100% of the federal poverty threshold for the relevant family size. The current low-income tax credit program, however, does not provide any assistance to near-poor families with incomes marginally above the poverty line. When income rises as little as one dollar above the poverty threshold, the entire credit is lost. Students of taxation typically refer to such abrupt changes as a "notch effect." Given the magnitude of the change in potential tax liability under the current credit arrangements, however, a more apt term for such a change in tax liability might be tax "cliff." To rectify this situation, we recommend that Virginia modify its current low-income tax credit arrangement, patterning it after the federal earned income tax credit (EITC), which is phased out gradually as individual or family income rises.<sup>117</sup> Specifically, we envisage a state credit set equal to 20 percent of the federal credit. Further, we recommend that the proposed Virginia credit, like the federal counterpart, be refundable, with any element of the credit not required to offset the tax liability resulting in a payment for the difference being made to the low income family or individual.

These proposed modifications of the state's individual income tax constitute, in our view, an integrated set of recommendations designed to have a revenue-neutral effect. If, however, the state's elected leadership concludes that the needs of the Commonwealth are such as to require additional revenue, the

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<sup>117</sup> See Appendix R; and Bowman, "Virginia Personal Income Tax: Current Tax and Policy Options."

individual income tax can serve that purpose. Indeed, if a significant increase in state revenue is deemed necessary, it appears to this Commission inevitable that the individual income tax would have to be the principal source of such funds. While this Commission is cognizant of Virginia's relatively low corporate income rate, the size and volatility of the revenue generated by that source render it unsuitable as a basis to sustain major new state initiatives.

In the event that individual income tax changes are considered for purposes of generating additional revenue, the Commission recommends that any such changes be consistent and compatible with the recommendations proposed above, which have been fashioned as a logical and integrated whole. A primary goal of those recommendations that merits continued adherence is the removal of poverty-level income from the tax base through the increase in the tax-free amounts. If more income tax revenue is sought, tax surcharges or increased rates should, in our view, be adopted, rather than taxing income that does not represent taxpaying ability. Further, any rate increase should adhere to the principle of narrowing the difference in marginal tax rates, rather than – as in the past – grafting a new bracket with a higher rate onto the tax structure.

#### **EQUALIZATION OF CITY-COUNTY TAXING AUTHORITY**

*We recommend that the distinction in the taxing authority of Virginia's cities and counties be eliminated.*

The distinction in the taxing authority of Virginia's cities and counties has been a source of contention in the Commonwealth for many years. We recommend that this distinction, which is based solely on an historical legalism and which has no relevancy to modern service responsibilities, be eliminated and that the taxing authority of Virginia's cities and counties be equalized. This proposal essentially entails the removal of the caps that currently apply to county authority to levy meals, lodging, and amusement taxes, as well as the requirement that meals taxes in counties be subject to approval by referendum. We find no rational basis for the governing body of a county serving hundreds of thousands of citizens to be constrained in its ability to address the fiscal needs of its community in a manner more severe than that applicable to the governing body of a municipality serving a fraction of that number. This action, in our view, is long overdue. The adoption of this recommendation will broaden, to some degree, the potential revenue base of counties, reduce their dependence on their real estate tax base, and make the potential revenue bases and therefore the measurement of revenue effort of cities and counties directly comparable.

#### **SERVICE CHARGES ON TAX-EXEMPT REAL PROPERTY**

*We recommend both a critical review of all exemptions granted to non-governmental real properties and a re-evaluation of the current law and practice relative to the application of service charges to all non-federal tax-exempt property.*

A significant factor affecting the fiscal capacity of many Virginia localities is the concentration of tax-exempt property within their boundaries. According

to the Department of Taxation, the total fair market value of tax-exempt real property in Virginia in Tax Year 1998 was \$60.7 billion, resulting in an aggregate tax loss to the Commonwealth's localities of \$650.6 million. While the major component of this revenue loss is due to the tax-exempt status of property owned by the federal government and by local governments themselves, our estimates indicate that significant segments of the loss can be attributed to state-owned property (\$58.9 million) and to non-governmental holdings (\$175.7 million).<sup>118</sup> We recommend both a critical review of all exemptions granted to non-governmental properties and a re-evaluation of the current law and practice relative to the application of service charges to all non-federal tax-exempt property.

In instances where it is determined that the tax-exempt status of property should be continued, as a consequence of constitutional mandate or otherwise, such property should be made subject to an equitable and appropriate service charge. While Virginia's constitution permits the General Assembly to authorize localities to levy service charges on tax-exempt property, and it has done so with certain limitations, we recommend a re-examination of the current practice and statutory constraints applicable to such charges. The evidence indicates that localities have not availed themselves to the fullest of the authority currently provided them to levy service charges on tax-exempt property. In our view, localities should be required to apply service charges to all tax-exempt property to the extent authorized, and the General Assembly should relax the constraints that now limit the application and amount of such charges. With respect to the latter point, we recommend that the restrictions (1) that base the service charge generally only on local expenditures for police, fire protection, and refuse services and (2) that limit the service charge to no more than one-fifth the local real estate rate be re-examined. The current and growing magnitude of tax-exempt property in Virginia, the hesitancy of localities to apply service charges to much of that property, and the statutory limitations that reduce their significance, signify the need for careful review of these concerns. As noted in other contexts, tax exemptions provide an upward impetus on the tax rates and burdens borne by those not favored by such exemptions. Any changes resulting from the proposed comprehensive review of the issues might be implemented incrementally over a period of years.

## **ESTABLISHMENT OF PERMANENT FISCAL STUDY COMMISSION**

*We recommend that a permanent body be created with broad public and private representation to offer on a continuing basis critical and objective comment on the long-term trends affecting state and local fiscal resources and service responsibilities.*

The breadth and complexity of the issues referred to this Commission for consideration suggest the desirability of the establishment in the

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<sup>118</sup> These estimates are based on staff calculations made from unpublished data developed by the Department of Taxation. Due to classification inconsistencies by localities, the Department of Taxation has cautioned that the total value of assessables and tax losses allocated to the various categories of tax-exempt property must be viewed with caution. ("Summary of Tax Exempt and Tax Immune Real Estate Property-1998," unpublished table.)

Commonwealth of a permanent body, comparable in nature and role to the Revenue Resources and Economic Study Commission created initially by Senate Joint Resolution No. 15 in 1968, to analyze on a continuing basis the fiscal needs and resources of Virginia's state and local governments. The constant creation of *ad hoc* study groups by the legislature during the past decade underscores the need for the existence of a permanent body, detached from any partisan or institutional interests, to cultivate and maintain an expertise in state and local fiscal matters. To that end, we recommend that the membership of the proposed commission be broad-based, with representation from both the public and private sectors, but with a significant majority of the members being from non-governmental entities. This proposed commission should be constituted and empowered so as to see beyond immediate political and institutional interests and enabled to offer critical and objective comment on the long-term trends affecting state and local resources and service responsibilities. To ensure continuity, the members should be appointed for multi-year staggered terms. The members should be eligible for reimbursement for all reasonable and necessary expenses but should not receive reimbursement for their service. In terms of its role, the commission would be available to undertake analyses at the request of the legislature, to examine issues designated for study by a majority of its membership, and to issue advisory reports on state and local fiscal concerns on a periodic basis, but not exceeding four-year intervals. The proposed commission should be granted a budget to carry out its activities independently. While this entity should be assisted in its work by the staffs serving the relevant state legislative and executive agencies and local governments, it should also be supported by a small independent staff.

Such a body would be well-positioned to review independently changes in economic and service conditions that might prompt the need to reconsider previously approved governmental actions that, in light of changed circumstances, may no longer be the fiscally responsible approach to maintain. In those cases, this independent body could propose modifications in policy for consideration by the legislative and executive branches.

## **MERCHANTS' CAPITAL AND BPOL TAXES**

*We recommend that Virginia's localities be permitted to continue to exercise their present authority to levy merchants' capital and business, professional, and occupational license taxes.*

This Commission was requested to consider during the course of its review a bill (HB 354/2000) calling for the repeal of the local merchants' capital and the business, professional, and occupational license (BPOL) taxes. Because these taxes serve a vital source of local governmental revenue that is already too constrained, this Commission is unable to recommend the repeal of those taxes in present circumstances. We do commend those localities in the Commonwealth that have taken significant steps to simplify and refine those tax instruments. The existence of these taxes provides localities with needed flexibility in their revenue options, and their use should be left at the current time to local discretion. We do recommend, however, that as the fiscal condition of localities permits, the threshold at which the BPOL taxes apply should be raised, particularly with

respect to home-based businesses. The two local government associations in Virginia should be instrumental in promoting consideration of such remedial initiatives.

## **REGIONAL ECONOMIC DEVELOPMENT MECHANISMS**

*We recommend that Virginia's localities be accorded greater flexibility to address on a regional basis their economic development concerns.*

Regional collaboration in economic development activities often constitutes the most cost-effective approach to providing essential infrastructure and the most beneficial and equitable manner of promoting a region's economic growth. While this Commission is fully cognizant of the need to maintain appropriate uniformity and administrative simplicity in fundamental state policies, we believe that the state can and should, consistent with that need, accord its localities greater flexibility to address on a regional basis their economic development concerns.

Recently, many communities around the nation have developed a unique cooperative procedure by which the citizens of a region agree to fund infrastructure projects of regional significance which they have determined to be needed at a cost they are prepared to bear through a specified assessment for a limited period as approved by voter referendum. Local governments or regional authorities do not impose this assessment, but, rather, the citizens who would benefit from the projects decide by majority vote in a referendum to pay for the projects they have approved through an appropriate funding mechanism.<sup>119</sup> Such a process, frequently referred to as "Metropolitan Area Projects Strategies" (MAPS), has been advocated by several regions in the Commonwealth. Since time constraints did not permit the Commission to examine in detail the MAPS concept, we are unable to endorse specifically that construct. The experience nationally with the MAPS concept, and any other, should be critically evaluated prior to the implementation of a specific approach for regional cooperation in economic development initiatives. The state should, however, explore means by which localities may be encouraged to work in concert with neighboring jurisdictions to address their economic development concerns.

## **OTHER ISSUES REFERRED**

As a consequence of the breadth and complexity of the issues presented to this Commission for consideration, we were unable to analyze fully all of the matters referred to this body for review. While our examination of those issues brought to our attention a number of relevant considerations, as noted below, we are obliged to leave to others specific recommendations regarding their ultimate disposition.

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<sup>119</sup> Any mechanism used to fund regional economic development projects must be critically reviewed to ensure simplicity of administration and the avoidance of increased compliance costs for businesses.

## **Application of Sales and Use Tax to Federal Government Contractors**

SJR 150 and HJR 158 directed this Commission to study the impact of Virginia's sales and use tax on contractors that provide both tangible personal property and services to the federal government.<sup>120</sup> This Commission has been advised that the federal government, rather than issuing separate contracts for the acquisition of property and for the provision of services, is resorting increasingly to the use of multi-purpose contracts to purchase concurrently both property and services. This practice is beyond the capacity of either the federal contractors or the Virginia Department of Taxation to control. Such multi-purpose contracts, we are advised, can result in an imposition of Virginia's sales and use tax to the purchase of property merely acquired by contractors for delivery to the federal government. Representatives of federal contractors in the Commonwealth have contended that other states have taken steps to avoid the application of their sales and use taxes in such instances and that current application of the sales and use tax to multi-purpose federal contracts in Virginia places them at a competitive disadvantage.

Due to time constraints confronting the Commission in examining the array of issues before it, a working group comprised of representatives of major federal contractors doing business in Virginia and the Department of Taxation was formed to research this issue. That research group was unable to generate the data necessary to include in its report to this Commission an estimate of the fiscal impact of the proposed alternative solutions.<sup>121</sup> Accordingly, we are unable to offer a recommendation relative to the resolution of this issue. It is relevant to note, however, that with respect to the concerns raised by the federal contractors in Virginia, this Commission has emphasized repeatedly in this report both the need for equity in Virginia's tax structure and the importance of economic development to the Commonwealth. In this context, those principles require that, for the benefit of federal contractors and the Commonwealth generally, this issue of apparent tax disparity be addressed.

## **Fiscal Autonomy of Elected School Boards**

HJR 105 (2000), which requested an analysis of the ramifications of granting Virginia's elected school boards fiscal autonomy, was referred to this Commission for consideration. While testimony was received on this issue, time and resources did not permit the Commission to undertake the extensive analysis the proposal merits. We note, however, that granting elected school boards fiscal autonomy would relegate the general purpose government in many Virginia counties and cities to a secondary role in the fiscal affairs of the locality. Further, we recognize that one consequence of granting fiscal autonomy to school boards would be the loss of an overarching local governmental body

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<sup>120</sup> Due to her service with a federal contractor in Virginia, Commissioner Karen Shields did not participate in the Commission's deliberation and disposition of this issue.

<sup>121</sup> See "A Report to the Commission to Study Virginia's State and Local Tax Structure for the 21<sup>st</sup> Century: The Retail Sales and Use Taxation of Contractors Doing Business in Virginia with the Federal Government" (Senate Joint Resolution 150 and House Joint Resolution 158), Nov. 22, 2000. Copies of this report will be submitted independently to the Governor and General Assembly for their consideration.

with the authority to reconcile the contending fiscal needs of a community. It would serve to splinter and place in political competition taxing authority at the local level. We believe that any analysis of this proposal must include a review of the experience of other states that have granted fiscal autonomy to local school boards and the implications for educational performance, costs of services, and local taxation.

### **Reimbursement of Merchants for Collection of Local Meals Taxes**

HB 255 (2000) directed this Commission to consider the fiscal impact on localities of a requirement that businesses be compensated for their collection of local meals, food, and beverage taxes. Our research indicated that local collections from these taxes in FY2001 will be approximately \$235 million and that local reimbursement at 3% of collections would result in compensatory payments to merchants in excess of \$7 million. Our research also disclosed that at least 33 Virginia localities currently provide voluntarily compensatory payments to merchants ranging in value from 2% to 5% of their collections. The collection of these local taxes is generally incidental to a merchant's collection of funds for the state for which merchants are currently compensated. This Commission was unable to obtain data regarding the cost to merchants attributable solely to their collection of the local taxes. Absent evidence of a significant and distinct cost to merchants resulting from their collection of these local taxes, we are unable to recommend that compensatory payments by localities be made mandatory.

### **Processing of Sales and Use Tax Receipts**

HJR 152 (2000), which requested a study of the ramifications of changing the process currently used for the collection and distribution of the sales and use tax receipts, was also referred to this Commission for consideration. Under present arrangements, merchants collecting the state and local sales taxes remit their collections to the state, which subsequently distributes the local component to the appropriate recipient localities. Businesses with multiple retail establishments in the Commonwealth currently remit a single check to the Virginia Department of Taxation along with a list specifying the funds collected in individual localities. Based on that information, the Virginia Department of Taxation distributes the funds due to individual localities. The proposal raised for consideration by HJR 152 calls for the state and local sales and use tax collections to be paid initially to the localities, with those jurisdictions extracting their share and then forwarding the remaining funds to the state. It appears to this Commission that the proposal embraced by the study resolution would entail added complexity for many businesses and would delay the state's receipt of its share of the tax proceeds (including the components earmarked for local schools and the Transportation Trust Fund) by approximately one month. These concerns need to be evaluated fully, in our judgment, before any recommendation is made to modify the collection and distributional arrangement currently utilized in Virginia for the sales and use tax.

## CONCLUDING COMMENT

The resolution establishing this Commission directed it to “examine all aspects of Virginia’s state and local tax structure to ensure its viability, fairness, and appropriateness for the 21<sup>st</sup> century.” This we have endeavored to do. In our judgment, the recommendations proffered above constitute collectively an overall policy that is promotive of the goals of “viability, fairness, and appropriateness,” both in terms of tax structure and service responsibility. Further, we believe that the preceding recommendations can be implemented, incrementally if need be, consistent with the concern for maintaining Virginia’s low tax structure. While this Commission is fully cognizant of the virtue of maintaining Virginia’s low tax structure, as business people, residents, but foremost as citizens of this Commonwealth, we are obliged to acknowledge the public service concerns that confront our state and the resources required to address them. Moreover, not all localities face common problems, have the same needs, or enjoy the same potential resources in meeting needs. Under a general rubric of simplicity and uniformity, latitude should be granted localities in matching resources to needs, and differences in both needs and resources should be recognized. Failure to address at the current time the fundamental concerns of the Commonwealth may well constitute a false economy and merely bequeaths to successor generations the necessity of rectifying the deficiencies at added cost.



# APPENDIX A

Bill Tracking - 1999 session

## HOUSE JOINT RESOLUTION NO. 578

*Establishing a commission to study Virginia's state and local tax structure for the 21st century.*

Agreed to by the House of Delegates, February 26, 1999

Agreed to by the Senate, February 26, 1999

WHEREAS, the past few decades have seen unprecedented changes in the way society operates in the new global economy; and

WHEREAS, these changes have occurred in technology, computers, medicine, telecommunications, and the retail environment and have changed the way every person works, lives and operates; and

WHEREAS, we are witnessing the deregulation of the electric and telecommunications industries; the consolidation of the banking and finance sector; and the growth of the world economies, which affect every aspect of the Commonwealth and its citizens; and

WHEREAS, one aspect of our society, the tax system, has changed little from when the economy was primarily agrarian and the measure of wealth was the amount of farm land one owned; and

WHEREAS, the local real estate tax was first imposed in 1645 under the reign of England's King Charles I, the personal property tax was enacted in 1654 under Lord Oliver Cromwell, and the Business Professional and Occupational License (BPOL) tax was first imposed on a blacksmith to fund the War of 1812; and

WHEREAS, the Commonwealth enacted its sales and use tax in 1966 and since that time has had very few changes except for a one-half cent increase; and

WHEREAS, the Commonwealth adopted its current income tax structure in 1971 when Virginia "conformed" its income tax structure to the federal structure for taxpayer convenience and administrative simplification; and

WHEREAS, sales and income taxes generate 89 percent of the general fund revenues for the Commonwealth; and

WHEREAS, to this day, the main source of local tax revenue is the property tax, which generates over 61 percent of total local revenues in Virginia and therefore gives little flexibility to local government officials in collecting tax revenue needed to fund local government services, such as education; and

WHEREAS, in the cities of Virginia over 22 percent of the fair market value of real property and in the counties over 10 percent of real property is owned by the government or some other tax-exempt entity and cannot be taxed; and

WHEREAS, Virginia's cities with no realistic annexation option and a limited and stagnant tax base are among Virginia's most fiscally stressed localities; and

WHEREAS, society's trend towards purchasing an increasing share of goods and services that are nontaxable under the current sales tax means a higher resulting tax burden on the remaining goods than if the tax were extended to a broader base of taxation; and

WHEREAS, the traditional nexus for sales taxation, that is, having a physical presence in the state, was decided by the Supreme Court in the 1967 *National Bellas Hess* decision, is rapidly becoming an antiquated concept and should be addressed by the Congress of the United States; and

WHEREAS, in 1998 Congress passed the Internet Tax Freedom Act, declared a three-year moratorium on taxation over the Internet, and created the National Commission on Electronic Commerce; and

WHEREAS, the current tax structure may inhibit continued growth of Virginia's emerging information, knowledge and service-based economy, or, in turn, further strain the ability of local governments to invest and reinvest in critical infrastructure needs; and

WHEREAS, the state income tax structure has evolved in a way that creates inequitable shifts with respect to the burden on the citizens of the Commonwealth, particularly by failing to make changes paralleling the Internal Revenue Code; and

WHEREAS, since Virginia's enactment of the Tax Conformity Act in 1971, inflation and other changes in the economic environment have eroded the value of certain deductions and other components of the state income tax structure; and

WHEREAS, the failure to make corresponding adjustments has resulted in Virginia placing a higher state tax burden on families with incomes below the federal poverty level guidelines than 38 of the 43 states taxing personal income; and

WHEREAS, Virginia and other governments must adapt and harness this inevitable change and use it to improve the way they deliver and pay for the public goods and services that Virginia citizens need and demand; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a commission be established to study Virginia's state and local

tax structure for the 21st century. The commission shall study the proper division of revenues and responsibilities for services between the state and local governments and how the state and local tax structure should be changed to adapt to the tremendous economic, social, demographic, and technological trends that are clearly overwhelming the current tax structure.

The commission shall be comprised of 13 voting members with significant expertise in state and local taxation, public or private budgeting and finance, or public services delivery, none of whom shall be currently serving in an elected capacity. The Secretary of Finance and the State Tax Commissioner shall serve as nonvoting members of the commission. The members of the commission shall be appointed by an ad hoc committee consisting of the Speaker of the House, the Co-Chairs of the House Appropriations Committee, the Co-Chairs of the House Finance Committee, the Co-Chairs of the House Committee on Counties, Cities and Towns, the Chair of the Senate Privileges and Elections Committee, the Co-Chairmen of the Senate Finance Committee and two other members of the Senate Finance Committee, one from each political party, to be designated by the Co-Chairmen of such committee, and the Chair and one other member of the Senate Committee on Local Government to be designated by the Chair of such committee from the political party not represented by the Chair. The Speaker of the House shall chair the ad hoc committee which shall solicit nominations and recommendations from the Virginia Municipal League, the Virginia Association of Counties, the Virginia Chamber of Commerce, the Virginia State Bar, taxpayer associations and the public.

The commission shall examine all aspects of the state and local tax structure to ensure its viability, fairness, and appropriateness for the 21st century. It shall analyze the relationship between state and local tax authority and service responsibilities in order to determine whether the duty to provide services at the appropriate level of government is matched by the ability to generate sufficient revenues. In conducting its study, the commission shall examine what other states have done to assist their localities with raising revenues paying particular attention to those states in which a local income tax is imposed. The commission is specifically directed to develop revenue-neutral recommendations that will not increase Virginia's per capita state and local tax burden.

The Weldon Cooper Center at the University of Virginia shall provide staff support for the study and is hereby allocated \$250,000 from the General Assembly's contingent fund to provide such staff support. All agencies of the Commonwealth shall provide assistance to the commission, upon request.

The commission shall complete its work by December 1, 2000, and submit its findings and recommendations to the Governor and the 2001 Session of the Virginia General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

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**Proposals from the Commission on the Condition  
and Future of Virginia's Cities Forwarded for  
Consideration by the Tax Study Commission**

February 17, 2000

**1 – Allow the various regions in Virginia to create regional transportation districts with the authority to levy regional taxes within the district for highway and public transit projects.**

It is becoming obvious that the satisfaction of regional transportation needs is critical to the success of our urban areas. The amount of funding available is insufficient to meet short or long-term requirements. Further, the balance between funding highways and transit projects is heavily weighted toward the automobile. Recognizing that regions function as interdependent wholes, more efficient ways need to be developed to transport people between home and work.

One mechanism to increase resources has been successful in Northern Virginia. Within two regional transportation district boundaries, a locally levied sales tax is built into the pump price of motor fuel sales. The proceeds are used for public transit and other transportation programs within the districts. Following this model, the other regions in the state should be enabled to create regional transportation districts with the authority to levy taxes for transportation needs within those regions.

**2 – Dedicate a portion of the state corporate income tax to the regions of the state, and within regions a disproportionately higher share should go to fiscally stressed localities.**

Currently there are few state incentives for regional cooperation among local governments. While the Regional Competitiveness Act (RCA) has had some positive impact, its funding is insufficient to serve as a major lever to increase regional cooperation. Further, in practice, it has not resulted in funding being tilted toward the areas of greatest need within the regions. A new revenue source, aimed at improving the conditions of the most stressed localities, would be useful. It is suggested that a portion of the state corporate income tax be allocated among the regions of Virginia to be divided with the most fiscally stressed localities getting a disproportionately higher share. Thus, the economic benefits of development in the suburbs could be shared with the central cities through this indirect method. The corporate income tax raises a little more than \$400 million per year.

**3 – Raise the brackets for the personal income tax from \$0 – 3,000 to \$0 – 4,000 and from \$3,000 - \$5,000 to \$4,000 – 6,000.**

This proposal presents an alternate approach for the state to assist city residents, and thereby affect the well-being of the community, by providing meaningful tax relief to the needy. This would enable those individuals and families to cope better with their circumstances and rely less on other forms of assistance. There would be more available disposable income within the community, enhancing economic activity in the city.

Thus, this proposal suggests that the state widen the brackets and raise the thresholds for determining the marginal rate by which income is taxed at the lowest levels of income. This policy also would add to the incentive to remain employed.

In addition to these considerations, it should be noted that these brackets were established when the income tax was established in 1926, and have not been adjusted for any inflation. The only change that has taken place for these brackets has been to increase the marginal rates by which income within the brackets is taxed.

**4 – Fund the Work Incentive Program (or Earned Income Tax Credit) from the General Fund.**

There was an Earned Income Tax Credit for Virginia adopted by the General Assembly. For 1999, however, the General Assembly substituted the Work Incentive Payment (WIP), administered by the Department of Social Services, for families below the poverty level. The intention was to use federal funds for the bulk of payments under this program. The federal government will not permit funding of this program from its funds after 1999. The Department of Social Services estimated that WIP would cost about \$14 million annually. Due to a lower than expected number of applications, it will cost less during this fiscal year.

This proposal would reinstate the EITC or pay for the WIP from the General Fund. It would have a similar effect to proposal number three, in that it would provide additional income to a portion of the community that generally requires intensive assistance.

**5 – Enable a regional sales tax that would fund only inter-jurisdictional services.**

As an incentive to promote regional service delivery, the state could enable a regional tax to support new or enhanced projects undertaken by several jurisdictions. Examples could include a sales tax or motor fuels tax to support transportation efforts or a regional transient occupancy tax for multi jurisdiction travel/tourism or economic development programs. This proposal would need to be enabled by the state, but would have no cost impact on state revenues. The regional tax would be enacted by the participating local jurisdictions.

## **6 – Expand eligibility for the Water Quality Improvement Fund.**

The Water Quality Improvement Fund (WQIF) provides grants for improvement projects through the Department of Environmental Quality (DEQ) and the Department of Conservation and Recreation (DCR). Suggestions have been made to expand eligibility for those projects funded through DEQ.

The DEQ funds are now prioritized for capital construction of nutrient reduction facilities for point source pollution entering the Chesapeake Bay and its tributaries. It is estimated that there are approximately \$100 million in requirements for this purpose for which funds have yet to be appropriated. Once these requirements have been met, DEQ will be able to give grants to other areas of the state for water quality improvement projects. The Director of DEQ already has the authority to divert monies to other projects, if sufficient funds have been granted to priority projects to keep them on schedule with their tributary improvement plans.

If eligibility were expanded so that other areas could compete for these funds, it would either mean a delay in meeting Chesapeake Bay improvement goals or require additional funding to support the newly eligible projects while keeping the Chesapeake Bay projects on schedule. No cost estimate can be made for the latter since there has been no call for grant applications of this type. The amount, however, likely would be sizable.

Projects that are ineligible for this grant program may be eligible for the Virginia Wastewater Revolving Loan Fund that also supports water quality improvement projects.

## **7 – Share state tax revenues with localities, such as personal income tax.**

Local governments rely heavily on the real property tax to fund their obligations. Discretion in raising other local revenue sources is very limited. Growth in the real property tax has been considerably below what the local jurisdictions need to support their programs, and has been substantially below the increase in the state's personal income tax revenue. Access to some revenues from the state, especially the personal income tax, would help significantly to diversify the revenue sources of the localities.

One suggested program, the "five for five," would share personal income tax receipts with local governments in trade for a one-time reduction in the real property tax rate. This proposal would distribute to each local government, in year one of the program, five percent of the net collections of the personal income tax from residents of that jurisdiction. In that year, these funds would be entirely new additional funds for the jurisdiction with no offsetting reduction required.

In year two, the jurisdiction would receive a second year's worth of personal income tax receipts calculated in the same way. Also, the local government would have to reduce its real property tax rate by five percent of the previous year's real property tax revenues or by 90% of

the amount received in the prior year from the shared personal income tax revenues, whichever is less.

In the third year, the jurisdiction would receive a third year's worth of personal income tax receipts. The governing body would also be able to adjust the real property tax rate in any manner required to meet its financial commitments.

The method of distribution of the shared personal income tax revenues is an important point for consideration. Under this proposal, the funds go back to the localities from which they are raised. It has been noted that cities, particularly those that have a higher fiscal stress index, receive significantly less revenue on a *per capita* basis than the wealthier jurisdictions. A modification of the proposed distribution formula could address this issue.

An alternative proposal, House Bill 2134 from the 1999 General Assembly session, presents an alternative. It would require that 5% of personal income tax revenues plus one-half of the growth in such revenues be shared with localities based upon where the revenues are raised. This proposal, too, has the same issue that cities receive less funding on a *per capita* basis than wealthier jurisdictions.

Under any such program, localities are concerned about the continuing availability of the state revenues over the long term, especially if they are required to make a reduction in the real property tax rates in order to participate in the state revenue sharing.

#### **8 – Expand options for local revenues, such as a split real estate tax rate, payroll tax, etc.**

An alternative way to adjust local revenue options would be to permit variations on the real property tax or to enable an additional tax. The two real property tax variations described below are used in other states. One is to levy a different rate for different classes of real property, such as a residential and a commercial class. A second variant would permit a separate tax rate for the value of the land and another rate for the value of the improvements, the so-called "two tier tax" system. Proponents of this proposal argue that it would enhance economic growth by encouraging development and rehabilitation of structures while raising the same amount of real property taxes as the current system. The financial benefits to the localities come from the increased receipts of other taxes levied in the locality. In terms of additional tax sources for localities, options like the "payroll tax" (a percentage tax levied on income based on place of employment) have been mentioned. No revenue estimates for such a proposal have been prepared. There would be no cost to the state to permit any of the above.

#### **9 – Compensate localities more equitably for revenues lost on state-owned tax-exempt properties.**

Under current law, localities are permitted to levy a service charge on tax-exempt properties in lieu of their paying local taxes. These service charges are limited because they include only a

few of a locality's services within the calculation. A broader definition would allow a fairer recovery of revenues now lost by the locality.

**10- Create local or state tax credits for including transit subsidies as employee benefits.**

The use of public transportation for commuting has a beneficial environmental effect at the same time as reducing congestion on highways. This reduces the need for additional highway expenditures for construction and maintenance. It also assists in bringing employees to downtown work sites, making it more attractive to investors deciding where to locate their businesses.

Some employers are offering programs to their employees through which the employer pays all or a part of the employees' public transportation commuting expenses. These subsidies are deductible on the company's corporate income tax. Last year, Maryland enacted a tax credit for 50% of the employer's subsidies to serve as an incentive for employers to offer such a program. It is estimated to cost that state about \$1 million per year.

Localities could be enabled to permit such a credit on the business license tax or other local taxes without a revenue loss to the state.

**11 - Enact a personal income tax deduction for individuals using public transit.**

An alternative incentive to use public transportation would be to allow employees to deduct, in figuring their personal income tax, the cost of their work commuting on public transportation.



2000 SESSION

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HOUSE BILL NO. 354  
Offered January 12, 2000

A BILL to repeal Article 3 (§§ 58.1-3509 through 58.1-3510.3) of Chapter 35 of Title 58.1 and Chapter 37 (§§ 58.1-3700 through 58.1-3735) of Title 58.1 of the Code of Virginia, relating to the merchants' capital tax and business, professional, and occupational license taxes.

Patron—Shuler

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

- 1. That Article 3 (§§ 58.1-3509 through 58.1-3510.3) of Chapter 35 of Title 58.1 and Chapter 37 (§§ 58.1-3700 through 58.1-3735) of Title 58.1 of the Code of Virginia are repealed.
- 2. That the provisions of this act shall become effective on January 1, 2002.

002308936

HB354

1/14/00 16:16

| Official Use By Clerks                   |                          |                              |                          |
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| Passed By                                |                          |                              |                          |
| The House of Delegates                   |                          | Passed By The Senate         |                          |
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| _____<br>Clerk of the House of Delegates |                          | _____<br>Clerk of the Senate |                          |

[summary | pdf](#)**HOUSE JOINT RESOLUTION NO. 105**

Offered January 20, 2000

*Establishing a joint subcommittee to study the implications of granting fiscal autonomy to elected school boards in the Commonwealth.*-----  
Patron-- Dillard  
-----Referred to Committee on Rules  
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WHEREAS, the General Assembly in 1992 enacted legislation authorizing local referenda on the direct citizen election of members of school boards; and

WHEREAS, following referenda approving such action, many localities have changed from appointed to elected school boards, with the result that two-thirds of local school board members in the Commonwealth have been elected to their positions by popular vote; and

WHEREAS, nationally, approximately 97 percent of school boards are elected, and more than three-quarters of those school boards have fiscal autonomy; and

WHEREAS, fiscal autonomy has taken various forms in other states, with the local real property tax cited as the most important revenue source to school boards in nearly all states; and

WHEREAS, the Commonwealth's method of funding public education, which in accordance with constitutional requirements places control of educational policy with local school boards while requiring the governing bodies of local governments to appropriate funds for educational purposes, is unique; and

WHEREAS, the existing school funding arrangement often puts elected members of the school board at odds with the budgetary and taxing decisions of another elected body elected by the same constituency; and

WHEREAS, Virginia's counties and cities collect billions of dollars annually using local taxing instruments and expend much more for education than is currently required by state law; and

WHEREAS, the prospect of fiscal autonomy for elected school boards poses serious issues for the Commonwealth and local governing bodies; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to study the implications of granting fiscal autonomy to elected school boards in the Commonwealth, including, but not limited to, funding implications for the Commonwealth and its local governments, equity in educational funding, the composite index, budgets, local tax bases, tax rates, the collection of taxes, and debt for school construction.

The joint subcommittee shall be composed of 12 members, which shall include nine legislative members and three nonlegislative citizen members, as follows: five members of the House of Delegates, to include the chairman of the House Appropriations Committee, the chairman of the House Finance Committee, the co-chairmen of the House Education Committee, and one member of the House Education Committee, to be appointed by the Speaker of the House; four members of the Senate, to include the chairman of the Senate Finance Committee, the chairman of the Senate Education and Health Committee, and two members of the Senate Education and Health Committee, to be appointed by the Senate Committee on Privileges and Elections; one representative of the Virginia Association of Counties, to be appointed by the Senate Committee on Privileges and Elections; one representative of the Virginia Municipal League, to be appointed by the Speaker of the House; and one representative of the Virginia School Boards Association, to be appointed by the Senate Committee on Privileges and Elections.

The direct costs of this study shall not exceed \$ 10,200.

The Division of Legislative Services, the staff of the House Appropriations Committee, and the staff of the Senate Finance Committee shall provide staff support for the study. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 2001 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

Notwithstanding any other provision of this section, no city or town shall levy any tax under this section upon *alcoholic beverages sold in factory sealed containers and purchased for off-premises consumption* or food purchased for human consumption as "food" is defined in the Food Stamp Act of 1977, 7 U.S.C. § 2012, as amended, and federal regulations adopted pursuant to that act, *except for the following items: sandwiches, salad bar items sold from a salad bar, prepackaged single-serving salads consisting primarily of an assortment of vegetables, and nonfactory sealed beverages.*

2. That the Commission on Virginia's State and Local Tax Structure for the 21st Century be directed to study the fiscal impact on localities if they were required to compensate businesses that collect the meals tax or food and beverages tax by allowing the businesses to retain a percentage of the revenue collected. In conducting the study, the Commission shall consult with the Virginia Municipal League, the Virginia Association of Counties and all interested industry groups.

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2000 SESSION

000958823

HOUSE JOINT RESOLUTION NO. 152

Offered January 24, 2000

*Establishing a joint subcommittee to study the feasibility of changing the remittance of the state and local sales tax by dealers from the state level to the local level.*

Patrons—Louderback, Landes, Ruff, Sherwood and Weatherholtz

Referred to Committee on Rules

WHEREAS, currently the state and local sales tax is collected by dealers throughout the Commonwealth who remit the tax in monthly payments to the Department of Taxation; and

WHEREAS, the Department of Taxation determines what amount of the sales tax revenues belongs to each locality and returns it to each locality; and

WHEREAS, many of the sales on which the tax is collected occur in the localities throughout the Commonwealth; and

WHEREAS, the localities have an interest in collecting the tax from the dealers and remitting the Commonwealth's share to the Department of Taxation and keeping their own shares; and

WHEREAS, such a change in the remittance of the tax might improve the process as well as the cash flow to localities; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to study the feasibility of changing the point of collection of the state and local sales tax from the state level to the local level. The joint subcommittee shall be composed of 9 members, which shall include 7 legislative members and 2 ex officio members as follows: 4 members of the House of Delegates, to be appointed by the Speaker; 3 members of the Senate, to be appointed by the Senate Committee on Privileges and Elections; and the Tax Commissioner or his designee and a representative of the Commissioners of the Revenue Association to serve ex officio.

In conducting its study, the joint subcommittee shall (i) review the current procedures for reporting and collecting the state and local sales tax; (ii) hear from state and local government representatives concerning the advantages and disadvantages of the current procedures; and (iii) hear from the same representatives concerning the advantages and disadvantages of changing the point of collection from the state to the local level.

The direct costs of this study shall not exceed \$8,750.

The Division of Legislative Services shall provide staff support for the study. Technical assistance shall be provided by the Department of Taxation and the Commission on Local Government. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 2001 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

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HJ152

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2000 SESSION

002316908

HOUSE JOINT RESOLUTION NO. 311

Offered January 24, 2000

*Establishing a joint subcommittee to study changes in the Virginia Sales and Use Tax.*

Patron—Rhodes

Referred to Committee on Rules

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HJ311

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WHEREAS, the Commonwealth enacted the Virginia Sales and Use Tax in 1966; and

WHEREAS, the sales and use tax has served the Commonwealth and its citizens well by imposing a relatively small tax on a broad base of consumption in order to equitably spread the burden of taxation among all Virginians; and

WHEREAS, when the retail sales and use tax was enacted, the economy was a goods-based economy and neither services nor e-commerce were significant components of the economy; and

WHEREAS, in 1966, there were very few exemptions from the sales and use tax; and

WHEREAS, the economy has changed significantly since the sales and use tax was enacted and each year brings greater changes in what consumers purchase, how and where consumers make their purchases, and how the purchased items are received; and

WHEREAS, the explosion of mail and telephone order sales as well as sales over the Internet has changed the way taxpayers pay as well as how the Virginia Department of Taxation collects the Virginia Sales and Use Tax; and

WHEREAS, it is important to treat all retailers who sell the same products equally so that government policy does not hinder or benefit one type of retailer vis-a-vis another retailer; and

WHEREAS, the sales and use tax is the second largest source of general fund revenue for the Commonwealth and a very significant source of revenue for Virginia's localities as well as the Transportation Trust Fund; and

WHEREAS, although there is currently a federal study examining primarily the taxation of internet sales, Virginia should conduct its own study so that Virginia will be in a position to act in its own self-interest and enact its own tax policy when the federal study is completed; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to examine the appropriate role of the sales and use tax in today's economy and to make recommendations to ensure that Virginia has the fairest and most equitable sales and use tax laws possible. The study should examine the changes in the way goods and services are sold and the implications for the tax system; the ways businesses are organized to minimize potential sales and use tax liability; equity among different types of retailers who sell the same products; and the Department of Taxation's procedure for collecting and enforcing the sales and use tax. The joint subcommittee shall be composed of 12 members as follows: four members of the Committee on Finance and three members of the Committee on Appropriations, to be appointed by the Speaker of the House; and five members of the Senate Committee on Finance, to be appointed by the Senate Committee on Privileges and Elections.

The direct costs of this study shall not exceed \$15,000.

The Division of Legislative Services shall provide staff support for the study. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 2001 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

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## SENATE JOINT RESOLUTION NO. 150

Offered January 24, 2000

*Directing the Commission to Study Virginia's State and Local Tax Structure for the 21st Century to study the impact of the Virginia sales and use tax, and more particularly the true object test, on federal government contractors.*

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Patron-- Colgan-----  
Referred to Committee on Rules  
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WHEREAS, the Commonwealth enacted its sales and use tax in 1966 and since that time has enacted very few changes to that tax except for a one-half cent increase; and

WHEREAS, a contractor doing business with the federal government is not entitled to claim the governmental exemption from the Virginia sales and use tax on his purchases of tangible personal property that are delivered to the federal government unless the contractor has been deemed a "purchasing agent" for the federal government or the purchases are made pursuant to an actual federal government purchase order issued by the contractor; and

WHEREAS, the federal government rarely designates its contractors as purchasing agents or permits its contractors to issue government purchase orders; and

WHEREAS, without the protection of the governmental exemption from the Virginia sales and use tax, federal government contractors are required to pay the tax on purchases of tangible personal property delivered to the federal government unless another exemption applies; and

WHEREAS, if its contract is deemed to be a "contract for the purchase and sale of tangible personal property" rather than a "contract for services" a contractor may purchase items deliverable to the federal government and such purchases will be exempt from the Virginia sales and use tax as "purchases made for resale"; and

WHEREAS, if, instead, the contract is deemed to be a "contract for services," the law treats all items purchased by the contractor pursuant to that contract as items for use by the contractor in performing its services, and the contractor is required to pay the Virginia sales and use tax on such items notwithstanding that the purchased items are delivered directly to the government and are not used by the contractor; and

WHEREAS, the "true object" test set forth in 23 VAC 10-210-4040 is used to determine whether a contract is a contract for the purchase and sale of tangible personal property or a contract for services; and

WHEREAS, under certain federal government contracts, the federal government has the discretion to order either tangible personal property or services or both during the term of the contract, and because the contract does not have a single purpose or "object" at its inception, the contractor is unable to apply the true object test to determine whether its contract is for services or for the purchase and sale of tangible personal property and whether its purchases are or are not subject to the Virginia sales and use tax until the contract actually has been performed; and

WHEREAS, the duration of such multipurpose contracts can be for up to five years, and the application of the true object test to such long-term multipurpose contracts unfairly burdens a contractor who reasonably believes that the contract is for the purchase and sale of tangibles and therefore treats its purchases as exempt from the Virginia sales and use tax, only to have the Department of Taxation, years later, review the contract in retrospect, deem the contract to be a contract for services and treat the contractor's purchases as taxable; and

WHEREAS, federal contract regulations require that any federal contract for the procurement of property rather than services must incorporate Federal Acquisition Regulation 52.222-20 (Part 52.222-20 of Title 48 of the Code of Federal Regulations) promulgated under the Walsh-Healey Act, 41 U.S.C. § 35 et seq., and that federal contracts for services must contain references incorporating federal acquisition regulations promulgated under the Service Contract Act of 1965, 41 U.S.C. §§ 351-358; and

WHEREAS, the inclusion of the Walsh-Healey Act federal acquisition regulations or the Service Contract Act federal acquisition regulations in a federal government contract provides a convenient test for classifying the contract as either a property procurement contract or a services contract; and

WHEREAS, the Commonwealth's current sales and use tax structure, the lack of flexibility in the true object test, and the difficulty experienced by federal government contractors in determining the taxability of purchases of tangible personal property under multipurpose contracts places unfair economic burdens on government contractors who face potential tax assessments on purchases years after the applicable contract was bid; and

WHEREAS, since the adoption of the sales and use tax in the Commonwealth, the federal government has greatly expanded its use of multipurpose contracts, and the negative economic impact of the true object test on federal government contractors in Virginia has

increased significantly; and

WHEREAS, these additional economic burdens on Virginia contractors places them at a competitive disadvantage relative to contractors from other states; and

WHEREAS, the current application of the Virginia sales and use tax to federal government contractors impedes economic development in the Commonwealth because the uncertainty of the tax effect of purchases of tangible personal property, the difficulty of application of the tax, and the severe economic impact of non-compliance discourages federal government contractors from establishing businesses in or relocating to Virginia; and

WHEREAS, the unique aspects of federal government contracting need to be acknowledged, the uncertainty over the applicability of the Virginia sales and use tax needs to be reduced, and a fair and equitable means by which contractors can determine how the tax will be applied to their purchases of tangibles needs to be provided; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Commission to Study Virginia's State and Local Tax Structure for the 21st Century, established by House Joint Resolution No. 578 (1999), shall study, among its other charges, the impact of the Virginia sales and use tax, and more particularly the true object test, on federal government contractors. The Commission shall (1) examine all aspects of the sales and use tax structure to ensure its viability, fairness, and appropriateness as applied to federal government contractors; (2) analyze the Department of Taxation's implementation of the true object test to multipurpose contracts; (3) evaluate the feasibility of creating a presumption regarding the purpose of a federal government contract based upon the incorporation therein by the contracting federal government agency of either the Walsh-Healey Act federal acquisition regulations or the Service Contract Act federal acquisition regulations; and (4) evaluate whether it is advisable to require that the true object of a federal government contract be determined by and be consistent with the true object of the overall procurement to which the contract relates rather than on a contract-by-contract basis.

The Commission shall complete its work in time to submit its findings and recommendations to the Governor and the 2001 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.



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## CHAPTER 626

An Act to amend and reenact §§ 58.1-3833 and 58.1-3840 of the Code of Virginia, relating to local meals tax.

[H 255]

Approved April 8, 2000

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-3833 and 58.1-3840 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-3833. County food and beverage tax.

A. Any county is hereby authorized to levy a tax on food and beverages sold, for human consumption, by a restaurant, as such term is defined in subdivision 9 of § 35.1-1, not to exceed eight and one-half percent, when added to the state and local general sales and use tax, of the amount charged for such food and beverages. Such tax shall not be levied on food and beverages sold through vending machines or by any person described in subdivisions 1, 2, 3, and 5 of § 35.1-25, as well as nonprofit cafeterias in public schools, nursing homes, and hospitals. Grocery stores and convenience stores selling prepared foods ready for human consumption at a delicatessen counter shall be subject to the tax, for that portion of the grocery store or convenience store selling such items. ~~The food and beverage tax levied on meals sold by grocery store delicatessens and convenience stores shall be limited to prepared sandwiches and single meal platters.~~

This tax shall be levied only if the tax is approved in a referendum within the county which shall be held in accordance with § 24.2-684 and initiated either by a resolution of the board of supervisors or on the filing of a petition signed by a number of registered voters of the county equal in number to ten percent of the number of voters registered in the county, as appropriate on January 1 of the year in which the petition is filed with the court of such county. The clerk of the circuit court shall publish notice of the election in a newspaper of general circulation in the county once a week for three consecutive weeks prior to the election. If the voters affirm the levy of a local meals tax, the tax shall be effective in an amount and on such terms as the governing body may by ordinance prescribe.

The term "beverage" as set forth herein shall mean alcoholic beverages as defined in § 4.1-100 and nonalcoholic beverages served as part of a meal. The tax shall be in addition to the sales tax currently imposed by the county pursuant to the authority of Chapter 6 (§ 58.1-600 et seq.) of this title. Collection of such tax shall be in a manner prescribed by the governing body.

B. Notwithstanding the provisions of subsection A of this section, any county with a population of at least 70,000 but no more than 100,000, any county with a population of at least 17,910 but no more than 18,000, any county with a population of at least 34,000 but no more than 34,400, and any county having a county manager plan of government are hereby authorized to levy a tax on food and beverages sold for human consumption by a restaurant, as such term is defined in § 35.1-1 and as modified in subsection A above and subject to the same exemptions, not to exceed four percent of the amount charged for such food and beverages, provided that the governing body of the respective county holds a public hearing before adopting a local food and beverage tax, and the governing body by unanimous vote adopts such tax by local ordinance. The tax shall be effective in an amount and on such terms as the governing body may by ordinance prescribe.

C. Nothing herein contained shall affect any authority heretofore granted to any county, city or town to levy a meals tax. The county tax limitations imposed pursuant to § 58.1-3711 shall apply to any tax levied under this section, mutatis mutandis. All food and beverage tax collections and all meals tax collections shall be deemed to be held in trust for the county, city or town imposing the applicable tax.

D. No county which has heretofore adopted an ordinance pursuant to subsection A of this section shall be required to submit an amendment to its meals tax ordinance to the voters in a referendum.

E. Notwithstanding any other provision of this section, no locality shall levy any tax under this section upon *alcoholic beverages sold in factory sealed containers and purchased for off-premises consumption* or food purchased for human consumption as "food" is defined in the Food Stamp Act of 1977, 7 U.S.C. § 2012, as amended, and federal regulations adopted pursuant to that act, *except for the following items: sandwiches, salad bar items sold from a salad bar, prepackaged single-serving salads consisting primarily of an assortment of vegetables, and nonfactory sealed beverages.*

§ 58.1-3840. Certain excise taxes permitted.

The provisions of Chapter 6 (§ 58.1-600 et seq.) of this title to the contrary notwithstanding, any city or town having general taxing powers established by charter pursuant to or consistent with the provisions of § 15.2-1104 may impose excise taxes on cigarettes, admissions, transient room rentals, meals, and travel campgrounds, provided that no such taxes may be imposed on food and beverages sold through vending machines or on any tangible personal property purchased with food coupons issued by the United States Department of Agriculture under the Food Stamp Program or drafts issued through the Virginia Special Supplemental Food Program for Women, Infants, and Children. In addition, as set forth in § 63.1-164, no blind person operating a vending stand or other business enterprise under the jurisdiction of the Department for the Visually Handicapped and located on property acquired and used by the United States for any military or naval purpose shall be required to collect and remit meals taxes.

A FRAMEWORK FOR EVALUATING TAXES:  
TERMINOLOGY AND CRITERIA

Prepared for the  
Virginia Commission to Study  
the State and Local Tax Structure for the 21<sup>st</sup> Century

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# A FRAMEWORK FOR EVALUATING TAXES: TERMINOLOGY AND CRITERIA

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In considering the Virginia state and local tax structure and possible changes to it, a clear set of criteria will help to assure careful and consistent evaluation. The criteria should reflect goals and objectives the commission believes are important. Although exact terminology may differ from one list to another, public finance specialists have developed a rather standard set of criteria by which they evaluate taxes. These include such things as fairness and efficiency. Before listing and discussing specific criteria, however, some basic propositions and key terms are discussed.

## Some General Propositions and Terminology

Several general propositions, important to tax policy making, are an important part of the framework for evaluating taxes. At first, some may seem illogical.

- ▶ People seek to transfer their tax burdens to others. The ability to transfer (shift) tax burdens varies across taxes, and with market conditions.
- ▶ Economic forces (market conditions) determine the extent to which tax shifting can succeed, and will govern the outcome, regardless of legislative intent.
- ▶ All tax burdens ultimately are borne by people; businesses, as such, do not bear the taxes imposed on them.
- ▶ If knowing the distribution of tax burdens is important to policy makers, taxes should be imposed as close to the intended point of burden as possible.
- ▶ The appropriate tax burden measure is the ratio of tax (after all shifting) to the underlying measure of tax base – i.e., the *effective* tax rate, rather than the statutory rate.

The first several propositions involve two distinct concepts of tax burden – impact and incidence – and the related concept of tax shifting. The last involves the distinction between nominal (or statutory) and effective tax rates. These are taken up next, in reverse order.

### Nominal versus Effective Tax Rates

There is a tendency to compare levels of taxes by reference to the rates at which they are imposed. For example, local government bodies commonly refer to their statutory property tax rates, expressed as so many cents per \$100 of assessed value. This may be misleading, because it focuses on only one of two determinants of the amount of tax. Any tax liability is the product of the rate times the base ( $T = R * B$ ). The effective tax rate – the tax amount as a percentage of market value – may be higher in the locality with the lower nominal tax rate, depending upon the level of the statutory tax base (the assessed value, against which the statutory rate is levied) relative to the market value. To illustrate this possibility, the following table uses hypothetical data for taxes on homes in each of two localities, A and B, with each home having a market value of \$150,000.

| Measures of Property Taxes on a Home with a Market Value of \$150,000 |                  |                |              |            |                |
|---|------------------|----------------|--------------|------------|----------------|
| Locality  | Assessment Ratio | Assessed Value | Nominal Rate | Tax Amount | Effective Rate |
| A   | 100%             | \$150,000      | 0.8%         | \$1,200    | 0.8%           |
| B   | 70%              | \$105,000      | 1.0%         | \$1,050    | 0.7%           |

In locality A, assessed values are equal to market values, so the assessment ratio is 100 percent. In B, however, assessed values are only 70 percent of market values. Thus, although the underlying market values are the same, the house in A is on the tax books at \$150,000, its full market value, while the home in B is on the books at only \$105,000, 70 percent of market value. Locality A has a nominal tax rate of 0.8 percent (\$0.80 per \$100 of assessed value) which, multiplied by the \$150,000 assessed value, gives a tax liability of \$1,200 and an effective tax rate of 0.8 percent. Locality B has a nominal tax rate of 1.0 percent, seemingly a higher tax than in A. But the low assessment level in B gives a statutory tax base of only \$105,000, a tax liability of only \$1,050 ( $0.01 * \$105,000$ ), and an effective tax rate of just 0.7 percent.

Calculating effective tax rates – tax amounts as percentages of the underlying measure of tax base, or taxpaying capacity – permits comparison of tax with different statutory bases. For example, even though state income taxes differ in their personal exemptions, standard deductions, and itemized deductions, as well as their rates, their relative levels can be compared meaningfully. This is done by calculating taxes under each structure for taxpayers in similar circumstances, and then comparing the taxes owed to a common, broad definition of income. This broad measure – call it total income – ignores differences in statutory bases. It is a standardized base for the calculation of effective income tax rates, in the same way that market values of properties provide a standardized base that abstracts from assessment-level differences. The concept of an effective tax rate also permits comparison of such dissimilar levies as income,

property, and sales taxes.

### Tax Impact versus Tax Incidence

Although there is common recognition that taxes impose a burden, the term “burden” often is used in a rather indistinct manner. A key distinction is between initial and final burden:

- ▶ Initial burden – referred to as *tax impact* – is borne by those who make the payment to the government
- ▶ Ultimate burden – referred to as *tax incidence* – is borne by those whose real incomes are reduced as a result of it.

Thus, tax impact concerns where the tax first hits, and incidence concerns its ultimate resting point. (Note that some writers use the term *legal incidence* for what is called impact here, and the term *economic incidence* for what is called incidence here.) The initial and final burdens of a tax may be quite different. For example, the general sales tax is the legal responsibility of the seller, or vendor, yet it is likely that at least much of the tax falls on consumers – i.e., that the impact is on the seller and the incidence on the buyer. When the incidence and impact are not at the same point, the tax is said to have been *shifted*.

### Tax Shifting

Tax shifting results from legal, and logical, attempts to avoid the burden of a tax. (*Avoidance* is legal ducking of a tax burden, whereas *evasion* is illegal.) Tax shifting results from changes in behavior as a consequence of the tax. For example, suppose a vendor not previously subject to a general sales tax become liable for a 5 percent tax. This amounts to a new cost, equal to 5 percent of sales. The vendor probably will seek to pass this on to consumers, through higher prices. However, consumers generally do not buy as much of an item at higher prices as at lower prices, and this limits sellers’ ability to pass on the tax (or tax increase) to consumers. Complete transfer of the sales tax burden to consumers requires that consumers not alter their purchases as a result of the price increase – i.e., that they be completely insensitive to the price change or, in economic parlance, that demand be perfectly inelastic.

Some taxes offer more opportunity for shifting than others. In general, the earlier in the production-distribution chain a tax is imposed, the greater the likelihood of its being shifted. The sales tax example considers shifting tax burden to a point later in the production-distribution chain, which is referred to as *forward-shifting*. If the tax burden is transferred to an earlier point in the chain from where legal responsibility is fixed, then there is *backward-shifting*. The federal luxury tax on yachts imposed in the 1990s was repealed after it was concluded that the effect had

been to eliminate jobs for people making and selling yachts, rather than the intended effect of exacting more money from those able to afford the luxury of a new yacht. Large number of would-be yacht buyers, however, chose not to buy new yachts at their higher prices. By changing their purchases as a consequence of the tax, its burden was backward-shifted to yacht producers and suppliers.

Similarly, business property taxes may result in lower wages, or even fewer jobs, for workers. Higher taxes may cause a business to make a credible threat to leave the area. If workers have a stronger attachment to the area, they may agree to lower wages to keep their jobs in the area. We would say in such a case that labor is less mobile than capital, and this makes it possible for a tax imposed on capital to end up as a burden on labor. A general proposition of tax incidence analysis is that burdens tend to fall more heavily on the least mobile resources – i.e., those with fewer reasonable alternatives and, therefore, with less sensitivity to price or income changes.

This suggests an important conclusion: Businesses, as such, do not bear the incidence of any tax. Taxes imposed (i.e., with impact, or legal incidence) on business always result in burdens (incidence, or economic incidence) on people, in one of three capacities:

- ▶ Consumers – To the extent a tax is forward-shifted, consumers pay higher prices than they otherwise would have to pay and, thus have their real incomes reduced.
- ▶ Workers and other resource suppliers – To the extent a tax is backward-shifted, workers and other factors of production receive lower payments, and thus have their real incomes reduced.
- ▶ Business owners – To the extent a tax can be neither forward-shifted nor backward-shifted, the owners of the taxed business (shareholders, in the case of a corporation) suffer reduced real incomes.

Why, then, the appeal of the often-heard argument, that “business should pay its fair share” of taxes? At first thought, it seems logical, and this may explain its appeal. But economic realities will trump political intent as those taxed search for legal means of reducing the cost of the tax they have been asked to bear. The idea of placing more taxes “on business” may – from a somewhat more cynical point of view – continue to be popular among decision makers who understand matters of tax shifting and incidence: Taxes for which business is legally responsible tend to be less visible. Typically, people probably do not give much thought to the fact that they are bearing much of the tax burden ostensibly falling on business. Even if they did, they would not be likely to have a very good idea of how much such taxes actually cost them. Such “stealth” taxes may seem to impose lower political costs.

This is not to suggest that businesses should pay no taxes. But business taxes should reflect the costs that businesses impose upon society. In the interest of efficient use of society’s

resources, these costs should not be subsidized through low, or zero, taxes.

### **Tax Criteria**

Although tax criteria may go by different labels, and be grouped somewhat differently by different writers, there nonetheless is general consensus as to what the major criteria are. The following list uses a relatively small number of general headings: equity, efficiency, adequacy, and predictability. This short list is expanded to encompass several specific concerns that are considered to be subheadings under these broad criteria, or principles. As will be seen, there often are conflicts among the various criteria.

#### **Equity**

The equity criterion requires that taxes be fair. Unfortunately, there are many views as to what constitutes fairness, and the matter is rather complex. In fact, there are two very broad concepts of equity – benefits-received and ability-to-pay – and the second has two parts to it.

##### **Benefits-Received Basis**

There is wide acceptance of the proposition that those who benefit from a service should pay its cost. The general practice of paying for streets and highways from taxes collected from people and firms in their capacity as highway users is an example of this. There are two basic limitations to the implementation of this principle.

First, it is not always clear who receives what benefits and, even if it is, it may not be possible to devise an effective mechanism to collect the appropriate amounts from the beneficiaries. It is important to note that equal access or use does not establish that benefits are equal. People have different preferences, and thus place different values upon the same thing. To take a non-government example, if you gave each of two people a sack of Big Macs, they might well derive different amounts of pleasure (benefit) from them, even though they were given the same amount of the same thing. One person may love Big Macs, and the other may be a vegetarian – or may prefer Whoppers, or chicken sandwiches. In private markets for such goods, people take the prices as given, and adjust their consumption accordingly. But government services often are provided uniformly across an area.

Consider a local government program to fog for mosquitos. If effective, everyone in the benefit area will be free of mosquitos. But this doesn't mean they receive equal benefits. The service presumably is worth more to someone who suffers from mosquito bites that swell up and itch for days, than to someone who is not bothered in this manner. If the quantity is fixed, a

benefits-based tax should vary in proportion to the benefits, to avoid making some people worse off. A major problem for such taxation, however, is that there generally is no way to know the differing values placed on a service by different people.

Another problem for benefits-received taxation is that it is not appropriate for redistributive programs, if we assume the major benefits accrue to recipients. Taxing those in poverty heavily enough to fund transfers adequate to raise them out of poverty is not feasible.

### Ability-to-Pay Basis

For both these reasons, we often tax on the basis of ability to pay, rather than on the basis of benefits received. Of course, this approach has its own set of problems. For example, what is the best measure of ability? Some of the major contenders are income, consumption, and wealth. It is likely that different ones are appropriate for different taxes. For example, if income is the criterion (or, at least, the major criterion) for evaluating the fairness of a property tax, why not use just the income tax?

Suppose for now, for illustrative purposes, that income is the preferred measure of taxpaying ability. What, exactly, is the measure of income? Starting with a clean slate, it certainly is possible that most would opt for a measure broader than the bases of current income taxes, because those exclude not only most non-monetary income, but also many forms of money income, as well. Once the definition of the general tax base is decided, there are other issues to be resolved, which fall under the headings of *horizontal equity* and *vertical equity*.

**Horizontal Equity.** The principle of horizontal equity requires that taxpayers who are similarly situated – i.e., with equal ability to pay taxes – should bear the same tax. Assume agreement on the definition of income, and then consider two households, each with \$50,000 of income. Is this enough to establish equal taxpaying ability, and assessment of equal tax bills? What if household A has six members, and household B has only two? Does there need to be an adjustment in the tax, to take less from the larger household? If so, by how much? Data show that costs do not rise in proportion with household size, so charging household B three times as much as household A may not be appropriate. Aside from household size, are other factors pertinent – e.g., health, living costs, number of hours worked to generate a given level of income?

**Vertical Equity.** The principle of vertical equity requires that taxpayers in different economic circumstances should pay *appropriately* different taxes. In other words – continuing with the assumption that income is the basic measure of ability to pay – how should tax burden change as income changes (holding constant other relevant considerations, discussed under horizontal equity)? There probably is nearly universal agreement that tax liability should go up as income goes up, but this is very imprecise guidance. Three patterns of distribution of taxes

across income levels can be identified, and each satisfies the stipulation that taxes rise as income rises.

- ▶ Proportional – As income rises, tax liability rises by the same percentage. Thus, the tax constitutes a constant percentage of income at all income levels.
- ▶ Progressive – As income rises, taxes take a growing percentage of income.
- ▶ Regressive – As income rises, taxes take a smaller percentage of income.

These are illustrated by the tabular data, below showing taxes – both as dollar amounts and as percentages of income – at income levels of \$10,000, \$20,000, \$50,000, and \$100,000. The baseline is a common 10 percent effective tax rate at \$10,000. Under the proportional system, tax liability is 10 percent of income at each income level. By contrast, under the progressive system, tax liability rises, in steps, from 10 percent at \$10,000 of income to 20 percent at \$100,000, and under the regressive example, tax liability – although rising in dollar amounts – falls from 10 percent at \$10,000 to 4 percent at \$100,000.

| Examples of Proportional, Progressive, and Regressive Taxes at Selected Income Levels |                       |               |               |                |
|---|-----------------------|---------------|---------------|----------------|
| Nature of Tax Burden Distribution   | Taxable Income Levels |               |               |                |
|   | \$10,000              | \$20,000      | \$50,000      | \$100,000      |
| Proportional  | \$1,000 (10%)         | \$2,000 (10%) | \$5,000 (10%) | \$10,000 (10%) |
| Progressive   | \$1,000 (10%)         | \$2,400 (12%) | \$7,500 (15%) | \$20,000 (20%) |
| Regressive  | \$1,000 (10%)         | \$1,600 (8%)  | \$3,000 (6%)  | \$4,000 (4%)   |

The numbers in the table are illustrative only; other degrees of effective-rate progression or regression are, of course, possible. It cannot be established objectively which pattern of burden distribution is best. The appropriate degree of differentiation in effective tax rates across levels of income (or other measures of taxpaying ability) is a matter of judgment.

### Efficiency

Broadly speaking, efficiency is simply the absence of waste. Economists talk of economic efficiency assuring that society provides the maximum possible benefits, or satisfaction of wants, from available resources. If we do things in a wasteful manner, we chew up more resources than necessary, and thus are able to do fewer things with available resources.

Several different considerations regarding taxes fit under the efficiency umbrella. Common ones include *tax neutrality* and *tax simplicity*, and the latter has somewhat different dimensions applicable to taxpayers and to the taxing government.

### Tax Neutrality

The idea of tax neutrality is that taxes should not exert a direct influence on economic decisions; often, it is expressed as the notion that there should be a “level playing field.” Tax provisions that favor one use of resources over another change their relative attractiveness. For example, if yachts are subjected to a high excise tax, suppliers’ attempts to shift the tax forward to consumers result in higher prices. Consumers may respond to this change in relative prices – relative, because the tax applies to yachts, but not to all other possible consumption choices – by buying fewer yachts.

As another example, when business property is taxed at a higher effective rate than residential property, it makes business development relatively less attractive. Suppose, before tax considerations, investors find additional investment in businesses that would produce goods and employ workers might appear more attractive than a larger home, or a second or third home. But suppose business property is subjected to an effective tax rate of 2 percent, and residential property is taxed at 1 percent. This difference tends to make additional residential investment more attractive, and in some cases may be a big enough difference to tip the balance to what – under neutral taxation – would have been the preferred resource use. This distortion in choices is said to create an *excess burden* or a *deadweight loss* – i.e., a burden over and above the *amount* of tax raised, attributable to the *form* of tax used.

It should be noted that in some instances, a non-neutral tax may promote efficiency by offsetting another, inappropriate incentive affecting resource use. For example, absent environmental laws and regulations, such “common-property” (as opposed to private-property) resources as air and water tend to be over-utilized; because no one in particular has property-rights to them, they tend to be used without direct charge to the user, but at a significant cost to society. Properly designed taxes on discharges of pollutants can remove the existing incentive to over-use air and water resources, and thus promote efficient resource use. However, these are special cases. The general presumption favors neutrality.

### Tax Simplicity

As tax provisions become more complex, they become more difficult to understand. This means additional costs must be incurred in making the tax system work. Some of these taxes fall on taxpayers more than on administrators, and for others the reverse is true. In either case, society has to commit more resources to making the system work. Tax criteria often may

conflict with one another. Some additional complexity may be required by provisions favored for their perceived fairness. However, higher costs of administration and compliance – all else equal – are a form of waste, or of excess burden.

**Administrative Costs.** Among the activities for which tax agencies incur costs are writing regulations, designing forms, spot-checking returns, and auditing taxpayer records. The more complex the tax laws, the more difficult these matters tend to become. For example, when food is not subject to a sales tax, food must be defined, and records must be kept for food and non-food categories. The dividing lines are not always obvious. Some states consider soft drinks to be food, and others do not. In some, fruit drinks with at least 10 percent real fruit juices are food, but those with less are not food. Several years ago, when Pepsi introduced Slice, a soft drink with 10 percent real fruit juice, presumably some states that did not consider soft drinks to be food had to open up the matter to consider whether Slice was a fruit drink or a soda. Similarly, if an income tax were to provide additional personal exemptions based on disability, it would be necessary to define specifically which disabilities – both types, and extent – qualified, and to seek verification in questionable cases. Thus, added complexity tends to increase costs of administration.

**Compliance Costs.** Some lists of tax criteria include administrative costs, but not compliance costs. There probably is a bias within government to focus on administrative costs, for these are the ones that have to be covered from public budgets. However, if government wishes to promote maximum benefits from available resources – i.e., to promote efficiency – it should be concerned, as well, with costs borne by taxpayers. Although what is simple for administrators may tend to be simple for taxpayers, and vice versa, this is not universally the case, due to differences in taxes.

Some taxes might be called *taxpayer-passive* and others *taxpayer-active*, reflecting the degree to which taxpayers must become involved in the taxing process. Property taxes generally – but real property taxes usually to a greater extent than personal property taxes – are taxpayer-passive. The government has the property valued, calculates the tax bill, and sends it to the taxpayer. About the only thing a property owner needs to do is write the check, and when property taxes are paid by mortgage holders from escrow accounts, not even separate checks for the taxes are needed. On the other hand, income taxes are taxpayer-active. Taxpayers have to file returns, which requires that records be kept and, in many instances, assistance hired in making sense of the instructions and preparing the returns. Relatively few studies of taxpayer compliance costs have been made, but some in recent years show the individual taxpayers' costs of complying with personal income taxes are considerably greater than the administrative costs of such taxes. This reverses an earlier belief that income taxes entailed lower costs than property taxes – a belief rooted in the myopic view that only administrative costs were important.

. In general, then, the presumption should be in favor of simplicity, unless there are compelling reasons – based on other criteria – for adding complexity. And both administrative and

compliance ease need to be considered.

## Adequacy

The adequacy of a tax, or an entire tax structure, is the relationship between the tax base and the amount of services to be funded by the tax. It is useful to break adequacy into two broad time periods, the short run and the long run. These might also be termed static and dynamic aspects of tax adequacy. Notions of adequacy also are subjective, and subject to change over time. A tax base considered to be adequate a hundred years ago, when taxes at all levels of government in the United States represented well under 10 percent of gross domestic product, might not be thought adequate today, when government is roughly one-third the level of GDP.

### Short-Run (Static) Adequacy

Adequacy in the short run concerns the relationship between the tax base and service levels at a given time. For example, suppose local property taxes are to fund elementary and secondary education, and it is thought that at least \$5,000 per pupil should be spent on such education. A locality with \$1,000,000 of market value per pupil would need to impose an effective tax rate of 0.5 percent to raise \$5,000 per pupil. That tax base might well be considered adequate. By comparison, a locality with only \$100,000 of market value per pupil would have to impose an effective property tax rate of 5.0 percent, a level almost certain to be considered too high, which would mean the tax was inadequate to fund the service requirements.

### Long-Run (Dynamic) Adequacy

Over time, many things change; the situation is dynamic. Continuing the school property tax example, relevant changes include the market values of properties, the numbers of pupils, and the notion as to what level of per-pupil expenditure is appropriate for providing public education. A tax considered to be adequate at one time might become inadequate as of a later date. One scenario for this is that market values rise at only 2.0 percent per year, while the number of pupils rises 1.0 percent per year and the cost of the target level of education services rises at 3.0 percent annually. With service costs rising more rapidly than tax capacity, higher and higher effective property tax rates would be required over time to fund education. Conversely, a tax considered inadequate in one period might later be considered adequate if service costs rise more slowly than the growth in tax capacity.

Another way of looking at the matter is to say that consideration of long-term tax adequacy involves the relative *elasticities* of the tax base and of expenditure demand. Service demand is said to be elastic if the level of public services demanded grows more rapidly than the economy.

A common measure of the overall economy of a state is personal income, estimated by the Bureau of Economic Analysis in the U.S. Department of Commerce. If, for each 1 percent increase in personal income, services demanded rise by more than 1 percent, demand is said to be *income-elastic*. Conversely, if the level of services demanded grows more slowly than personal income, demand is said to be *income-inelastic*. These two cases are separated by the case of *unit elasticity*, with services demand growing at the same rate as income. Similar elasticity measures can be calculated for tax bases. Long-run adequacy requires that tax bases rise as rapidly as demand for the services to be funded. (Some suggest tax revenues should rise apace with demand, a more stringent test, in that it required maintaining the effective tax rate.)

### **Predictability**

State and local governments generally can borrow little, if any, to cover current operating expenses. The limitation on deficit spending means that budgeting is made easier if revenues can be estimated with a high degree of certainty. A few decades ago, this consideration was said to require stability of revenues, generally interpreted as revenue sources with low income-elasticities. More recent writings, however, have pointed out that what matters most is that the tax be predictable. A tax that has a high long-term income-elasticity could rate well, provided any departures from the long-term trend growth line be predictable, so that budget shortfalls (and large surpluses, although these are less problematic) can be avoided. A tax base subject to wide swings that are difficult to forecast, such as corporate income, does not do well under this criterion.

### **Conclusions**

Good tax policy requires thoughtful attention to the features of a tax, and their likely implications for the various criteria, or principles, of taxation. It is necessary to strike an appropriate balance among criteria that sometimes are in conflict. An example of such conflicts is the possible trade-off relationship between the goals of long-run adequacy and predictability. Cigarette taxes have provided a rather stable, predictable source of revenue, but the growth of the base has lagged the growth of both the overall economy and government budgets. Similarly, the goal of administrative ease, or simplicity, may be at odds with simplicity for taxpayers; both should be considered, for it is the total social cost of making a tax system work that is important. As a final example, tax simplicity and common notions of equity may be in conflict. Adjusting for taxpayer circumstances, other than amount of income, that may bear on ability to pay generally requires additional records and more complicated tax forms. As a general proposition, simplicity should be chosen, unless the reasons for added complexity are truly compelling.

Matters are complicated further by realization that legislative, legal intent as to the burden of a tax may be overruled by market forces. For example, there is a common desire to assure that

business pay its “fair share,” but the meaning of this is not clear when one realizes that businesses, as such, do not bear the burden of a tax; taxes with an impact on business have their incidence on people, in one of three roles (customer, resource supplier, or business owner – shareholders, in the case of a corporation). Another example of conflict between legal intent and economic reality is provided by states that stipulate the general sales tax is a tax on consumption, and require vendors to “prove” forward-shifting by listing separately the price of a taxed item and the sales tax on that purchase. A vendor may meet these legal requirements, but nevertheless absorb the tax, contrary to intent. Incentive to do so exists if the vendor faces low-tax, or even no-tax, rivals to whom sales will be lost if the price to which the tax is added is not reduced by the amount of the tax.

Consideration of rivals reminds us that market forces are important to the determination of tax incidence – i.e., ultimate, economic burden of a tax. In general, the party with the fewest attractive alternatives will tend to bear more of the tax burden, because that circumstance means behavior is less sensitive to changes in prices or incomes. But it is hard to generalize about who bears what tax, because market conditions may vary across areas and industries at a given time, and may vary across time for a given area or industry. Market share, and the circumstances confronting a firm’s or industry’s rivals matter. As an example, analysts have said that several decades ago, when Texas and Oklahoma were major petroleum producers on the world stage, petroleum severance taxes imposed by those states tended to be passed forward to consumers. But now, Texas and Oklahoma petroleum producers are relatively minor players, and thus take prices as given by the world markets. In this new circumstance, those severance taxes have to be absorbed, or backward shifted.

Thus, the safest generalization is that (1) we do not know exactly the incidence of several taxes, but (2) it will vary with market conditions, (3) falling more heavily on the least-mobile of the economic actors. Therefore, to the extent that policy makers wish to know the incidence of taxation (e.g., for distributional concerns), taxes should be imposed that (1) have their impact as close to the intended point of incidence as possible and (2) offer relatively few opportunities for shifting. One of the taxes ranking highest on these points is the personal income tax.

LOCAL-SOURCE  
REVENUE PROFILE  
OF  
VIRGINIA'S COUNTIES AND CITIES  
FY1989-98



Commission on Local Government  
Commonwealth of Virginia

June 2000

Table A15.1  
Mean Per Capita Amount  
of  
Local-Source Revenue  
from  
Admission and Amusement Taxes  
by  
Jurisdictional Class  
FY1989-98

|                      | Fiscal Period |        |         |         |         |         |         |         |         |         |
|----------------------|---------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|
|                      | FY1989        | FY1990 | FY1991  | FY1992  | FY1993  | FY1994  | FY1995  | FY1996  | FY1997  | FY1998  |
| Jurisdictional Class |               |        |         |         |         |         |         |         |         |         |
| Counties             | \$ .00        | \$ .00 | \$ .00  | \$ .01  | \$ .01  | \$ .02  | \$ .03  | \$ .03  | \$ .03  | \$ .03  |
| Cities               | \$ .62        | \$ .93 | \$ 1.04 | \$ 1.16 | \$ 1.18 | \$ 1.34 | \$ 1.42 | \$ 1.57 | \$ 1.63 | \$ 1.69 |
| All Jurisdictions    | \$ .18        | \$ .28 | \$ .31  | \$ .35  | \$ .36  | \$ .41  | \$ .44  | \$ .49  | \$ .51  | \$ .52  |

Table A15.2  
Median Per Capita Amount  
of  
Local-Source Revenue  
from  
Admission and Amusement Taxes  
by  
Jurisdictional Class  
FY1989-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1989        | FY1990 | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |        |
| Counties             | \$ .00        | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 |
| Cities               | \$ .00        | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 |
| All Jurisdictions    | \$ .00        | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 |

1. As measured by the Commission, "own-source" revenue excludes payments in lieu of taxes by enterprise activities, certain compensatory collections generated through the settlement of city-county annexation issues, and funds transferred across community lines under general revenue-sharing agreements.
2. With respect to the FY1989-95 interval, the mean and median statistics are based upon the per capita values for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Source: Staff, Commission on Local Government

Table A16.1  
Mean Per Capita Amount  
of  
Local-Source Revenue  
from the  
Transient Occupancy Tax  
by  
Jurisdictional Class  
FY1989-98

|                      | Fiscal Period |        |        |         |         |         |         |         |         |         |
|----------------------|---------------|--------|--------|---------|---------|---------|---------|---------|---------|---------|
|                      | FY1989        | FY1990 | FY1991 | FY1992  | FY1993  | FY1994  | FY1995  | FY1996  | FY1997  | FY1998  |
| Jurisdictional Class |               |        |        |         |         |         |         |         |         |         |
| Counties             | \$1.64        | \$1.89 | \$1.86 | \$1.72  | \$1.83  | \$1.99  | \$2.08  | \$2.21  | \$2.77  | \$3.42  |
| Cities               | \$8.07        | \$9.53 | \$9.07 | \$11.04 | \$11.50 | \$12.65 | \$13.78 | \$14.67 | \$15.63 | \$17.09 |
| All Jurisdictions    | \$3.54        | \$4.15 | \$4.00 | \$4.48  | \$4.69  | \$5.15  | \$5.54  | \$5.90  | \$6.58  | \$7.47  |

Table A16.2  
Median Per Capita Amount  
of  
Local-Source Revenue  
from the  
Transient Occupancy Tax  
by  
Jurisdictional Class  
FY1989-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1989        | FY1990 | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |        |
| Counties             | \$ .00        | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .00 | \$ .13 |
| Cities               | \$3.54        | \$4.24 | \$3.41 | \$4.40 | \$4.19 | \$6.13 | \$7.08 | \$6.33 | \$7.21 | \$8.87 |
| All Jurisdictions    | \$ .17        | \$ .29 | \$ .44 | \$ .40 | \$ .54 | \$ .68 | \$ .91 | \$ .83 | \$ .85 | \$ .85 |

1. As measured by the Commission, "own-source" revenue excludes payments in lieu of taxes by enterprise activities, certain compensatory collections generated through the settlement of city-county annexation issues, and funds transferred across community lines under general revenue-sharing agreements.
2. With respect to the FY1989-95 interval, the mean and median statistics are based upon the per capita values for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Source: Staff, Commission on Local Government

Table A17.1  
Mean Per Capita Amount  
of  
Local-Source Revenue  
from the  
Restaurant Food Tax  
by  
Jurisdictional Class  
FY1989-98

|                      | Fiscal Period |         |         |         |         |         |         |         |         |         |
|----------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                      | FY1989        | FY1990  | FY1991  | FY1992  | FY1993  | FY1994  | FY1995  | FY1996  | FY1997  | FY1998  |
| Jurisdictional Class |               |         |         |         |         |         |         |         |         |         |
| Counties             | \$ .62        | \$1.66  | \$2.82  | \$4.11  | \$4.53  | \$4.86  | \$5.16  | \$5.31  | \$6.03  | \$6.64  |
| Cities               | \$30.47       | \$34.72 | \$38.97 | \$45.46 | \$49.46 | \$54.65 | \$59.55 | \$61.91 | \$66.34 | \$69.56 |
| All Jurisdictions    | \$9.47        | \$11.46 | \$13.53 | \$16.36 | \$17.85 | \$19.61 | \$21.28 | \$22.08 | \$23.90 | \$25.29 |

Table A17.2  
Median Per Capita Amount  
of  
Local-Source Revenue  
from the  
Restaurant Food Tax  
by  
Jurisdictional Class  
FY1989-98

|                      | Fiscal Period |         |         |         |         |         |         |         |         |         |
|----------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                      | FY1989        | FY1990  | FY1991  | FY1992  | FY1993  | FY1994  | FY1995  | FY1996  | FY1997  | FY1998  |
| Jurisdictional Class |               |         |         |         |         |         |         |         |         |         |
| Counties             | \$ .00        | \$ .00  | \$ .00  | \$ .00  | \$ .00  | \$ .00  | \$ .00  | \$ .00  | \$ .00  | \$ .00  |
| Cities               | \$26.43       | \$33.15 | \$33.79 | \$36.85 | \$40.37 | \$48.96 | \$50.87 | \$50.28 | \$51.33 | \$56.93 |
| All Jurisdictions    | \$ .00        | \$ .00  | \$ .00  | \$ .00  | \$ .00  | \$ .00  | \$ .00  | \$ .00  | \$ .00  | \$2.71  |

1. As measured by the Commission, "own-source" revenue excludes payments in lieu of taxes by enterprise activities, certain compensatory collections generated through the settlement of city-county annexation issues, and funds transferred across community lines under general revenue-sharing agreements.
2. With respect to the FY1989-95 interval, the mean and median statistics are based upon the per capita values for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Source: Staff, Commission on Local Government

Table B1.1  
Mean Percentage  
of  
Local-Source Revenue  
from the  
Real Property Tax  
by  
Jurisdictional Class  
FY1989-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1989        | FY1990 | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |        |
| Counties             | 39.58%        | 39.43% | 39.54% | 39.53% | 39.82% | 39.46% | 38.28% | 37.79% | 36.46% | 36.51% |
| Cities               | 35.49%        | 35.67% | 35.99% | 36.22% | 35.62% | 34.04% | 33.07% | 32.27% | 31.71% | 31.85% |
| All Jurisdictions    | 38.37%        | 38.32% | 38.49% | 38.55% | 38.57% | 37.86% | 36.73% | 36.15% | 35.05% | 35.13% |

Table B1.2  
Median Percentage  
of  
Local-Source Revenue  
from the  
Real Property Tax  
by  
Jurisdictional Class  
FY1989-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1989        | FY1990 | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |        |
| Counties             | 40.30%        | 39.76% | 39.39% | 40.15% | 40.61% | 40.37% | 39.04% | 37.75% | 36.73% | 36.50% |
| Cities               | 34.91%        | 34.02% | 35.37% | 34.68% | 33.91% | 32.61% | 31.50% | 30.72% | 29.80% | 30.71% |
| All Jurisdictions    | 39.05%        | 38.41% | 38.30% | 39.44% | 38.58% | 38.03% | 36.75% | 35.74% | 34.69% | 34.56% |

1. As measured by the Commission, "own-source" revenue excludes payments in lieu of taxes by enterprise activities, certain compensatory collections generated through the settlement of city-county annexation issues, and funds transferred across community lines under general revenue-sharing agreements.
2. With respect to the FY1989-95 interval, the mean and median statistics are based upon the percentages for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Source: Staff, Commission on Local Government

Table B3.1  
Mean Percentage  
of  
Local-Source Revenue  
from  
Personal Property Taxes  
by  
Jurisdictional Class  
FY1989-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1989        | FY1990 | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |        |
| Counties             | 15.74%        | 16.04% | 15.79% | 15.41% | 15.15% | 15.22% | 15.61% | 16.82% | 17.20% | 17.23% |
| Cities               | 12.47%        | 12.20% | 11.85% | 11.07% | 10.91% | 10.53% | 10.93% | 11.78% | 12.17% | 12.14% |
| All Jurisdictions    | 14.77%        | 14.90% | 14.62% | 14.13% | 13.89% | 13.83% | 14.23% | 15.33% | 15.71% | 15.72% |

Table B3.2  
Median Percentage  
of  
Local-Source Revenue  
from  
Personal Property Taxes  
by  
Jurisdictional Class  
FY1989-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1989        | FY1990 | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |        |
| Counties             | 16.00%        | 17.07% | 16.06% | 15.32% | 15.37% | 15.76% | 16.73% | 17.56% | 18.18% | 17.69% |
| Cities               | 12.04%        | 12.52% | 11.91% | 10.72% | 10.86% | 10.55% | 10.88% | 11.76% | 11.91% | 12.30% |
| All Jurisdictions    | 14.86%        | 14.81% | 14.46% | 14.34% | 13.98% | 13.62% | 14.12% | 15.68% | 16.03% | 16.37% |

1. As measured by the Commission, "own-source" revenue excludes payments in lieu of taxes by enterprise activities, certain compensatory collections generated through the settlement of city-county annexation issues, and funds transferred across community lines under general revenue-sharing agreements.
2. With respect to the FY1989-95 interval, the mean and median statistics are based upon the percentages for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Source: Staff, Commission on Local Government

Table B5.1  
Mean Percentage  
of  
Local-Source Revenue  
from the  
Merchants' Capital Tax  
by  
Jurisdictional Class  
FY1989-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1989        | FY1990 | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |        |
| Counties             | .62%          | .63%   | .56%   | .55%   | .54%   | .55%   | .49%   | .52%   | .51%   | .48%   |
| Cities               | .00%          | .00%   | .00%   | .00%   | .00%   | .00%   | .00%   | .00%   | .00%   | .00%   |
| All Jurisdictions    | .44%          | .44%   | .39%   | .39%   | .38%   | .39%   | .35%   | .36%   | .36%   | .34%   |

Table B5.2  
Median Percentage  
of  
Local-Source Revenue  
from the  
Merchants' Capital Tax  
by  
Jurisdictional Class  
FY1989-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1989        | FY1990 | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |        |
| Counties             | .35%          | .32%   | .21%   | .11%   | .08%   | .17%   | .20%   | .12%   | .13%   | .17%   |
| Cities               | .00%          | .00%   | .00%   | .00%   | .00%   | .00%   | .00%   | .00%   | .00%   | .00%   |
| All Jurisdictions    | .00%          | .00%   | .00%   | .00%   | .00%   | .00%   | .00%   | .00%   | .00%   | .00%   |

1. As measured by the Commission, "own-source" revenue excludes payments in lieu of taxes by enterprise activities, certain compensatory collections generated through the settlement of city-county annexation issues, and funds transferred across community lines under general revenue-sharing agreements.
2. With respect to the FY1989-95 interval, the mean and median statistics are based upon the percentages for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Source: Staff, Commission on Local Government

Table B7.1  
Mean Percentage  
of  
Local-Source Revenue  
from  
Sales and Use Taxes  
by  
Jurisdictional Class  
FY1989-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1989        | FY1990 | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |        |
| Counties             | 8.73%         | 8.28%  | 7.56%  | 7.34%  | 7.24%  | 7.04%  | 6.91%  | 6.74%  | 6.64%  | 6.45%  |
| Cities               | 12.39%        | 12.34% | 11.38% | 11.05% | 11.01% | 11.07% | 10.84% | 10.57% | 10.61% | 10.49% |
| All Jurisdictions    | 9.81%         | 9.48%  | 8.69%  | 8.44%  | 8.36%  | 8.23%  | 8.07%  | 7.87%  | 7.82%  | 7.65%  |

Table B7.2  
Median Percentage  
of  
Local-Source Revenue  
from  
Sales and Use Taxes  
by  
Jurisdictional Class  
FY1989-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1989        | FY1990 | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |        |
| Counties             | 7.62%         | 7.05%  | 6.35%  | 6.27%  | 6.37%  | 6.23%  | 6.02%  | 6.00%  | 5.93%  | 5.92%  |
| Cities               | 12.41%        | 12.05% | 10.41% | 10.47% | 10.23% | 10.51% | 10.48% | 10.00% | 10.11% | 9.91%  |
| All Jurisdictions    | 8.79%         | 8.32%  | 7.39%  | 7.42%  | 7.30%  | 7.12%  | 7.11%  | 7.03%  | 7.08%  | 6.63%  |

1. As measured by the Commission, "own-source" revenue excludes payments in lieu of taxes by enterprise activities, certain compensatory collections generated through the settlement of city-county annexation issues, and funds transferred across community lines under general revenue-sharing agreements.
2. With respect to the FY1989-95 interval, the mean and median statistics are based upon the percentages for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Source: Staff, Commission on Local Government

Table B9.1  
Mean Percentage  
of  
Local-Source Revenue  
from  
Business, Professional, and Occupational License Taxes  
by  
Jurisdictional Class  
FY1989-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1989        | FY1990 | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |        |
| Counties             | 1.13%         | 1.17%  | 1.19%  | 1.16%  | 1.19%  | 1.19%  | 1.20%  | 1.16%  | 1.11%  | 1.10%  |
| Cities               | 6.30%         | 6.27%  | 6.07%  | 5.78%  | 5.80%  | 5.67%  | 5.63%  | 5.47%  | 5.48%  | 5.49%  |
| All Jurisdictions    | 2.66%         | 2.68%  | 2.64%  | 2.53%  | 2.56%  | 2.52%  | 2.51%  | 2.44%  | 2.41%  | 2.40%  |

Table B9.2  
Median Percentage  
of  
Local-Source Revenue  
from  
Business, Professional, and Occupational License Taxes  
by  
Jurisdictional Class  
FY1989-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1989        | FY1990 | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |        |
| Counties             | .01%          | .00%   | .01%   | .00%   | .01%   | .02%   | .01%   | .00%   | .00%   | .01%   |
| Cities               | 6.11%         | 5.89%  | 5.68%  | 5.54%  | 5.43%  | 5.40%  | 5.41%  | 5.11%  | 5.16%  | 5.14%  |
| All Jurisdictions    | 1.01%         | 1.21%  | 1.77%  | 1.79%  | 1.72%  | 1.80%  | 1.80%  | 1.59%  | 1.59%  | 1.49%  |

1. As measured by the Commission, "own-source" revenue excludes payments in lieu of taxes by enterprise activities, certain compensatory collections generated through the settlement of city-county annexation issues, and funds transferred across community lines under general revenue-sharing agreements.
2. With respect to the FY1989-95 interval, the mean and median statistics are based upon the percentages for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Source: Staff, Commission on Local Government

Table B23.1  
 Mean Percentage  
 of  
 Local-Source Revenue  
 from  
 Charges for Services  
 by  
 Jurisdictional Class  
 FY1989-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1989        | FY1990 | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |        |
| Counties             | 7.04%         | 7.72%  | 8.97%  | 9.82%  | 9.80%  | 10.38% | 11.48% | 11.48% | 11.76% | 11.94% |
| Cities               | 6.38%         | 6.70%  | 8.14%  | 9.01%  | 9.76%  | 10.82% | 11.28% | 11.36% | 11.32% | 11.50% |
| All Jurisdictions    | 6.84%         | 7.42%  | 8.72%  | 9.58%  | 9.79%  | 10.51% | 11.42% | 11.44% | 11.63% | 11.81% |

Table B23.2  
 Median Percentage  
 of  
 Local-Source Revenue  
 from  
 Charges for Services  
 by  
 Jurisdictional Class  
 FY1989-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1989        | FY1990 | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |        |
| Counties             | 6.82%         | 7.35%  | 8.31%  | 8.73%  | 9.05%  | 9.42%  | 9.70%  | 9.81%  | 9.70%  | 10.26% |
| Cities               | 5.41%         | 6.25%  | 8.16%  | 8.59%  | 9.32%  | 10.52% | 10.97% | 10.41% | 10.47% | 9.32%  |
| All Jurisdictions    | 6.25%         | 7.23%  | 8.21%  | 8.73%  | 9.05%  | 10.01% | 9.95%  | 9.81%  | 9.76%  | 10.00% |

1. As measured by the Commission, "own-source" revenue excludes payments in lieu of taxes by enterprise activities, certain compensatory collections generated through the settlement of city-county annexation issues, and funds transferred across community lines under general revenue-sharing agreements.
2. With respect to the FY1989-95 interval, the mean and median statistics are based upon the percentages for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Source: Staff, Commission on Local Government

Table D1.3  
 Percentage  
 of 1  
 Local-Source Revenue  
 from the  
 Real Property Tax  
 by  
 Locality  
 FY1996-98

Rank Scores  
 1=Highest Percentage  
 135=Lowest Percentage

| Locality            | FY1996<br>Percentage | Rank<br>Score | FY1997<br>Percentage | Rank<br>Score | FY1998<br>Percentage | Rank<br>Score |
|---------------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
| Accomack County     | 41.37%               | 43.0          | 48.76%               | 15.0          | 38.21%               | 50.0          |
| Albemarle County    | 51.38%               | 13.0          | 40.59%               | 42.0          | 40.50%               | 40.0          |
| Alleghany County    | 20.65%               | 124.0         | 20.28%               | 127.0         | 19.49%               | 127.0         |
| Amelia County       | 30.54%               | 92.0          | 26.56%               | 109.0         | 24.79%               | 116.0         |
| Amherst County      | 25.70%               | 115.0         | 27.52%               | 102.0         | 27.19%               | 103.0         |
| Appomattox County   | 34.87%               | 74.0          | 33.80%               | 73.0          | 31.00%               | 83.0          |
| Arlington County    | 46.84%               | 24.0          | 46.80%               | 20.0          | 46.99%               | 21.0          |
| Augusta County      | 36.08%               | 66.0          | 34.18%               | 71.0          | 34.56%               | 69.0          |
| Bath County         | 13.98%               | 135.0         | 13.59%               | 135.0         | 14.43%               | 135.0         |
| Bedford County      | 38.85%               | 53.0          | 37.39%               | 55.0          | 38.18%               | 51.0          |
| Bland County        | 41.79%               | 42.0          | 36.51%               | 58.0          | 35.68%               | 62.0          |
| Botetourt County    | 38.95%               | 52.0          | 38.11%               | 51.0          | 37.76%               | 54.0          |
| Brunswick County    | 34.14%               | 75.0          | 31.42%               | 84.0          | 30.42%               | 90.0          |
| Buchanan County     | 20.22%               | 126.0         | 19.24%               | 129.0         | 19.44%               | 128.0         |
| Buckingham County   | 31.62%               | 89.0          | 29.64%               | 91.0          | 32.20%               | 78.0          |
| Campbell County     | 26.38%               | 114.0         | 24.60%               | 117.0         | 25.37%               | 113.0         |
| Caroline County     | 35.30%               | 71.0          | 36.36%               | 60.0          | 36.50%               | 57.0          |
| Carroll County      | 32.22%               | 86.0          | 27.87%               | 98.0          | 26.44%               | 105.0         |
| Charles City County | 19.27%               | 127.0         | 22.12%               | 122.0         | 23.41%               | 119.0         |
| Charlotte County    | 35.21%               | 72.0          | 33.75%               | 74.0          | 36.41%               | 58.0          |
| Chesterfield County | 44.17%               | 33.0          | 43.56%               | 30.0          | 43.98%               | 30.0          |
| Clarke County       | 53.79%               | 6.0           | 51.65%               | 7.0           | 52.19%               | 7.0           |
| Craig County        | 40.71%               | 46.0          | 38.94%               | 47.0          | 37.63%               | 56.0          |
| Culpeper County     | 41.21%               | 44.0          | 39.39%               | 46.0          | 38.46%               | 46.0          |
| Cumberland County   | 31.86%               | 87.0          | 32.15%               | 81.0          | 33.13%               | 74.0          |
| Dickenson County    | 32.99%               | 80.0          | 30.83%               | 85.0          | 30.91%               | 85.0          |
| Dinwiddie County    | 32.77%               | 82.0          | 33.54%               | 76.0          | 37.75%               | 55.0          |
| Essex County        | 40.40%               | 48.0          | 37.54%               | 53.0          | 41.05%               | 39.0          |
| Fairfax County      | 48.35%               | 20.0          | 48.94%               | 14.0          | 48.58%               | 17.0          |
| Fauquier County     | 51.65%               | 10.0          | 48.99%               | 13.0          | 57.11%               | 1.0           |
| Floyd County        | 44.73%               | 29.0          | 42.22%               | 35.0          | 42.08%               | 35.0          |
| Fluvanna County     | 37.99%               | 55.0          | 38.55%               | 49.0          | 40.10%               | 42.0          |
| Franklin County     | 44.39%               | 31.0          | 40.98%               | 40.0          | 42.21%               | 34.0          |
| Frederick County    | 29.21%               | 97.0          | 28.62%               | 94.0          | 27.73%               | 99.0          |
| Giles County        | 26.53%               | 113.0         | 25.58%               | 114.0         | 26.23%               | 108.0         |
| Gloucester County   | 51.40%               | 12.0          | 48.66%               | 16.0          | 47.86%               | 19.0          |
| Goochland County    | 47.52%               | 22.0          | 45.24%               | 24.0          | 48.38%               | 18.0          |
| Grayson County      | 37.93%               | 56.0          | 35.52%               | 65.0          | 40.45%               | 41.0          |
| Greene County       | 37.69%               | 58.0          | 37.44%               | 54.0          | 38.40%               | 49.0          |

Source: Staff, Commission on Local Government

Table D1.3  
 Percentage  
 of 1  
 Local-Source Revenue  
 from the  
 Real Property Tax  
 by  
 Locality  
 FY1996-98

Rank Scores  
 1=Highest Percentage  
 135=Lowest Percentage

| Locality              | FY1996<br>Percentage | Rank<br>Score | FY1997<br>Percentage | Rank<br>Score | FY1998<br>Percentage | Rank<br>Score |
|-----------------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
| Greensville County    | 25.21%               | 118.0         | 21.85%               | 123.0         | 23.27%               | 121.0         |
| Halifax County/2      | 20.39%               | 125.0         | 20.29%               | 126.0         | 21.30%               | 126.0         |
| Hanover County        | 38.67%               | 54.0          | 39.53%               | 45.0          | 38.41%               | 48.0          |
| Henrico County        | 39.52%               | 50.0          | 38.87%               | 48.0          | 38.45%               | 47.0          |
| Henry County          | 30.68%               | 91.0          | 29.72%               | 90.0          | 30.88%               | 86.0          |
| Highland County       | 53.43%               | 8.0           | 48.51%               | 17.0          | 49.76%               | 12.0          |
| Isle of Wight County  | 32.91%               | 81.0          | 29.87%               | 89.0          | 30.40%               | 91.0          |
| James City County     | 43.19%               | 36.0          | 43.74%               | 29.0          | 43.99%               | 29.0          |
| King and Queen County | 32.60%               | 85.0          | 32.70%               | 79.0          | 32.03%               | 79.0          |
| King George County    | 37.63%               | 59.0          | 39.72%               | 44.0          | 31.07%               | 82.0          |
| King William County   | 43.14%               | 38.0          | 40.91%               | 41.0          | 38.88%               | 45.0          |
| Lancaster County      | 57.16%               | 2.0           | 55.99%               | 2.0           | 55.04%               | 3.0           |
| Lee County            | 36.92%               | 61.0          | 36.26%               | 61.0          | 33.09%               | 75.0          |
| Loudoun County        | 55.25%               | 3.0           | 55.37%               | 3.0           | 50.15%               | 10.0          |
| Louisa County         | 25.66%               | 116.0         | 25.22%               | 116.0         | 26.41%               | 106.0         |
| Lunenburg County      | 30.16%               | 96.0          | 27.06%               | 105.0         | 25.54%               | 112.0         |
| Madison County        | 43.15%               | 37.0          | 43.47%               | 31.0          | 43.55%               | 32.0          |
| Mathews County        | 55.12%               | 4.0           | 52.61%               | 5.0           | 52.27%               | 6.0           |
| Mecklenburg County    | 28.36%               | 104.0         | 26.76%               | 107.0         | 26.11%               | 109.0         |
| Middlesex County      | 50.87%               | 16.0          | 48.31%               | 18.0          | 47.31%               | 20.0          |
| Montgomery County     | 40.88%               | 45.0          | 38.02%               | 52.0          | 38.96%               | 44.0          |
| Nelson County         | 53.72%               | 7.0           | 50.58%               | 9.0           | 48.85%               | 14.0          |
| New Kent County       | 50.31%               | 17.0          | 45.57%               | 22.0          | 46.42%               | 22.0          |
| Northampton County    | 44.72%               | 30.0          | 41.35%               | 38.0          | 36.30%               | 60.0          |
| Northumberland County | 54.03%               | 5.0           | 51.80%               | 6.0           | 53.77%               | 5.0           |
| Nottoway County       | 30.54%               | 93.0          | 29.99%               | 88.0          | 29.24%               | 94.0          |
| Orange County         | 45.23%               | 26.0          | 42.53%               | 33.0          | 43.41%               | 33.0          |
| Page County           | 37.75%               | 57.0          | 36.73%               | 57.0          | 45.20%               | 25.0          |
| Patrick County        | 35.31%               | 70.0          | 32.93%               | 78.0          | 34.46%               | 70.0          |
| Pittsylvania County   | 30.25%               | 95.0          | 30.70%               | 86.0          | 33.44%               | 73.0          |
| Powhatan County       | 47.71%               | 21.0          | 44.37%               | 27.0          | 45.36%               | 24.0          |
| Prince Edward County  | 27.95%               | 108.0         | 26.65%               | 108.0         | 25.96%               | 111.0         |
| Prince George County  | 42.08%               | 40.0          | 41.70%               | 36.0          | 41.93%               | 37.0          |
| Prince William County | 51.60%               | 11.0          | 50.62%               | 8.0           | 49.72%               | 13.0          |
| Pulaski County        | 36.51%               | 63.0          | 33.02%               | 77.0          | 30.69%               | 88.0          |
| Rappahannock County   | 57.60%               | 1.0           | 57.88%               | 1.0           | 56.85%               | 2.0           |
| Richmond County       | 33.53%               | 78.0          | 32.28%               | 80.0          | 30.97%               | 84.0          |
| Roanoke County        | 45.17%               | 27.0          | 45.75%               | 21.0          | 45.71%               | 23.0          |
| Rockbridge County     | 26.98%               | 112.0         | 28.21%               | 97.0          | 30.13%               | 92.0          |

Source: Staff, Commission on Local Government

Table D1.3  
 Percentage  
 of 1  
 Local-Source Revenue  
 from the  
 Real Property Tax  
 by  
 Locality  
 FY1996-98

Rank Scores  
 1=Highest Percentage  
 135=Lowest Percentage

| Locality              | FY1996<br>Percentage | Rank<br>Score | FY1997<br>Percentage | Rank<br>Score | FY1998<br>Percentage | Rank<br>Score |
|-----------------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
| Rockingham County     | 35.74%               | 68.0          | 35.12%               | 66.0          | 35.18%               | 66.0          |
| Russell County        | 28.76%               | 100.0         | 29.21%               | 92.0          | 25.09%               | 115.0         |
| Scott County          | 38.98%               | 51.0          | 36.88%               | 56.0          | 36.16%               | 61.0          |
| Shenandoah County     | 41.84%               | 41.0          | 41.48%               | 37.0          | 41.36%               | 38.0          |
| Smyth County          | 28.44%               | 102.0         | 27.23%               | 104.0         | 28.90%               | 96.0          |
| Southampton County    | 32.69%               | 83.0          | 33.94%               | 72.0          | 34.08%               | 72.0          |
| Spotsylvania County   | 43.59%               | 35.0          | 44.01%               | 28.0          | 44.61%               | 28.0          |
| Stafford County       | 50.98%               | 15.0          | 49.33%               | 12.0          | 50.09%               | 11.0          |
| Surry County          | 15.13%               | 134.0         | 15.02%               | 134.0         | 15.55%               | 133.0         |
| Sussex County         | 17.98%               | 131.0         | 20.75%               | 125.0         | 22.12%               | 124.0         |
| Tazewell County       | 31.69%               | 88.0          | 27.85%               | 99.0          | 27.59%               | 100.0         |
| Warren County         | 46.91%               | 23.0          | 41.20%               | 39.0          | 40.03%               | 43.0          |
| Washington County     | 33.71%               | 77.0          | 31.50%               | 83.0          | 34.56%               | 68.0          |
| Westmoreland County   | 51.19%               | 14.0          | 49.72%               | 10.0          | 48.80%               | 16.0          |
| Wise County           | 19.25%               | 128.0         | 17.58%               | 131.0         | 19.27%               | 130.0         |
| Wythe County          | 27.58%               | 111.0         | 25.64%               | 113.0         | 28.53%               | 97.0          |
| York County           | 43.12%               | 39.0          | 42.26%               | 34.0          | 37.85%               | 53.0          |
| Alexandria City       | 44.96%               | 28.0          | 44.48%               | 26.0          | 44.80%               | 26.0          |
| Bedford City          | 28.56%               | 101.0         | 27.62%               | 100.0         | 24.45%               | 117.0         |
| Bristol City          | 27.76%               | 110.0         | 26.14%               | 111.0         | 27.25%               | 102.0         |
| Buena Vista City      | 25.57%               | 117.0         | 25.32%               | 115.0         | 28.03%               | 98.0          |
| Charlottesville City  | 34.01%               | 76.0          | 34.65%               | 69.0          | 32.69%               | 76.0          |
| Chesapeake City       | 43.95%               | 34.0          | 42.62%               | 32.0          | 42.00%               | 36.0          |
| Clifton Forge City    | 28.84%               | 98.0          | 26.09%               | 112.0         | 26.04%               | 110.0         |
| Colonial Heights City | 37.39%               | 60.0          | 36.45%               | 59.0          | 35.22%               | 65.0          |
| Covington City        | 16.70%               | 132.0         | 16.01%               | 133.0         | 15.36%               | 134.0         |
| Danville City         | 23.41%               | 121.0         | 22.59%               | 120.0         | 23.41%               | 120.0         |
| Emporia City          | 20.94%               | 123.0         | 21.35%               | 124.0         | 21.35%               | 125.0         |
| Fairfax City          | 40.49%               | 47.0          | 38.24%               | 50.0          | 37.93%               | 52.0          |
| Falls Church City     | 46.04%               | 25.0          | 45.41%               | 23.0          | 44.72%               | 27.0          |
| Franklin City         | 27.77%               | 109.0         | 27.52%               | 103.0         | 25.24%               | 114.0         |
| Fredericksburg City   | 36.35%               | 64.0          | 34.29%               | 70.0          | 34.29%               | 71.0          |
| Galax City            | 18.62%               | 130.0         | 17.79%               | 130.0         | 19.41%               | 129.0         |
| Hampton City          | 36.84%               | 62.0          | 36.03%               | 62.0          | 35.38%               | 63.0          |
| Harrisonburg City     | 24.22%               | 120.0         | 23.59%               | 119.0         | 23.26%               | 122.0         |
| Hopewell City         | 30.52%               | 94.0          | 29.09%               | 93.0          | 30.03%               | 93.0          |
| Lexington City        | 28.43%               | 103.0         | 27.58%               | 101.0         | 26.31%               | 107.0         |
| Lynchburg City        | 28.34%               | 105.0         | 26.94%               | 106.0         | 27.58%               | 101.0         |
| Manassas City         | 49.17%               | 19.0          | 49.34%               | 11.0          | 51.10%               | 8.0           |

Source: Staff, Commission on Local Government

Table D1.3  
 Percentage  
 of <sup>1</sup>  
 Local-Source Revenue  
 from the  
 Real Property Tax  
 by  
 Locality  
 FY1996-98

Rank Scores  
 1=Highest Percentage  
 135=Lowest Percentage

| Locality            | FY1996<br>Percentage | Rank<br>Score | FY1997<br>Percentage | Rank<br>Score | FY1998<br>Percentage | Rank<br>Score |
|---------------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
| Manassas Park City  | 49.33%               | 18.0          | 47.30%               | 19.0          | 48.82%               | 15.0          |
| Martinsville City   | 22.19%               | 122.0         | 22.38%               | 121.0         | 24.17%               | 118.0         |
| Newport News City   | 36.29%               | 65.0          | 35.01%               | 67.0          | 30.61%               | 89.0          |
| Norfolk City        | 33.29%               | 79.0          | 33.62%               | 75.0          | 32.60%               | 77.0          |
| Norton City         | 15.49%               | 133.0         | 16.95%               | 132.0         | 16.54%               | 132.0         |
| Petersburg City     | 35.93%               | 67.0          | 35.56%               | 64.0          | 35.36%               | 64.0          |
| Poquoson City       | 52.47%               | 9.0           | 54.19%               | 4.0           | 54.60%               | 4.0           |
| Portsmouth City     | 34.95%               | 73.0          | 34.69%               | 68.0          | 34.85%               | 67.0          |
| Radford City        | 28.77%               | 99.0          | 28.40%               | 96.0          | 29.10%               | 95.0          |
| Richmond City       | 35.33%               | 69.0          | 35.78%               | 63.0          | 36.38%               | 59.0          |
| Roanoke City        | 28.34%               | 106.0         | 28.55%               | 95.0          | 31.12%               | 81.0          |
| Salem City          | 30.92%               | 90.0          | 30.51%               | 87.0          | 31.25%               | 80.0          |
| Staunton City       | 32.67%               | 84.0          | 31.91%               | 82.0          | 30.80%               | 87.0          |
| Suffolk City        | 39.85%               | 49.0          | 40.10%               | 43.0          | 50.15%               | 9.0           |
| Virginia Beach City | 44.36%               | 32.0          | 44.50%               | 25.0          | 43.71%               | 31.0          |
| Waynesboro City     | 28.22%               | 107.0         | 26.54%               | 110.0         | 26.83%               | 104.0         |
| Williamsburg City   | 18.65%               | 129.0         | 19.62%               | 128.0         | 18.36%               | 131.0         |
| Winchester City     | 24.81%               | 119.0         | 23.60%               | 118.0         | 23.02%               | 123.0         |

1

As measured by the Commission, "own-source" revenue excludes payments in lieu of taxes by enterprise activities, certain compensatory collections generated through the settlement of city-county annexation issues, and funds transferred across community lines under general revenue-sharing agreements.

2

South Boston City reverted to the status of a subordinate town on July 1, 1995. Accordingly, with respect to the FY1996-98 time span, all baseline data for this jurisdiction are reflected in the statistical profile relative to Halifax County.

Table D7.3  
 Percentage  
 of 1  
 Local-Source Revenue  
 from 2  
 Business, Professional, and Occupational License Taxes  
 by  
 Locality  
 FY1996-98

| Locality            | 4                    |               | 4                    |               | 4                    |               |
|---------------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
|                     | FY1996<br>Percentage | Rank<br>Score | FY1997<br>Percentage | Rank<br>Score | FY1998<br>Percentage | Rank<br>Score |
| Accomack County     | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Albemarle County    | 3.83%                | 45.0          | 4.67%                | 30.0          | 4.79%                | 28.0          |
| Alleghany County    | 4.11%                | 41.0          | 3.17%                | 52.0          | 3.17%                | 50.0          |
| Amelia County       | 0.94%                | 75.0          | 1.14%                | 74.0          | 0.96%                | 72.0          |
| Amherst County      | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Appomattox County   | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Arlington County    | 9.51%                | 4.0           | 9.23%                | 5.0           | 9.00%                | 5.0           |
| Augusta County      | 4.07%                | 42.0          | 3.45%                | 49.0          | 3.77%                | 41.0          |
| Bath County         | 0.01%                | 83.0          | 0.01%                | 84.0          | 0.01%                | 85.0          |
| Bedford County      | 0.00%                | 85.0          | 0.00%                | 88.0          | 0.00%                | 92.0          |
| Bland County        | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Botetourt County    | 2.08%                | 63.0          | 1.76%                | 65.0          | 1.74%                | 65.0          |
| Brunswick County    | --                   | 111.0         | 0.00%                | 87.0          | 0.01%                | 89.0          |
| Buchanan County     | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Buckingham County   | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Campbell County     | 0.01%                | 84.0          | 0.01%                | 86.0          | 0.01%                | 88.0          |
| Caroline County     | 3.02%                | 52.0          | 2.82%                | 56.0          | 2.64%                | 56.0          |
| Carroll County      | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Charles City County | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Charlotte County    | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Chesterfield County | 5.36%                | 21.0          | 5.00%                | 26.0          | 5.42%                | 20.0          |
| Clarke County       | 0.11%                | 81.0          | 0.10%                | 81.0          | 0.13%                | 84.0          |
| Craig County        | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Culpeper County     | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Cumberland County   | 1.79%                | 64.0          | 1.64%                | 66.0          | 1.49%                | 68.0          |
| Dickenson County    | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Dinwiddie County    | 1.65%                | 67.0          | 1.99%                | 64.0          | 2.20%                | 61.0          |
| Essex County        | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Fairfax County      | 3.78%                | 46.0          | 3.63%                | 44.0          | 3.64%                | 44.0          |
| Fauquier County     | 1.29%                | 70.0          | 1.01%                | 76.0          | 0.93%                | 74.0          |
| Floyd County        | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Fluvanna County     | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Franklin County     | --                   | 111.0         | 0.01%                | 83.0          | 0.23%                | 80.0          |
| Frederick County    | 2.86%                | 56.0          | 2.67%                | 59.0          | 2.89%                | 52.0          |
| Giles County        | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Gloucester County   | 2.87%                | 55.0          | 3.06%                | 53.0          | 2.77%                | 54.0          |
| Goochland County    | 1.77%                | 65.0          | 2.30%                | 60.0          | 2.21%                | 60.0          |
| Grayson County      | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Greene County       | 1.21%                | 72.0          | 1.45%                | 69.0          | 0.94%                | 73.0          |
| Greensville County  | 2.40%                | 61.0          | 2.88%                | 54.0          | 3.39%                | 48.0          |
| Halifax County/3    | 1.17%                | 73.0          | 1.31%                | 70.0          | 0.62%                | 76.0          |
| Hanover County      | 0.39%                | 77.0          | 0.40%                | 77.0          | 0.45%                | 77.0          |

Source: Staff, Commission on Local Government

Table D7.3  
 Percentage  
 of 1  
 Local-Source Revenue  
 from 2  
 Business, Professional, and Occupational License Taxes  
 by  
 Locality  
 FY1996-98

| Locality              | FY1996<br>Percentage | Rank<br>Score | FY1997<br>Percentage | Rank<br>Score | FY1998<br>Percentage | Rank<br>Score |
|-----------------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
| Henrico County        | 7.44%                | 6.0           | 7.21%                | 6.0           | 6.68%                | 11.0          |
| Henry County          | 3.39%                | 47.0          | 3.49%                | 48.0          | 3.69%                | 42.0          |
| Highland County       | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Isle of Wight County  | 1.47%                | 69.0          | 1.29%                | 71.0          | 1.29%                | 69.0          |
| James City County     | 4.72%                | 32.0          | 4.57%                | 33.0          | 4.23%                | 36.0          |
| King and Queen County | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| King George County    | 4.97%                | 27.0          | 3.66%                | 42.0          | 3.60%                | 46.0          |
| King William County   | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Lancaster County      | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Lee County            | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Loudoun County        | 2.90%                | 54.0          | 2.86%                | 55.0          | 2.67%                | 55.0          |
| Louisa County         | --                   | 111.0         | --                   | 112.5         | 0.17%                | 82.0          |
| Lunenburg County      | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Madison County        | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Mathews County        | 1.59%                | 68.0          | 1.59%                | 68.0          | 1.60%                | 67.0          |
| Mecklenburg County    | 0.02%                | 82.0          | 0.01%                | 82.0          | 0.01%                | 86.0          |
| Middlesex County      | --                   | 111.0         | 0.01%                | 85.0          | 0.01%                | 87.0          |
| Montgomery County     | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Nelson County         | 0.19%                | 80.0          | 0.18%                | 80.0          | 0.16%                | 83.0          |
| New Kent County       | 3.83%                | 44.0          | 3.61%                | 45.0          | 4.05%                | 38.0          |
| Northampton County    | 0.00%                | 86.0          | 0.00%                | 89.0          | 0.00%                | 91.0          |
| Northumberland County | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Nottoway County       | 1.12%                | 74.0          | 1.19%                | 73.0          | 1.27%                | 70.0          |
| Orange County         | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Page County           | 1.22%                | 71.0          | 1.22%                | 72.0          | 1.01%                | 71.0          |
| Patrick County        | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Pittsylvania County   | --                   | 111.0         | --                   | 112.5         | 0.41%                | 78.0          |
| Powhatan County       | 0.37%                | 78.0          | 0.32%                | 78.0          | 0.31%                | 79.0          |
| Prince Edward County  | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Prince George County  | 2.79%                | 57.0          | 2.24%                | 61.0          | 2.26%                | 59.0          |
| Prince William County | 2.21%                | 62.0          | 2.07%                | 62.0          | 2.12%                | 64.0          |
| Pulaski County        | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Rappahannock County   | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Richmond County       | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Roanoke County        | 3.36%                | 48.0          | 3.64%                | 43.0          | 3.63%                | 45.0          |
| Rockbridge County     | 2.62%                | 59.0          | 2.74%                | 57.0          | 2.51%                | 58.0          |
| Rockingham County     | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Russell County        | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Scott County          | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Shenandoah County     | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Smyth County          | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Southampton County    | 0.91%                | 76.0          | 1.13%                | 75.0          | 0.90%                | 75.0          |

Source: Staff, Commission on Local Government

Table D7.3  
 Percentage  
 of 1  
 Local-Source Revenue  
 from 2  
 Business, Professional, and Occupational License Taxes  
 by  
 Locality  
 FY1996-98

| Locality              | 4                    |               | 4                    |               | 4                    |               |
|-----------------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
|                       | FY1996<br>Percentage | Rank<br>Score | FY1997<br>Percentage | Rank<br>Score | FY1998<br>Percentage | Rank<br>Score |
| Spotsylvania County   | 2.44%                | 60.0          | 2.03%                | 63.0          | 2.18%                | 62.0          |
| Stafford County       | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Surry County          | 0.31%                | 79.0          | 0.23%                | 79.0          | 0.22%                | 81.0          |
| Sussex County         | --                   | 111.0         | --                   | 112.5         | 0.00%                | 90.0          |
| Tazewell County       | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Warren County         | 2.72%                | 58.0          | 2.68%                | 58.0          | 2.82%                | 53.0          |
| Washington County     | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Westmoreland County   | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Wise County           | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| Wythe County          | --                   | 111.0         | --                   | 112.5         | --                   | 114.0         |
| York County           | 5.63%                | 17.0          | 4.02%                | 39.0          | 3.65%                | 43.0          |
| Alexandria City       | 5.84%                | 16.0          | 5.71%                | 17.0          | 6.02%                | 17.0          |
| Bedford City          | 4.60%                | 34.0          | 4.74%                | 29.0          | 4.13%                | 37.0          |
| Bristol City          | 4.73%                | 31.0          | 4.56%                | 34.0          | 4.54%                | 30.0          |
| Buena Vista City      | 3.27%                | 49.0          | 3.20%                | 50.0          | 2.53%                | 57.0          |
| Charlottesville City  | 5.30%                | 22.0          | 3.93%                | 40.0          | 5.48%                | 19.0          |
| Chesapeake City       | 5.38%                | 20.0          | 5.38%                | 18.0          | 5.38%                | 21.0          |
| Clifton Forge City    | 4.57%                | 35.0          | 4.97%                | 27.0          | 4.33%                | 35.0          |
| Colonial Heights City | 5.97%                | 14.0          | 6.41%                | 11.0          | 6.36%                | 14.0          |
| Covington City        | 4.17%                | 39.0          | 5.36%                | 19.0          | 5.14%                | 24.0          |
| Danville City         | 6.86%                | 9.0           | 6.93%                | 7.0           | 6.88%                | 10.0          |
| Emporia City          | 4.67%                | 33.0          | 4.54%                | 35.0          | 4.50%                | 32.0          |
| Fairfax City          | 10.48%               | 1.0           | 10.14%               | 1.0           | 10.46%               | 1.0           |
| Falls Church City     | 6.87%                | 8.0           | 6.63%                | 10.0          | 7.50%                | 7.0           |
| Franklin City         | 5.22%                | 23.0          | 4.64%                | 32.0          | 4.36%                | 34.0          |
| Fredericksburg City   | 5.94%                | 15.0          | 6.17%                | 15.0          | 6.55%                | 12.0          |
| Galax City            | 6.74%                | 11.0          | 6.31%                | 12.0          | 7.78%                | 6.0           |
| Hampton City          | 4.20%                | 38.0          | 4.29%                | 37.0          | 4.52%                | 31.0          |
| Harrisonburg City     | 9.40%                | 5.0           | 9.42%                | 4.0           | 9.45%                | 3.0           |
| Hopewell City         | 4.86%                | 29.0          | 5.10%                | 24.0          | 4.68%                | 29.0          |
| Lexington City        | 4.82%                | 30.0          | 5.17%                | 22.0          | 5.15%                | 23.0          |
| Lynchburg City        | 6.19%                | 13.0          | 6.20%                | 14.0          | 6.06%                | 16.0          |
| Manassas City         | 3.07%                | 51.0          | 3.56%                | 47.0          | 3.39%                | 47.0          |
| Manassas Park City    | 2.90%                | 53.0          | 3.57%                | 46.0          | 2.16%                | 63.0          |
| Martinsville City     | 5.06%                | 25.0          | 6.08%                | 16.0          | 6.42%                | 13.0          |
| Newport News City     | 4.32%                | 37.0          | 4.45%                | 36.0          | 3.94%                | 40.0          |
| Norfolk City          | 4.95%                | 28.0          | 5.28%                | 21.0          | 4.93%                | 26.0          |
| Norton City           | 9.78%                | 2.0           | 9.65%                | 2.0           | 9.70%                | 2.0           |
| Petersburg City       | 5.47%                | 19.0          | 5.08%                | 25.0          | 5.37%                | 22.0          |
| Poquoson City         | 1.66%                | 66.0          | 1.59%                | 67.0          | 1.65%                | 66.0          |
| Portsmouth City       | 4.17%                | 40.0          | 4.03%                | 38.0          | 4.00%                | 39.0          |
| Radford City          | 3.24%                | 50.0          | 3.17%                | 51.0          | 3.24%                | 49.0          |

Source: Staff, Commission on Local Government

Table D7.3  
 Percentage  
 of <sup>1</sup>  
 Local-Source Revenue  
 from <sup>2</sup>  
 Business, Professional, and Occupational License Taxes  
 by  
 Locality  
 FY1996-98

| Locality            | <sup>4</sup>         |               | <sup>4</sup>         |               | <sup>4</sup>         |               |
|---------------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
|                     | FY1996<br>Percentage | Rank<br>Score | FY1997<br>Percentage | Rank<br>Score | FY1998<br>Percentage | Rank<br>Score |
| Richmond City       | 5.53%                | 18.0          | 5.15%                | 23.0          | 5.10%                | 25.0          |
| Roanoke City        | 6.81%                | 10.0          | 6.75%                | 8.0           | 7.19%                | 9.0           |
| Salem City          | 7.29%                | 7.0           | 6.68%                | 9.0           | 7.24%                | 8.0           |
| Staunton City       | 5.16%                | 24.0          | 5.30%                | 20.0          | 5.74%                | 18.0          |
| Suffolk City        | 3.90%                | 43.0          | 3.67%                | 41.0          | 2.91%                | 51.0          |
| Virginia Beach City | 4.57%                | 36.0          | 4.66%                | 31.0          | 4.48%                | 33.0          |
| Waynesboro City     | 5.01%                | 26.0          | 4.95%                | 28.0          | 4.82%                | 27.0          |
| Williamsburg City   | 6.38%                | 12.0          | 6.26%                | 13.0          | 6.22%                | 15.0          |
| Winchester City     | 9.58%                | 3.0           | 9.45%                | 3.0           | 9.33%                | 4.0           |

<sup>1</sup>

As measured by the Commission, "own-source" revenue excludes payments in lieu of taxes by enterprise activities, certain compensatory collections generated through the settlement of city-county annexation issues, and funds transferred across community lines under general revenue-sharing agreements.

<sup>2</sup>

With respect to any given fiscal year, the symbol "--" denotes the complete absence of jurisdictional revenue.

<sup>3</sup>

South Boston City assumed the status of a subordinate town on July 1, 1995. Accordingly, with respect to the FY1996-98 time span, all baseline data for this jurisdiction are reflected in the statistical profile relative to Halifax County.

<sup>4</sup>

Because of the South Boston reversion, the highest and lowest percentages in the statewide distribution will carry rankings of 1 and 135, respectively, unless tied statistics are clustered at the base of the computational scale.

Source: Staff, Commission on Local Government

**COMPENDIUM  
OF  
STATISTICAL TABLES**



**Commission on Local Government  
Commonwealth of Virginia**

TABLE 40. CHANGE IN FEDERAL ROLE IN VIRGINIA COUNTY AND CITY LOCAL GOVERNMENT GENERAL REVENUE, 1981 - 1999

| Fiscal Year | Total County and City General Revenue (Million \$) | Percent Local | Percent State | Percent Federal | Total Federal Aid (Million \$) | Predicted Federal Aid Using 1981 Percentage | Difference (Million \$) |
|-------------|--|---------------|---------------|-----------------|--------------------------------|---|-------------------------|
| 1981        | 4,024.3  | 56.8%         | 32.1%         | 11.0%           | 443.8                          | NA  | NA                      |
| 1987        | 6,721.9  | 60.8%         | 32.6%         | 5.9%            | 398.8                          | 741.3                                       | -342.5                  |
| 1988        | 7,360.0  | 61.0%         | 33.3%         | 5.7%            | 419.4                          | 811.6                                       | -392.2                  |
| 1989        | 8,204.5  | 62.5%         | 32.2%         | 5.2%            | 427.9                          | 904.8                                       | -476.9                  |
| 1990        | 9,039.3  | 62.7%         | 32.1%         | 5.2%            | 473.7                          | 996.8                                       | -523.2                  |
| 1991        | 9,672.2  | 63.0%         | 31.4%         | 5.7%            | 548.0                          | 1,066.6                                     | -518.6                  |
| 1992        | 9,836.2  | 64.0%         | 30.0%         | 6.0%            | 594.4                          | 1,084.7                                     | -490.3                  |
| 1993        | 10,332.3   | 63.2%         | 30.3%         | 6.5%            | 667.1                          | 1,139.4                                     | -472.3                  |
| 1994        | 10,958.6   | 63.6%         | 29.8%         | 6.6%            | 721.5                          | 1,208.5                                     | -487.0                  |
| 1995        | 11,706.1   | 63.5%         | 30.1%         | 6.4%            | 751.6                          | 1,290.9                                     | -539.3                  |
| 1996        | 12,269.5   | 63.5%         | 30.2%         | 6.4%            | 780.9                          | 1,353.0                                     | -572.1                  |
| 1997        | 13,143.0   | 63.3%         | 30.6%         | 6.2%            | 811.9                          | 1,449.4                                     | -637.4                  |
| 1998        | 13,891.9   | 63.3%         | 30.4%         | 6.3%            | 870.1                          | 1,531.9                                     | -661.8                  |
| 1999        | 14,934.8   | 61.6%         | 32.0%         | 6.4%            | 962.9                          | 1,647.0                                     | -684.0                  |

NOTE: Predicted federal aid is the product of total county and city general revenue and the 1981 percentage of federal aid.

SOURCE: Commonwealth of Virginia, Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, Year Ending June 30, 1981; 1987 through 1999. Exhibit A.

TABLE 42. COMPARISON OF PRINCIPAL STATE AND LOCAL TAX SOURCES IN VIRGINIA  
STATE INDIVIDUAL TAXABLE INCOME AND LOCAL TAXABLE REAL ESTATE VALUES  
1980 - 1997

| Tax<br>Year           | Total Net Individual<br>Taxable Income | Total Assessed<br>Value of Real Property<br>(Total Taxable Value) | Annual Percentage Changes |                              |
|-----------------------|--|---|---------------------------|------------------------------|
|                       |  |   | Taxable<br>Income         | Real Property<br>Assessments |
| 1980                  | \$27,395,955,486                       | \$87,376,429,737  | N/A                       | N/A                          |
| 1981                  | \$30,482,418,657                       | \$104,098,567,681   | 11.3%                     | 19.1%                        |
| 1982                  | \$32,701,878,118                       | \$118,991,739,495   | 7.3%                      | 14.3%                        |
| 1983                  | \$35,784,348,044                       | \$127,352,797,555   | 9.4%                      | 7.0%                         |
| 1984                  | \$39,402,818,256                       | \$137,876,319,112   | 10.1%                     | 8.3%                         |
| 1985                  | \$42,768,658,292                       | \$149,824,214,588   | 8.5%                      | 8.7%                         |
| 1986                  | \$47,503,567,854                       | \$166,460,429,887   | 11.1%                     | 11.1%                        |
| 1987                  | \$55,045,982,516                       | \$187,079,024,886   | 15.9%                     | 12.4%                        |
| 1988                  | \$57,935,341,298                       | \$213,567,250,059   | 5.2%                      | 14.2%                        |
| 1989                  | \$58,338,691,473                       | \$250,055,041,710   | 0.7%                      | 17.1%                        |
| 1990                  | \$61,842,879,592                       | \$281,244,381,822   | 6.0%                      | 12.5%                        |
| 1991                  | \$62,463,660,910                       | \$293,923,667,501   | 1.0%                      | 4.5%                         |
| 1992                  | \$68,338,530,520                       | \$294,309,758,919   | 9.4%                      | 0.1%                         |
| 1993                  | \$71,472,367,345                       | \$297,933,044,513   | 4.6%                      | 1.2%                         |
| 1994                  | \$75,035,433,491                       | \$304,123,458,279   | 5.0%                      | 2.1%                         |
| 1995                  | \$79,255,487,015                       | \$315,016,380,521   | 5.6%                      | 3.6%                         |
| 1996                  | \$85,725,401,229                       | \$326,255,970,739   | 8.2%                      | 3.6%                         |
| 1997                  | \$94,684,534,413                       | \$340,575,933,456   | 10.5%                     | 4.4%                         |
| Change<br>1980 - 1997 | \$67,288,578,927                       | \$253,199,503,719   | 245.6%                    | 289.8%                       |

Note: Total assessed value of real property represents use-values of land under use-value assessment and fair market values of all other taxable property. Public Service Corporation properties are not included.

Source: Virginia Department of Taxation, Annual Report, Fiscal Years 1981 - 1999  
Taxable income data for tax years 1980 - 1983 from Table 1.6  
Taxable income data for tax year 1984 from Table 1.7  
Taxable income data for tax years 1985 - 1991 from Table 1.9  
Taxable income data for tax years 1992 - 1996 from Table 1.7  
Taxable income data for tax year 1997 from Table 1.7 of 1999 Report (on-line).  
Assessed valuation data for tax years 1980 - 1992 from Table 5.4  
Assessed valuation data for tax year 1993 - 1997 from Table 5.2.



Per Capita True Valuation of Real Estate by Locality, 1988-98

| Locality            | Per Capita True Valuation, 1988 | Per Capita True Valuation, 1989 | Per Capita True Valuation, 1990 | Per Capita True Valuation, 1991 | Per Capita True Valuation, 1992 | Per Capita True Valuation, 1993 | Per Capita True Valuation, 1994 | Per Capita True Valuation, 1995 | Per Capita True Valuation, 1996 | Per Capita True Valuation, 1997 | Per Capita True Valuation, 1998 |
|---------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Accornack County    | \$31,678.57                     | \$33,820.34                     | \$40,652.24                     | \$41,031.13                     | \$45,238.03                     | \$44,349.29                     | \$43,790.00                     | \$45,252.74                     | \$46,094.71                     | \$46,991.54                     | \$48,680.36                     |
| Albemarle County    | \$50,227.82                     | \$56,923.02                     | \$61,361.73                     | \$67,041.29                     | \$68,375.34                     | \$72,206.27                     | \$72,268.17                     | \$74,800.51                     | \$73,826.15                     | \$76,276.11                     | \$77,280.57                     |
| Alleghany County    | \$23,681.95                     | \$25,291.10                     | \$25,738.62                     | \$28,380.31                     | \$29,807.12                     | \$33,196.48                     | \$35,866.28                     | \$40,310.31                     | \$43,769.72                     | \$46,310.63                     | \$47,759.85                     |
| Amelia County       | \$38,238.59                     | \$40,609.07                     | \$43,657.45                     | \$47,834.56                     | \$47,116.88                     | \$49,247.81                     | \$46,684.79                     | \$48,446.75                     | \$51,452.39                     | \$54,702.45                     | \$57,075.18                     |
| Amherst County      | \$22,765.74                     | \$24,338.49                     | \$27,386.80                     | \$28,757.36                     | \$30,633.10                     | \$31,799.77                     | \$33,740.95                     | \$36,056.46                     | \$36,050.90                     | \$38,745.78                     | \$40,061.30                     |
| Appomattox County   | \$26,392.98                     | \$26,977.39                     | \$28,909.99                     | \$28,229.92                     | \$30,365.18                     | \$30,857.74                     | \$32,475.90                     | \$36,252.07                     | \$41,985.04                     | \$45,442.73                     | \$43,484.91                     |
| Arlington County    | \$106,177.05                    | \$115,486.14                    | \$118,158.96                    | \$114,193.47                    | \$109,849.90                    | \$108,754.59                    | \$107,431.78                    | \$102,694.98                    | \$107,025.61                    | \$108,435.85                    | \$115,658.94                    |
| Augusta County      | \$35,523.84                     | \$37,856.55                     | \$41,751.07                     | \$43,884.50                     | \$44,847.39                     | \$45,191.52                     | \$46,187.72                     | \$48,474.08                     | \$50,915.98                     | \$51,761.86                     | \$55,430.73                     |
| Bath County         | \$42,842.60                     | \$50,656.09                     | \$51,952.07                     | \$57,074.79                     | \$59,164.13                     | \$60,118.19                     | \$63,752.83                     | \$67,645.31                     | \$69,306.17                     | \$91,686.12                     | \$77,546.64                     |
| Bedford County      | \$35,614.77                     | \$38,419.05                     | \$40,704.24                     | \$43,230.64                     | \$43,797.04                     | \$45,342.54                     | \$48,820.11                     | \$51,640.10                     | \$52,819.05                     | \$55,274.70                     | \$57,714.01                     |
| Bland County        | \$20,645.94                     | \$20,803.09                     | \$22,747.01                     | \$26,215.00                     | \$26,627.42                     | \$25,282.22                     | \$28,706.01                     | \$30,564.21                     | \$33,693.78                     | \$34,909.81                     | \$38,374.86                     |
| Botetourt County    | \$31,107.59                     | \$35,295.57                     | \$36,845.95                     | \$37,398.98                     | \$40,132.94                     | \$42,315.40                     | \$44,189.39                     | \$45,309.07                     | \$49,130.35                     | \$52,840.36                     | \$60,610.52                     |
| Brunswick County    | \$27,424.56                     | \$28,081.35                     | \$29,156.13                     | \$31,102.42                     | \$29,533.60                     | \$33,560.04                     | \$31,673.18                     | \$34,614.09                     | \$34,907.42                     | \$39,478.86                     | \$39,756.27                     |
| Buchanan County     | \$29,104.12                     | \$29,971.72                     | \$31,486.16                     | \$30,166.70                     | \$33,083.83                     | \$32,305.67                     | \$31,495.03                     | \$39,060.53                     | \$36,475.11                     | \$34,249.36                     | \$36,533.45                     |
| Buckingham County   | \$28,531.83                     | \$31,418.70                     | \$34,192.19                     | \$33,675.81                     | \$33,306.95                     | \$35,759.81                     | \$34,854.30                     | \$35,404.79                     | \$36,308.33                     | \$37,772.46                     | \$38,616.60                     |
| Campbell County     | \$23,046.35                     | \$24,449.37                     | \$26,608.64                     | \$27,325.27                     | \$28,650.02                     | \$30,492.14                     | \$31,049.44                     | \$32,572.98                     | \$34,485.41                     | \$36,361.95                     | \$37,381.58                     |
| Caroline County     | \$34,173.26                     | \$36,951.90                     | \$41,966.33                     | \$41,681.80                     | \$43,705.01                     | \$44,432.42                     | \$43,464.83                     | \$45,075.14                     | \$46,119.72                     | \$45,437.08                     | \$47,882.85                     |
| Carroll County      | \$23,070.40                     | \$24,901.93                     | \$27,088.03                     | \$26,846.42                     | \$29,482.93                     | \$30,157.42                     | \$32,748.30                     | \$35,209.34                     | \$36,790.17                     | \$38,438.35                     | \$45,093.72                     |
| Charles City County | \$32,552.12                     | \$35,568.40                     | \$35,972.78                     | \$40,366.03                     | \$40,620.00                     | \$43,548.10                     | \$45,485.49                     | \$43,981.86                     | \$50,542.09                     | \$49,908.12                     | \$56,012.60                     |
| Charlotte County    | \$26,308.05                     | \$28,827.37                     | \$32,116.87                     | \$30,874.87                     | \$31,061.28                     | \$32,954.97                     | \$33,341.93                     | \$35,065.07                     | \$39,079.23                     | \$36,615.35                     | \$38,710.04                     |
| Cheslerfield County | \$38,983.21                     | \$41,480.00                     | \$43,665.81                     | \$44,372.52                     | \$44,454.84                     | \$44,947.81                     | \$45,884.38                     | \$47,676.58                     | \$49,524.81                     | \$51,495.81                     | \$52,937.34                     |
| Clarke County       | \$57,199.26                     | \$66,067.23                     | \$79,248.91                     | \$75,404.63                     | \$72,662.85                     | \$71,553.32                     | \$73,006.91                     | \$73,478.99                     | \$73,926.91                     | \$76,472.30                     | \$77,141.15                     |
| Craig County        | \$27,534.39                     | \$31,390.60                     | \$35,101.56                     | \$34,218.22                     | \$36,177.20                     | \$35,626.84                     | \$39,267.28                     | \$39,012.60                     | \$45,006.67                     | \$45,821.14                     | \$49,776.60                     |
| Culpeper County     | \$46,070.16                     | \$55,088.69                     | \$62,652.55                     | \$54,641.48                     | \$55,512.27                     | \$51,807.52                     | \$52,882.63                     | \$51,571.18                     | \$52,257.25                     | \$52,601.34                     | \$54,880.17                     |
| Cumberland County   | \$28,026.17                     | \$34,808.76                     | \$34,466.20                     | \$36,883.16                     | \$41,063.94                     | \$38,693.17                     | \$41,443.59                     | \$43,583.18                     | \$46,084.11                     | \$48,170.49                     | \$48,062.68                     |
| Dickenson County    | \$26,045.56                     | \$29,052.23                     | \$28,714.19                     | \$29,087.22                     | \$26,843.24                     | \$32,502.16                     | \$36,376.47                     | \$39,862.35                     | \$38,249.75                     | \$37,830.65                     | \$40,337.73                     |
| Dinwiddie County    | \$26,229.29                     | \$28,143.20                     | \$28,655.90                     | \$31,723.89                     | \$33,341.21                     | \$33,083.65                     | \$34,004.35                     | \$36,438.21                     | \$36,215.31                     | \$39,074.10                     | \$41,584.97                     |
| Essex County        | \$43,283.11                     | \$48,832.35                     | \$56,621.36                     | \$56,870.23                     | \$54,905.22                     | \$58,874.72                     | \$61,469.64                     | \$65,565.84                     | \$61,389.96                     | \$69,350.54                     | \$71,860.32                     |
| Fairfax County      | \$84,795.97                     | \$96,008.84                     | \$99,063.75                     | \$94,765.47                     | \$88,038.40                     | \$84,562.48                     | \$84,866.99                     | \$84,477.49                     | \$86,109.99                     | \$87,584.08                     | \$92,284.96                     |
| Fauquier County     | \$69,801.15                     | \$96,662.12                     | \$98,819.89                     | \$93,145.91                     | \$88,562.84                     | \$88,183.07                     | \$88,306.85                     | \$88,453.40                     | \$90,698.83                     | \$90,263.41                     | \$91,150.48                     |
| Floyd County        | \$30,894.92                     | \$33,860.87                     | \$37,708.98                     | \$36,849.75                     | \$37,663.20                     | \$38,459.34                     | \$41,321.36                     | \$43,173.07                     | \$44,841.47                     | \$49,128.37                     | \$52,381.88                     |
| Fluvanna County     | \$36,255.79                     | \$39,642.74                     | \$43,838.52                     | \$44,207.05                     | \$43,706.12                     | \$45,360.71                     | \$50,910.57                     | \$50,042.33                     | \$51,775.79                     | \$52,229.45                     | \$53,016.62                     |
| Franklin County     | \$31,579.93                     | \$38,804.43                     | \$42,952.46                     | \$44,063.19                     | \$44,238.67                     | \$46,032.78                     | \$48,274.67                     | \$52,077.09                     | \$53,872.06                     | \$55,148.72                     | \$58,195.72                     |
| Frederick County    | \$42,940.48                     | \$46,669.79                     | \$50,707.06                     | \$54,171.26                     | \$52,735.59                     | \$52,162.85                     | \$54,194.93                     | \$54,988.80                     | \$54,903.78                     | \$54,704.34                     | \$57,174.69                     |
| Giles County        | \$22,478.65                     | \$22,585.22                     | \$24,894.78                     | \$23,947.32                     | \$26,332.47                     | \$26,345.24                     | \$28,952.66                     | \$31,631.53                     | \$32,747.04                     | \$34,100.69                     | \$36,875.83                     |
| Gloucester County   | \$37,664.93                     | \$40,474.81                     | \$43,271.45                     | \$42,746.51                     | \$43,246.53                     | \$43,670.50                     | \$45,991.89                     | \$47,614.91                     | \$48,702.86                     | \$50,806.35                     | \$51,340.47                     |
| Goochland County    | \$52,378.44                     | \$59,441.67                     | \$67,640.47                     | \$68,001.23                     | \$70,279.51                     | \$70,540.74                     | \$73,941.71                     | \$76,330.10                     | \$79,404.05                     | \$89,966.94                     | \$98,428.82                     |
| Grayson County      | \$21,530.12                     | \$24,279.22                     | \$23,422.66                     | \$23,180.99                     | \$25,555.14                     | \$25,298.77                     | \$26,597.97                     | \$27,272.34                     | \$30,202.48                     | \$37,826.10                     | \$38,314.39                     |

Per Capita True Valuation of Real Estate by Locality, 1988-96

| Locality              | Per Capita True Valuation, 1988 | Per Capita True Valuation, 1989 | Per Capita True Valuation, 1990 | Per Capita True Valuation, 1991 | Per Capita True Valuation, 1992 | Per Capita True Valuation, 1993 | Per Capita True Valuation, 1994 | Per Capita True Valuation, 1995 | Per Capita True Valuation, 1996 | Per Capita True Valuation, 1997 | Per Capita True Valuation, 1998 |
|-----------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Greene County         | \$34,084.73                     | \$35,542.72                     | \$37,358.45                     | \$38,486.61                     | \$39,773.07                     | \$39,014.82                     | \$41,825.27                     | \$42,741.42                     | \$43,841.35                     | \$49,971.37                     | \$49,305.83                     |
| Greensville County    | \$26,766.41                     | \$27,970.34                     | \$29,028.39                     | \$26,087.62                     | \$26,419.23                     | \$26,711.35                     | \$27,464.57                     | \$30,428.59                     | \$28,775.99                     | \$33,847.75                     | \$30,766.91                     |
| Halifax County/1      | \$23,092.38                     | \$22,927.37                     | \$26,193.57                     | \$27,399.22                     | \$28,360.22                     | \$30,583.88                     | \$33,628.06                     | \$33,990.34                     | \$36,658.46                     | \$38,792.16                     | \$38,891.29                     |
| Hanover County        | \$42,164.81                     | \$46,675.52                     | \$49,164.80                     | \$50,358.73                     | \$54,867.87                     | \$57,441.06                     | \$59,554.70                     | \$61,887.41                     | \$63,789.12                     | \$65,167.83                     | \$68,991.36                     |
| Henrico County        | \$41,919.07                     | \$45,175.74                     | \$48,310.90                     | \$49,338.20                     | \$49,817.97                     | \$50,989.94                     | \$51,367.29                     | \$53,549.78                     | \$53,939.08                     | \$56,573.61                     | \$60,940.68                     |
| Henry County          | \$24,462.05                     | \$25,722.26                     | \$27,668.40                     | \$27,444.81                     | \$29,509.36                     | \$29,657.37                     | \$30,900.43                     | \$32,169.69                     | \$33,607.37                     | \$35,011.87                     | \$36,937.67                     |
| Highland County       | \$57,847.69                     | \$71,921.76                     | \$75,966.22                     | \$77,222.31                     | \$87,224.48                     | \$76,303.28                     | \$80,353.25                     | \$91,985.38                     | \$93,796.61                     | \$90,843.63                     | \$103,299.95                    |
| Isle of Wight County  | \$34,767.33                     | \$38,716.58                     | \$50,697.24                     | \$45,400.20                     | \$44,901.99                     | \$45,608.76                     | \$48,609.02                     | \$49,853.62                     | \$50,070.35                     | \$52,220.72                     | \$54,591.47                     |
| James City County     | \$58,502.56                     | \$64,331.87                     | \$68,772.40                     | \$70,568.62                     | \$72,075.76                     | \$72,455.41                     | \$76,014.23                     | \$77,644.07                     | \$79,172.18                     | \$85,372.67                     | \$93,985.35                     |
| King and Queen County | \$44,595.56                     | \$41,271.37                     | \$46,300.37                     | \$44,966.19                     | \$46,436.40                     | \$44,988.80                     | \$45,501.20                     | \$53,704.72                     | \$53,915.32                     | \$57,760.56                     | \$57,497.65                     |
| King George County    | \$39,589.68                     | \$47,819.97                     | \$54,924.82                     | \$54,230.79                     | \$53,352.02                     | \$52,602.30                     | \$51,807.89                     | \$51,069.87                     | \$51,870.76                     | \$51,360.74                     | \$55,409.62                     |
| King William County   | \$39,438.68                     | \$42,174.13                     | \$44,359.39                     | \$47,166.64                     | \$49,006.46                     | \$45,056.21                     | \$47,254.90                     | \$51,173.72                     | \$51,174.42                     | \$53,220.80                     | \$54,296.78                     |
| Lancaster County      | \$66,520.09                     | \$82,304.09                     | \$89,918.96                     | \$92,834.00                     | \$94,866.56                     | \$93,731.61                     | \$94,307.57                     | \$94,385.89                     | \$96,028.15                     | \$94,374.87                     | \$97,237.69                     |
| Lee County            | \$16,760.12                     | \$16,938.98                     | \$17,104.96                     | \$16,596.00                     | \$19,096.62                     | \$19,498.27                     | \$20,834.13                     | \$22,218.90                     | \$23,517.87                     | \$24,176.66                     | \$27,349.00                     |
| Loudoun County        | \$119,500.13                    | \$150,605.61                    | \$154,165.09                    | \$136,377.54                    | \$113,748.65                    | \$98,196.40                     | \$93,085.40                     | \$90,278.38                     | \$90,590.40                     | \$90,125.90                     | \$92,891.41                     |
| Louisa County         | \$35,304.60                     | \$40,442.74                     | \$44,836.75                     | \$46,936.30                     | \$47,307.67                     | \$47,665.75                     | \$50,169.73                     | \$51,513.38                     | \$53,059.14                     | \$56,027.84                     | \$57,392.69                     |
| Lunenburg County      | \$23,798.93                     | \$26,619.59                     | \$28,208.51                     | \$29,456.35                     | \$28,612.11                     | \$31,103.80                     | \$32,384.03                     | \$33,532.64                     | \$34,910.77                     | \$34,760.49                     | \$37,608.14                     |
| Madison County        | \$42,162.18                     | \$50,221.19                     | \$49,420.54                     | \$47,986.78                     | \$51,372.76                     | \$49,920.56                     | \$55,758.26                     | \$56,417.07                     | \$58,360.00                     | \$58,418.50                     | \$59,428.31                     |
| Mathews County        | \$51,934.55                     | \$58,210.72                     | \$68,140.99                     | \$67,723.37                     | \$63,380.60                     | \$68,967.15                     | \$66,051.93                     | \$69,846.55                     | \$71,568.37                     | \$74,370.31                     | \$74,463.32                     |
| Mecklenburg County    | \$29,198.32                     | \$31,296.39                     | \$33,089.91                     | \$33,207.07                     | \$33,685.21                     | \$36,830.04                     | \$39,927.11                     | \$43,035.96                     | \$46,064.19                     | \$46,216.97                     | \$49,546.28                     |
| Middlesex County      | \$62,344.14                     | \$70,522.54                     | \$75,009.71                     | \$78,480.09                     | \$77,524.50                     | \$82,799.07                     | \$84,119.41                     | \$88,298.95                     | \$92,417.62                     | \$93,055.34                     | \$94,838.26                     |
| Montgomery County     | \$25,227.21                     | \$26,021.99                     | \$27,410.90                     | \$27,392.63                     | \$28,108.98                     | \$29,144.83                     | \$30,585.15                     | \$31,991.20                     | \$32,910.76                     | \$35,822.80                     | \$39,385.68                     |
| Nelson County         | \$52,496.98                     | \$58,906.39                     | \$62,828.92                     | \$70,068.08                     | \$72,563.16                     | \$76,267.85                     | \$76,412.35                     | \$79,135.84                     | \$79,947.50                     | \$79,801.17                     | \$84,552.49                     |
| New Kent County       | \$38,230.90                     | \$46,977.72                     | \$55,725.51                     | \$54,701.30                     | \$54,256.69                     | \$55,825.50                     | \$57,937.35                     | \$61,512.49                     | \$60,591.17                     | \$61,749.45                     | \$71,234.79                     |
| Northampton County    | \$25,907.75                     | \$39,333.97                     | \$51,007.35                     | \$45,368.55                     | \$45,631.35                     | \$48,191.36                     | \$50,765.19                     | \$53,240.08                     | \$56,287.09                     | \$56,315.55                     | \$61,515.41                     |
| Northumberland County | \$69,789.81                     | \$86,638.38                     | \$91,201.35                     | \$93,685.96                     | \$93,959.37                     | \$91,958.21                     | \$105,134.91                    | \$102,950.05                    | \$96,562.06                     | \$99,600.47                     | \$101,983.18                    |
| Nottoway County       | \$21,567.99                     | \$22,811.07                     | \$24,657.04                     | \$24,695.17                     | \$24,472.20                     | \$24,322.45                     | \$28,987.60                     | \$28,453.24                     | \$30,478.98                     | \$32,278.53                     | \$31,820.74                     |
| Orange County         | \$41,761.67                     | \$47,386.03                     | \$57,804.54                     | \$58,387.10                     | \$57,717.54                     | \$57,955.94                     | \$57,174.96                     | \$58,692.18                     | \$57,423.60                     | \$59,256.71                     | \$60,571.37                     |
| Page County           | \$29,646.50                     | \$34,249.12                     | \$37,697.42                     | \$37,926.95                     | \$36,289.94                     | \$38,321.68                     | \$38,811.66                     | \$42,042.64                     | \$43,397.95                     | \$41,331.41                     | \$42,902.94                     |
| Patrick County        | \$27,538.97                     | \$28,008.31                     | \$29,661.19                     | \$27,333.71                     | \$29,511.40                     | \$33,828.71                     | \$35,610.72                     | \$34,813.27                     | \$34,570.24                     | \$38,498.79                     | \$41,926.93                     |
| Pittsylvania County   | \$20,531.68                     | \$21,848.94                     | \$23,382.18                     | \$23,919.41                     | \$26,008.48                     | \$27,314.97                     | \$28,682.15                     | \$32,408.04                     | \$31,693.27                     | \$32,225.21                     | \$36,260.78                     |
| Powhatan County       | \$35,020.29                     | \$39,321.09                     | \$41,987.93                     | \$43,486.09                     | \$43,688.15                     | \$44,102.32                     | \$47,754.76                     | \$48,358.51                     | \$49,996.17                     | \$52,034.64                     | \$55,818.05                     |
| Prince Edward County  | \$21,752.84                     | \$24,182.74                     | \$27,843.59                     | \$29,260.06                     | \$28,462.85                     | \$29,882.68                     | \$31,501.33                     | \$31,786.04                     | \$36,238.35                     | \$36,267.87                     | \$36,595.96                     |
| Prince George County  | \$21,898.41                     | \$23,665.54                     | \$28,045.59                     | \$27,968.43                     | \$30,600.97                     | \$31,783.11                     | \$33,188.95                     | \$35,775.27                     | \$34,681.09                     | \$36,210.85                     | \$40,430.72                     |
| Prince William County | \$48,250.28                     | \$56,782.66                     | \$61,242.43                     | \$58,872.81                     | \$56,953.31                     | \$55,331.49                     | \$54,077.12                     | \$53,647.31                     | \$54,303.32                     | \$54,044.10                     | \$55,684.31                     |
| Pulaski County        | \$24,462.24                     | \$25,528.92                     | \$26,858.53                     | \$27,501.92                     | \$28,113.85                     | \$28,998.31                     | \$30,186.76                     | \$31,947.82                     | \$34,399.25                     | \$37,205.81                     | \$39,561.73                     |
| Rappahannock County   | \$81,528.75                     | \$101,503.91                    | \$108,252.04                    | \$101,439.40                    | \$116,238.28                    | \$117,250.42                    | \$120,535.04                    | \$117,802.00                    | \$122,937.93                    | \$120,420.02                    | \$111,391.35                    |
| Richmond County       | \$38,338.78                     | \$34,315.95                     | \$45,171.18                     | \$42,648.77                     | \$48,095.97                     | \$53,050.16                     | \$44,534.78                     | \$44,628.12                     | \$41,841.89                     | \$48,129.34                     | \$48,553.32                     |

Per Capita True Valuation of Real Estate by Locality, 1988-98

| Locality              | Per Capita True Valuation, 1988 | Per Capita True Valuation, 1989 | Per Capita True Valuation, 1990 | Per Capita True Valuation, 1991 | Per Capita True Valuation, 1992 | Per Capita True Valuation, 1993 | Per Capita True Valuation, 1994 | Per Capita True Valuation, 1995 | Per Capita True Valuation, 1996 | Per Capita True Valuation, 1997 | Per Capita True Valuation, 1998 |
|-----------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Roanoke County        | \$33,625.54                     | \$35,675.97                     | \$37,234.81                     | \$38,634.03                     | \$40,214.64                     | \$42,615.39                     | \$44,640.45                     | \$46,943.75                     | \$49,199.73                     | \$49,994.01                     | \$53,296.79                     |
| Rockbridge County     | \$34,283.13                     | \$34,786.80                     | \$41,048.28                     | \$41,541.14                     | \$43,982.01                     | \$43,953.05                     | \$46,704.77                     | \$52,649.88                     | \$55,001.09                     | \$59,195.08                     | \$62,065.42                     |
| Rockingham County     | \$37,745.99                     | \$41,409.28                     | \$41,211.01                     | \$42,291.47                     | \$41,479.34                     | \$40,984.81                     | \$47,298.00                     | \$46,547.61                     | \$47,810.16                     | \$50,879.40                     | \$52,481.47                     |
| Russell County        | \$18,200.74                     | \$18,997.44                     | \$20,741.31                     | \$21,911.77                     | \$23,490.08                     | \$24,195.93                     | \$24,661.74                     | \$26,189.60                     | \$27,520.56                     | \$30,296.59                     | \$31,649.68                     |
| Scott County          | \$15,350.12                     | \$17,305.41                     | \$19,878.86                     | \$19,231.03                     | \$20,707.52                     | \$20,685.56                     | \$23,321.23                     | \$22,813.46                     | \$24,863.89                     | \$26,522.28                     | \$29,385.82                     |
| Shenandoah County     | \$40,724.83                     | \$49,689.11                     | \$50,113.73                     | \$55,148.42                     | \$52,609.74                     | \$50,819.28                     | \$54,153.52                     | \$53,777.59                     | \$53,749.49                     | \$54,672.64                     | \$53,715.57                     |
| Smyth County          | \$20,096.83                     | \$20,768.89                     | \$22,845.94                     | \$22,760.25                     | \$24,028.13                     | \$24,654.49                     | \$26,676.62                     | \$27,856.33                     | \$29,187.62                     | \$30,953.76                     | \$30,709.24                     |
| Southampton County    | \$30,761.55                     | \$34,332.23                     | \$32,986.89                     | \$34,136.78                     | \$35,462.62                     | \$40,609.35                     | \$42,652.05                     | \$42,794.85                     | \$43,177.83                     | \$46,542.39                     | \$48,191.43                     |
| Spotsylvania County   | \$48,401.18                     | \$51,228.54                     | \$53,385.22                     | \$49,911.63                     | \$55,473.44                     | \$54,609.67                     | \$55,506.63                     | \$55,907.98                     | \$57,666.21                     | \$55,931.54                     | \$56,816.70                     |
| Stafford County       | \$37,360.07                     | \$42,787.66                     | \$55,731.89                     | \$53,319.91                     | \$51,051.99                     | \$51,389.25                     | \$51,479.26                     | \$51,824.59                     | \$51,265.09                     | \$53,169.54                     | \$55,575.99                     |
| Surry County          | \$42,114.00                     | \$51,252.66                     | \$49,742.55                     | \$48,187.10                     | \$52,377.61                     | \$52,542.88                     | \$52,614.47                     | \$50,414.39                     | \$55,951.94                     | \$59,948.69                     | \$54,180.01                     |
| Sussex County         | \$28,263.98                     | \$33,586.76                     | \$36,092.12                     | \$33,128.24                     | \$36,368.41                     | \$41,282.82                     | \$39,645.03                     | \$40,867.76                     | \$42,327.80                     | \$42,218.22                     | \$45,889.30                     |
| Tazewell County       | \$20,965.57                     | \$21,366.10                     | \$24,180.61                     | \$23,078.97                     | \$24,939.25                     | \$24,884.44                     | \$27,028.21                     | \$28,963.57                     | \$30,182.26                     | \$32,035.34                     | \$32,817.03                     |
| Warren County         | \$39,629.20                     | \$44,758.59                     | \$53,240.69                     | \$50,011.10                     | \$48,602.80                     | \$47,655.22                     | \$49,507.39                     | \$53,039.41                     | \$52,572.71                     | \$53,535.90                     | \$57,591.58                     |
| Washington County     | \$24,459.96                     | \$26,213.33                     | \$28,061.43                     | \$29,066.62                     | \$29,891.68                     | \$31,605.45                     | \$32,829.23                     | \$35,093.62                     | \$38,800.14                     | \$41,474.51                     | \$42,348.07                     |
| Westmoreland County   | \$42,311.73                     | \$49,871.68                     | \$52,914.41                     | \$52,291.77                     | \$56,225.56                     | \$57,378.91                     | \$55,085.28                     | \$59,567.28                     | \$60,653.12                     | \$62,589.16                     | \$63,792.11                     |
| Wise County           | \$19,626.71                     | \$20,525.45                     | \$21,514.04                     | \$22,076.63                     | \$22,385.66                     | \$24,140.91                     | \$23,910.72                     | \$26,733.89                     | \$27,216.05                     | \$28,580.32                     | \$29,848.22                     |
| Wythe County          | \$23,977.23                     | \$26,647.65                     | \$27,936.04                     | \$29,662.09                     | \$30,501.89                     | \$32,986.20                     | \$33,751.84                     | \$35,993.66                     | \$38,081.51                     | \$41,576.07                     | \$43,507.54                     |
| York County           | \$41,062.05                     | \$44,643.54                     | \$50,620.00                     | \$49,151.10                     | \$50,349.75                     | \$50,659.47                     | \$52,136.26                     | \$52,673.14                     | \$54,484.94                     | \$56,000.51                     | \$58,231.67                     |
| Alexandria City       | \$85,832.74                     | \$105,149.65                    | \$113,147.58                    | \$115,624.32                    | \$101,172.11                    | \$101,515.77                    | \$91,555.45                     | \$90,944.30                     | \$91,569.20                     | \$90,623.95                     | \$95,655.81                     |
| Bedford City          | \$25,420.33                     | \$27,534.10                     | \$31,743.78                     | \$30,285.00                     | \$32,300.54                     | \$33,672.67                     | \$36,568.70                     | \$37,512.05                     | \$40,261.99                     | \$41,176.99                     | \$40,269.47                     |
| Bristol City          | \$24,861.75                     | \$25,738.23                     | \$24,883.21                     | \$26,238.01                     | \$27,213.06                     | \$27,345.09                     | \$28,613.15                     | \$31,644.20                     | \$34,654.19                     | \$34,703.52                     | \$37,928.10                     |
| Buena Vista City      | \$19,763.44                     | \$21,347.18                     | \$21,712.46                     | \$23,142.03                     | \$24,441.24                     | \$25,667.28                     | \$26,535.87                     | \$27,738.61                     | \$30,205.19                     | \$31,143.57                     | \$29,779.29                     |
| Charlottesville City  | \$30,938.36                     | \$36,170.19                     | \$40,373.64                     | \$40,771.63                     | \$41,626.04                     | \$41,735.29                     | \$44,065.54                     | \$45,810.83                     | \$48,974.02                     | \$49,190.21                     | \$53,976.21                     |
| Chesapeake City       | \$35,016.32                     | \$39,046.09                     | \$41,735.32                     | \$41,687.89                     | \$42,051.56                     | \$43,950.76                     | \$44,022.47                     | \$44,858.65                     | \$46,408.55                     | \$47,107.80                     | \$48,402.44                     |
| Clifton Forge City    | \$13,303.47                     | \$13,369.92                     | \$16,186.79                     | \$16,121.09                     | \$18,022.33                     | \$18,327.44                     | \$19,607.62                     | \$22,267.75                     | \$21,885.41                     | \$22,219.24                     | \$22,418.14                     |
| Colonial Heights City | \$27,716.74                     | \$35,182.98                     | \$38,636.77                     | \$40,258.70                     | \$42,022.93                     | \$42,850.60                     | \$49,940.09                     | \$47,541.14                     | \$48,889.56                     | \$51,795.77                     | \$54,749.08                     |
| Covington City        | \$21,108.92                     | \$20,898.27                     | \$23,904.16                     | \$25,068.99                     | \$24,551.16                     | \$25,497.25                     | \$27,388.51                     | \$30,893.74                     | \$30,482.39                     | \$32,165.35                     | \$31,587.77                     |
| Danville City         | \$15,575.31                     | \$21,019.54                     | \$22,306.15                     | \$24,026.11                     | \$25,016.80                     | \$26,141.83                     | \$27,151.38                     | \$27,924.11                     | \$35,502.16                     | \$31,479.87                     | \$33,203.27                     |
| Emporia City          | \$25,182.07                     | \$27,577.20                     | \$31,692.10                     | \$30,169.09                     | \$31,056.04                     | \$32,938.69                     | \$33,493.53                     | \$36,186.47                     | \$36,544.22                     | \$40,257.00                     | \$40,121.97                     |
| Fairfax City          | \$91,613.43                     | \$105,474.50                    | \$108,619.49                    | \$104,501.76                    | \$94,823.37                     | \$93,053.75                     | \$89,808.40                     | \$89,455.31                     | \$93,489.42                     | \$95,603.85                     | \$98,257.19                     |
| Falls Church City     | \$101,912.08                    | \$116,146.81                    | \$122,383.74                    | \$123,066.11                    | \$116,511.20                    | \$115,571.63                    | \$114,176.08                    | \$111,824.59                    | \$111,694.47                    | \$112,659.96                    | \$118,062.19                    |
| Franklin City         | \$26,773.60                     | \$27,252.21                     | \$28,607.71                     | \$29,515.73                     | \$27,810.31                     | \$31,119.66                     | \$32,065.56                     | \$32,853.68                     | \$33,242.40                     | \$35,209.69                     | \$38,561.50                     |
| Fredericksburg City   | \$34,243.77                     | \$42,206.65                     | \$50,979.03                     | \$52,822.14                     | \$48,918.13                     | \$48,040.30                     | \$47,987.93                     | \$49,725.62                     | \$51,177.97                     | \$54,245.13                     | \$60,740.43                     |
| Galax City            | \$25,556.23                     | \$26,614.42                     | \$29,584.86                     | \$27,733.33                     | \$32,584.71                     | \$32,447.91                     | \$34,636.37                     | \$36,438.56                     | \$35,920.00                     | \$35,849.18                     | \$37,194.35                     |
| Hampton City          | \$27,779.17                     | \$29,125.62                     | \$29,652.20                     | \$30,518.68                     | \$30,621.78                     | \$31,415.57                     | \$32,058.55                     | \$33,468.89                     | \$34,116.71                     | \$34,876.44                     | \$36,263.57                     |
| Harrisonburg City     | \$38,141.05                     | \$40,672.75                     | \$41,437.75                     | \$42,500.10                     | \$42,334.16                     | \$43,072.21                     | \$43,611.30                     | \$43,869.41                     | \$44,141.33                     | \$46,062.96                     | \$48,952.26                     |
| Hopewell City         | \$22,703.31                     | \$24,059.52                     | \$26,314.19                     | \$26,280.78                     | \$28,054.67                     | \$29,109.87                     | \$30,524.60                     | \$31,278.03                     | \$34,009.15                     | \$34,870.56                     | \$35,837.73                     |

Per Capita True Valuation of Real Estate by Locality, 1988-98

| Locality            | Per Capita True Valuation, 1988 | Per Capita True Valuation, 1989 | Per Capita True Valuation, 1990 | Per Capita True Valuation, 1991 | Per Capita True Valuation, 1992 | Per Capita True Valuation, 1993 | Per Capita True Valuation, 1994 | Per Capita True Valuation, 1995 | Per Capita True Valuation, 1996 | Per Capita True Valuation, 1997 | Per Capita True Valuation, 1998 |
|---------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Lexington City      | \$22,117.54                     | \$24,938.13                     | \$26,572.50                     | \$29,382.14                     | \$30,570.00                     | \$30,792.10                     | \$31,781.71                     | \$35,554.03                     | \$35,992.00                     | \$38,697.31                     | \$37,776.94                     |
| Lynchburg City      | \$22,979.00                     | \$24,812.72                     | \$27,030.84                     | \$29,108.14                     | \$30,452.13                     | \$31,131.40                     | \$34,141.78                     | \$34,527.11                     | \$37,378.59                     | \$37,555.32                     | \$39,427.98                     |
| Manassas City       | \$69,226.82                     | \$73,266.17                     | \$72,568.66                     | \$67,924.86                     | \$60,553.55                     | \$59,869.72                     | \$58,374.71                     | \$57,582.46                     | \$55,962.64                     | \$58,849.41                     | \$62,598.97                     |
| Manassas Park City  | \$34,165.07                     | \$41,997.13                     | \$44,497.77                     | \$45,054.35                     | \$41,142.31                     | \$41,801.73                     | \$43,696.00                     | \$44,833.08                     | \$42,274.25                     | \$43,994.42                     | \$48,096.06                     |
| Martinsville City   | \$27,013.06                     | \$29,837.88                     | \$32,756.71                     | \$32,491.38                     | \$34,759.92                     | \$33,786.14                     | \$33,915.93                     | \$31,741.89                     | \$34,423.09                     | \$34,001.05                     | \$33,375.88                     |
| Newport News City   | \$30,366.95                     | \$31,177.64                     | \$32,096.83                     | \$33,593.82                     | \$33,206.24                     | \$34,305.42                     | \$35,198.10                     | \$35,086.34                     | \$35,884.64                     | \$36,379.39                     | \$37,133.67                     |
| Norfolk City        | \$21,112.41                     | \$23,956.10                     | \$26,096.86                     | \$27,772.55                     | \$28,358.32                     | \$30,163.54                     | \$30,063.95                     | \$30,682.54                     | \$31,110.06                     | \$31,313.73                     | \$32,858.73                     |
| Norton City         | \$21,348.86                     | \$19,319.04                     | \$22,209.80                     | \$23,919.07                     | \$21,592.78                     | \$24,905.10                     | \$28,776.22                     | \$27,456.21                     | \$31,838.16                     | \$30,983.82                     | \$34,992.98                     |
| Petersburg City     | \$18,379.56                     | \$20,521.56                     | \$22,831.34                     | \$21,834.84                     | \$22,223.86                     | \$22,458.49                     | \$23,128.81                     | \$22,886.71                     | \$25,065.32                     | \$25,848.63                     | \$26,322.08                     |
| Poquoson City       | \$40,807.09                     | \$40,532.76                     | \$41,109.86                     | \$43,237.75                     | \$43,906.06                     | \$44,793.45                     | \$46,739.37                     | \$47,993.94                     | \$50,928.63                     | \$53,332.08                     | \$55,283.50                     |
| Portsmouth City     | \$22,039.92                     | \$24,935.42                     | \$26,624.18                     | \$26,852.89                     | \$25,967.12                     | \$26,717.40                     | \$26,609.02                     | \$27,445.98                     | \$28,575.87                     | \$28,750.15                     | \$29,588.50                     |
| Radford City        | \$23,017.09                     | \$22,541.24                     | \$21,894.48                     | \$22,658.70                     | \$24,048.16                     | \$24,587.67                     | \$25,742.79                     | \$28,281.43                     | \$27,432.68                     | \$30,225.10                     | \$32,284.18                     |
| Richmond City       | \$32,660.80                     | \$36,367.96                     | \$38,520.53                     | \$39,810.43                     | \$41,575.11                     | \$40,323.89                     | \$40,511.85                     | \$41,715.02                     | \$44,346.01                     | \$48,193.95                     | \$49,581.40                     |
| Roanoke City        | \$26,150.78                     | \$28,219.08                     | \$29,627.81                     | \$30,832.25                     | \$32,274.81                     | \$32,150.80                     | \$33,500.58                     | \$35,951.14                     | \$36,409.05                     | \$38,522.24                     | \$40,427.85                     |
| Salem City          | \$31,353.80                     | \$34,099.85                     | \$36,364.63                     | \$38,450.04                     | \$39,332.70                     | \$41,207.85                     | \$43,538.10                     | \$45,369.47                     | \$45,900.89                     | \$47,856.13                     | \$51,152.79                     |
| South Boston City/1 | \$19,874.00                     | \$22,762.65                     | \$23,868.94                     | \$24,666.71                     | \$25,393.68                     | \$26,619.70                     | \$29,540.16                     | N.A.                            | N.A.                            | N.A.                            | N.A.                            |
| Staunton City       | \$24,997.88                     | \$27,075.50                     | \$30,709.99                     | \$30,724.20                     | \$32,317.87                     | \$31,518.49                     | \$32,682.71                     | \$33,470.23                     | \$35,960.78                     | \$37,835.96                     | \$37,502.18                     |
| Suffolk City        | \$30,783.75                     | \$34,671.94                     | \$36,228.60                     | \$37,433.59                     | \$37,866.99                     | \$39,192.87                     | \$41,072.91                     | \$43,199.10                     | \$43,599.90                     | \$44,508.19                     | \$46,488.85                     |
| Virginia Beach City | \$40,652.11                     | \$41,970.61                     | \$41,817.23                     | \$42,463.89                     | \$42,239.73                     | \$42,193.49                     | \$42,935.28                     | \$44,485.50                     | \$46,191.50                     | \$47,738.65                     | \$49,945.03                     |
| Waynesboro City     | \$31,661.26                     | \$34,993.38                     | \$38,631.41                     | \$36,283.90                     | \$38,537.39                     | \$38,189.18                     | \$39,846.22                     | \$40,782.10                     | \$41,942.35                     | \$43,015.59                     | \$44,358.27                     |
| Williamsburg City   | \$49,916.29                     | \$58,248.42                     | \$65,134.02                     | \$61,638.53                     | \$59,694.37                     | \$58,030.30                     | \$59,887.18                     | \$62,180.16                     | \$62,662.05                     | \$66,910.15                     | \$68,119.57                     |
| Winchester City     | \$40,700.94                     | \$48,246.15                     | \$52,926.64                     | \$53,772.52                     | \$52,358.23                     | \$52,644.46                     | \$53,884.81                     | \$53,825.79                     | \$55,324.48                     | \$59,376.30                     | \$61,818.76                     |

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With respect to the Halifax County entries for the 1995-98 interval, these statistics reflect the per capita magnitudes of real estate true valuation in South Boston, which reverted to the status of a town on July 1, 1995.

Sources: VA Department of Taxation, *Virginia Assessment/Sales Ratio Study*, 1988-91 (Table 6), 1992-98 (Table 4); Center for Public Service, University of Virginia, "Census Counts and Estimates" (unpublished table), March, 1991; U.S. Department of Commerce, Bureau of the Census, "Population Estimates for States, Counties, Places, and Minor Civil Divisions: Annual Time Series, July 1, 1990 to July 1, 1998" (unpublished table including city data), June 30, 1999; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates: 1991 Through 1999" (electronic dataset), January 21, 2000.

Staff, Commission on Local Government

Rates of Change in the Per Capita True Valuation of Real Estate by Locality, 1988-98

| Locality            | Percentage Change from 1988 to 1989 | Percentage Change from 1989 to 1990 | Percentage Change from 1990 to 1991 | Percentage Change from 1991 to 1992 | Percentage Change from 1992 to 1993 | Percentage Change from 1993 to 1994 | Percentage Change from 1994 to 1995 | Percentage Change from 1995 to 1996 | Percentage Change from 1996 to 1997 | Percentage Change from 1997 to 1998 | Median Annual Percentage Change, 1988-98 | Case Count |
|---------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|------------|
| Accomack County     | 6.76%                               | 20.20%                              | 0.93%                               | 10.25%                              | -1.96%                              | -1.26%                              | 3.34%                               | 1.86%                               | 1.95%                               | 3.59%                               | 2.64%                                    | (N=10)     |
| Albemarle County    | 13.33%                              | 7.80%                               | 9.26%                               | 1.99%                               | 5.60%                               | 0.09%                               | 3.50%                               | -1.30%                              | 3.32%                               | 1.32%                               | 3.41%                                    | (N=10)     |
| Alleghany County    | 6.79%                               | 1.77%                               | 10.26%                              | 5.03%                               | 11.37%                              | 8.04%                               | 12.39%                              | 8.58%                               | 5.81%                               | 3.13%                               | 7.42%                                    | (N=10)     |
| Amelia County       | 6.20%                               | 7.51%                               | 9.57%                               | -1.50%                              | 4.52%                               | -5.20%                              | 3.77%                               | 6.20%                               | 6.32%                               | 4.34%                               | 5.36%                                    | (N=10)     |
| Amherst County      | 6.91%                               | 12.52%                              | 5.00%                               | 6.52%                               | 3.81%                               | 6.10%                               | 6.86%                               | -0.02%                              | 7.48%                               | 3.40%                               | 6.31%                                    | (N=10)     |
| Appomattox County   | 2.21%                               | 7.16%                               | -2.35%                              | 7.56%                               | 1.62%                               | 5.24%                               | 11.63%                              | 15.81%                              | 8.24%                               | -4.31%                              | 6.20%                                    | (N=10)     |
| Arlington County    | 8.77%                               | 2.31%                               | -3.36%                              | -3.80%                              | -1.00%                              | -1.22%                              | -4.41%                              | 4.22%                               | 1.32%                               | 6.66%                               | 0.16%                                    | (N=10)     |
| Augusta County      | 6.57%                               | 10.29%                              | 5.11%                               | 2.19%                               | 0.77%                               | 2.20%                               | 4.95%                               | 5.04%                               | 1.66%                               | 7.09%                               | 4.99%                                    | (N=10)     |
| Bath County         | 18.24%                              | 2.56%                               | 9.86%                               | 3.66%                               | 1.61%                               | 6.05%                               | 6.11%                               | 2.46%                               | 12.29%                              | -15.42%                             | 4.85%                                    | (N=10)     |
| Bedford County      | 7.87%                               | 5.95%                               | 6.21%                               | 1.31%                               | 3.53%                               | 7.67%                               | 5.78%                               | 2.28%                               | 4.65%                               | 4.41%                               | 5.21%                                    | (N=10)     |
| Bland County        | 0.76%                               | 9.34%                               | 15.25%                              | 1.57%                               | -5.05%                              | 13.54%                              | 6.47%                               | 10.24%                              | 3.61%                               | 9.93%                               | 7.91%                                    | (N=10)     |
| Botetourt County    | 13.46%                              | 4.39%                               | 1.50%                               | 7.31%                               | 5.44%                               | 4.43%                               | 2.54%                               | 8.43%                               | 7.55%                               | 14.70%                              | 6.37%                                    | (N=10)     |
| Brunswick County    | 2.39%                               | 3.83%                               | 6.68%                               | -5.04%                              | 13.63%                              | -5.62%                              | 9.29%                               | 0.85%                               | 13.10%                              | 0.70%                               | 3.11%                                    | (N=10)     |
| Buchanan County     | 2.98%                               | 5.05%                               | -4.19%                              | 9.67%                               | -2.35%                              | -2.51%                              | 24.02%                              | -6.62%                              | -6.10%                              | 6.67%                               | 0.31%                                    | (N=10)     |
| Buckingham County   | 10.12%                              | 8.83%                               | -1.51%                              | -1.10%                              | 7.36%                               | -2.53%                              | 1.58%                               | 2.55%                               | 4.03%                               | 2.23%                               | 2.39%                                    | (N=10)     |
| Campbell County     | 6.09%                               | 8.83%                               | 2.69%                               | 4.85%                               | 6.43%                               | 1.83%                               | 4.91%                               | 5.87%                               | 5.44%                               | 2.80%                               | 5.17%                                    | (N=10)     |
| Caroline County     | 8.13%                               | 13.57%                              | -0.68%                              | 5.05%                               | 1.48%                               | -2.18%                              | 3.70%                               | 2.32%                               | -1.48%                              | 5.38%                               | 3.01%                                    | (N=10)     |
| Carroll County      | 7.94%                               | 8.78%                               | -0.89%                              | 9.82%                               | 2.29%                               | 8.59%                               | 7.52%                               | 4.49%                               | 4.48%                               | 17.31%                              | 7.73%                                    | (N=10)     |
| Charles City County | 9.27%                               | 1.14%                               | 12.21%                              | 0.63%                               | 7.21%                               | 4.45%                               | -3.31%                              | 14.92%                              | -1.25%                              | 12.23%                              | 5.83%                                    | (N=10)     |
| Charlotte County    | 9.58%                               | 11.41%                              | -3.87%                              | 0.60%                               | 6.10%                               | 1.17%                               | 5.17%                               | 11.45%                              | -6.30%                              | 5.72%                               | 5.44%                                    | (N=10)     |
| Chesterfield County | 6.40%                               | 5.27%                               | 1.62%                               | 0.19%                               | 1.11%                               | 2.08%                               | 3.91%                               | 3.88%                               | 3.98%                               | 2.80%                               | 3.34%                                    | (N=10)     |
| Clarke County       | 15.50%                              | 19.95%                              | -4.85%                              | -3.64%                              | -1.53%                              | 2.03%                               | 0.65%                               | 0.61%                               | 3.44%                               | 0.87%                               | 0.76%                                    | (N=10)     |
| Craig County        | 14.01%                              | 11.82%                              | -2.52%                              | 5.72%                               | -1.52%                              | 10.22%                              | -0.65%                              | 15.36%                              | 1.81%                               | 8.63%                               | 7.18%                                    | (N=10)     |
| Culpeper County     | 19.58%                              | 13.73%                              | -12.79%                             | 1.59%                               | -6.67%                              | 2.08%                               | -2.48%                              | 1.33%                               | 0.66%                               | 4.33%                               | 1.46%                                    | (N=10)     |
| Cumberland County   | 24.20%                              | -0.98%                              | 7.01%                               | 11.34%                              | -5.77%                              | 7.11%                               | 5.16%                               | 5.74%                               | 4.53%                               | -0.22%                              | 5.45%                                    | (N=10)     |
| Dickenson County    | 11.54%                              | -1.16%                              | 1.30%                               | -7.71%                              | 21.08%                              | 11.92%                              | 9.58%                               | -4.05%                              | -1.10%                              | 6.63%                               | 3.96%                                    | (N=10)     |
| Dinwiddie County    | 7.30%                               | 1.82%                               | 10.71%                              | 5.10%                               | -0.77%                              | 2.78%                               | 7.16%                               | -0.61%                              | 7.89%                               | 6.43%                               | 5.76%                                    | (N=10)     |
| Essex County        | 12.82%                              | 15.95%                              | 0.44%                               | -3.46%                              | 7.23%                               | 4.41%                               | 6.66%                               | -6.37%                              | 12.97%                              | 3.62%                               | 5.54%                                    | (N=10)     |
| Fairfax County      | 13.22%                              | 3.18%                               | -4.34%                              | -7.10%                              | -3.95%                              | 0.36%                               | -0.46%                              | 1.93%                               | 1.71%                               | 5.37%                               | 1.04%                                    | (N=10)     |
| Fauquier County     | 38.48%                              | 2.23%                               | -5.74%                              | -4.92%                              | -0.43%                              | 0.14%                               | 0.17%                               | 2.54%                               | -0.48%                              | 0.98%                               | 0.15%                                    | (N=10)     |
| Floyd County        | 9.60%                               | 11.36%                              | -2.28%                              | 2.21%                               | 2.11%                               | 7.44%                               | 4.48%                               | 3.86%                               | 9.56%                               | 6.62%                               | 5.55%                                    | (N=10)     |
| Fluvanna County     | 9.34%                               | 10.58%                              | 0.84%                               | -1.13%                              | 3.79%                               | 12.23%                              | -1.71%                              | 3.46%                               | 0.88%                               | 1.51%                               | 2.49%                                    | (N=10)     |
| Franklin County     | 22.88%                              | 10.69%                              | 2.59%                               | 0.40%                               | 4.06%                               | 4.87%                               | 7.88%                               | 3.45%                               | 2.37%                               | 5.53%                               | 4.46%                                    | (N=10)     |

Rates of Change in the Per Capita True Valuation of Real Estate by Locality, 1988-98

| Locality              | Percentage Change from 1988 to 1989 | Percentage Change from 1989 to 1990 | Percentage Change from 1990 to 1991 | Percentage Change from 1991 to 1992 | Percentage Change from 1992 to 1993 | Percentage Change from 1993 to 1994 | Percentage Change from 1994 to 1995 | Percentage Change from 1995 to 1996 | Percentage Change from 1996 to 1997 | Percentage Change from 1997 to 1998 | Median Annual Percentage Change, 1988-98 | Case Count |
|-----------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|------------|
| Frederick County      | 8.68%                               | 8.65%                               | 6.83%                               | -2.65%                              | -1.09%                              | 3.90%                               | 1.46%                               | -0.15%                              | -0.36%                              | 4.52%                               | 2.68%                                    | (N=10)     |
| Giles County          | 0.47%                               | 10.23%                              | -3.81%                              | 9.96%                               | 0.05%                               | 9.90%                               | 9.25%                               | 3.53%                               | 4.13%                               | 8.14%                               | 6.14%                                    | (N=10)     |
| Gloucester County     | 7.45%                               | 6.92%                               | -1.21%                              | 1.17%                               | 0.98%                               | 5.32%                               | 3.53%                               | 2.28%                               | 4.32%                               | 1.05%                               | 2.91%                                    | (N=10)     |
| Goochland County      | 13.48%                              | 13.79%                              | 0.53%                               | 3.35%                               | 0.37%                               | 4.82%                               | 3.23%                               | 4.03%                               | 13.30%                              | 9.41%                               | 4.42%                                    | (N=10)     |
| Grayson County        | 12.77%                              | -3.53%                              | -1.03%                              | 10.24%                              | -1.00%                              | 5.14%                               | 2.54%                               | 10.74%                              | 25.24%                              | 1.29%                               | 3.84%                                    | (N=10)     |
| Greene County         | 4.28%                               | 5.11%                               | 3.02%                               | 3.34%                               | -1.91%                              | 7.20%                               | 2.19%                               | 2.57%                               | 13.98%                              | -1.33%                              | 3.18%                                    | (N=10)     |
| Greensville County    | 4.50%                               | 3.78%                               | -10.13%                             | 1.27%                               | 1.11%                               | 2.82%                               | 10.79%                              | -5.43%                              | 17.62%                              | -9.10%                              | 2.05%                                    | (N=10)     |
| Halifax County/1      | -0.71%                              | 14.25%                              | 4.60%                               | 3.51%                               | 7.84%                               | 9.95%                               | 1.08%                               | 7.85%                               | 5.82%                               | 0.26%                               | 5.21%                                    | (N=10)     |
| Hanover County        | 10.70%                              | 5.33%                               | 2.43%                               | 8.95%                               | 4.69%                               | 3.68%                               | 3.92%                               | 3.07%                               | 2.16%                               | 5.87%                               | 4.30%                                    | (N=10)     |
| Henrico County        | 7.77%                               | 6.94%                               | 2.13%                               | 0.97%                               | 2.35%                               | 0.74%                               | 4.25%                               | 0.73%                               | 4.88%                               | 7.72%                               | 3.30%                                    | (N=10)     |
| Henry County          | 5.15%                               | 7.57%                               | -0.81%                              | 7.52%                               | 0.50%                               | 4.19%                               | 4.11%                               | 4.47%                               | 4.18%                               | 5.50%                               | 4.33%                                    | (N=10)     |
| Highland County       | 24.33%                              | 5.62%                               | 1.65%                               | 12.95%                              | -12.52%                             | 5.31%                               | 14.48%                              | 1.97%                               | -3.15%                              | 13.71%                              | 5.47%                                    | (N=10)     |
| Isle of Wight County  | 11.36%                              | 30.94%                              | -10.45%                             | -1.10%                              | 1.57%                               | 6.75%                               | 2.39%                               | 0.43%                               | 4.29%                               | 4.54%                               | 3.34%                                    | (N=10)     |
| James City County     | 9.96%                               | 6.90%                               | 2.61%                               | 2.14%                               | 0.53%                               | 4.91%                               | 2.14%                               | 1.97%                               | 7.83%                               | 10.09%                              | 3.76%                                    | (N=10)     |
| King and Queen County | -7.45%                              | 12.19%                              | -2.88%                              | 3.27%                               | -3.12%                              | 1.14%                               | 18.03%                              | 0.39%                               | 7.13%                               | -0.46%                              | 0.77%                                    | (N=10)     |
| King George County    | 20.79%                              | 14.86%                              | -1.26%                              | -1.62%                              | -1.41%                              | -1.51%                              | 0.12%                               | 0.00%                               | -0.98%                              | 7.88%                               | -0.49%                                   | (N=10)     |
| King William County   | 6.94%                               | 5.18%                               | 6.33%                               | 3.90%                               | -8.06%                              | 4.88%                               | 8.29%                               | 0.00%                               | 4.00%                               | 2.02%                               | 4.44%                                    | (N=10)     |
| Lancaster County      | 23.73%                              | 9.25%                               | 3.24%                               | 2.19%                               | -1.20%                              | 0.61%                               | 0.08%                               | 1.74%                               | -1.72%                              | 3.03%                               | 1.96%                                    | (N=10)     |
| Lee County            | 1.07%                               | 0.98%                               | -2.98%                              | 15.07%                              | 2.10%                               | 6.85%                               | 6.65%                               | 5.85%                               | 2.80%                               | 13.12%                              | 4.32%                                    | (N=10)     |
| Loudoun County        | 26.03%                              | 2.36%                               | -11.54%                             | -16.59%                             | -13.67%                             | -5.20%                              | -3.02%                              | 0.35%                               | -0.51%                              | 3.07%                               | -1.76%                                   | (N=10)     |
| Louisa County         | 14.55%                              | 10.86%                              | 4.68%                               | 0.79%                               | 0.76%                               | 5.25%                               | 2.68%                               | 3.00%                               | 5.60%                               | 2.44%                               | 3.84%                                    | (N=10)     |
| Lunenburg County      | 11.85%                              | 5.97%                               | 4.42%                               | -2.87%                              | 8.71%                               | 4.12%                               | 3.55%                               | 4.11%                               | -0.43%                              | 8.19%                               | 4.27%                                    | (N=10)     |
| Madison County        | 19.11%                              | -1.59%                              | -2.90%                              | 7.06%                               | -2.83%                              | 11.69%                              | 1.18%                               | 3.44%                               | 0.10%                               | 1.73%                               | 1.46%                                    | (N=10)     |
| Mathews County        | 12.08%                              | 17.06%                              | -0.61%                              | -6.41%                              | 8.81%                               | -3.07%                              | 4.48%                               | 2.47%                               | 3.92%                               | 0.13%                               | 3.19%                                    | (N=10)     |
| Mecklenburg County    | 7.19%                               | 5.73%                               | 0.35%                               | 1.44%                               | 9.34%                               | 8.41%                               | 7.79%                               | 7.04%                               | 0.33%                               | 7.20%                               | 7.11%                                    | (N=10)     |
| Middlesex County      | 13.12%                              | 6.36%                               | 4.64%                               | -1.23%                              | 6.80%                               | 1.59%                               | 4.97%                               | 4.66%                               | 0.69%                               | 1.92%                               | 4.65%                                    | (N=10)     |
| Montgomery County     | 3.15%                               | 5.34%                               | -0.07%                              | 2.62%                               | 3.69%                               | 4.94%                               | 4.60%                               | 2.87%                               | 8.85%                               | 9.95%                               | 4.14%                                    | (N=10)     |
| Nelson County         | 12.21%                              | 6.66%                               | 11.52%                              | 3.56%                               | 5.11%                               | 0.19%                               | 3.56%                               | 1.03%                               | -0.18%                              | 5.95%                               | 4.33%                                    | (N=10)     |
| New Kent County       | 22.88%                              | 18.62%                              | -1.84%                              | -0.81%                              | 2.89%                               | 3.78%                               | 6.17%                               | -1.50%                              | 1.91%                               | 15.36%                              | 3.34%                                    | (N=10)     |
| Northampton County    | 51.82%                              | 29.68%                              | -11.05%                             | 0.58%                               | 5.61%                               | 5.34%                               | 4.88%                               | 5.72%                               | 0.05%                               | 9.23%                               | 5.48%                                    | (N=10)     |
| Northumberland County | 24.14%                              | 5.27%                               | 2.72%                               | 0.29%                               | -2.13%                              | 14.33%                              | -2.08%                              | -6.20%                              | 3.15%                               | 2.39%                               | 2.56%                                    | (N=10)     |
| Nottoway County       | 5.76%                               | 8.09%                               | 0.15%                               | -0.90%                              | -0.61%                              | 19.18%                              | -1.84%                              | 7.12%                               | 5.90%                               | -1.42%                              | 2.96%                                    | (N=10)     |
| Orange County         | 13.47%                              | 21.99%                              | 1.01%                               | -1.15%                              | 0.41%                               | -1.35%                              | 2.65%                               | -2.16%                              | 3.19%                               | 2.22%                               | 1.61%                                    | (N=10)     |

Rates of Change in the Per Capita True Valuation of Real Estate by Locality, 1988-98

| Locality              | Percentage Change from 1988 to 1989 | Percentage Change from 1989 to 1990 | Percentage Change from 1990 to 1991 | Percentage Change from 1991 to 1992 | Percentage Change from 1992 to 1993 | Percentage Change from 1993 to 1994 | Percentage Change from 1994 to 1995 | Percentage Change from 1995 to 1996 | Percentage Change from 1996 to 1997 | Percentage Change from 1997 to 1998 | Median Annual Percentage Change, 1988-98 | Case Count |
|-----------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|------------|
| Page County           | 15.52%                              | 10.07%                              | 0.61%                               | -4.32%                              | 5.60%                               | 1.28%                               | 8.32%                               | 3.22%                               | -4.76%                              | 3.80%                               | 3.51%                                    | (N=10)     |
| Patrick County        | 1.70%                               | 5.90%                               | -7.85%                              | 7.97%                               | 14.63%                              | 5.27%                               | -2.24%                              | -0.70%                              | 11.36%                              | 8.90%                               | 5.58%                                    | (N=10)     |
| Pittsylvania County   | 6.42%                               | 7.02%                               | 2.30%                               | 8.73%                               | 5.02%                               | 5.01%                               | 12.99%                              | -2.21%                              | 1.68%                               | 12.52%                              | 5.72%                                    | (N=10)     |
| Powhatan County       | 12.20%                              | 6.78%                               | 3.57%                               | 0.46%                               | 0.95%                               | 8.28%                               | 1.26%                               | 3.39%                               | 4.08%                               | 7.27%                               | 3.82%                                    | (N=10)     |
| Prince Edward County  | 11.17%                              | 15.14%                              | 5.09%                               | -2.72%                              | 4.99%                               | 5.42%                               | 0.90%                               | 14.01%                              | 0.08%                               | 0.90%                               | 5.04%                                    | (N=10)     |
| Prince George County  | 8.07%                               | 18.51%                              | -0.28%                              | 9.41%                               | 3.86%                               | 4.42%                               | 7.79%                               | -3.06%                              | 4.41%                               | 11.65%                              | 6.11%                                    | (N=10)     |
| Prince William County | 17.68%                              | 7.85%                               | -3.07%                              | -3.26%                              | -2.85%                              | -2.27%                              | -0.79%                              | 1.22%                               | -0.48%                              | 3.03%                               | -0.64%                                   | (N=10)     |
| Pulaski County        | 4.36%                               | 5.21%                               | 2.40%                               | 2.23%                               | 3.15%                               | 4.10%                               | 5.83%                               | 7.67%                               | 8.16%                               | 6.33%                               | 4.78%                                    | (N=10)     |
| Rappahannock County   | 24.50%                              | 6.65%                               | -6.29%                              | 14.59%                              | 0.87%                               | 2.80%                               | -2.27%                              | 4.36%                               | -2.05%                              | -7.50%                              | 1.84%                                    | (N=10)     |
| Richmond County       | -10.49%                             | 31.63%                              | -5.58%                              | 12.77%                              | 10.30%                              | -16.05%                             | 0.21%                               | -6.24%                              | 15.03%                              | 0.88%                               | 0.55%                                    | (N=10)     |
| Roanoke County        | 6.10%                               | 4.37%                               | 3.76%                               | 4.09%                               | 5.97%                               | 4.75%                               | 5.16%                               | 4.81%                               | 1.61%                               | 6.61%                               | 4.78%                                    | (N=10)     |
| Rockbridge County     | 1.47%                               | 18.00%                              | 1.20%                               | 5.88%                               | -0.06%                              | 5.12%                               | 13.95%                              | 4.47%                               | 7.63%                               | 4.85%                               | 4.99%                                    | (N=10)     |
| Rockingham County     | 9.71%                               | -0.48%                              | 2.62%                               | -1.92%                              | -1.19%                              | 15.40%                              | -1.59%                              | 2.71%                               | 6.42%                               | 3.15%                               | 2.67%                                    | (N=10)     |
| Russell County        | 4.38%                               | 9.18%                               | 5.64%                               | 7.20%                               | 3.00%                               | 1.93%                               | 6.20%                               | 5.08%                               | 10.09%                              | 4.47%                               | 5.36%                                    | (N=10)     |
| Scott County          | 12.74%                              | 14.87%                              | -3.26%                              | 7.68%                               | -0.11%                              | 12.74%                              | -2.18%                              | 8.99%                               | 6.67%                               | 10.80%                              | 8.33%                                    | (N=10)     |
| Shenandoah County     | 22.01%                              | 0.85%                               | 10.05%                              | -4.60%                              | -3.40%                              | 6.56%                               | -0.69%                              | -0.05%                              | 1.72%                               | -1.75%                              | 0.40%                                    | (N=10)     |
| Smyth County          | 3.34%                               | 10.00%                              | -0.38%                              | 5.57%                               | 2.61%                               | 8.20%                               | 4.42%                               | 4.78%                               | 6.05%                               | -0.79%                              | 4.60%                                    | (N=10)     |
| Southampton County    | 11.61%                              | -3.92%                              | 3.49%                               | 3.88%                               | 14.74%                              | 4.82%                               | 0.33%                               | 0.89%                               | 7.79%                               | 3.54%                               | 3.71%                                    | (N=10)     |
| Spotsylvania County   | 5.84%                               | 4.21%                               | -6.51%                              | 11.14%                              | -1.56%                              | 1.79%                               | 0.58%                               | 3.14%                               | -3.01%                              | 1.58%                               | 1.69%                                    | (N=10)     |
| Stafford County       | 14.53%                              | 30.25%                              | -4.33%                              | -4.25%                              | 0.66%                               | 0.10%                               | 0.67%                               | -1.08%                              | 3.71%                               | 4.53%                               | 0.67%                                    | (N=10)     |
| Surry County          | 21.70%                              | -2.95%                              | -3.13%                              | 8.70%                               | 0.32%                               | 0.14%                               | -4.18%                              | 10.98%                              | 7.14%                               | -9.62%                              | 0.23%                                    | (N=10)     |
| Sussex County         | 18.83%                              | 7.46%                               | -8.21%                              | 9.78%                               | 13.51%                              | -3.97%                              | 3.08%                               | 3.57%                               | -0.26%                              | 8.70%                               | 5.52%                                    | (N=10)     |
| Tazewell County       | 1.91%                               | 13.17%                              | -4.56%                              | 8.06%                               | -0.22%                              | 8.61%                               | 7.16%                               | 4.21%                               | 6.14%                               | 2.44%                               | 5.17%                                    | (N=10)     |
| Warren County         | 12.94%                              | 18.95%                              | -6.07%                              | -2.82%                              | -1.95%                              | 3.89%                               | 7.13%                               | -0.88%                              | 1.83%                               | 7.58%                               | 2.86%                                    | (N=10)     |
| Washington County     | 7.17%                               | 7.05%                               | 3.58%                               | 2.85%                               | 5.72%                               | 3.87%                               | 6.90%                               | 10.56%                              | 6.89%                               | 2.11%                               | 6.31%                                    | (N=10)     |
| Westmoreland County   | 17.87%                              | 6.10%                               | -1.18%                              | 7.52%                               | 2.05%                               | -4.00%                              | 8.14%                               | 1.82%                               | 3.19%                               | 1.92%                               | 2.62%                                    | (N=10)     |
| Wise County           | 4.58%                               | 4.82%                               | 2.62%                               | 1.40%                               | 7.84%                               | -0.95%                              | 11.81%                              | 1.80%                               | 5.01%                               | 4.44%                               | 4.51%                                    | (N=10)     |
| Wythe County          | 11.14%                              | 4.83%                               | 6.18%                               | 2.83%                               | 8.14%                               | 2.32%                               | 6.64%                               | 5.80%                               | 9.18%                               | 4.84%                               | 5.99%                                    | (N=10)     |
| York County           | 8.72%                               | 13.39%                              | -2.90%                              | 2.44%                               | 0.62%                               | 2.92%                               | 1.03%                               | 3.44%                               | 2.78%                               | 3.98%                               | 2.85%                                    | (N=10)     |
| Alexandria City       | 22.51%                              | 7.61%                               | 2.19%                               | -12.50%                             | 0.34%                               | -9.81%                              | -0.67%                              | 0.69%                               | -1.03%                              | 5.55%                               | 0.51%                                    | (N=10)     |
| Bedford City          | 8.32%                               | 15.29%                              | -4.60%                              | 6.66%                               | 4.25%                               | 8.60%                               | 2.58%                               | 7.33%                               | 2.27%                               | -2.20%                              | 5.45%                                    | (N=10)     |
| Bristol City          | 3.53%                               | -3.32%                              | 5.44%                               | 3.72%                               | 0.49%                               | 4.64%                               | 10.59%                              | 9.51%                               | 0.14%                               | 9.29%                               | 4.18%                                    | (N=10)     |
| Buena Vista City      | 8.01%                               | 1.71%                               | 6.58%                               | 5.61%                               | 5.02%                               | 3.38%                               | 4.53%                               | 8.89%                               | 3.11%                               | -4.38%                              | 4.77%                                    | (N=10)     |

Rates of Change in the Per Capita True Valuation of Real Estate by Locality, 1988-98

| Locality              | Percentage Change from 1988 to 1989 | Percentage Change from 1989 to 1990 | Percentage Change from 1990 to 1991 | Percentage Change from 1991 to 1992 | Percentage Change from 1992 to 1993 | Percentage Change from 1993 to 1994 | Percentage Change from 1994 to 1995 | Percentage Change from 1995 to 1996 | Percentage Change from 1996 to 1997 | Percentage Change from 1997 to 1998 | Median Annual Percentage Change, 1988-98 | Case Count |
|-----------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|------------|
| Charlottesville City  | 16.91%                              | 11.62%                              | 0.99%                               | 2.10%                               | 0.26%                               | 5.58%                               | 3.96%                               | 6.90%                               | 0.44%                               | 9.73%                               | 4.77%                                    | (N=10)     |
| Chesapeake City       | 11.51%                              | 6.89%                               | -0.11%                              | 0.87%                               | 2.38%                               | 2.26%                               | 1.90%                               | 3.46%                               | 1.51%                               | 2.75%                               | 2.32%                                    | (N=10)     |
| Clifton Forge City    | 0.50%                               | 21.07%                              | -0.41%                              | 11.79%                              | 1.69%                               | 6.99%                               | 13.57%                              | -1.72%                              | 1.53%                               | 0.90%                               | 1.61%                                    | (N=10)     |
| Colonial Heights City | 26.94%                              | 9.82%                               | 4.20%                               | 4.38%                               | 1.97%                               | 16.54%                              | -4.80%                              | 2.84%                               | 5.94%                               | 5.70%                               | 5.04%                                    | (N=10)     |
| Covington City        | -1.00%                              | 14.38%                              | 4.87%                               | -2.07%                              | 3.85%                               | 7.42%                               | 12.80%                              | -1.33%                              | 5.52%                               | -1.80%                              | 4.36%                                    | (N=10)     |
| Danville City         | 34.95%                              | 6.12%                               | 7.71%                               | 4.12%                               | 4.50%                               | 3.06%                               | 2.85%                               | 27.14%                              | -11.33%                             | 5.47%                               | 4.99%                                    | (N=10)     |
| Emporia City          | 9.51%                               | 14.92%                              | -4.81%                              | 2.94%                               | 6.06%                               | 1.68%                               | 8.04%                               | 0.99%                               | 10.16%                              | -0.34%                              | 4.50%                                    | (N=10)     |
| Fairfax City          | 15.13%                              | 2.98%                               | -3.79%                              | -9.26%                              | -1.07%                              | -3.49%                              | -0.39%                              | 4.51%                               | 2.26%                               | 2.78%                               | 0.93%                                    | (N=10)     |
| Falls Church City     | 13.97%                              | 5.37%                               | 0.56%                               | -5.33%                              | -0.81%                              | -1.21%                              | -2.06%                              | -0.12%                              | 0.86%                               | 4.80%                               | 0.22%                                    | (N=10)     |
| Franklin City         | 1.79%                               | 4.97%                               | 3.17%                               | -5.78%                              | 11.90%                              | 5.61%                               | -0.04%                              | 1.18%                               | 5.92%                               | 9.52%                               | 4.07%                                    | (N=10)     |
| Fredericksburg City   | 23.25%                              | 20.78%                              | 3.62%                               | -7.39%                              | -1.79%                              | -0.11%                              | 3.62%                               | 2.92%                               | 5.99%                               | 11.97%                              | 3.62%                                    | (N=10)     |
| Galax City            | 4.14%                               | 11.16%                              | -6.26%                              | 17.49%                              | -0.42%                              | 6.74%                               | 5.20%                               | -1.42%                              | -0.20%                              | 3.75%                               | 3.95%                                    | (N=10)     |
| Hampton City          | 4.85%                               | 1.81%                               | 2.92%                               | 0.34%                               | 2.59%                               | 2.05%                               | 4.40%                               | 1.94%                               | 2.23%                               | 3.98%                               | 2.41%                                    | (N=10)     |
| Harrisonburg City     | 6.64%                               | 1.08%                               | 2.56%                               | -0.39%                              | 1.74%                               | 1.25%                               | 0.59%                               | 0.62%                               | 4.35%                               | 6.27%                               | 1.81%                                    | (N=10)     |
| Hopewell City         | 5.97%                               | 9.37%                               | -0.13%                              | 6.75%                               | 3.76%                               | 4.86%                               | 2.47%                               | 8.73%                               | 2.53%                               | 2.77%                               | 4.31%                                    | (N=10)     |
| Lexington City        | 12.75%                              | 6.55%                               | 10.57%                              | 4.04%                               | 0.73%                               | 3.21%                               | 11.87%                              | 1.23%                               | 7.51%                               | -2.38%                              | 5.30%                                    | (N=10)     |
| Lynchburg City        | 7.98%                               | 8.94%                               | 7.68%                               | 4.62%                               | 2.23%                               | 9.67%                               | 1.13%                               | 8.26%                               | 0.47%                               | 4.99%                               | 6.34%                                    | (N=10)     |
| Manassas City         | 5.83%                               | -0.95%                              | -6.40%                              | -10.85%                             | -1.13%                              | -2.50%                              | -1.36%                              | -2.81%                              | 5.16%                               | 6.37%                               | -1.24%                                   | (N=10)     |
| Manassas Park City    | 22.92%                              | 5.95%                               | 1.25%                               | -8.68%                              | 1.60%                               | 4.53%                               | 2.60%                               | -5.71%                              | 4.07%                               | 9.32%                               | 3.34%                                    | (N=10)     |
| Marlinsville City     | 10.46%                              | 9.78%                               | -0.81%                              | 6.98%                               | -2.80%                              | 0.38%                               | -6.41%                              | 8.45%                               | -1.23%                              | -1.84%                              | -0.21%                                   | (N=10)     |
| Newport News City     | 2.67%                               | 2.95%                               | 4.66%                               | -1.15%                              | 3.31%                               | 2.60%                               | -0.32%                              | 2.28%                               | 1.38%                               | 2.07%                               | 2.44%                                    | (N=10)     |
| Norfolk City          | 13.47%                              | 8.94%                               | 6.42%                               | 2.11%                               | 6.37%                               | -0.33%                              | 2.06%                               | 1.39%                               | 0.65%                               | 4.93%                               | 3.52%                                    | (N=10)     |
| Norton City           | -9.51%                              | 14.96%                              | 7.70%                               | -9.73%                              | 15.34%                              | 15.54%                              | -4.59%                              | 15.96%                              | -2.68%                              | 12.94%                              | 10.32%                                   | (N=10)     |
| Petersburg City       | 11.65%                              | 11.26%                              | -4.36%                              | 1.78%                               | 1.06%                               | 2.98%                               | -1.05%                              | 9.52%                               | 3.13%                               | 1.83%                               | 2.41%                                    | (N=10)     |
| Poquoson City         | -0.67%                              | 1.42%                               | 5.18%                               | 1.55%                               | 2.02%                               | 4.34%                               | 2.68%                               | 6.11%                               | 4.72%                               | 3.66%                               | 3.17%                                    | (N=10)     |
| Portsmouth City       | 13.14%                              | 6.77%                               | 0.86%                               | -3.30%                              | 2.89%                               | -0.41%                              | 3.15%                               | 4.12%                               | 0.61%                               | 2.92%                               | 2.90%                                    | (N=10)     |
| Radford City          | -2.07%                              | -2.87%                              | 3.49%                               | 6.13%                               | 2.24%                               | 4.70%                               | 9.86%                               | 4.07%                               | 2.69%                               | 6.81%                               | 3.78%                                    | (N=10)     |
| Richmond City         | 11.35%                              | 5.92%                               | 3.35%                               | 4.43%                               | -3.01%                              | 0.47%                               | 2.97%                               | 6.31%                               | 8.68%                               | 2.88%                               | 3.89%                                    | (N=10)     |
| Roanoke City          | 7.91%                               | 4.99%                               | 4.07%                               | 4.68%                               | -0.38%                              | 4.20%                               | 7.31%                               | 1.27%                               | 5.80%                               | 4.95%                               | 4.81%                                    | (N=10)     |
| Salem City            | 8.76%                               | 6.64%                               | 5.73%                               | 2.30%                               | 4.77%                               | 5.65%                               | 4.21%                               | 1.17%                               | 4.26%                               | 6.89%                               | 5.21%                                    | (N=10)     |
| South Boston City/1   | 14.53%                              | 4.86%                               | 3.34%                               | 2.95%                               | 4.83%                               | 10.97%                              | N.A.                                | N.A.                                | N.A.                                | N.A.                                | 4.84%                                    | (N=6)      |
| Staunton City         | 8.31%                               | 13.42%                              | 0.05%                               | 5.19%                               | -2.47%                              | 3.69%                               | 2.41%                               | 7.44%                               | 5.21%                               | -0.88%                              | 4.44%                                    | (N=10)     |
| Suffolk City          | 12.63%                              | 4.49%                               | 3.33%                               | 1.16%                               | 3.50%                               | 4.80%                               | 5.18%                               | 0.93%                               | 2.08%                               | 4.45%                               | 3.98%                                    | (N=10)     |

Rates of Change in the Per Capita True Valuation of Real Estate by Locality, 1988-98

| Locality                    | Percentage Change from 1988 to 1989 | Percentage Change from 1989 to 1990 | Percentage Change from 1990 to 1991 | Percentage Change from 1991 to 1992 | Percentage Change from 1992 to 1993 | Percentage Change from 1993 to 1994 | Percentage Change from 1994 to 1995 | Percentage Change from 1995 to 1996 | Percentage Change from 1996 to 1997 | Percentage Change from 1997 to 1998 | Median Annual Percentage Change, 1988-98 | Case Count |
|-----------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|------------|
| Virginia Beach City         | 3.24%                               | -0.37%                              | 1.55%                               | -0.53%                              | -0.11%                              | 1.76%                               | 3.61%                               | 3.83%                               | 3.35%                               | 4.62%                               | 2.50%                                    | (N=10)     |
| Waynesboro City             | 10.52%                              | 10.40%                              | -6.08%                              | 6.21%                               | -0.90%                              | 4.34%                               | 2.35%                               | 2.85%                               | 2.56%                               | 3.12%                               | 2.98%                                    | (N=10)     |
| Williamsburg City           | 16.69%                              | 11.82%                              | -5.37%                              | -3.15%                              | -2.79%                              | 3.20%                               | 3.83%                               | 0.77%                               | 6.78%                               | -1.63%                              | 1.99%                                    | (N=10)     |
| Winchester City             | 18.54%                              | 9.70%                               | 1.60%                               | -2.63%                              | 0.55%                               | 2.36%                               | -0.11%                              | 2.78%                               | 7.32%                               | 4.11%                               | 2.57%                                    | (N=10)     |
| Statewide Median Case Count | 9.59% (N=136)                       | 7.03% (N=136)                       | 1.23% (N=136)                       | 2.19% (N=136)                       | 1.62% (N=136)                       | 4.11% (N=136)                       | 3.55% (N=135)                       | 2.87% (N=135)                       | 3.44% (N=135)                       | 4.33% (N=135)                       |  |            |

1

With respect to the Halifax County growth rates for the 1995-98 interval, these statistics reflect the per capita magnitudes of real estate true valuation in South Boston, which reverted to the status of a town on July 1, 1995.

Sources: VA Department of Taxation, *Virginia Assessment/Sales Ratio Study, 1988-91* (Table 6), 1992-98 (Table 4); Center for Public Service, University of Virginia, "Census Counts and Estimates" (unpublished table), March, 1991; U.S. Department of Commerce, Bureau of the Census, "Population Estimates for States, Counties, Places, and Minor Civil Divisions: Annual Time Series, July 1, 1990 to July 1, 1998" (unpublished table including city data), June 30, 1999; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates: 1991 through 1999" (electronic dataset), January 21, 2000.

Staff, Commission on Local Government



**TAXING POWERS GRANTED TO VIRGINIA COUNTIES, CITIES AND TOWNS**  
(incorporates changes through the 2000 General Assembly session)

| <u>Tax and Authority</u>                                       | <u>Local Governments Empowered to Levy</u>       | <u>County-Town Relationship</u>  | <u>Remarks</u>   |
|--|--|--|--|
| <b>TAXES ON PROPERTY</b>                                       |  |  |  |
| Real Property<br>(§58.1-3200)                                  | Counties<br>Cities<br>Towns<br>Special Districts | Town tax is levied in addition to county tax. Towns may conduct own reassessment, but none currently do so; all rely on county assessment. | See Note 2 for discussion on special district taxes.   |
| Tangible Personal Property<br>(§58.1-3501; 58.1-3523, et seq.) | Counties<br>Cities<br>Towns                      | Town tax is levied in addition to county tax.  | See Note 3 for discussion on state reimbursement of taxes levied.  |
| Machinery and Tools<br>(§58.1-3507)                            | Counties<br>Cities<br>Towns                      | Town tax is levied in addition to county tax.  | Rate may not be higher than that levied on tangible personal property.   |
| Merchants' Capital<br>(§58.1-3509)                             | Counties<br>Cities<br>Towns                      | Town tax is levied in addition to county tax.  | Rate may not exceed the rate in effect on 1/1/78. May not be levied on any class on which BPOL tax is levied.  |
| <b>TAXES ON INDIVIDUALS; CONSUMERS</b>                         |  |  |  |
| Sales and Use<br>(§§58.1-605, 58.1-606)                        | Counties<br>Cities                               |  | Limited to 1% of the gross sales price of an item. Towns with separate school districts receive a proportion of the county's total sales tax revenue, based on school-age population. For all other towns, one-half of the county's revenue is divided among the county and towns, based on school-age population. |

|   |  |   |   |
|---|--|---|---|
| Motor Vehicle License<br>(§46.2-752)          | Counties<br>Cities<br>Towns  | Imposition of tax by town constitutes a credit for taxpayers on the county tax. The taxpayer is liable to the county for the difference between the town tax and the county tax.  | Tax may not exceed motor vehicle license tax imposed by State.  |
| Utility Consumers<br>(§§58.1-3812, 58.1-3814) | Counties<br>Cities<br>Towns  | If a county imposes the tax, no town within the county may impose the tax, unless the town constitutes a separate school division or had the tax in effect on or before January 1, 2000. If the town tax is in effect, the county tax does not apply within the town. | Rate not to exceed 20% and applicable only to first \$15 of bill for residential customers. (Beginning in 2001, rate on electricity or gas consumption to be based on number of kilowatt hours or cubic feet consumed. The effective cap of \$3 per month would remain the same, however.) Effective Sept. 1, 1994, statute explicitly authorizes tax on mobile telecommunication services; rate not to exceed 10% and applicable only to first \$30 of bill. |
| Meals<br>(§58.1-3833, 58.1-3840)              | Counties<br>Cities<br>Towns  | If town levies tax, county tax applicable in town only if council agrees.   | Counties limited to maximum rate of 4% and may levy tax only after approved in referendum, except for certain counties which may impose tax if unanimously approved by board of supervisors. No limit on towns or cities and referendum not required.   |
| Income<br>(§58.1-540)                         | Cities of Norfolk, Virginia Beach, Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park, and Counties of Fairfax, Arlington, Loudoun, and Prince William |   | Limited to maximum of 1%; must be approved by referendum. Revenues must be used for transportation facilities. Tax can be levied for only 5 years from the effective date of the tax.   |
| Cigarettes<br>(§58.1-3830)                    | Arlington and Fairfax Counties<br>Cities<br>Towns  |   | Cities and towns may levy tax only if they had authority to do so prior to 1/1/77. Arlington and Fairfax limited to tax of \$.05 per pack, or amount levied by State law, whichever is greater.   |

Transient Occupancy  
(§§58.1-3819, 58.1-3820, 58.1-3822,  
58.1-3840)

Counties  
Cities  
Towns

If town levies tax, county tax to apply  
only if town agrees.

Counties generally limited to maximum  
rate of 2%; no limit on cities or towns.  
Arlington may levy tax up to 5%, under  
certain conditions. Arlington may im-  
pose additional .25% tax through 2002 if  
additional revenues are used to promote  
tourism. Roanoke County's charter au-  
thorizes it to levy a tax up to 5%. The  
following counties have been authorized  
to impose an additional 3% provided the  
resulting revenue is used to promote  
tourism or business that generates tour-  
ism: Albemarle, Augusta, Caroline,  
Dinwiddie, Franklin, Gloucester, James  
City, Loudoun, Nelson, Page, Prince  
William, Rockbridge, Spotsylvania,  
Stafford, Tazewell, Wythe, York. In  
addition to the standard 2% rate, Henrico,  
Chesterfield, and Hanover are authorized  
to collect another 6%. The revenues  
from this additional 6% must be used as  
follows--4% for tourism promotion and  
2% for expanding the convention center  
in Richmond.

Admissions  
(§§58.1-3818, 58.1-3840)

Fairfax, Arlington, Brunswick,  
Culpeper, Dinwiddie, James City,  
Nelson, Prince George, and Roanoke  
Counties; any county in which there is  
located a major league baseball stadium  
Cities  
Towns

County tax is in addition to any town  
tax.

Counties authorized to levy tax are  
limited to maximum of 10% except  
Roanoke and James City, which have  
general charter power. The tax in the  
county with the baseball stadium may be  
levied on admissions to the stadium  
only. The 10% tax may be supplement-  
ed by a 2% surcharge if the stadium has  
more than 40,000 seats. Nelson County  
may levy tax only for admissions to  
spectator events.

Recordation  
(§58.1-3800)

Counties  
Cities

Limited to one-third of State recordation  
tax.

Probate  
(§58.1-3805)

Counties  
Cities

Limited to one-third of State recordation tax.

E-911  
(§58.1-3813.1)

Counties  
Cities  
Towns

If a county imposes the tax, no town located within the county may impose the tax unless the town constitutes a separate school division or had the tax in effect before January 1, 2000. If a town tax in effect, the county tax does not apply within the town.

Limited to a maximum of \$3 per month and must be used solely to the cost of starting and operating E-911 system.

**TAXES ON BUSINESSES**

Business, Professional and Occupational (BPOL)  
(§58.1-3700, et al)

Counties  
Cities  
Towns

Counties cannot levy BPOL taxes within a town that also levies BPOL taxes, unless the town agrees.

Commonly called "gross receipts tax"; may be levied on almost any type of business or occupation. State law places variety of caps on rates that can be levied against particular types of businesses. Also, localities with populations over 50,000 may not levy tax against a business with gross receipts of less than \$100,000. For those localities with a population of 25,000-50,000, the threshold is \$50,000. All localities may impose a license fee in those instances in which the tax is not levied. The fee may range from \$30-\$100, depending on the size of the locality. Any locality imposing a fee or tax must adopt a uniform ordinance. No category can be required to pay both merchants' capital tax and BPOL tax to the same jurisdiction.

Daily Rental Property  
(§58.1-3510.1, et al)

Counties  
Cities  
Towns

The town tax is in addition to the county tax.

Similar to sales tax; limited to 1% of amount charged for rental property.

Coal Severance  
(§58.1-3712)

Counties  
Cities

Limited to maximum of 1% of gross receipts from sale of coal mined.

|   |                             |  |  |
|---|-----------------------------|--|--|
| Gas Severance<br>(§§58.1-3712 and 58.1-3713.4)    | Counties<br>Cities          | Limited to maximum of 2% of gross receipts from sale of gas produced. 25% of revenues in counties and city in Southwest Virginia paid to Virginia Coalfield Economic Development Fund.               |  |
| Coal and Gas Road Improvement<br>(§58.1-3713)     | Counties<br>Cities          | 20% of revenue in Wise County required to be distributed to towns and city situated in county. Of that portion, 25% distributed according to number of motor vehicles and remainder divided equally. | Limited to maximum of 1% of gross receipts of sale of coal or gas mined or produced. Locality retains 75% of revenue which goes into special road improvement fund. However, locality may elect to use 50% of the retained amount to fund construction of new water systems and lines. Remaining 25% of revenue paid to Virginia Coalfield Economic Development Fund. Authority expires in 2002. |
| Oil Severance<br>(§58.1-3712.1)                   | Counties<br>Cities          | Limited to maximum of .5% of gross receipts of sale of oil produced. Authority expired in 1995.  |  |
| Utility License<br>(§58.1-3731)                   | Counties<br>Cities<br>Towns | If a town levies tax, county tax applicable in town only if council agrees.  | Form of BPOL tax. Limited to maximum of .5% of gross receipts of company accruing from business in locality. After December 1, 2000, localities may not impose tax on electric or gas companies. Tax to be replaced by consumption tax established by State, collected by utility company, and distributed to locality.  |
| Alcohol License<br>(§§4.1-205, 4.1-233)           | Counties<br>Cities<br>Towns | If a town levies tax, county tax not applicable in town.   | Localities authorized to collect license taxes from persons engaged in manufacturing, selling, or bottling alcoholic beverages and mixed beverages. Maximum taxes set by State law.  |
| Bank Franchise<br>(§§58.1-1208 through 58.1-1211) | Counties<br>Cities<br>Towns | Counties may tax only those banks outside town corporate limits.   | Limited to maximum of 80% of the State rate.   |

|  |                             |  |  |
|--|-----------------------------|--|--|
| Cable TV Franchise<br>(§ 15.2-2108)                    | Counties<br>Cities<br>Towns | If a town levies tax, county tax not applicable in town. | Federal Regulations limit franchise fee, in most circumstances, to 5% of gross revenue. (Local governments may also levy BPOL tax or excise tax on cable systems.) |
| Cable TV Excise<br>(§ 58.1-3818.1 through 58.1-3818.7) | Counties<br>Cities<br>Towns |  | Limited to maximum rate of 5% of gross receipts. Shall be in lieu of any BPOL tax levied against cable operations.   |

## NOTES:

1. This table outlines taxing authority allowed local governments by statutory law. In addition to this authority, cities and towns which have incorporated the Uniform Charter Powers Act (§§ 15.2-1100 through 15.2-1126) into their charters have a general taxing authority (§ 15.2-1104). Consequently, some municipalities may levy taxes as a result of this provision, or through explicit authority granted in their charters, which are not on this chart.
2. Counties, cities, and towns, acting through special districts, can levy property taxes for a variety of purposes. (§§ 15.2-2400 through 15.2-2403) In addition, counties can create sanitary districts for a variety of services and fund them through a tax on property in the districts. Counties can also levy property taxes, either countywide or in one or more magisterial districts, to pay for contracted fire protection services (§ 27-3). The General Assembly has also authorized the creation of special transportation districts within counties or between counties. Special property taxes can be levied on business or commercial properties within those districts (§§ 15.2-4806 and 15.2-4607).
3. To offset the cost of the personal property tax on motor vehicle owners, the State will pay an increasingly higher percentage of the tax levied by localities. Beginning in 1998, the State will reimburse motor vehicle owners 100% of the local tax paid on vehicles with an assessed value of \$1,000 or less. For vehicles assessed at more than \$1,000 and up to a maximum assessed value of \$20,000, the reimbursement will be 12.5% of the tax levied. After 1998, the proportion of the tax paid by the State (reimbursed to localities) will increase until it reaches 100% in 2002. The owners of vehicles with an assessed value of more than \$20,000 will be responsible for the entire tax on the value above \$20,000. The State reimbursement is applicable only to vehicles used for nonbusiness purposes. Furthermore, the state reimbursement is limited to the local effective tax rate in effect on August 1, 1997. Localities are not prohibited from increasing the personal property tax rate on motor vehicles, but the owners of any motor vehicles in any locality doing so will be responsible for paying the entire difference between the amount owed under the new rate and what would have been owed under the base rate.

Local Operational Expenditure Profile  
of Virginia's Counties and Cities  
FY1990-98



Commission on Local Government  
Commonwealth of Virginia

February 2000

Table 1.1  
 Absolute Distribution  
 of  
 Operating Expenditures by Category and Jurisdictional Class  
 for  
 Counties and Cities in Virginia  
 FY 1998

| Expenditure Category  | Counties        | Cities          | All Jurisdictions |
|---|-----------------|-----------------|-------------------|
| <b>General Government Administration</b>                    |                 |                 |                   |
| Legislative   | \$18,990,613    | \$9,661,679     | \$28,652,292      |
| General and Financial Administration                        | \$288,340,988   | \$186,768,019   | \$475,109,007     |
| Board of Elections  | \$11,890,859    | \$6,263,413     | \$18,154,282      |
| Sub-Total   | \$319,222,470   | \$202,693,111   | \$521,915,581     |
| <b>Judicial Administration</b>                              |                 |                 |                   |
| Courts  | \$94,237,962    | \$58,309,993    | \$152,547,955     |
| Commonwealth's Attorney                                     | \$31,978,494    | \$26,846,637    | \$58,825,131      |
| Sub-Total   | \$126,216,456   | \$85,156,630    | \$211,373,086     |
| <b>Public Safety</b>  |                 |                 |                   |
| Law Enforcement and Traffic Control                         | \$391,995,705   | \$380,797,200   | \$772,792,905     |
| Fire and Rescue Services                                    | \$252,133,703   | \$245,128,371   | \$497,262,074     |
| Correction and Detention                                    | \$184,526,650   | \$144,523,568   | \$329,050,218     |
| Inspections   | \$41,822,856    | \$26,850,630    | \$68,673,486      |
| Other Protection  | \$44,120,182    | \$28,302,599    | \$72,422,781      |
| Sub-Total   | \$914,599,096   | \$825,602,368   | \$1,740,201,464   |
| <b>Public Works</b>   |                 |                 |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$66,855,418    | \$228,049,512   | \$294,904,930     |
| Sanitation and Waste Removal                                | \$208,096,042   | \$142,484,889   | \$350,580,931     |
| Maintenance of General Buildings and Grounds                | \$104,047,185   | \$89,185,844    | \$193,233,029     |
| Sub-Total   | \$378,998,645   | \$459,720,245   | \$838,718,890     |
| <b>Health and Welfare</b>                                   |                 |                 |                   |
| Health  | \$70,320,607    | \$41,638,500    | \$111,959,107     |
| Mental Health and Mental Retardation                        | \$269,183,390   | \$186,899,085   | \$456,082,475     |
| Welfare/Social Services                                     | \$484,633,168   | \$354,820,572   | \$839,453,740     |
| Sub-Total   | \$824,137,165   | \$583,358,157   | \$1,407,495,322   |
| <b>Education</b>  |                 |                 |                   |
| Instruction   | \$3,538,444,621 | \$1,780,689,788 | \$5,319,134,409   |
| Administration, Attendance, and Health                      | \$200,158,298   | \$110,313,052   | \$310,471,350     |
| Pupil Transportation Services                               | \$252,900,346   | \$86,384,117    | \$339,284,463     |
| Operation and Maintenance Services                          | \$467,229,502   | \$239,101,791   | \$706,331,293     |
| School Food Services and Other Non-Instructional Operations | \$190,078,978   | \$161,740,820   | \$351,819,798     |
| Contributions to Community Colleges                         | \$2,329,889     | \$346,630       | \$2,676,519       |
| Sub-Total   | \$4,651,141,634 | \$2,378,576,198 | \$7,029,717,832   |
| <b>Parks, Recreation, and Cultural Services</b>             |                 |                 |                   |
| Parks and Recreation  | \$147,933,883   | \$122,015,764   | \$269,949,647     |
| Cultural Enrichment   | \$11,095,943    | \$31,795,924    | \$42,891,867      |
| Public Libraries  | \$95,273,335    | \$50,728,402    | \$146,001,737     |
| Sub-Total   | \$254,303,161   | \$204,540,090   | \$458,843,251     |
| <b>Community Development</b>                                |                 |                 |                   |
| Planning and Community Development                          | \$185,861,677   | \$127,215,150   | \$313,076,827     |
| Environmental Management                                    | \$7,682,246     | \$1,556,990     | \$9,239,236       |
| Cooperative Extension Program                               | \$7,310,204     | \$1,355,731     | \$8,665,935       |
| Sub-Total   | \$200,854,127   | \$130,127,871   | \$330,981,998     |
| <b>Nondepartmental<sup>1</sup></b>                          |                 |                 |                   |
| Sub-Total   | \$1,746,049     | \$657,187       | \$2,403,236       |
| Grand Total   | \$7,671,218,803 | \$4,870,431,857 | \$12,541,650,660  |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8.

Staff, Commission on Local Government

Table 2.1  
Per Capita Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Jurisdictional Class  
for  
Counties and Cities in Virginia  
FY 1998

| Expenditure Category  | Counties          | Cities            | All Jurisdictions |
|---|-------------------|-------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                   |                   |
| Legislative   | \$4.27            | \$4.22            | \$4.25            |
| General and Financial Administration                        | \$64.86           | \$81.52           | \$70.52           |
| Board of Elections  | \$2.67            | \$2.73            | \$2.69            |
| Sub-Total   | \$71.80           | \$88.47           | \$77.47           |
| <b>Judicial Administration</b>                              |                   |                   |                   |
| Courts  | \$21.20           | \$25.45           | \$22.64           |
| Commonwealth's Attorney                                     | \$7.19            | \$11.72           | \$8.73            |
| Sub-Total   | \$28.39           | \$37.17           | \$31.37           |
| <b>Public Safety</b>  |                   |                   |                   |
| Law Enforcement and Traffic Control                         | \$88.17           | \$166.21          | \$114.71          |
| Fire and Rescue Services                                    | \$56.71           | \$106.99          | \$73.81           |
| Correction and Detention                                    | \$41.50           | \$63.08           | \$48.84           |
| Inspections   | \$9.41            | \$11.72           | \$10.19           |
| Other Protection  | \$9.92            | \$12.35           | \$10.75           |
| Sub-Total   | \$205.72          | \$360.35          | \$258.31          |
| <b>Public Works</b>   |                   |                   |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$15.04           | \$99.54           | \$43.77           |
| Sanitation and Waste Removal                                | \$46.81           | \$62.19           | \$52.04           |
| Maintenance of General Buildings and Grounds                | \$23.40           | \$38.93           | \$28.68           |
| Sub-Total   | \$85.25           | \$200.65          | \$124.49          |
| <b>Health and Welfare</b>                                   |                   |                   |                   |
| Health  | \$15.82           | \$18.17           | \$16.62           |
| Mental Health and Mental Retardation                        | \$60.55           | \$81.58           | \$67.70           |
| Welfare/Social Services                                     | \$109.01          | \$154.87          | \$124.60          |
| Sub-Total   | \$185.37          | \$254.62          | \$208.92          |
| <b>Education</b>  |                   |                   |                   |
| Instruction   | \$795.89          | \$777.22          | \$789.54          |
| Administration, Attendance, and Health                      | \$45.02           | \$48.15           | \$46.08           |
| Pupil Transportation Services                               | \$56.88           | \$37.70           | \$50.36           |
| Operation and Maintenance Services                          | \$105.09          | \$104.36          | \$104.84          |
| School Food Services and Other Non-Instructional Operations | \$42.75           | \$70.60           | \$52.22           |
| Contributions to Community Colleges                         | \$0.52            | \$0.15            | \$0.40            |
| Sub-Total   | \$1,046.16        | \$1,038.18        | \$1,043.45        |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                   |
| Parks and Recreation  | \$33.27           | \$53.26           | \$40.07           |
| Cultural Enrichment   | \$2.50            | \$13.88           | \$6.37            |
| Public Libraries  | \$21.43           | \$22.14           | \$21.67           |
| Sub-Total   | \$57.20           | \$89.28           | \$68.11           |
| <b>Community Development</b>                                |                   |                   |                   |
| Planning and Community Development                          | \$41.81           | \$55.53           | \$46.47           |
| Environmental Management                                    | \$1.73            | \$0.68            | \$1.37            |
| Cooperative Extension Program                               | \$1.64            | \$0.59            | \$1.29            |
| Sub-Total   | \$45.18           | \$56.80           | \$49.13           |
| <b>Nondepartmental<sup>1</sup></b>                          |                   |                   |                   |
| Sub-Total   | \$0.39            | \$0.29            | \$0.36            |
| <b>Grand Total</b>  | <b>\$1,725.46</b> | <b>\$2,125.81</b> | <b>\$1,861.61</b> |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> With respect to each data column, the cumulative per capita score differs marginally from the sum of the categorical amounts because of statistical rounding.

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Staff, Commission on Local Government

Table 2.2  
 Per Capita Distribution/2  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Suffolk City      | Virginia Beach City | Waynesboro City   | Williamsburg City | Winchester City   |
|---|-------------------|---------------------|-------------------|-------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                     |                   |                   |                   |
| Legislative   | \$4.69            | \$1.80              | \$10.90           | \$11.27           | \$1.75            |
| General and Financial Administration                        | \$67.91           | \$51.10             | \$76.57           | \$99.96           | \$79.91           |
| Board of Elections  | \$2.27            | \$1.65              | \$7.66            | \$6.86            | \$3.18            |
| <b>Sub-Total</b>  | <b>\$74.86</b>    | <b>\$54.54</b>      | <b>\$95.14</b>    | <b>\$118.09</b>   | <b>\$84.84</b>    |
| <b>Judicial Administration</b>                              |                   |                     |                   |                   |                   |
| Courts  | \$36.22           | \$9.02              | \$28.73           | \$13.89           | \$36.85           |
| Commonwealth's Attorney                                     | \$17.04           | \$8.46              | \$13.91           | \$4.68            | \$15.68           |
| <b>Sub-Total</b>  | <b>\$53.26</b>    | <b>\$17.48</b>      | <b>\$42.64</b>    | <b>\$18.57</b>    | <b>\$52.53</b>    |
| <b>Public Safety</b>  |                   |                     |                   |                   |                   |
| Law Enforcement and Traffic Control                         | \$106.79          | \$130.97            | \$139.79          | \$197.19          | \$202.67          |
| Fire and Rescue Services                                    | \$91.33           | \$56.48             | \$87.49           | \$156.80          | \$78.83           |
| Correction and Detention                                    | \$66.89           | \$27.02             | \$28.36           | \$152.20          | \$104.60          |
| Inspections   | \$16.40           | \$3.46              | \$10.32           | \$12.64           | \$15.50           |
| Other Protection  | \$12.20           | \$9.14              | \$38.41           | \$1.47            | \$7.27            |
| <b>Sub-Total</b>  | <b>\$293.61</b>   | <b>\$227.06</b>     | <b>\$304.35</b>   | <b>\$520.30</b>   | <b>\$408.88</b>   |
| <b>Public Works</b>   |                   |                     |                   |                   |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$41.09           | \$78.57             | \$125.35          | \$88.15           | \$80.62           |
| Sanitation and Waste Removal                                | \$18.51           | \$52.13             | \$70.36           | \$38.01           | \$37.45           |
| Maintenance of General Buildings and Grounds                | \$21.27           | \$54.42             | \$15.25           | \$62.14           | \$29.36           |
| <b>Sub-Total</b>  | <b>\$80.87</b>    | <b>\$185.13</b>     | <b>\$210.96</b>   | <b>\$188.30</b>   | <b>\$147.43</b>   |
| <b>Health and Welfare</b>                                   |                   |                     |                   |                   |                   |
| Health  | \$61.81           | \$5.27              | \$12.25           | \$11.91           | \$7.79            |
| Mental Health and Mental Retardation                        | \$59.37           | \$47.04             | \$121.94          | \$91.37           | \$69.19           |
| Welfare/Social Services                                     | \$119.23          | \$61.61             | \$165.07          | \$80.84           | \$178.68          |
| <b>Sub-Total</b>  | <b>\$240.40</b>   | <b>\$113.92</b>     | <b>\$299.26</b>   | <b>\$184.12</b>   | <b>\$255.67</b>   |
| <b>Education</b>  |                   |                     |                   |                   |                   |
| Instruction   | \$776.49          | \$817.67            | \$778.70          | \$348.93          | \$854.70          |
| Administration, Attendance, and Health                      | \$52.45           | \$27.10             | \$38.33           | \$36.97           | \$56.55           |
| Pupil Transportation Services                               | \$48.52           | \$37.49             | \$19.26           | \$32.90           | \$30.05           |
| Operation and Maintenance Services                          | \$93.09           | \$95.06             | \$100.94          | \$68.50           | \$128.36          |
| School Food Services and Other Non-Instructional Operations | \$59.90           | \$51.69             | \$43.78           | \$19.65           | \$41.06           |
| Contributions to Community Colleges                         | -                 | \$0.01              | \$1.24            | -                 | \$0.66            |
| <b>Sub-Total</b>  | <b>\$1,030.45</b> | <b>\$1,029.03</b>   | <b>\$982.26</b>   | <b>\$506.95</b>   | <b>\$1,111.38</b> |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                     |                   |                   |                   |
| Parks and Recreation  | \$33.47           | \$39.44             | \$54.98           | \$80.68           | \$50.36           |
| Cultural Enrichment   | -                 | \$15.41             | \$3.70            | \$6.04            | \$1.25            |
| Public Libraries  | \$11.33           | \$22.53             | \$42.86           | \$50.06           | \$18.11           |
| <b>Sub-Total</b>  | <b>\$44.80</b>    | <b>\$77.37</b>      | <b>\$101.54</b>   | <b>\$136.77</b>   | <b>\$69.73</b>    |
| <b>Community Development</b>                                |                   |                     |                   |                   |                   |
| Planning and Community Development                          | \$32.86           | \$66.21             | \$27.58           | \$150.98          | \$24.72           |
| Environmental Management                                    | -                 | \$0.24              | \$1.49            | \$0.15            | -                 |
| Cooperative Extension Program                               | \$1.13            | \$0.46              | -                 | -                 | -                 |
| <b>Sub-Total</b>  | <b>\$33.98</b>    | <b>\$66.90</b>      | <b>\$29.06</b>    | <b>\$151.13</b>   | <b>\$24.72</b>    |
| <b>Nondepartmental/1</b>                                    |                   |                     |                   |                   |                   |
| <b>Sub-Total</b>  | <b>-</b>          | <b>-</b>            | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>Grand Total</b>  | <b>\$1,852.24</b> | <b>\$1,771.45</b>   | <b>\$2,065.22</b> | <b>\$1,824.23</b> | <b>\$2,155.17</b> |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Table 2.2  
Per Capita Distribution/2  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol "-" denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Accomack County   | Albemarle County  | Alleghany County  | Amelia County     | Amherst County    |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                   |                   |                   |                   |
| Legislative   | \$5.72            | \$3.73            | \$5.61            | \$5.83            | \$2.57            |
| General and Financial Administration                        | \$43.20           | \$41.38           | \$77.81           | \$48.41           | \$27.60           |
| Board of Elections  | \$2.93            | \$2.50            | \$6.14            | \$3.90            | \$2.91            |
| Sub-Total   | \$51.85           | \$47.71           | \$89.57           | \$58.14           | \$33.08           |
| <b>Judicial Administration</b>                              |                   |                   |                   |                   |                   |
| Courts  | \$29.22           | \$19.25           | \$48.55           | \$19.63           | \$24.05           |
| Commonwealth's Attorney                                     | \$5.73            | \$6.53            | \$15.19           | \$15.96           | \$7.93            |
| Sub-Total   | \$28.95           | \$25.79           | \$63.74           | \$35.59           | \$31.98           |
| <b>Public Safety</b>  |                   |                   |                   |                   |                   |
| Law Enforcement and Traffic Control                         | \$24.69           | \$96.34           | \$69.80           | \$62.53           | \$50.84           |
| Fire and Rescue Services                                    | \$45.76           | \$35.34           | \$56.48           | \$10.36           | \$18.12           |
| Correction and Detention                                    | \$27.80           | \$15.85           | \$53.31           | \$48.41           | \$31.92           |
| Inspections   | \$8.69            | \$8.14            | \$9.36            | \$5.78            | \$5.26            |
| Other Protection  | \$11.26           | \$5.47            | \$3.91            | \$5.91            | \$9.40            |
| Sub-Total   | \$118.20          | \$161.14          | \$192.86          | \$132.99          | \$115.54          |
| <b>Public Works</b>   |                   |                   |                   |                   |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$6.87            | \$13.87           | -                 | \$0.42            | \$0.53            |
| Sanitation and Waste Removal                                | \$48.43           | \$3.07            | \$77.47           | \$24.59           | \$31.35           |
| Maintenance of General Buildings and Grounds                | \$20.75           | \$12.77           | \$24.57           | \$29.67           | \$13.65           |
| Sub-Total   | \$76.05           | \$29.71           | \$102.04          | \$54.67           | \$45.54           |
| <b>Health and Welfare</b>                                   |                   |                   |                   |                   |                   |
| Health  | \$9.81            | \$8.31            | \$12.05           | \$8.43            | \$7.25            |
| Mental Health and Mental Retardation                        | \$94.09           | \$57.08           | \$125.55          | \$150.29          | \$41.95           |
| Welfare/Social Services                                     | \$131.08          | \$103.64          | \$71.07           | \$87.66           | \$67.90           |
| Sub-Total   | \$234.98          | \$169.03          | \$208.67          | \$246.38          | \$117.10          |
| <b>Education</b>  |                   |                   |                   |                   |                   |
| Instruction   | \$714.20          | \$748.51          | \$914.33          | \$721.61          | \$607.02          |
| Administration, Attendance, and Health                      | \$52.52           | \$40.14           | \$70.49           | \$57.85           | \$28.22           |
| Pupil Transportation Services                               | \$59.36           | \$60.57           | \$73.55           | \$56.50           | \$49.15           |
| Operation and Maintenance Services                          | \$83.04           | \$88.66           | \$238.04          | \$89.33           | \$80.94           |
| School Food Services and Other Non-Instructional Operations | \$53.72           | \$29.93           | \$52.86           | \$45.05           | \$37.79           |
| Contributions to Community Colleges                         | \$1.42            | \$0.10            | \$0.36            | \$6.26            | \$0.02            |
| Sub-Total   | \$964.26          | \$967.93          | \$1,349.63        | \$976.59          | \$803.15          |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                   |                   |                   |
| Parks and Recreation  | \$10.36           | \$15.62           | \$18.06           | \$8.77            | \$11.80           |
| Cultural Enrichment   | \$0.15            | \$0.51            | -                 | -                 | -                 |
| Public Libraries  | \$3.30            | \$26.52           | \$9.08            | \$8.52            | \$14.86           |
| Sub-Total   | \$13.81           | \$42.65           | \$27.14           | \$17.28           | \$26.66           |
| <b>Community Development</b>                                |                   |                   |                   |                   |                   |
| Planning and Community Development                          | \$19.59           | \$121.96          | \$38.44           | \$9.54            | \$21.22           |
| Environmental Management                                    | \$1.33            | \$0.57            | -                 | \$1.59            | \$1.01            |
| Cooperative Extension Program                               | \$2.59            | \$1.82            | -                 | \$7.47            | \$1.53            |
| Sub-Total   | \$23.50           | \$124.35          | \$38.44           | \$18.61           | \$23.76           |
| <b>Nondepartmental/1</b>                                    |                   |                   |                   |                   |                   |
| Sub-Total   | -                 | -                 | -                 | -                 | -                 |
| <b>Grand Total</b>  | <b>\$1,511.61</b> | <b>\$1,568.32</b> | <b>\$2,072.10</b> | <b>\$1,540.26</b> | <b>\$1,196.81</b> |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

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Table 2.2  
Per Capita Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Accomatox County | Arlington County | Augusta County | Bath County | Bedford County |
|---|------------------|------------------|----------------|-------------|----------------|
| <b>General Government Administration</b>                    |                  |                  |                |             |                |
| Legislative   | \$11.58          | \$4.47           | \$1.94         | \$13.10     | \$3.44         |
| General and Financial Administration                        | \$43.02          | \$195.00         | \$24.55        | \$81.58     | \$28.34        |
| Board of Elections  | \$4.46           | \$2.74           | \$1.49         | \$8.75      | \$1.65         |
| Sub-Total:  | \$59.35          | \$202.22         | \$27.98        | \$103.43    | \$33.43        |
| <b>Judicial Administration</b>                              |                  |                  |                |             |                |
| Courts  | \$11.25          | \$39.22          | \$8.94         | \$38.23     | \$3.22         |
| Commonwealth's Attorney                                     | \$13.37          | \$14.79          | \$5.46         | \$13.93     | \$6.18         |
| Sub-Total:  | \$24.63          | \$54.01          | \$14.40        | \$52.16     | \$14.40        |
| <b>Public Safety</b>  |                  |                  |                |             |                |
| Law Enforcement and Traffic Control                         | \$85.12          | \$197.58         | \$31.70        | \$112.35    | \$46.42        |
| Fire and Rescue Services                                    | \$22.08          | \$122.65         | \$28.49        | \$46.68     | \$18.03        |
| Correction and Detention                                    | \$3.03           | \$100.18         | \$24.45        | \$35.07     | \$38.02        |
| Inspections   | \$4.15           | \$16.57          | \$3.66         | \$14.95     | \$7.08         |
| Other Protection  | \$2.83           | \$29.70          | \$11.40        | \$12.23     | \$2.33         |
| Sub-Total:  | \$117.22         | \$466.68         | \$99.70        | \$221.28    | \$115.89       |
| <b>Public Works</b>   |                  |                  |                |             |                |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -                | \$79.10          | \$2.60         | -           | -              |
| Sanitation and Waste Removal                                | \$30.52          | \$57.61          | \$13.07        | \$156.03    | \$62.23        |
| Maintenance of General Buildings and Grounds                | \$20.03          | \$35.40          | \$14.81        | \$31.10     | \$10.77        |
| Sub-Total:  | \$50.55          | \$172.11         | \$30.48        | \$187.13    | \$73.01        |
| <b>Health and Welfare</b>                                   |                  |                  |                |             |                |
| Health  | \$6.12           | \$90.17          | \$5.79         | \$11.97     | \$5.91         |
| Mental Health and Mental Retardation                        | \$34.97          | \$62.19          | \$47.42        | \$104.75    | \$22.47        |
| Welfare/Social Services                                     | \$68.86          | \$263.41         | \$43.53        | \$94.87     | \$72.59        |
| Sub-Total:  | \$109.94         | \$415.77         | \$96.74        | \$211.59    | \$100.98       |
| <b>Education</b>  |                  |                  |                |             |                |
| Instruction   | \$694.70         | \$784.14         | \$787.12       | \$1,097.49  | \$540.00       |
| Administration, Attendance, and Health                      | \$47.33          | \$83.40          | \$23.57        | \$65.98     | \$20.35        |
| Pupil Transportation Services                               | \$59.92          | \$27.40          | \$50.88        | \$122.78    | \$46.08        |
| Operation and Maintenance Services                          | \$177.93         | \$113.17         | \$77.15        | \$156.57    | \$54.30        |
| School Food Services and Other Non-Instructional Operations | \$48.55          | \$23.37          | \$38.30        | \$108.47    | \$48.02        |
| Contributions to Community Colleges                         | \$0.02           | \$0.18           | \$0.05         | \$0.51      | \$0.02         |
| Sub-Total:  | \$1,028.47       | \$1,031.65       | \$977.08       | \$1,551.80  | \$708.77       |
| <b>Parks, Recreation, and Cultural Services</b>             |                  |                  |                |             |                |
| Parks and Recreation  | \$4.23           | \$115.15         | \$10.47        | \$39.54     | \$13.01        |
| Cultural Enrichment   | \$1.08           | \$39.25          | \$0.74         | -           | \$0.30         |
| Public Libraries  | \$8.95           | \$57.68          | \$12.35        | \$31.59     | \$15.55        |
| Sub-Total:  | \$14.26          | \$212.09         | \$23.56        | \$71.13     | \$28.86        |
| <b>Community Development</b>                                |                  |                  |                |             |                |
| Planning and Community Development                          | \$10.46          | \$73.38          | \$20.07        | \$45.36     | \$20.08        |
| Environmental Management                                    | \$2.53           | -                | \$0.48         | \$14.84     | \$0.25         |
| Cooperative Extension Program                               | \$2.82           | \$3.43           | \$1.27         | \$6.64      | \$1.38         |
| Sub-Total:  | \$15.80          | \$76.81          | \$21.83        | \$66.83     | \$21.73        |
| <b>Nondepartmental<sup>1</sup></b>                          |                  |                  |                |             |                |
| Sub-Total:  | -                | -                | -              | -           | -              |
| Grand Total:  | \$1,420.23       | \$2,631.34       | \$1,291.77     | \$2,465.35  | \$1,095.07     |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

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Table 2.2  
 Per Capita Distribution<sup>2</sup>  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Bland County      | Botetourt County  | Brunswick County  | Buchanan County   | Buckingham County |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                   |                   |                   |                   |
| Legislative   | \$4.85            | \$4.97            | \$16.97           | \$11.27           | \$6.41            |
| General and Financial Administration                        | \$25.80           | \$43.29           | \$35.03           | \$30.89           | \$43.56           |
| Board of Elections  | \$6.25            | \$2.78            | \$3.89            | \$3.26            | \$3.79            |
| Sub-Total   | \$96.90           | \$51.05           | \$55.89           | \$45.42           | \$53.76           |
| <b>Judicial Administration</b>                              |                   |                   |                   |                   |                   |
| Courts  | \$12.39           | \$14.30           | \$17.34           | \$20.52           | \$19.00           |
| Commonwealth's Attorney                                     | \$8.04            | \$9.09            | \$10.00           | \$9.35            | \$8.24            |
| Sub-Total   | \$20.43           | \$23.39           | \$27.34           | \$29.87           | \$27.25           |
| <b>Public Safety</b>  |                   |                   |                   |                   |                   |
| Law Enforcement and Traffic Control                         | \$63.73           | \$66.17           | \$60.07           | \$56.85           | \$47.93           |
| Fire and Rescue Services                                    | \$9.09            | \$27.01           | \$15.49           | \$9.34            | \$12.64           |
| Correction and Detention                                    | \$17.33           | \$26.78           | \$18.86           | \$28.95           | \$21.52           |
| Inspections   | \$1.70            | \$6.57            | \$4.39            | \$3.13            | \$4.09            |
| Other Protection  | \$3.29            | \$4.46            | \$3.01            | \$4.19            | \$2.18            |
| Sub-Total   | \$95.13           | \$131.01          | \$101.81          | \$102.46          | \$88.35           |
| <b>Public Works</b>   |                   |                   |                   |                   |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -                 | \$0.09            | -                 | \$145.91          | \$0.15            |
| Sanitation and Waste Removal                                | \$43.33           | \$33.60           | \$19.19           | \$72.79           | \$36.20           |
| Maintenance of General Buildings and Grounds                | \$16.88           | \$8.67            | \$14.51           | \$17.98           | \$18.50           |
| Sub-Total   | \$60.20           | \$42.36           | \$33.70           | \$236.68          | \$54.86           |
| <b>Health and Welfare</b>                                   |                   |                   |                   |                   |                   |
| Health  | \$7.23            | \$8.45            | \$6.03            | \$6.63            | \$4.30            |
| Mental Health and Mental Retardation                        | \$6.15            | \$23.21           | \$66.25           | \$120.42          | \$34.82           |
| Welfare/Social Services                                     | \$65.08           | \$53.84           | \$100.40          | \$138.10          | \$85.61           |
| Sub-Total   | \$80.46           | \$85.51           | \$172.68          | \$265.15          | \$124.74          |
| <b>Education</b>  |                   |                   |                   |                   |                   |
| Instruction   | \$619.93          | \$727.60          | \$699.80          | \$786.84          | \$679.63          |
| Administration, Attendance, and Health                      | \$38.22           | \$30.30           | \$31.60           | \$30.37           | \$42.07           |
| Pupil Transportation Services                               | \$73.15           | \$58.33           | \$85.01           | \$58.56           | \$55.71           |
| Operation and Maintenance Services                          | \$81.45           | \$89.03           | \$67.36           | \$136.35          | \$101.88          |
| School Food Services and Other Non-Instructional Operations | \$42.50           | \$45.45           | \$55.63           | \$61.66           | \$48.71           |
| Contributions to Community Colleges                         | \$2.71            | \$0.51            | \$0.19            | \$11.24           | \$0.26            |
| Sub-Total   | \$857.96          | \$951.22          | \$939.58          | \$1,085.02        | \$926.27          |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                   |                   |                   |
| Parks and Recreation  | \$0.18            | \$20.86           | \$0.89            | \$12.02           | \$3.79            |
| Cultural Enrichment   | \$81.03           | -                 | \$0.24            | -                 | \$0.27            |
| Public Libraries  | \$1.59            | \$14.84           | \$10.97           | \$12.14           | \$4.99            |
| Sub-Total   | \$82.80           | \$35.69           | \$12.09           | \$24.16           | \$9.05            |
| <b>Community Development</b>                                |                   |                   |                   |                   |                   |
| Planning and Community Development                          | \$3.27            | \$14.51           | \$13.46           | \$98.92           | \$1.66            |
| Environmental Management                                    | \$0.72            | \$0.59            | \$0.58            | \$1.75            | \$0.36            |
| Cooperative Extension Program                               | \$7.39            | \$1.71            | \$2.44            | \$1.34            | \$2.89            |
| Sub-Total   | \$11.39           | \$16.81           | \$16.48           | \$102.00          | \$4.90            |
| <b>Nondepartmental<sup>1</sup></b>                          |                   |                   |                   |                   |                   |
| Sub-Total   | -                 | -                 | -                 | -                 | -                 |
| <b>Grand Total</b>  | <b>\$1,205.27</b> | <b>\$1,337.03</b> | <b>\$1,359.57</b> | <b>\$1,890.77</b> | <b>\$1,289.17</b> |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, *Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3*; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Table 2.2  
Per Capita Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998  
[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Campbell County   | Caroline County   | Carroll County    | Charles City County | Charlotte County  |
|---|-------------------|-------------------|-------------------|---------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                   |                   |                     |                   |
| Legislative   | \$4.76            | \$4.48            | \$9.85            | \$5.23              | \$11.73           |
| General and Financial Administration                        | \$25.57           | \$65.93           | \$26.69           | \$108.48            | \$43.00           |
| Board of Elections  | \$1.85            | \$2.77            | \$3.74            | \$6.27              | \$5.39            |
| Sub-Total   | \$32.18           | \$73.23           | \$40.28           | \$119.99            | \$65.12           |
| <b>Judicial Administration</b>                              |                   |                   |                   |                     |                   |
| Courts  | \$10.52           | \$16.45           | \$17.31           | \$52.79             | \$31.98           |
| Commonwealth's Attorney                                     | \$8.31            | \$3.63            | \$7.23            | \$10.90             | \$6.83            |
| Sub-Total   | \$18.83           | \$20.07           | \$24.54           | \$63.70             | \$38.80           |
| <b>Public Safety</b>  |                   |                   |                   |                     |                   |
| Law Enforcement and Traffic Control                         | \$44.52           | \$61.68           | \$42.39           | \$66.98             | \$53.37           |
| Fire and Rescue Services                                    | \$13.56           | \$13.18           | \$21.71           | \$21.22             | \$13.31           |
| Correction and Detention                                    | \$27.12           | \$50.85           | \$7.31            | \$66.01             | \$48.29           |
| Inspections   | \$3.24            | \$5.31            | \$2.56            | \$10.06             | \$0.96            |
| Other Protection  | \$5.68            | \$29.77           | \$11.43           | \$12.18             | \$16.60           |
| Sub-Total   | \$94.13           | \$160.79          | \$85.40           | \$176.45            | \$132.53          |
| <b>Public Works</b>   |                   |                   |                   |                     |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$0.51            | \$7.26            | -                 | -                   | -                 |
| Sanitation and Waste Removal                                | \$14.68           | \$29.80           | (\$0.54)          | \$23.27             | \$36.88           |
| Maintenance of General Buildings and Grounds                | \$21.61           | \$18.47           | \$16.75           | \$65.32             | \$14.37           |
| Sub-Total   | \$36.80           | \$55.53           | \$16.21           | \$88.59             | \$51.25           |
| <b>Health and Welfare</b>                                   |                   |                   |                   |                     |                   |
| Health  | \$5.91            | \$11.56           | \$6.02            | \$11.74             | \$6.46            |
| Mental Health and Mental Retardation                        | \$39.95           | \$78.28           | \$110.33          | \$11.39             | \$109.10          |
| Welfare/Social Services                                     | \$91.17           | \$96.64           | \$99.71           | \$148.65            | \$130.19          |
| Sub-Total   | \$137.02          | \$186.48          | \$216.07          | \$171.78            | \$245.74          |
| <b>Education</b>  |                   |                   |                   |                     |                   |
| Instruction   | \$687.85          | \$710.08          | \$625.54          | \$857.23            | \$801.45          |
| Administration, Attendance, and Health                      | \$30.16           | \$35.39           | \$26.68           | \$77.82             | \$44.95           |
| Pupil Transportation Services                               | \$48.87           | \$77.67           | \$52.78           | \$124.15            | \$89.26           |
| Operation and Maintenance Services                          | \$84.33           | \$106.33          | \$76.09           | \$139.65            | \$158.70          |
| School Food Services and Other Non-Instructional Operations | \$44.61           | \$49.20           | \$51.51           | \$50.59             | \$59.98           |
| Contributions to Community Colleges                         | \$0.06            | \$0.08            | \$2.79            | -                   | \$0.22            |
| Sub-Total   | \$875.88          | \$978.75          | \$835.39          | \$1,249.43          | \$1,154.56        |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                   |                     |                   |
| Parks and Recreation  | \$13.80           | \$8.40            | \$5.14            | \$37.76             | \$0.48            |
| Cultural Enrichment   | -                 | -                 | -                 | -                   | \$0.17            |
| Public Libraries  | \$12.75           | \$3.94            | \$5.77            | \$9.98              | \$11.11           |
| Sub-Total   | \$26.55           | \$12.34           | \$10.91           | \$47.74             | \$11.76           |
| <b>Community Development</b>                                |                   |                   |                   |                     |                   |
| Planning and Community Development                          | \$10.11           | \$17.96           | \$43.06           | \$27.85             | \$3.61            |
| Environmental Management                                    | \$0.16            | \$0.26            | \$0.21            | \$11.13             | \$0.50            |
| Cooperative Extension Program                               | \$0.92            | \$3.37            | \$2.60            | \$7.64              | \$3.17            |
| Sub-Total   | \$11.18           | \$21.60           | \$45.88           | \$46.62             | \$7.29            |
| <b>Nondepartmental<sup>1</sup></b>                          |                   |                   |                   |                     |                   |
| Sub-Total   | -                 | -                 | -                 | \$0.05              | -                 |
| <b>Grand Total</b>  | <b>\$1,233.58</b> | <b>\$1,508.79</b> | <b>\$1,274.67</b> | <b>\$1,964.34</b>   | <b>\$1,707.06</b> |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Table 2.2  
 Per Capita Distribution/2  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Chesterfield County | Clarke County     | Craig County      | Culpeper County   | Cumberland County |
|---|---------------------|-------------------|-------------------|-------------------|-------------------|
| <b>General Government Administration</b>                    |                     |                   |                   |                   |                   |
| Legislative   | \$2.44              | \$3.49            | \$8.42            | \$5.25            | \$6.56            |
| General and Financial Administration                        | \$63.21             | \$62.24           | \$67.84           | \$37.23           | \$76.41           |
| Board of Elections  | \$1.88              | \$4.07            | \$8.82            | \$2.13            | \$5.15            |
| <b>Sub-Total</b>  | <b>\$67.53</b>      | <b>\$69.79</b>    | <b>\$85.08</b>    | <b>\$44.61</b>    | <b>\$88.12</b>    |
| <b>Judicial Administration</b>                              |                     |                   |                   |                   |                   |
| Courts  | \$27.52             | \$7.49            | \$12.42           | \$25.93           | \$39.83           |
| Commonwealth's Attorney                                     | \$7.54              | \$12.04           | \$13.29           | \$9.08            | \$8.47            |
| <b>Sub-Total</b>  | <b>\$35.05</b>      | <b>\$19.53</b>    | <b>\$25.71</b>    | <b>\$35.01</b>    | <b>\$48.30</b>    |
| <b>Public Safety</b>  |                     |                   |                   |                   |                   |
| Law Enforcement and Traffic Control                         | \$123.99            | \$67.33           | \$83.54           | \$50.59           | \$47.97           |
| Fire and Rescue Services                                    | \$92.59             | \$12.81           | \$5.62            | \$14.76           | \$20.19           |
| Correction and Detention                                    | \$51.60             | \$15.02           | \$2.04            | \$36.75           | \$37.39           |
| Inspections   | \$12.39             | \$7.57            | \$6.74            | \$9.68            | \$3.80            |
| Other Protection  | \$2.82              | \$11.78           | \$5.57            | \$32.98           | \$8.25            |
| <b>Sub-Total</b>  | <b>\$283.39</b>     | <b>\$114.50</b>   | <b>\$103.51</b>   | <b>\$144.76</b>   | <b>\$117.61</b>   |
| <b>Public Works</b>   |                     |                   |                   |                   |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$12.05             | -                 | -                 | -                 | -                 |
| Sanitation and Waste Removal                                | \$21.15             | \$14.35           | \$140.74          | \$31.52           | \$38.53           |
| Maintenance of General Buildings and Grounds                | \$12.27             | \$32.66           | \$12.59           | \$14.91           | \$27.76           |
| <b>Sub-Total</b>  | <b>\$45.47</b>      | <b>\$47.01</b>    | <b>\$153.33</b>   | <b>\$46.42</b>    | <b>\$66.29</b>    |
| <b>Health and Welfare</b>                                   |                     |                   |                   |                   |                   |
| Health  | \$9.68              | \$8.09            | \$6.37            | \$7.18            | \$7.60            |
| Mental Health and Mental Retardation                        | \$58.94             | \$47.09           | \$29.86           | \$47.24           | \$51.84           |
| Welfare/Social Services                                     | \$51.86             | \$70.44           | \$75.70           | \$111.45          | \$112.72          |
| <b>Sub-Total</b>  | <b>\$118.48</b>     | <b>\$125.62</b>   | <b>\$111.93</b>   | <b>\$165.88</b>   | <b>\$172.16</b>   |
| <b>Education</b>  |                     |                   |                   |                   |                   |
| Instruction   | \$831.17            | \$651.94          | \$635.79          | \$768.17          | \$646.59          |
| Administration, Attendance, and Health                      | \$45.77             | \$79.40           | \$29.58           | \$38.01           | \$44.29           |
| Pupil Transportation Services                               | \$50.46             | \$41.05           | \$40.57           | \$50.09           | \$93.11           |
| Operation and Maintenance Services                          | \$116.54            | \$83.40           | \$56.07           | \$107.99          | \$114.77          |
| School Food Services and Other Non-Instructional Operations | \$42.26             | \$32.15           | \$33.04           | \$49.17           | \$51.20           |
| Contributions to Community Colleges                         | -                   | \$0.58            | \$0.66            | \$0.21            | \$0.20            |
| <b>Sub-Total</b>  | <b>\$1,086.19</b>   | <b>\$888.51</b>   | <b>\$795.71</b>   | <b>\$1,013.64</b> | <b>\$950.15</b>   |
| <b>Parks, Recreation, and Cultural Services</b>             |                     |                   |                   |                   |                   |
| Parks and Recreation  | \$23.70             | \$42.01           | -                 | \$4.91            | \$1.88            |
| Cultural Enrichment   | \$1.55              | \$0.33            | -                 | -                 | -                 |
| Public Libraries  | \$20.93             | \$11.76           | \$0.50            | \$7.81            | \$5.56            |
| <b>Sub-Total</b>  | <b>\$46.18</b>      | <b>\$54.10</b>    | <b>\$0.50</b>     | <b>\$12.72</b>    | <b>\$7.44</b>     |
| <b>Community Development</b>                                |                     |                   |                   |                   |                   |
| Planning and Community Development                          | \$35.40             | \$24.90           | \$8.02            | \$14.64           | \$23.09           |
| Environmental Management                                    | -                   | \$3.08            | \$4.11            | \$1.37            | \$0.27            |
| Cooperative Extension Program                               | \$0.98              | \$3.90            | \$9.42            | \$2.34            | \$5.03            |
| <b>Sub-Total</b>  | <b>\$36.38</b>      | <b>\$31.88</b>    | <b>\$21.55</b>    | <b>\$18.34</b>    | <b>\$28.39</b>    |
| <b>Nondepartmental/1</b>                                    |                     |                   |                   |                   |                   |
| <b>Sub-Total</b>  | <b>-</b>            | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>Grand Total</b>  | <b>\$1,718.68</b>   | <b>\$1,350.94</b> | <b>\$1,297.33</b> | <b>\$1,481.37</b> | <b>\$1,478.46</b> |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

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Table 2.2

Per Capita Distribution/2  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Dickenson County  | Dinwiddie County  | Essex County      | Fairfax County    | Fauquier County   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                   |                   |                   |                   |
| Legislative   | \$3.54            | \$8.25            | \$28.75           | \$3.19            | \$6.57            |
| General and Financial Administration                        | \$52.12           | \$32.80           | \$59.62           | \$97.71           | \$90.70           |
| Board of Elections  | \$5.15            | \$2.54            | \$4.63            | \$1.74            | \$3.51            |
| Sub-Total:  | \$60.81           | \$43.59           | \$93.00           | \$92.64           | \$100.78          |
| <b>Judicial Administration</b>                              |                   |                   |                   |                   |                   |
| Courts  | \$33.60           | \$19.07           | \$29.23           | \$19.88           | \$34.08           |
| Commonwealth's Attorney                                     | \$10.54           | \$4.52            | \$16.51           | \$1.76            | \$9.69            |
| Sub-Total:  | \$44.14           | \$23.58           | \$45.75           | \$21.63           | \$43.77           |
| <b>Public Safety</b>  |                   |                   |                   |                   |                   |
| Law Enforcement and Traffic Control                         | \$38.45           | \$69.80           | \$89.35           | \$115.44          | \$93.03           |
| Fire and Rescue Services                                    | \$11.26           | \$28.22           | \$15.11           | \$96.69           | \$49.89           |
| Correction and Detention                                    | \$49.21           | \$3.15            | \$91.56           | \$39.36           | \$20.40           |
| Inspections   | \$3.50            | \$10.19           | \$9.87            | \$10.80           | \$4.94            |
| Other Protection  | \$5.77            | \$4.62            | \$6.68            | \$8.48            | \$20.01           |
| Sub-Total:  | \$108.19          | \$113.78          | \$212.57          | \$270.77          | \$188.27          |
| <b>Public Works</b>   |                   |                   |                   |                   |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$85.74           | \$1.34            | -                 | \$15.80           | -                 |
| Sanitation and Waste Removal                                | \$60.00           | \$68.56           | \$92.69           | \$93.16           | \$60.65           |
| Maintenance of General Buildings and Grounds                | \$16.76           | \$16.36           | \$18.15           | \$28.42           | \$120.97          |
| Sub-Total:  | \$142.50          | \$84.26           | \$110.84          | \$137.38          | \$181.62          |
| <b>Health and Welfare</b>                                   |                   |                   |                   |                   |                   |
| Health  | \$7.92            | \$5.67            | \$9.46            | \$28.37           | \$7.39            |
| Mental Health and Mental Retardation                        | \$82.01           | \$33.02           | \$73.02           | \$79.05           | \$117.18          |
| Welfare/Social Services                                     | \$162.88          | \$99.91           | \$103.69          | \$172.90          | \$84.98           |
| Sub-Total:  | \$252.81          | \$138.60          | \$186.17          | \$280.32          | \$209.55          |
| <b>Education</b>  |                   |                   |                   |                   |                   |
| Instruction   | \$728.19          | \$706.29          | \$757.15          | \$939.47          | \$908.93          |
| Administration, Attendance, and Health                      | \$67.71           | \$25.81           | \$59.30           | \$53.38           | \$38.37           |
| Pupil Transportation Services                               | \$81.42           | \$70.03           | \$66.54           | \$60.23           | \$70.27           |
| Operation and Maintenance Services                          | \$102.02          | \$100.77          | \$84.49           | \$119.57          | \$55.66           |
| School Food Services and Other Non-Instructional Operations | \$80.62           | \$42.19           | \$47.07           | \$39.93           | \$48.75           |
| Contributions to Community Colleges                         | \$2.53            | \$0.07            | \$0.53            | \$0.17            | \$0.59            |
| Sub-Total:  | \$1,062.49        | \$944.96          | \$1,015.08        | \$1,212.74        | \$1,122.58        |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                   |                   |                   |
| Parks and Recreation  | \$5.85            | \$5.84            | \$13.19           | \$62.38           | \$26.24           |
| Cultural Enrichment   | -                 | -                 | -                 | \$0.90            | -                 |
| Public Libraries  | \$18.43           | \$5.94            | \$7.84            | \$26.09           | \$20.82           |
| Sub-Total:  | \$24.29           | \$11.78           | \$21.02           | \$89.37           | \$47.06           |
| <b>Community Development</b>                                |                   |                   |                   |                   |                   |
| Planning and Community Development                          | \$9.69            | \$17.98           | \$6.74            | \$77.03           | \$39.24           |
| Environmental Management                                    | -                 | \$2.27            | \$2.68            | \$3.58            | \$2.11            |
| Cooperative Extension Program                               | \$3.17            | -                 | \$2.31            | \$0.11            | \$3.47            |
| Sub-Total:  | \$12.85           | \$20.25           | \$11.73           | \$80.72           | \$44.82           |
| <b>Nondepartmental/1</b>                                    |                   |                   |                   |                   |                   |
| Sub-Total:  | -                 | -                 | -                 | -                 | -                 |
| <b>Grand Total:</b>   | <b>\$1,708.07</b> | <b>\$1,380.80</b> | <b>\$1,696.17</b> | <b>\$2,185.58</b> | <b>\$1,938.44</b> |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

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Table 2.2

Per Capita Distribution/2  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol "-" denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Floyd County      | Fluvanna County   | Franklin County   | Frederick County  | Giles County      |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                   |                   |                   |                   |
| Legislative   | \$2.39            | \$8.73            | \$4.17            | \$3.29            | \$4.98            |
| General and Financial Administration                        | \$36.87           | \$35.90           | \$26.32           | \$41.41           | \$43.27           |
| Board of Elections  | \$4.32            | \$3.13            | \$2.20            | \$1.93            | \$3.72            |
| Sub-Total   | \$43.57           | \$47.76           | \$32.70           | \$46.63           | \$51.97           |
| <b>Judicial Administration</b>                              |                   |                   |                   |                   |                   |
| Courts  | \$14.94           | \$33.82           | \$15.12           | \$20.92           | \$37.06           |
| Commonwealth's Attorney                                     | \$12.40           | \$9.42            | \$6.33            | \$9.82            | \$5.01            |
| Sub-Total   | \$27.34           | \$43.24           | \$21.45           | \$30.74           | \$42.07           |
| <b>Public Safety</b>  |                   |                   |                   |                   |                   |
| Law Enforcement and Traffic Control                         | \$45.14           | \$22.16           | \$48.31           | \$81.16           | \$56.36           |
| Fire and Rescue Services                                    | \$36.25           | \$19.48           | \$0.31            | \$32.79           | \$20.15           |
| Correction and Detention                                    | \$25.58           | \$27.74           | \$17.08           | \$37.21           | \$17.81           |
| Inspections   | \$4.77            | \$4.50            | \$4.18            | \$8.50            | \$6.81            |
| Other Protection  | \$8.11            | \$2.00            | \$31.46           | -                 | \$6.50            |
| Sub-Total   | \$119.85          | \$75.88           | \$101.34          | \$159.67          | \$107.62          |
| <b>Public Works</b>   |                   |                   |                   |                   |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -                 | -                 | \$2.32            | \$0.70            | -                 |
| Sanitation and Waste Removal                                | \$67.36           | \$14.69           | \$11.42           | \$69.84           | \$26.47           |
| Maintenance of General Buildings and Grounds                | \$7.37            | \$23.55           | \$6.97            | \$5.10            | \$15.85           |
| Sub-Total   | \$74.73           | \$38.24           | \$20.71           | \$75.65           | \$42.32           |
| <b>Health and Welfare</b>                                   |                   |                   |                   |                   |                   |
| Health  | \$5.43            | \$7.32            | \$4.55            | \$4.72            | \$5.45            |
| Mental Health and Mental Retardation                        | \$62.15           | \$40.40           | \$1.91            | \$34.35           | \$37.70           |
| Welfare/Social Services                                     | \$51.28           | \$84.63           | \$68.53           | \$65.95           | \$80.52           |
| Sub-Total   | \$118.86          | \$132.36          | \$74.99           | \$105.03          | \$123.67          |
| <b>Education</b>  |                   |                   |                   |                   |                   |
| Instruction   | \$609.75          | \$685.28          | \$629.77          | \$861.92          | \$691.78          |
| Administration, Attendance, and Health                      | \$32.59           | \$33.55           | \$21.07           | \$47.31           | \$26.90           |
| Pupil Transportation Services                               | \$71.20           | \$66.03           | \$55.54           | \$67.19           | \$50.98           |
| Operation and Maintenance Services                          | \$77.74           | \$106.56          | \$78.94           | \$110.46          | \$80.95           |
| School Food Services and Other Non-Instructional Operations | \$38.64           | \$35.45           | \$47.39           | \$44.39           | \$43.48           |
| Contributions to Community Colleges                         | \$0.30            | \$0.09            | \$0.50            | \$0.70            | \$0.36            |
| Sub-Total   | \$830.21          | \$926.96          | \$833.20          | \$1,131.97        | \$894.43          |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                   |                   |                   |
| Parks and Recreation  | \$2.31            | \$20.02           | \$10.42           | \$42.96           | \$23.88           |
| Cultural Enrichment   | -                 | \$0.16            | -                 | -                 | -                 |
| Public Libraries  | \$13.57           | \$8.54            | \$7.78            | \$11.69           | \$1.31            |
| Sub-Total   | \$15.88           | \$28.72           | \$18.20           | \$54.65           | \$25.18           |
| <b>Community Development</b>                                |                   |                   |                   |                   |                   |
| Planning and Community Development                          | \$4.85            | \$7.35            | \$15.67           | \$29.91           | \$8.41            |
| Environmental Management                                    | \$0.74            | \$0.17            | \$0.07            | \$0.96            | \$0.72            |
| Cooperative Extension Program                               | \$3.99            | \$3.15            | \$1.49            | \$2.15            | \$1.82            |
| Sub-Total   | \$9.58            | \$10.67           | \$17.24           | \$33.02           | \$10.95           |
| <b>Nondepartmental/1</b>                                    |                   |                   |                   |                   |                   |
| Sub-Total   | -                 | -                 | -                 | -                 | -                 |
| <b>Grand Total</b>  | <b>\$1,240.02</b> | <b>\$1,303.83</b> | <b>\$1,119.82</b> | <b>\$1,637.36</b> | <b>\$1,298.22</b> |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, *Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8*; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Staff, Commission on Local Government

Table 2.2

Per Capita Distribution/2  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998  
[The symbol "--" denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Gloucester County | Goochland County  | Grayson County    | Greene County     | Greensville County |
|---|-------------------|-------------------|-------------------|-------------------|--------------------|
| <b>General Government Administration</b>                    |                   |                   |                   |                   |                    |
| Legislative   | \$9.41            | \$16.04           | \$4.45            | \$2.85            | \$6.75             |
| General and Financial Administration                        | \$55.02           | \$39.83           | \$30.55           | \$40.74           | \$43.12            |
| Board of Elections  | \$2.56            | \$3.67            | \$4.75            | \$3.88            | \$4.63             |
| Sub-Total   | \$66.98           | \$58.54           | \$39.75           | \$47.47           | \$54.50            |
| <b>Judicial Administration</b>                              |                   |                   |                   |                   |                    |
| Courts  | \$21.49           | \$20.83           | \$19.11           | \$22.61           | \$31.60            |
| Commonwealth's Attorney                                     | \$8.68            | \$15.14           | \$9.62            | \$5.74            | \$21.45            |
| Sub-Total   | \$30.17           | \$35.97           | \$28.73           | \$28.35           | \$53.05            |
| <b>Public Safety</b>  |                   |                   |                   |                   |                    |
| Law Enforcement and Traffic Control                         | \$76.33           | \$39.80           | \$24.03           | \$71.41           | \$47.83            |
| Fire and Rescue Services                                    | \$8.44            | \$31.04           | \$13.02           | \$16.41           | \$17.72            |
| Correction and Detention                                    | \$23.63           | \$18.90           | \$21.74           | \$10.29           | \$75.44            |
| Inspections   | \$6.16            | \$11.89           | \$3.11            | \$9.13            | \$9.14             |
| Other Protection  | \$4.86            | \$25.34           | \$7.52            | \$5.07            | \$31.59            |
| Sub-Total   | \$119.41          | \$126.96          | \$69.47           | \$112.32          | \$181.71           |
| <b>Public Works</b>   |                   |                   |                   |                   |                    |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$5.44            | \$7.86            | --                | --                | \$1.21             |
| Sanitation and Waste Removal                                | \$2.41            | \$33.45           | \$49.07           | \$39.92           | \$67.18            |
| Maintenance of General Buildings and Grounds                | \$26.95           | \$21.36           | \$10.45           | \$12.39           | \$29.42            |
| Sub-Total   | \$34.80           | \$62.67           | \$59.52           | \$52.31           | \$97.81            |
| <b>Health and Welfare</b>                                   |                   |                   |                   |                   |                    |
| Health  | \$7.83            | \$8.69            | \$7.50            | \$19.52           | \$4.69             |
| Mental Health and Mental Retardation                        | \$70.47           | \$71.38           | \$85.67           | \$57.43           | \$109.51           |
| Welfare/Social Services                                     | \$72.37           | \$104.68          | \$95.99           | \$73.69           | \$37.80            |
| Sub-Total   | \$150.66          | \$184.75          | \$189.16          | \$150.63          | \$202.00           |
| <b>Education</b>  |                   |                   |                   |                   |                    |
| Instruction   | \$786.75          | \$561.44          | \$625.15          | \$925.32          | \$355.89           |
| Administration, Attendance, and Health                      | \$37.89           | \$26.80           | \$23.21           | \$63.94           | \$29.77            |
| Pupil Transportation Services                               | \$64.76           | \$67.37           | \$59.81           | \$42.18           | \$46.16            |
| Operation and Maintenance Services                          | \$114.22          | \$89.23           | \$74.00           | \$89.95           | \$31.25            |
| School Food Services and Other Non-Instructional Operations | \$46.39           | \$32.79           | \$49.75           | \$46.22           | \$40.12            |
| Contributions to Community Colleges                         | \$9.60            | \$0.51            | \$1.43            | \$0.11            | \$0.19             |
| Sub-Total   | \$1,059.61        | \$778.13          | \$833.36          | \$1,167.74        | \$553.37           |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                   |                   |                    |
| Parks and Recreation  | \$16.11           | \$25.85           | \$8.18            | \$4.43            | \$8.33             |
| Cultural Enrichment   | \$1.01            | \$0.39            | \$0.09            | --                | \$0.83             |
| Public Libraries  | \$8.59            | \$15.29           | \$15.27           | \$10.29           | \$10.43            |
| Sub-Total   | \$25.71           | \$41.51           | \$23.55           | \$14.71           | \$19.58            |
| <b>Community Development</b>                                |                   |                   |                   |                   |                    |
| Planning and Community Development                          | \$29.56           | \$19.86           | \$4.15            | \$20.34           | \$49.06            |
| Environmental Management                                    | \$0.96            | \$0.95            | \$0.36            | \$0.81            | \$0.48             |
| Cooperative Extension Program                               | \$1.54            | \$2.31            | \$2.55            | \$3.25            | \$3.09             |
| Sub-Total   | \$32.05           | \$23.12           | \$7.06            | \$24.40           | \$52.63            |
| <b>Nondepartmental/1</b>                                    |                   |                   |                   |                   |                    |
| Sub-Total   | --                | --                | --                | --                | --                 |
| <b>Grand Total</b>  | <b>\$1,519.39</b> | <b>\$1,311.66</b> | <b>\$1,250.58</b> | <b>\$1,597.94</b> | <b>\$1,214.65</b>  |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, *Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-9*; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-96" (electronic dataset), January, 1999.

Staff, Commission on Local Government

Table 2.2

Per Capita Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol "--" denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Halifax County    | Hanover County    | Henrico County    | Henry County      | Highland County   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                   |                   |                   |                   |
| Legislative   | \$3.14            | \$4.81            | \$2.94            | \$3.93            | \$28.76           |
| General and Financial Administration                        | \$27.87           | \$44.08           | \$112.21          | \$34.94           | \$86.97           |
| Board of Elections  | \$2.35            | \$2.48            | \$2.53            | \$2.46            | \$13.09           |
| Sub-Total   | \$33.37           | \$51.37           | \$117.69          | \$41.32           | \$128.81          |
| <b>Judicial Administration</b>                              |                   |                   |                   |                   |                   |
| Courts  | \$15.71           | \$10.81           | \$17.76           | \$20.65           | \$40.91           |
| Commonwealth's Attorney                                     | \$8.21            | \$6.81            | \$9.96            | \$5.27            | \$23.94           |
| Sub-Total   | \$23.91           | \$17.62           | \$27.72           | \$25.91           | \$64.85           |
| <b>Public Safety</b>  |                   |                   |                   |                   |                   |
| Law Enforcement and Traffic Control                         | \$38.44           | \$87.65           | \$167.91          | \$72.27           | \$162.09          |
| Fire and Rescue Services                                    | \$13.98           | \$52.55           | \$96.29           | \$17.64           | \$12.03           |
| Correction and Detention                                    | \$34.27           | \$40.27           | \$74.87           | \$23.77           | \$37.45           |
| Inspections   | \$4.70            | \$9.36            | \$11.18           | \$3.39            | \$17.73           |
| Other Protection  | \$6.30            | \$4.87            | \$6.69            | \$4.64            | \$2.89            |
| Sub-Total   | \$97.70           | \$194.70          | \$356.95          | \$121.71          | \$232.19          |
| <b>Public Works</b>   |                   |                   |                   |                   |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | --                | \$6.12            | \$62.69           | \$2.61            | --                |
| Sanitation and Waste Removal                                | \$14.60           | \$21.26           | \$19.34           | \$19.38           | \$112.84          |
| Maintenance of General Buildings and Grounds                | \$14.56           | \$10.77           | \$19.93           | \$12.54           | \$52.76           |
| Sub-Total   | \$29.16           | \$38.15           | \$101.96          | \$34.53           | \$165.60          |
| <b>Health and Welfare</b>                                   |                   |                   |                   |                   |                   |
| Health  | \$6.10            | \$5.40            | \$4.37            | \$3.55            | \$19.54           |
| Mental Health and Mental Retardation                        | \$59.39           | \$48.82           | \$61.64           | \$1.82            | \$44.02           |
| Welfare/Social Services                                     | \$81.78           | \$55.74           | \$59.78           | \$137.98          | \$83.10           |
| Sub-Total   | \$147.27          | \$109.96          | \$125.79          | \$143.35          | \$146.67          |
| <b>Education</b>  |                   |                   |                   |                   |                   |
| Instruction   | \$732.54          | \$770.60          | \$703.90          | \$714.06          | \$735.19          |
| Administration, Attendance, and Health                      | \$33.75           | \$43.07           | \$44.89           | \$18.84           | \$46.13           |
| Pupil Transportation Services                               | \$62.95           | \$53.34           | \$41.37           | \$58.21           | \$66.23           |
| Operation and Maintenance Services                          | \$114.37          | \$80.77           | \$111.69          | \$88.22           | \$105.43          |
| School Food Services and Other Non-Instructional Operations | \$55.05           | \$57.64           | \$35.45           | \$47.65           | \$44.64           |
| Contributions to Community Colleges                         | \$0.93            | --                | --                | \$0.53            | --                |
| Sub-Total   | \$999.59          | \$1,005.42        | \$937.20          | \$927.51          | \$997.72          |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                   |                   |                   |
| Parks and Recreation  | \$2.36            | \$15.61           | \$37.23           | \$9.14            | --                |
| Cultural Enrichment   | \$0.13            | --                | --                | \$1.07            | --                |
| Public Libraries  | \$6.61            | \$24.27           | \$27.28           | \$17.69           | \$7.97            |
| Sub-Total   | \$9.10            | \$39.89           | \$64.51           | \$27.90           | \$7.97            |
| <b>Community Development</b>                                |                   |                   |                   |                   |                   |
| Planning and Community Development                          | \$18.19           | \$39.68           | \$41.21           | \$27.73           | \$4.44            |
| Environmental Management                                    | \$1.61            | \$0.38            | --                | \$0.50            | \$2.29            |
| Cooperative Extension Program                               | \$1.67            | \$0.70            | \$1.08            | \$1.73            | \$12.87           |
| Sub-Total   | \$21.48           | \$40.76           | \$42.29           | \$30.01           | \$19.61           |
| <b>Nondepartmental<sup>1</sup></b>                          |                   |                   |                   |                   |                   |
| Sub-Total   | --                | --                | --                | --                | --                |
| <b>Grand Total</b>  | <b>\$1,361.59</b> | <b>\$1,497.87</b> | <b>\$1,774.20</b> | <b>\$1,352.24</b> | <b>\$1,763.41</b> |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, *Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3; and* Weidon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Table 2.2  
Per Capita Distribution/2  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998  
[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Isle of Wight County | James City County | King & Queen County | King George County | King William County |
|---|----------------------|-------------------|---------------------|--------------------|---------------------|
| <b>General Government Administration</b>                    |                      |                   |                     |                    |                     |
| Legislative   | \$6.78               | \$3.92            | \$10.37             | \$8.55             | \$4.20              |
| General and Financial Administration                        | \$67.57              | \$71.55           | \$72.51             | \$43.72            | \$50.30             |
| Board of Elections  | \$2.55               | \$4.13            | \$8.15              | \$4.50             | \$6.28              |
| <b>Sub-Total</b>  | <b>\$77.01</b>       | <b>\$79.59</b>    | <b>\$91.03</b>      | <b>\$56.77</b>     | <b>\$60.78</b>      |
| <b>Judicial Administration</b>                              |                      |                   |                     |                    |                     |
| Courts  | \$18.63              | \$40.60           | \$24.42             | \$26.53            | \$16.80             |
| Commonwealth's Attorney                                     | \$5.00               | \$9.50            | \$18.37             | \$8.54             | \$5.43              |
| <b>Sub-Total</b>  | <b>\$23.63</b>       | <b>\$50.10</b>    | <b>\$42.79</b>      | <b>\$35.07</b>     | <b>\$22.23</b>      |
| <b>Public Safety</b>  |                      |                   |                     |                    |                     |
| Law Enforcement and Traffic Control                         | \$30.67              | \$73.36           | \$56.53             | \$64.76            | \$45.35             |
| Fire and Rescue Services                                    | \$8.28               | \$87.48           | \$17.10             | \$29.52            | \$21.14             |
| Correction and Detention                                    | \$80.77              | \$65.91           | \$20.83             | \$65.61            | \$40.87             |
| Inspections   | \$6.12               | \$16.92           | \$4.25              | \$4.38             | \$6.13              |
| Other Protection  | \$3.27               | \$19.67           | \$3.05              | \$4.46             | \$4.10              |
| <b>Sub-Total</b>  | <b>\$129.11</b>      | <b>\$263.33</b>   | <b>\$101.76</b>     | <b>\$168.73</b>    | <b>\$117.58</b>     |
| <b>Public Works</b>   |                      |                   |                     |                    |                     |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -                    | -                 | -                   | -                  | -                   |
| Sanitation and Waste Removal                                | \$41.23              | \$28.17           | \$45.94             | \$7.61             | \$53.63             |
| Maintenance of General Buildings and Grounds                | \$17.10              | \$24.21           | \$28.31             | \$18.56            | \$20.22             |
| <b>Sub-Total</b>  | <b>\$58.33</b>       | <b>\$52.38</b>    | <b>\$74.24</b>      | <b>\$26.17</b>     | <b>\$73.85</b>      |
| <b>Health and Welfare</b>                                   |                      |                   |                     |                    |                     |
| Health  | \$12.16              | \$9.40            | \$10.74             | \$8.00             | \$10.19             |
| Mental Health and Mental Retardation                        | \$66.88              | \$65.19           | \$99.45             | \$62.28            | \$59.41             |
| Welfare/Social Services                                     | \$87.04              | \$60.81           | \$129.71            | \$82.88            | \$80.10             |
| <b>Sub-Total</b>  | <b>\$166.08</b>      | <b>\$135.39</b>   | <b>\$239.90</b>     | <b>\$153.15</b>    | <b>\$159.70</b>     |
| <b>Education</b>  |                      |                   |                     |                    |                     |
| Instruction   | \$768.64             | \$785.50          | \$763.99            | \$776.52           | \$626.38            |
| Administration, Attendance, and Health                      | \$41.17              | \$64.74           | \$90.54             | \$51.33            | \$55.58             |
| Pupil Transportation Services                               | \$74.89              | \$56.34           | \$107.08            | \$58.93            | \$67.62             |
| Operation and Maintenance Services                          | \$84.51              | \$118.71          | \$118.15            | \$94.78            | \$90.93             |
| School Food Services and Other Non-Instructional Operations | \$70.37              | \$33.65           | \$60.05             | \$34.06            | \$50.66             |
| Contributions to Community Colleges                         | \$0.23               | -                 | \$0.57              | \$0.33             | \$0.40              |
| <b>Sub-Total</b>  | <b>\$1,029.80</b>    | <b>\$1,058.95</b> | <b>\$1,140.38</b>   | <b>\$1,015.95</b>  | <b>\$891.56</b>     |
| <b>Parks, Recreation, and Cultural Services</b>             |                      |                   |                     |                    |                     |
| Parks and Recreation  | \$21.43              | \$62.02           | -                   | \$22.15            | \$12.73             |
| Cultural Enrichment   | \$1.04               | -                 | -                   | -                  | -                   |
| Public Libraries  | \$12.20              | \$66.56           | \$16.77             | \$22.23            | \$21.22             |
| <b>Sub-Total</b>  | <b>\$34.67</b>       | <b>\$128.58</b>   | <b>\$16.77</b>      | <b>\$44.37</b>     | <b>\$33.95</b>      |
| <b>Community Development</b>                                |                      |                   |                     |                    |                     |
| Planning and Community Development                          | \$17.91              | \$108.91          | \$17.48             | \$17.52            | \$40.80             |
| Environmental Management                                    | \$2.00               | \$13.62           | \$3.13              | \$7.90             | \$0.56              |
| Cooperative Extension Program                               | \$1.97               | \$2.19            | \$3.77              | \$3.57             | \$2.14              |
| <b>Sub-Total</b>  | <b>\$21.87</b>       | <b>\$124.72</b>   | <b>\$24.38</b>      | <b>\$28.99</b>     | <b>\$43.50</b>      |
| <b>Nondepartmental/1</b>                                    |                      |                   |                     |                    |                     |
| <b>Sub-Total</b>  | <b>\$35.39</b>       | <b>-</b>          | <b>-</b>            | <b>-</b>           | <b>-</b>            |
| <b>Grand Total</b>  | <b>\$1,585.88</b>    | <b>\$1,893.05</b> | <b>\$1,731.24</b>   | <b>\$1,529.22</b>  | <b>\$1,403.14</b>   |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Table 2.2  
Per Capita Distribution/2  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998  
[The symbol "--" denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Lancaster County | Lee County | Loudoun County | Louisa County | Lunenburg County |
|---|------------------|------------|----------------|---------------|------------------|
| <b>General Government Administration</b>                    |                  |            |                |               |                  |
| Legislative   | \$25.90          | \$3.42     | \$7.48         | \$3.67        | \$3.15           |
| General and Financial Administration                        | \$47.44          | \$26.25    | \$77.92        | \$47.10       | \$46.36          |
| Board of Elections  | \$5.47           | \$3.54     | \$4.49         | \$3.18        | \$5.09           |
| Sub-Total   | \$78.81          | \$33.22    | \$89.89        | \$53.95       | \$54.61          |
| <b>Judicial Administration</b>                              |                  |            |                |               |                  |
| Courts  | \$20.83          | \$21.05    | \$19.21        | \$18.05       | \$24.09          |
| Commonwealth's Attorney                                     | \$7.74           | \$7.17     | \$9.54         | \$13.04       | \$11.61          |
| Sub-Total   | \$28.62          | \$28.22    | \$28.75        | \$31.09       | \$35.70          |
| <b>Public Safety</b>  |                  |            |                |               |                  |
| Law Enforcement and Traffic Control                         | \$102.46         | \$43.60    | \$90.09        | \$98.60       | \$55.58          |
| Fire and Rescue Services                                    | \$23.69          | \$6.34     | \$46.46        | \$38.22       | \$8.37           |
| Correction and Detention                                    | \$59.95          | \$17.07    | \$37.32        | \$40.75       | \$38.55          |
| Inspections   | \$3.93           | \$2.38     | \$18.64        | \$7.96        | \$2.64           |
| Other Protection  | \$3.57           | \$2.51     | \$5.92         | \$6.91        | \$2.35           |
| Sub-Total   | \$193.60         | \$71.99    | \$198.43       | \$192.44      | \$107.90         |
| <b>Public Works</b>   |                  |            |                |               |                  |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | --               | \$8.55     | \$19.25        | --            | --               |
| Sanitation and Waste Removal                                | \$30.87          | \$35.49    | \$8.93         | \$27.09       | \$48.79          |
| Maintenance of General Buildings and Grounds                | \$11.19          | \$11.05    | \$18.23        | \$14.68       | \$7.57           |
| Sub-Total   | \$42.06          | \$55.11    | \$46.41        | \$41.77       | \$56.35          |
| <b>Health and Welfare</b>                                   |                  |            |                |               |                  |
| Health  | \$12.98          | \$6.34     | \$11.65        | \$17.59       | \$9.90           |
| Mental Health and Mental Retardation                        | \$71.57          | \$42.92    | \$50.26        | \$60.29       | \$95.99          |
| Welfare/Social Services                                     | \$121.79         | \$122.64   | \$115.92       | \$80.52       | \$74.33          |
| Sub-Total   | \$206.34         | \$171.89   | \$177.83       | \$158.40      | \$180.22         |
| <b>Education</b>  |                  |            |                |               |                  |
| Instruction   | \$810.45         | \$815.27   | \$973.92       | \$722.40      | \$692.63         |
| Administration, Attendance, and Health                      | \$40.39          | \$29.38    | \$38.72        | \$55.07       | \$40.17          |
| Pupil Transportation Services                               | \$44.13          | \$53.96    | \$89.93        | \$70.00       | \$55.84          |
| Operation and Maintenance Services                          | \$75.99          | \$79.33    | \$112.98       | \$42.30       | \$76.58          |
| School Food Services and Other Non-Instructional Operations | \$47.68          | \$66.78    | \$38.43        | \$45.58       | \$52.82          |
| Contributions to Community Colleges                         | \$0.61           | \$0.66     | \$0.67         | \$0.31        | --               |
| Sub-Total   | \$819.26         | \$1,055.39 | \$1,254.65     | \$935.65      | \$918.05         |
| <b>Parks, Recreation, and Cultural Services</b>             |                  |            |                |               |                  |
| Parks and Recreation  | \$11.16          | \$2.43     | \$53.74        | \$13.52       | --               |
| Cultural Enrichment   | \$0.98           | --         | \$4.28         | --            | --               |
| Public Libraries  | \$4.16           | \$12.82    | \$36.07        | \$9.10        | \$5.13           |
| Sub-Total   | \$16.29          | \$15.25    | \$94.09        | \$22.62       | \$5.13           |
| <b>Community Development</b>                                |                  |            |                |               |                  |
| Planning and Community Development                          | \$59.32          | \$4.40     | \$58.11        | \$11.86       | \$27.71          |
| Environmental Management                                    | \$3.39           | \$0.16     | \$5.40         | \$1.01        | \$0.84           |
| Cooperative Extension Program                               | \$2.10           | \$1.60     | \$2.61         | \$3.12        | \$5.10           |
| Sub-Total   | \$64.81          | \$6.16     | \$66.13        | \$15.98       | \$33.65          |
| <b>Nondepartmental/1</b>                                    |                  |            |                |               |                  |
| Sub-Total   | --               | --         | --             | --            | --               |
| <b>Grand Total</b>  | \$1,449.79       | \$1,437.24 | \$1,956.18     | \$1,451.90    | \$1,391.61       |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Table 2.2  
Per Capita Distribution/2  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998  
[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Madison County    | Mathews County    | Mecklenburg County | Middlesex County  | Montgomery County |
|---|-------------------|-------------------|--------------------|-------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                   |                    |                   |                   |
| Legislative   | \$10.13           | \$6.84            | \$4.50             | \$5.32            | \$2.09            |
| General and Financial Administration                        | \$25.79           | \$74.56           | \$30.86            | \$65.50           | \$32.67           |
| Board of Elections  | \$4.61            | \$5.06            | \$2.78             | \$4.98            | \$1.86            |
| Sub-Total   | \$40.53           | \$86.47           | \$38.15            | \$75.80           | \$36.62           |
| <b>Judicial Administration</b>                              |                   |                   |                    |                   |                   |
| Courts  | \$33.25           | \$30.55           | \$37.15            | \$17.10           | \$10.98           |
| Commonwealth's Attorney                                     | \$11.11           | \$10.32           | \$8.51             | \$7.27            | \$4.29            |
| Sub-Total   | \$44.36           | \$40.87           | \$45.66            | \$24.37           | \$15.27           |
| <b>Public Safety</b>  |                   |                   |                    |                   |                   |
| Law Enforcement and Traffic Control                         | \$41.29           | \$54.32           | \$47.50            | \$55.94           | \$27.25           |
| Fire and Rescue Services                                    | \$13.29           | \$18.77           | \$10.87            | \$21.55           | \$16.34           |
| Correction and Detention                                    | \$13.60           | \$51.38           | \$34.24            | \$45.74           | \$14.67           |
| Inspections   | \$4.92            | \$7.01            | \$5.48             | \$9.38            | \$1.96            |
| Other Protection  | \$3.72            | \$4.30            | \$20.37            | \$3.11            | \$3.43            |
| Sub-Total   | \$76.82           | \$135.78          | \$118.46           | \$135.72          | \$63.66           |
| <b>Public Works</b>   |                   |                   |                    |                   |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -                 | \$1.40            | -                  | \$0.09            | -                 |
| Sanitation and Waste Removal                                | \$5.95            | \$62.07           | \$20.31            | \$69.37           | \$33.49           |
| Maintenance of General Buildings and Grounds                | \$13.54           | \$21.93           | \$27.88            | \$15.42           | \$8.05            |
| Sub-Total   | \$19.48           | \$85.39           | \$48.19            | \$84.87           | \$41.54           |
| <b>Health and Welfare</b>                                   |                   |                   |                    |                   |                   |
| Health  | \$5.22            | \$11.84           | \$7.84             | \$13.50           | \$4.46            |
| Mental Health and Mental Retardation                        | \$58.95           | \$62.61           | \$53.01            | \$70.11           | \$47.06           |
| Welfare/Social Services                                     | \$90.70           | \$74.33           | \$73.80            | \$102.34          | \$56.28           |
| Sub-Total   | \$154.87          | \$148.77          | \$134.65           | \$185.96          | \$107.80          |
| <b>Education</b>  |                   |                   |                    |                   |                   |
| Instruction   | \$673.65          | \$580.31          | \$670.88           | \$632.42          | \$550.25          |
| Administration, Attendance, and Health                      | \$42.25           | \$46.86           | \$22.82            | \$40.99           | \$23.61           |
| Pupil Transportation Services                               | \$65.86           | \$43.87           | \$72.11            | \$54.74           | \$25.34           |
| Operation and Maintenance Services                          | \$99.97           | \$76.87           | \$63.83            | \$72.87           | \$81.08           |
| School Food Services and Other Non-Instructional Operations | \$36.57           | \$37.44           | \$44.84            | \$39.82           | \$31.54           |
| Contributions to Community Colleges                         | \$0.16            | \$0.46            | \$0.20             | \$0.42            | \$0.30            |
| Sub-Total   | \$918.46          | \$785.81          | \$874.69           | \$841.26          | \$712.13          |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                    |                   |                   |
| Parks and Recreation  | \$14.83           | \$7.84            | \$0.48             | \$10.97           | \$5.45            |
| Cultural Enrichment   | \$0.34            | -                 | \$0.10             | \$0.11            | \$0.10            |
| Public Libraries  | \$3.52            | \$10.77           | \$8.52             | \$6.35            | \$16.23           |
| Sub-Total   | \$18.68           | \$18.62           | \$9.10             | \$17.44           | \$21.78           |
| <b>Community Development</b>                                |                   |                   |                    |                   |                   |
| Planning and Community Development                          | \$7.17            | \$21.12           | \$14.52            | \$14.04           | \$10.98           |
| Environmental Management                                    | \$16.20           | \$0.53            | \$1.57             | \$3.47            | \$0.91            |
| Cooperative Extension Program                               | \$3.75            | \$3.43            | \$1.44             | \$2.47            | \$0.73            |
| Sub-Total   | \$27.12           | \$25.08           | \$17.53            | \$19.98           | \$12.52           |
| <b>Nondepartmental/1</b>                                    |                   |                   |                    |                   |                   |
| Sub-Total   | -                 | -                 | -                  | -                 | -                 |
| <b>Grand Total</b>  | <b>\$1,300.32</b> | <b>\$1,326.78</b> | <b>\$1,286.42</b>  | <b>\$1,385.40</b> | <b>\$1,011.42</b> |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Table 2.2  
Per Capita Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol "-" denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Nelson County     | New Kent County   | Northampton County | Northumberland County | Nottoway County   |
|---|-------------------|-------------------|--------------------|-----------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                   |                    |                       |                   |
| Legislative   | \$4.42            | \$7.83            | \$3.26             | \$10.80               | \$11.16           |
| General and Financial Administration                        | \$43.92           | \$76.58           | \$51.91            | \$52.89               | \$28.26           |
| Board of Elections  | \$5.03            | \$5.65            | \$5.03             | \$6.04                | \$3.91            |
| Sub-Total   | \$53.37           | \$90.05           | \$60.20            | \$69.73               | \$43.33           |
| <b>Judicial Administration</b>                              |                   |                   |                    |                       |                   |
| Courts  | \$17.49           | \$35.51           | \$25.96            | \$24.55               | \$9.80            |
| Commonwealth's Attorney                                     | \$11.88           | \$11.49           | \$10.92            | \$11.69               | \$3.11            |
| Sub-Total   | \$29.37           | \$47.00           | \$36.88            | \$36.24               | \$17.90           |
| <b>Public Safety</b>  |                   |                   |                    |                       |                   |
| Law Enforcement and Traffic Control                         | \$55.61           | \$77.10           | \$63.37            | \$48.59               | \$48.66           |
| Fire and Rescue Services                                    | \$65.99           | \$14.75           | \$23.21            | \$22.65               | \$17.81           |
| Correction and Detention                                    | \$14.52           | \$16.88           | \$52.35            | \$57.24               | \$31.99           |
| Inspections   | \$9.94            | \$6.92            | \$5.37             | \$6.21                | \$3.18            |
| Other Protection  | \$6.14            | \$13.54           | \$6.37             | \$9.68                | \$2.19            |
| Sub-Total   | \$150.20          | \$129.18          | \$150.67           | \$144.36              | \$103.82          |
| <b>Public Works</b>   |                   |                   |                    |                       |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -                 | -                 | -                  | \$1.75                | \$0.33            |
| Sanitation and Waste Removal                                | \$56.57           | \$74.86           | \$45.52            | \$53.09               | \$62.46           |
| Maintenance of General Buildings and Grounds                | \$26.75           | \$22.23           | \$17.34            | \$11.13               | \$6.49            |
| Sub-Total   | \$93.31           | \$97.09           | \$62.86            | \$65.96               | \$69.28           |
| <b>Health and Welfare</b>                                   |                   |                   |                    |                       |                   |
| Health  | \$13.27           | \$8.26            | \$20.27            | \$13.26               | \$4.66            |
| Mental Health and Mental Retardation                        | \$51.64           | \$5.77            | \$135.79           | \$62.67               | \$53.27           |
| Welfare/Social Services                                     | \$70.28           | \$86.90           | \$163.24           | \$83.81               | \$76.87           |
| Sub-Total   | \$135.19          | \$100.93          | \$319.30           | \$159.73              | \$134.80          |
| <b>Education</b>  |                   |                   |                    |                       |                   |
| Instruction   | \$648.63          | \$670.35          | \$847.08           | \$531.41              | \$727.33          |
| Administration, Attendance, and Health                      | \$48.72           | \$64.34           | \$46.44            | \$28.99               | \$46.95           |
| Pupil Transportation Services                               | \$70.84           | \$65.81           | \$70.63            | \$56.48               | \$43.29           |
| Operation and Maintenance Services                          | \$102.34          | \$67.78           | \$112.88           | \$76.37               | \$55.69           |
| School Food Services and Other Non-Instructional Operations | \$56.31           | \$37.68           | \$76.30            | \$38.07               | \$55.83           |
| Contributions to Community Colleges                         | \$0.07            | \$0.23            | \$1.78             | \$0.46                | \$0.19            |
| Sub-Total   | \$926.96          | \$926.18          | \$1,155.11         | \$781.79              | \$965.27          |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                    |                       |                   |
| Parks and Recreation  | \$5.42            | \$0.05            | \$11.71            | \$5.75                | \$0.98            |
| Cultural Enrichment   | -                 | -                 | -                  | \$0.87                | -                 |
| Public Libraries  | \$11.61           | \$4.11            | \$6.13             | \$5.11                | \$7.41            |
| Sub-Total   | \$17.02           | \$4.16            | \$17.84            | \$11.73               | \$8.39            |
| <b>Community Development</b>                                |                   |                   |                    |                       |                   |
| Planning and Community Development                          | \$64.25           | \$19.11           | \$48.35            | \$14.58               | \$75.99           |
| Environmental Management                                    | \$1.93            | \$5.18            | \$0.92             | \$1.53                | \$0.43            |
| Cooperative Extension Program                               | \$2.71            | \$3.26            | \$9.46             | \$5.20                | \$3.65            |
| Sub-Total   | \$68.88           | \$27.55           | \$58.72            | \$21.30               | \$81.07           |
| <b>Nondepartmental<sup>1</sup></b>                          |                   |                   |                    |                       |                   |
| Sub-Total   | -                 | -                 | -                  | -                     | -                 |
| <b>Grand Total</b>  | <b>\$1,474.31</b> | <b>\$1,422.14</b> | <b>\$1,861.59</b>  | <b>\$1,290.84</b>     | <b>\$1,423.87</b> |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, *Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98"* (electronic dataset), January, 1999.

Table 2.2  
Per Capita Distribution/2  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Orange County     | Page County       | Patrick County    | Pittsylvania County | Powhatan County   |
|---|-------------------|-------------------|-------------------|---------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                   |                   |                     |                   |
| Legislative   | \$3.66            | \$2.03            | \$2.13            | \$1.56              | \$4.09            |
| General and Financial Administration                        | \$38.96           | \$43.96           | \$29.35           | \$24.20             | \$42.94           |
| Board of Elections  | \$2.58            | \$4.17            | \$3.59            | \$1.91              | \$3.25            |
| Sub-Total   | \$43.20           | \$50.16           | \$35.06           | \$27.68             | \$50.28           |
| <b>Judicial Administration</b>                              |                   |                   |                   |                     |                   |
| Courts  | \$21.40           | \$4.71            | \$6.75            | \$20.49             | \$16.70           |
| Commonwealth's Attorney                                     | \$7.54            | \$7.51            | \$6.69            | \$5.71              | \$6.68            |
| Sub-Total   | \$28.95           | \$12.23           | \$13.34           | \$26.20             | \$23.38           |
| <b>Public Safety</b>  |                   |                   |                   |                     |                   |
| Law Enforcement and Traffic Control                         | \$52.33           | \$57.10           | \$47.47           | \$39.29             | \$54.27           |
| Fire and Rescue Services                                    | \$19.84           | \$15.99           | \$21.47           | \$9.69              | \$22.95           |
| Correction and Detention                                    | \$11.96           | \$14.32           | \$22.04           | \$21.60             | -                 |
| Inspections   | \$5.12            | \$3.18            | \$4.25            | \$3.86              | \$8.21            |
| Other Protection  | \$13.79           | \$14.43           | \$16.54           | \$16.17             | \$3.77            |
| Sub-Total   | \$103.10          | \$105.02          | \$111.77          | \$90.61             | \$89.20           |
| <b>Public Works</b>   |                   |                   |                   |                     |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -                 | \$0.13            | -                 | -                   | -                 |
| Sanitation and Waste Removal                                | \$30.27           | \$25.34           | \$28.97           | \$19.69             | -                 |
| Maintenance of General Buildings and Grounds                | \$11.68           | \$11.45           | \$12.21           | \$10.10             | \$26.45           |
| Sub-Total   | \$41.94           | \$36.93           | \$41.19           | \$29.79             | \$26.45           |
| <b>Health and Welfare</b>                                   |                   |                   |                   |                     |                   |
| Health  | \$9.13            | \$11.27           | \$5.68            | \$6.67              | \$5.75            |
| Mental Health and Mental Retardation                        | \$60.15           | \$43.40           | \$4.00            | \$50.95             | \$58.69           |
| Welfare/Social Services                                     | \$68.92           | \$135.05          | \$60.46           | \$101.73            | \$60.58           |
| Sub-Total   | \$138.21          | \$189.72          | \$70.15           | \$159.35            | \$125.02          |
| <b>Education</b>  |                   |                   |                   |                     |                   |
| Instruction   | \$750.56          | \$625.55          | \$592.31          | \$620.08            | \$626.32          |
| Administration, Attendance, and Health                      | \$32.60           | \$31.85           | \$18.66           | \$26.75             | \$37.08           |
| Pupil Transportation Services                               | \$53.41           | \$52.74           | \$62.28           | \$58.12             | \$59.79           |
| Operation and Maintenance Services                          | \$66.75           | \$70.22           | \$64.34           | \$58.93             | \$91.65           |
| School Food Services and Other Non-Instructional Operations | \$39.03           | \$69.49           | \$47.63           | \$43.19             | \$30.27           |
| Contributions to Community Colleges                         | \$0.15            | -                 | \$0.46            | \$0.17              | \$0.45            |
| Sub-Total   | \$962.50          | \$850.84          | \$785.67          | \$807.24            | \$845.56          |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                   |                     |                   |
| Parks and Recreation  | \$15.19           | \$0.25            | \$10.28           | \$1.46              | \$2.92            |
| Cultural Enrichment   | \$0.74            | \$1.47            | \$0.07            | \$0.80              | -                 |
| Public Libraries  | \$15.33           | \$7.40            | \$16.01           | \$4.87              | \$2.70            |
| Sub-Total   | \$31.26           | \$9.12            | \$26.36           | \$7.13              | \$5.62            |
| <b>Community Development</b>                                |                   |                   |                   |                     |                   |
| Planning and Community Development                          | \$16.25           | \$4.44            | \$18.65           | \$15.62             | \$17.37           |
| Environmental Management                                    | \$0.83            | \$3.81            | \$3.47            | \$0.13              | \$2.11            |
| Cooperative Extension Program                               | \$2.21            | \$3.10            | \$2.82            | \$1.28              | \$1.55            |
| Sub-Total   | \$19.29           | \$11.35           | \$24.94           | \$17.03             | \$21.04           |
| <b>Nondepartmental/1</b>                                    |                   |                   |                   |                     |                   |
| Sub-Total   | -                 | -                 | -                 | -                   | -                 |
| <b>Grand Total</b>  | <b>\$1,368.45</b> | <b>\$1,265.38</b> | <b>\$1,108.48</b> | <b>\$1,165.03</b>   | <b>\$1,186.54</b> |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

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Table 2.2

Per Capita Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Prince Edward County | Prince George County | Prince William County | Pulaski County | Rappahannock County |
|---|----------------------|----------------------|-----------------------|----------------|---------------------|
| <b>General Government Administration</b>                    |                      |                      |                       |                |                     |
| Legislative   | \$3.23               | \$4.43               | \$3.63                | \$4.64         | \$4.51              |
| General and Financial Administration                        | \$30.83              | \$45.82              | \$58.52               | \$32.38        | \$64.50             |
| Board of Elections  | \$3.39               | \$3.27               | \$2.59                | \$2.41         | \$7.34              |
| Sub-Total   | \$37.45              | \$53.53              | \$64.74               | \$39.43        | \$76.34             |
| <b>Judicial Administration</b>                              |                      |                      |                       |                |                     |
| Courts  | \$39.27              | \$16.75              | \$23.22               | \$19.42        | \$24.71             |
| Commonwealth's Attorney                                     | \$12.60              | \$7.43               | \$7.21                | \$9.60         | \$21.75             |
| Sub-Total   | \$51.87              | \$24.18              | \$30.43               | \$29.02        | \$46.46             |
| <b>Public Safety</b>  |                      |                      |                       |                |                     |
| Law Enforcement and Traffic Control                         | \$36.20              | \$81.28              | \$110.03              | \$47.69        | \$45.40             |
| Fire and Rescue Services                                    | \$10.61              | \$15.84              | \$85.62               | \$8.07         | \$45.80             |
| Correction and Detention                                    | \$27.87              | \$45.64              | \$63.75               | \$35.70        | \$60.83             |
| Inspections   | \$1.69               | \$9.28               | \$15.97               | \$3.09         | \$15.71             |
| Other Protection  | \$2.36               | \$5.67               | \$23.40               | \$5.57         | \$6.75              |
| Sub-Total   | \$78.74              | \$157.70             | \$298.76              | \$100.13       | \$174.49            |
| <b>Public Works</b>   |                      |                      |                       |                |                     |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -                    | \$0.07               | \$22.27               | -              | -                   |
| Sanitation and Waste Removal                                | \$25.50              | \$8.38               | \$33.79               | \$85.20        | \$65.22             |
| Maintenance of General Buildings and Grounds                | \$16.93              | \$23.20              | \$42.80               | \$12.83        | \$23.78             |
| Sub-Total   | \$42.44              | \$31.65              | \$98.86               | \$98.03        | \$89.01             |
| <b>Health and Welfare</b>                                   |                      |                      |                       |                |                     |
| Health  | \$6.44               | \$4.61               | \$12.90               | \$6.19         | \$11.07             |
| Mental Health and Mental Retardation                        | \$68.69              | \$19.95              | \$45.66               | \$57.83        | \$89.19             |
| Welfare/Social Services                                     | \$82.18              | \$60.91              | \$95.73               | \$119.69       | \$95.80             |
| Sub-Total   | \$157.31             | \$85.47              | \$154.19              | \$183.71       | \$196.06            |
| <b>Education</b>  |                      |                      |                       |                |                     |
| Instruction   | \$562.92             | \$738.17             | \$936.92              | \$665.43       | \$662.52            |
| Administration, Attendance, and Health                      | \$41.02              | \$48.00              | \$53.14               | \$32.74        | \$71.56             |
| Pupil Transportation Services                               | \$52.52              | \$74.09              | \$59.75               | \$39.44        | \$79.68             |
| Operation and Maintenance Services                          | \$70.67              | \$131.21             | \$150.49              | \$80.96        | \$118.20            |
| School Food Services and Other Non-Instructional Operations | \$39.84              | \$47.00              | \$44.80               | \$44.80        | \$44.86             |
| Contributions to Community Colleges                         | \$0.23               | \$0.07               | -                     | \$0.46         | \$0.89              |
| Sub-Total   | \$767.20             | \$1,039.55           | \$1,245.09            | \$863.83       | \$977.72            |
| <b>Parks, Recreation, and Cultural Services</b>             |                      |                      |                       |                |                     |
| Parks and Recreation  | \$3.85               | \$10.53              | \$59.86               | \$5.32         | \$1.53              |
| Cultural Enrichment   | \$0.06               | -                    | -                     | \$1.31         | -                   |
| Public Libraries  | \$3.74               | \$8.03               | \$32.07               | \$10.68        | \$14.28             |
| Sub-Total   | \$7.65               | \$18.56              | \$91.93               | \$17.31        | \$15.80             |
| <b>Community Development</b>                                |                      |                      |                       |                |                     |
| Planning and Community Development                          | \$9.44               | \$8.81               | \$35.76               | \$33.16        | \$4.68              |
| Environmental Management                                    | \$0.51               | \$0.23               | -                     | \$0.12         | \$1.00              |
| Cooperative Extension Program                               | \$3.86               | \$1.07               | \$2.41                | \$1.96         | \$6.86              |
| Sub-Total   | \$13.81              | \$10.12              | \$38.18               | \$35.24        | \$12.54             |
| <b>Nondepartmental<sup>1</sup></b>                          |                      |                      |                       |                |                     |
| Sub-Total   | -                    | -                    | -                     | -              | -                   |
| Grand Total   | \$1,156.46           | \$1,420.75           | \$2,022.19            | \$1,266.69     | \$1,588.42          |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Table 2.2  
Per Capita Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998  
[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Richmond County   | Roanoke County    | Rockbridge County | Rockingham County | Russell County    |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                   |                   |                   |                   |
| Legislative   | \$6.25            | \$3.07            | \$3.01            | \$1.75            | \$3.97            |
| General and Financial Administration                        | \$41.82           | \$59.61           | \$41.70           | \$34.58           | \$32.41           |
| Board of Elections  | \$4.72            | \$2.32            | \$4.45            | \$1.56            | \$3.22            |
| Sub-Total   | \$52.79           | \$64.99           | \$49.17           | \$37.89           | \$39.60           |
| <b>Judicial Administration</b>                              |                   |                   |                   |                   |                   |
| Courts  | \$28.32           | \$23.08           | \$9.60            | \$15.34           | \$16.57           |
| Commonwealth's Attorney                                     | \$23.13           | \$6.52            | \$10.16           | \$7.80            | \$6.95            |
| Sub-Total   | \$51.45           | \$29.61           | \$19.76           | \$23.14           | \$23.52           |
| <b>Public Safety</b>  |                   |                   |                   |                   |                   |
| Law Enforcement and Traffic Control                         | \$73.88           | \$89.56           | \$50.96           | \$36.49           | \$28.28           |
| Fire and Rescue Services                                    | \$17.26           | \$57.52           | \$77.72           | \$28.12           | \$11.18           |
| Correction and Detention                                    | \$16.52           | \$57.99           | \$76.41           | \$30.07           | \$26.41           |
| Inspections   | \$7.47            | \$8.46            | \$7.29            | \$3.93            | \$2.28            |
| Other Protection  | \$4.42            | \$2.39            | \$3.63            | \$5.55            | \$2.23            |
| Sub-Total   | \$119.55          | \$215.91          | \$216.01          | \$104.18          | \$70.38           |
| <b>Public Works</b>   |                   |                   |                   |                   |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$0.09            | -                 | \$3.30            | \$0.004           | \$12.81           |
| Sanitation and Waste Removal                                | \$42.25           | \$68.74           | \$86.70           | (\$1.87)          | \$75.21           |
| Maintenance of General Buildings and Grounds                | \$16.40           | \$72.97           | \$9.30            | \$14.32           | \$12.08           |
| Sub-Total   | \$58.75           | \$141.71          | \$109.29          | \$12.46           | \$100.11          |
| <b>Health and Welfare</b>                                   |                   |                   |                   |                   |                   |
| Health  | \$15.10           | \$5.21            | \$10.34           | \$6.21            | \$11.27           |
| Mental Health and Mental Retardation                        | \$55.70           | \$23.19           | \$59.81           | \$37.82           | \$102.92          |
| Welfare/Social Services                                     | \$107.80          | \$74.14           | \$39.87           | \$59.16           | \$111.46          |
| Sub-Total   | \$178.61          | \$102.54          | \$109.02          | \$103.19          | \$225.65          |
| <b>Education</b>  |                   |                   |                   |                   |                   |
| Instruction   | \$631.26          | \$838.32          | \$604.73          | \$778.20          | \$650.01          |
| Administration, Attendance, and Health                      | \$31.99           | \$50.32           | \$83.02           | \$33.01           | \$22.31           |
| Pupil Transportation Services                               | \$49.28           | \$50.99           | \$69.59           | \$58.13           | \$53.99           |
| Operation and Maintenance Services                          | \$80.62           | \$99.32           | \$110.84          | \$94.15           | \$90.93           |
| School Food Services and Other Non-Instructional Operations | \$36.95           | \$37.80           | \$39.41           | \$51.83           | \$42.83           |
| Contributions to Community Colleges                         | \$4.97            | -                 | \$0.72            | -                 | \$4.70            |
| Sub-Total   | \$835.07          | \$1,076.74        | \$908.32          | \$1,015.32        | \$864.76          |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                   |                   |                   |
| Parks and Recreation  | -                 | \$28.69           | \$23.69           | \$10.17           | \$3.26            |
| Cultural Enrichment   | -                 | \$2.85            | -                 | -                 | \$0.53            |
| Public Libraries  | \$6.85            | \$21.05           | \$20.82           | \$6.21            | \$7.76            |
| Sub-Total   | \$6.85            | \$52.60           | \$44.50           | \$16.39           | \$11.56           |
| <b>Community Development</b>                                |                   |                   |                   |                   |                   |
| Planning and Community Development                          | \$13.47           | \$20.64           | \$49.56           | \$9.35            | \$23.84           |
| Environmental Management                                    | \$1.46            | -                 | \$6.18            | \$1.44            | \$0.76            |
| Cooperative Extension Program                               | \$3.44            | \$0.70            | \$3.07            | \$1.94            | \$3.74            |
| Sub-Total   | \$18.37           | \$21.34           | \$58.81           | \$12.73           | \$28.34           |
| <b>Nondepartmental<sup>1</sup></b>                          |                   |                   |                   |                   |                   |
| Sub-Total   | -                 | -                 | \$37.04           | -                 | -                 |
| <b>Grand Total</b>  | <b>\$1,321.44</b> | <b>\$1,705.43</b> | <b>\$1,592.92</b> | <b>\$1,325.30</b> | <b>\$1,363.92</b> |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Table 2.2  
Per Capita Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Scott County      | Shenandoah County | Smyth County      | Southampton County | Spotsylvania County |
|---|-------------------|-------------------|-------------------|--------------------|---------------------|
| <b>General Government Administration</b>                    |                   |                   |                   |                    |                     |
| Legislative   | \$4.11            | \$1.85            | \$12.68           | \$3.92             | \$2.60              |
| General and Financial Administration                        | \$43.99           | \$27.50           | \$24.66           | \$32.68            | \$53.54             |
| Board of Elections  | \$4.38            | \$5.25            | \$0.67            | \$4.56             | \$1.70              |
| Sub-Total   | \$52.48           | \$34.61           | \$38.01           | \$41.16            | \$57.84             |
| <b>Judicial Administration</b>                              |                   |                   |                   |                    |                     |
| Courts  | \$27.87           | \$12.42           | \$16.15           | \$18.74            | \$24.07             |
| Commonwealth's Attorney                                     | \$7.36            | \$7.01            | \$7.51            | \$11.54            | \$7.56              |
| Sub-Total   | \$35.24           | \$19.43           | \$23.66           | \$30.28            | \$31.64             |
| <b>Public Safety</b>  |                   |                   |                   |                    |                     |
| Law Enforcement and Traffic Control                         | \$46.18           | \$41.31           | \$49.53           | \$51.81            | \$42.99             |
| Fire and Rescue Services                                    | \$10.43           | \$13.04           | \$6.54            | \$25.32            | \$40.38             |
| Correction and Detention                                    | \$17.52           | \$17.90           | \$7.53            | \$83.39            | \$19.15             |
| Inspections   | \$2.40            | \$5.09            | \$3.63            | \$2.93             | \$16.87             |
| Other Protection  | \$4.35            | \$14.77           | \$3.83            | \$9.10             | \$16.65             |
| Sub-Total   | \$80.89           | \$92.10           | \$71.06           | \$172.54           | \$136.04            |
| <b>Public Works</b>   |                   |                   |                   |                    |                     |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$0.02            | -                 | -                 | \$1.98             | \$6.20              |
| Sanitation and Waste Removal                                | \$30.53           | \$42.20           | \$39.69           | \$51.01            | \$24.23             |
| Maintenance of General Buildings and Grounds                | \$8.22            | \$6.36            | \$8.95            | \$14.79            | \$17.62             |
| Sub-Total   | \$38.77           | \$48.55           | \$48.64           | \$67.78            | \$48.05             |
| <b>Health and Welfare</b>                                   |                   |                   |                   |                    |                     |
| Health  | \$7.23            | \$5.79            | \$13.69           | \$16.25            | \$6.00              |
| Mental Health and Mental Retardation                        | \$37.14           | \$69.52           | \$96.80           | \$66.99            | \$41.32             |
| Welfare/Social Services                                     | \$95.62           | \$49.29           | \$114.99          | \$87.90            | \$68.05             |
| Sub-Total   | \$139.99          | \$124.60          | \$225.48          | \$171.14           | \$115.37            |
| <b>Education</b>  |                   |                   |                   |                    |                     |
| Instruction   | \$739.11          | \$671.40          | \$692.15          | \$703.25           | \$878.05            |
| Administration, Attendance, and Health                      | \$22.44           | \$97.00           | \$21.74           | \$36.89            | \$43.02             |
| Pupil Transportation Services                               | \$51.37           | \$49.20           | \$31.49           | \$87.50            | \$72.95             |
| Operation and Maintenance Services                          | \$109.28          | \$93.56           | \$73.71           | \$100.79           | \$101.29            |
| School Food Services and Other Non-Instructional Operations | \$49.61           | \$31.91           | \$46.35           | \$55.80            | \$41.74             |
| Contributions to Community Colleges                         | \$1.01            | \$0.54            | \$1.86            | -                  | \$0.15              |
| Sub-Total   | \$972.82          | \$943.60          | \$867.30          | \$984.23           | \$1,137.20          |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                   |                    |                     |
| Parks and Recreation  | \$10.75           | \$9.19            | \$0.32            | -                  | \$16.68             |
| Cultural Enrichment   | -                 | \$0.30            | \$0.03            | -                  | \$0.12              |
| Public Libraries  | \$11.99           | \$5.79            | \$17.93           | \$11.15            | \$26.93             |
| Sub-Total   | \$22.74           | \$15.29           | \$18.27           | \$11.15            | \$43.74             |
| <b>Community Development</b>                                |                   |                   |                   |                    |                     |
| Planning and Community Development                          | \$6.37            | \$9.09            | \$17.42           | \$14.67            | \$15.14             |
| Environmental Management                                    | \$1.01            | \$1.38            | \$0.72            | \$0.31             | \$0.09              |
| Cooperative Extension Program                               | \$2.21            | \$2.24            | \$1.59            | \$2.54             | \$1.13              |
| Sub-Total   | \$9.60            | \$12.71           | \$19.74           | \$17.53            | \$16.36             |
| <b>Nondepartmental<sup>1</sup></b>                          |                   |                   |                   |                    |                     |
| Sub-Total   | -                 | -                 | -                 | -                  | -                   |
| <b>Grand Total</b>  | <b>\$1,352.52</b> | <b>\$1,290.89</b> | <b>\$1,312.16</b> | <b>\$1,495.91</b>  | <b>\$1,586.25</b>   |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Table 2.2  
Per Capita Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998  
[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Stafford County   | Surry County      | Sussex County     | Tazewell County   | Warren County     |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                   |                   |                   |                   |
| Legislative   | \$4.49            | \$13.41           | \$8.40            | \$1.61            | \$2.69            |
| General and Financial Administration                        | \$45.64           | \$97.66           | \$68.85           | \$24.63           | \$37.46           |
| Board of Elections  | \$2.22            | \$6.93            | \$6.97            | \$2.23            | \$2.90            |
| Sub-Total   | \$52.34           | \$118.00          | \$84.24           | \$28.47           | \$43.06           |
| <b>Judicial Administration</b>                              |                   |                   |                   |                   |                   |
| Courts  | \$18.85           | \$31.96           | \$35.82           | \$13.71           | \$12.74           |
| Commonwealth's Attorney                                     | \$8.80            | \$13.09           | \$14.30           | \$6.46            | \$10.35           |
| Sub-Total   | \$27.65           | \$45.05           | \$50.11           | \$20.16           | \$23.09           |
| <b>Public Safety</b>  |                   |                   |                   |                   |                   |
| Law Enforcement and Traffic Control                         | \$73.36           | \$82.21           | \$124.14          | \$21.13           | \$24.92           |
| Fire and Rescue Services                                    | \$46.93           | \$20.89           | \$14.82           | \$13.23           | \$18.20           |
| Correction and Detention                                    | \$20.51           | \$84.94           | \$26.17           | \$34.25           | \$59.76           |
| Inspections   | \$22.28           | \$11.66           | \$6.40            | \$3.19            | \$6.14            |
| Other Protection  | \$4.65            | \$11.26           | \$3.42            | \$9.32            | \$12.81           |
| Sub-Total   | \$167.73          | \$210.96          | \$174.95          | \$81.12           | \$121.82          |
| <b>Public Works</b>   |                   |                   |                   |                   |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$2.57            | -                 | \$4.41            | \$11.09           | \$11.77           |
| Sanitation and Waste Removal                                | \$28.40           | \$77.56           | \$20.28           | \$26.52           | \$52.92           |
| Maintenance of General Buildings and Grounds                | \$18.88           | \$30.23           | \$23.10           | \$8.91            | \$3.96            |
| Sub-Total   | \$49.85           | \$127.79          | \$47.79           | \$46.52           | \$68.64           |
| <b>Health and Welfare</b>                                   |                   |                   |                   |                   |                   |
| Health  | \$4.20            | \$21.97           | \$11.27           | \$4.84            | \$6.51            |
| Mental Health and Mental Retardation                        | \$42.55           | \$173.74          | \$86.01           | \$68.51           | \$60.58           |
| Welfare/Social Services                                     | \$60.30           | \$229.49          | \$143.53          | \$98.56           | \$97.76           |
| Sub-Total   | \$107.05          | \$425.21          | \$240.81          | \$171.90          | \$164.86          |
| <b>Education</b>  |                   |                   |                   |                   |                   |
| Instruction   | \$888.81          | \$1,149.41        | \$753.77          | \$694.22          | \$634.45          |
| Administration, Attendance, and Health                      | \$55.10           | \$116.30          | \$88.79           | \$22.64           | \$29.62           |
| Pupil Transportation Services                               | \$52.24           | \$113.46          | \$99.25           | \$54.53           | \$39.72           |
| Operation and Maintenance Services                          | \$104.69          | \$197.81          | \$84.16           | \$77.98           | \$111.41          |
| School Food Services and Other Non-Instructional Operations | \$52.02           | \$103.85          | \$67.67           | \$50.45           | \$38.63           |
| Contributions to Community Colleges                         | \$0.08            | \$0.10            | \$4.91            | \$3.76            | \$0.58            |
| Sub-Total   | \$1,152.94        | \$1,680.94        | \$1,098.55        | \$903.59          | \$854.42          |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                   |                   |                   |
| Parks and Recreation  | \$27.57           | \$36.50           | -                 | \$5.82            | \$3.75            |
| Cultural Enrichment   | \$0.08            | \$1.00            | \$1.08            | \$2.05            | \$0.67            |
| Public Libraries  | \$26.57           | \$15.50           | \$11.13           | \$12.32           | \$8.23            |
| Sub-Total   | \$54.21           | \$53.01           | \$12.21           | \$20.19           | \$12.64           |
| <b>Community Development</b>                                |                   |                   |                   |                   |                   |
| Planning and Community Development                          | \$22.19           | \$30.49           | \$22.36           | \$15.48           | \$62.23           |
| Environmental Management                                    | \$0.09            | \$1.14            | \$10.03           | \$1.05            | \$1.56            |
| Cooperative Extension Program                               | \$1.61            | \$3.66            | \$4.37            | \$0.98            | \$1.60            |
| Sub-Total   | \$23.90           | \$35.29           | \$36.75           | \$17.50           | \$65.39           |
| <b>Nondepartmental/<sup>1</sup></b>                         |                   |                   |                   |                   |                   |
| Sub-Total   | -                 | -                 | -                 | -                 | -                 |
| <b>Grand Total</b>  | <b>\$1,635.67</b> | <b>\$2,696.25</b> | <b>\$1,745.42</b> | <b>\$1,289.47</b> | <b>\$1,353.92</b> |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Table 2.2

Per Capita Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Washington County | Westmoreland County | Wise County       | Wythe County      | York County       |
|---|-------------------|---------------------|-------------------|-------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                     |                   |                   |                   |
| Legislative   | \$1.70            | \$2.55              | \$5.45            | \$7.12            | \$2.70            |
| General and Financial Administration                        | \$21.61           | \$62.14             | \$29.38           | \$24.21           | \$67.38           |
| Board of Elections  | \$2.12            | \$3.82              | \$2.54            | \$0.76            | \$4.06            |
| Sub-Total   | \$25.43           | \$68.51             | \$37.38           | \$32.09           | \$74.14           |
| <b>Judicial Administration</b>                              |                   |                     |                   |                   |                   |
| Courts  | \$12.96           | \$44.85             | \$21.02           | \$18.89           | \$21.12           |
| Commonwealth's Attorney                                     | \$5.99            | \$10.79             | \$9.83            | \$5.93            | \$9.50            |
| Sub-Total   | \$18.95           | \$55.64             | \$30.85           | \$24.83           | \$30.62           |
| <b>Public Safety</b>  |                   |                     |                   |                   |                   |
| Law Enforcement and Traffic Control                         | \$31.31           | \$53.95             | \$42.82           | \$62.28           | \$54.53           |
| Fire and Rescue Services                                    | \$22.97           | \$15.07             | \$6.17            | \$7.12            | \$101.34          |
| Correction and Detention                                    | \$21.44           | \$16.51             | \$39.35           | \$28.96           | \$60.82           |
| Inspections   | \$1.77            | \$6.98              | \$3.77            | \$4.66            | \$7.67            |
| Other Protection  | \$8.19            | \$4.07              | \$4.84            | \$12.62           | \$16.87           |
| Sub-Total   | \$85.69           | \$96.57             | \$96.95           | \$115.64          | \$241.22          |
| <b>Public Works</b>   |                   |                     |                   |                   |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$0.08            | \$6.09              | \$17.02           | -                 | \$3.89            |
| Sanitation and Waste Removal                                | \$43.54           | \$46.87             | \$58.87           | \$104.42          | \$67.08           |
| Maintenance of General Buildings and Grounds                | \$11.35           | \$22.48             | \$12.25           | \$11.96           | \$65.67           |
| Sub-Total   | \$54.97           | \$75.44             | \$88.14           | \$116.39          | \$136.64          |
| <b>Health and Welfare</b>                                   |                   |                     |                   |                   |                   |
| Health  | \$6.28            | \$13.55             | \$9.30            | \$8.73            | \$31.19           |
| Mental Health and Mental Retardation                        | \$64.50           | \$73.55             | \$54.53           | \$113.14          | \$45.45           |
| Welfare/Social Services                                     | \$83.13           | \$114.26            | \$132.83          | \$142.99          | \$57.53           |
| Sub-Total   | \$153.91          | \$201.35            | \$196.65          | \$264.86          | \$134.22          |
| <b>Education</b>  |                   |                     |                   |                   |                   |
| Instruction   | \$636.26          | \$532.48            | \$919.10          | \$688.35          | \$790.11          |
| Administration, Attendance, and Health                      | \$26.74           | \$28.64             | \$23.41           | \$16.96           | \$48.49           |
| Pupil Transportation Services                               | \$46.57           | \$60.27             | \$49.31           | \$45.80           | \$60.71           |
| Operation and Maintenance Services                          | \$91.35           | \$104.46            | \$90.06           | \$73.27           | \$139.99          |
| School Food Services and Other Non-Instructional Operations | \$45.82           | \$36.75             | \$55.51           | \$40.50           | \$35.30           |
| Contributions to Community Colleges                         | \$1.04            | \$0.40              | \$1.19            | \$1.11            | -                 |
| Sub-Total   | \$847.78          | \$763.01            | \$1,138.57        | \$865.99          | \$1,074.60        |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                     |                   |                   |                   |
| Parks and Recreation  | \$9.72            | \$14.74             | \$0.91            | \$8.02            | \$17.13           |
| Cultural Enrichment   | \$3.57            | \$1.98              | \$0.33            | \$0.30            | \$9.93            |
| Public Libraries  | \$17.74           | \$14.52             | \$26.70           | \$11.09           | \$14.01           |
| Sub-Total   | \$31.03           | \$31.24             | \$27.94           | \$19.41           | \$41.08           |
| <b>Community Development</b>                                |                   |                     |                   |                   |                   |
| Planning and Community Development                          | \$13.41           | \$24.46             | \$8.13            | \$13.58           | \$48.14           |
| Environmental Management                                    | \$0.37            | \$0.66              | -                 | \$0.34            | \$6.88            |
| Cooperative Extension Program                               | \$1.38            | \$2.35              | \$1.72            | \$2.32            | \$1.22            |
| Sub-Total   | \$15.17           | \$27.47             | \$9.85            | \$16.24           | \$56.23           |
| <b>Nondepartmental<sup>1</sup></b>                          |                   |                     |                   |                   |                   |
| Sub-Total   | -                 | -                   | -                 | -                 | -                 |
| <b>Grand Total</b>  | <b>\$1,232.93</b> | <b>\$1,319.23</b>   | <b>\$1,626.34</b> | <b>\$1,455.46</b> | <b>\$1,788.76</b> |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, *Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8*; and Weidon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Table 2.2

Per Capita Distribution/2  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Alexandria City   | Bedford City      | Bristol City      | Buena Vista City  | Charlottesville City |
|---|-------------------|-------------------|-------------------|-------------------|----------------------|
| <b>General Government Administration</b>                    |                   |                   |                   |                   |                      |
| Legislative   | \$5.70            | \$6.98            | \$2.28            | \$2.10            | \$4.94               |
| General and Financial Administration                        | \$160.76          | \$126.26          | \$69.49           | \$95.60           | \$121.59             |
| Board of Elections  | \$4.29            | \$6.40            | \$5.79            | \$6.72            | \$3.16               |
| Sub-Total <sup>1</sup>                                      | \$170.76          | \$139.64          | \$77.56           | \$104.43          | \$129.69             |
| <b>Judicial Administration</b>                              |                   |                   |                   |                   |                      |
| Courts  | \$79.40           | \$20.55           | \$40.73           | \$45.13           | \$22.17              |
| Commonwealth's Attorney                                     | \$16.52           | \$1.67            | \$11.54           | \$10.29           | \$16.03              |
| Sub-Total <sup>1</sup>                                      | \$95.92           | \$22.22           | \$52.27           | \$55.42           | \$38.21              |
| <b>Public Safety</b>  |                   |                   |                   |                   |                      |
| Law Enforcement and Traffic Control                         | \$267.57          | \$156.01          | \$193.59          | \$139.54          | \$186.86             |
| Fire and Rescue Services                                    | \$143.42          | \$44.76           | \$132.47          | \$15.51           | \$105.08             |
| Correction and Detention                                    | \$52.91           | \$9.88            | \$100.42          | \$58.83           | \$71.55              |
| Inspections   | \$22.95           | \$22.81           | \$7.05            | \$3.57            | \$9.83               |
| Other Protection  | \$9.23            | \$31.89           | \$5.51            | \$3.67            | \$26.03              |
| Sub-Total <sup>1</sup>                                      | \$496.08          | \$265.35          | \$439.04          | \$221.12          | \$399.34             |
| <b>Public Works</b>   |                   |                   |                   |                   |                      |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$142.03          | \$155.23          | \$113.59          | \$132.41          | \$132.70             |
| Sanitation and Waste Removal                                | \$42.80           | \$171.74          | \$206.02          | \$82.97           | \$53.47              |
| Maintenance of General Buildings and Grounds                | \$37.47           | \$103.03          | \$11.50           | \$24.81           | \$26.37              |
| Sub-Total <sup>1</sup>                                      | \$222.30          | \$429.99          | \$331.11          | \$240.18          | \$212.54             |
| <b>Health and Welfare</b>                                   |                   |                   |                   |                   |                      |
| Health  | \$49.32           | \$8.94            | \$13.28           | \$6.11            | \$18.71              |
| Mental Health and Mental Retardation                        | \$162.46          | \$2.52            | \$98.50           | \$106.53          | \$140.55             |
| Welfare/Social Services                                     | \$277.16          | \$33.24           | \$150.60          | \$89.97           | \$291.48             |
| Sub-Total <sup>1</sup>                                      | \$488.94          | \$44.71           | \$262.37          | \$202.61          | \$450.75             |
| <b>Education</b>  |                   |                   |                   |                   |                      |
| Instruction   | \$703.78          | \$468.22          | \$722.57          | \$779.34          | \$768.67             |
| Administration, Attendance, and Health                      | \$75.12           | \$76.55           | \$43.25           | \$36.55           | \$59.13              |
| Pupil Transportation Services                               | \$26.86           | \$38.67           | \$27.42           | \$20.98           | \$35.53              |
| Operation and Maintenance Services                          | \$89.30           | \$41.78           | \$84.10           | \$170.27          | \$134.02             |
| School Food Services and Other Non-Instructional Operations | \$30.04           | \$1.06            | \$39.08           | \$149.72          | \$47.50              |
| Contributions to Community Colleges                         | \$0.11            | \$0.02            | \$0.63            | \$0.92            | \$0.14               |
| Sub-Total <sup>1</sup>                                      | \$925.21          | \$626.30          | \$917.05          | \$1,157.78        | \$1,044.99           |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                   |                   |                      |
| Parks and Recreation  | \$73.37           | \$83.01           | \$80.04           | \$73.61           | \$120.90             |
| Cultural Enrichment   | \$19.20           | -                 | \$0.54            | -                 | \$2.20               |
| Public Libraries  | \$33.42           | \$30.07           | \$16.89           | \$14.00           | \$29.47              |
| Sub-Total <sup>1</sup>                                      | \$125.98          | \$113.07          | \$97.46           | \$87.61           | \$152.57             |
| <b>Community Development</b>                                |                   |                   |                   |                   |                      |
| Planning and Community Development                          | \$78.98           | \$27.05           | \$60.79           | \$42.97           | \$54.95              |
| Environmental Management                                    | \$1.70            | \$1.02            | \$1.93            | -                 | -                    |
| Cooperative Extension Program                               | \$1.42            | -                 | -                 | -                 | \$0.76               |
| Sub-Total <sup>1</sup>                                      | \$82.10           | \$28.07           | \$62.72           | \$42.97           | \$55.71              |
| <b>Nondepartmental<sup>1</sup></b>                          |                   |                   |                   |                   |                      |
| Sub-Total <sup>1</sup>                                      | -                 | -                 | -                 | -                 | -                    |
| <b>Grand Total</b>  | <b>\$2,607.28</b> | <b>\$1,669.36</b> | <b>\$2,239.59</b> | <b>\$2,112.12</b> | <b>\$2,483.79</b>    |

1

Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2

In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Table 2.2

Per Capita Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Chesapeake City   | Clifton Forge City | Colonial Heights City | Covington City    | Danville City     |
|---|-------------------|--------------------|-----------------------|-------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                    |                       |                   |                   |
| Legislative   | \$3.58            | \$5.11             | \$8.57                | \$8.74            | \$2.75            |
| General and Financial Administration                        | \$72.72           | \$104.19           | \$94.99               | \$70.71           | \$47.76           |
| Board of Elections  | \$2.16            | \$9.53             | \$6.01                | \$7.98            | \$2.43            |
| Sub-Total   | \$78.46           | \$118.82           | \$109.56              | \$87.43           | \$52.94           |
| <b>Judicial Administration</b>                              |                   |                    |                       |                   |                   |
| Courts  | \$33.23           | \$31.44            | \$45.41               | \$6.76            | \$17.94           |
| Commonwealth's Attorney                                     | \$6.62            | \$13.63            | \$15.29               | \$1.01            | \$10.76           |
| Sub-Total   | \$39.85           | \$45.07            | \$60.70               | \$7.77            | \$28.69           |
| <b>Public Safety</b>  |                   |                    |                       |                   |                   |
| Law Enforcement and Traffic Control                         | \$111.80          | \$95.58            | \$203.28              | \$164.67          | \$125.00          |
| Fire and Rescue Services                                    | \$98.93           | \$28.94            | \$78.40               | \$32.39           | \$110.53          |
| Correction and Detention                                    | \$56.20           | \$50.49            | \$156.11              | \$30.14           | \$50.62           |
| Inspections   | \$9.83            | \$2.28             | \$12.82               | \$11.11           | \$8.55            |
| Other Protection  | \$5.68            | \$6.87             | \$14.27               | \$6.58            | \$16.13           |
| Sub-Total   | \$282.45          | \$185.16           | \$464.87              | \$244.89          | \$310.83          |
| <b>Public Works</b>   |                   |                    |                       |                   |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$109.27          | \$103.87           | \$117.74              | \$166.45          | \$104.91          |
| Sanitation and Waste Removal                                | \$54.80           | \$102.70           | \$60.89               | \$92.60           | \$71.75           |
| Maintenance of General Buildings and Grounds                | \$29.51           | \$23.03            | \$19.47               | \$27.14           | \$39.22           |
| Sub-Total   | \$193.59          | \$229.60           | \$198.10              | \$286.19          | \$215.98          |
| <b>Health and Welfare</b>                                   |                   |                    |                       |                   |                   |
| Health  | \$24.04           | \$5.93             | \$6.83                | \$8.91            | \$9.79            |
| Mental Health and Mental Retardation                        | \$43.97           | \$44.13            | \$71.69               | \$93.81           | \$76.05           |
| Welfare/Social Services                                     | \$86.12           | \$98.33            | \$87.99               | \$93.93           | \$121.78          |
| Sub-Total   | \$154.13          | \$148.40           | \$166.51              | \$196.64          | \$207.63          |
| <b>Education</b>  |                   |                    |                       |                   |                   |
| Instruction   | \$887.17          | \$898.31           | \$918.40              | \$784.05          | \$742.32          |
| Administration, Attendance, and Health                      | \$40.82           | \$62.52            | \$48.11               | \$48.85           | \$49.41           |
| Pupil Transportation Services                               | \$44.82           | \$65.22            | \$18.07               | \$23.98           | \$26.26           |
| Operation and Maintenance Services                          | \$125.22          | \$121.06           | \$113.07              | \$83.12           | \$80.96           |
| School Food Services and Other Non-Instructional Operations | \$40.24           | \$46.88            | \$40.60               | \$45.83           | \$52.70           |
| Contributions to Community Colleges                         | \$0.42            | \$0.35             | \$0.18                | \$0.32            | \$0.17            |
| Sub-Total   | \$1,138.70        | \$1,194.34         | \$1,138.43            | \$986.15          | \$951.82          |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                    |                       |                   |                   |
| Parks and Recreation  | \$18.11           | \$26.51            | \$63.34               | \$82.40           | \$67.92           |
| Cultural Enrichment   | \$0.92            | -                  | \$3.79                | \$1.07            | \$2.40            |
| Public Libraries  | \$24.93           | \$4.09             | \$24.05               | \$24.74           | \$15.99           |
| Sub-Total   | \$43.97           | \$30.60            | \$91.18               | \$108.21          | \$86.31           |
| <b>Community Development</b>                                |                   |                    |                       |                   |                   |
| Planning and Community Development                          | \$59.39           | \$10.54            | \$7.86                | (\$1.21)          | \$19.80           |
| Environmental Management                                    | -                 | -                  | \$0.34                | \$0.21            | -                 |
| Cooperative Extension Program                               | \$1.71            | -                  | -                     | \$1.94            | \$0.37            |
| Sub-Total   | \$61.10           | \$10.54            | \$8.21                | \$0.94            | \$20.17           |
| <b>Nondepartmental<sup>1</sup></b>                          |                   |                    |                       |                   |                   |
| Sub-Total   | -                 | -                  | -                     | -                 | -                 |
| <b>Grand Total</b>  | <b>\$1,992.25</b> | <b>\$1,962.54</b>  | <b>\$2,237.55</b>     | <b>\$1,918.24</b> | <b>\$1,874.37</b> |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, *Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8*; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Staff, Commission on Local Government

Table 2.2

Per Capita Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol "-" denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Empona City       | Fairfax City      | Falls Church City | Franklin City     | Fredricksburg City |
|---|-------------------|-------------------|-------------------|-------------------|--------------------|
| <b>General Government Administration</b>                    |                   |                   |                   |                   |                    |
| Legislative   | \$15.47           | \$9.67            | \$10.59           | \$16.98           | \$8.41             |
| General and Financial Administration                        | \$97.82           | \$184.82          | \$187.90          | \$158.09          | \$91.98            |
| Board of Elections  | \$6.77            | \$7.21            | \$8.53            | \$8.84            | \$5.91             |
| Sub-Total   | \$120.06          | \$201.71          | \$207.02          | \$183.90          | \$106.30           |
| <b>Judicial Administration</b>                              |                   |                   |                   |                   |                    |
| Courts  | \$68.81           | \$17.46           | \$46.27           | \$7.53            | \$42.35            |
| Commonwealth's Attorney                                     | -                 | \$0.58            | \$3.94            | -                 | \$23.50            |
| Sub-Total   | \$68.81           | \$18.03           | \$50.21           | \$7.53            | \$65.85            |
| <b>Public Safety</b>  |                   |                   |                   |                   |                    |
| Law Enforcement and Traffic Control                         | \$263.83          | \$317.19          | \$291.94          | \$224.52          | \$226.41           |
| Fire and Rescue Services                                    | \$40.02           | \$225.22          | \$117.84          | \$66.77           | \$124.56           |
| Correction and Detention                                    | \$15.15           | \$27.09           | \$103.83          | \$53.09           | \$133.42           |
| Inspections   | \$16.55           | \$35.06           | \$12.11           | \$17.98           | \$18.60            |
| Other Protection  | \$22.13           | -                 | \$4.30            | \$13.46           | \$2.56             |
| Sub-Total   | \$357.69          | \$604.56          | \$530.01          | \$375.81          | \$505.55           |
| <b>Public Works</b>   |                   |                   |                   |                   |                    |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$180.08          | \$204.75          | \$144.72          | \$231.18          | \$201.13           |
| Sanitation and Waste Removal                                | \$104.91          | \$66.46           | \$65.75           | \$107.44          | \$60.65            |
| Maintenance of General Buildings and Grounds                | \$38.21           | \$30.17           | \$76.29           | \$54.03           | \$41.14            |
| Sub-Total   | \$323.20          | \$301.38          | \$286.75          | \$392.64          | \$302.92           |
| <b>Health and Welfare</b>                                   |                   |                   |                   |                   |                    |
| Health  | \$6.82            | \$18.59           | \$12.41           | \$20.07           | \$5.95             |
| Mental Health and Mental Retardation                        | \$202.75          | \$74.95           | \$75.21           | \$77.96           | \$153.08           |
| Welfare/Social Services                                     | \$181.14          | \$66.93           | \$125.13          | \$125.51          | \$124.34           |
| Sub-Total   | \$390.71          | \$160.47          | \$212.74          | \$223.54          | \$283.36           |
| <b>Education</b>  |                   |                   |                   |                   |                    |
| Instruction   | \$963.73          | \$752.44          | \$1,135.35        | \$925.19          | \$676.21           |
| Administration, Attendance, and Health                      | \$46.50           | \$64.89           | \$165.38          | \$99.32           | \$50.80            |
| Pupil Transportation Services                               | \$72.10           | \$48.82           | \$31.86           | \$37.13           | \$22.20            |
| Operation and Maintenance Services                          | \$126.90          | \$107.68          | \$168.64          | \$105.01          | \$84.15            |
| School Food Services and Other Non-Instructional Operations | \$62.66           | \$29.29           | \$131.18          | \$53.87           | \$34.95            |
| Contributions to Community Colleges                         | \$0.15            | \$0.12            | \$1.10            | -                 | \$0.25             |
| Sub-Total   | \$1,272.03        | \$1,003.25        | \$1,633.51        | \$1,220.51        | \$868.57           |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                   |                   |                    |
| Parks and Recreation  | \$21.96           | \$88.32           | \$91.94           | \$57.45           | \$68.01            |
| Cultural Enrichment   | -                 | \$2.71            | \$3.69            | -                 | \$6.07             |
| Public Libraries  | \$17.93           | \$26.77           | \$123.69          | \$26.33           | \$32.12            |
| Sub-Total   | \$39.89           | \$117.80          | \$219.32          | \$83.78           | \$106.20           |
| <b>Community Development</b>                                |                   |                   |                   |                   |                    |
| Planning and Community Development                          | \$49.81           | \$77.35           | \$165.77          | \$50.61           | \$63.03            |
| Environmental Management                                    | -                 | -                 | -                 | -                 | \$0.39             |
| Cooperative Extension Program                               | \$4.99            | \$0.83            | -                 | -                 | -                  |
| Sub-Total   | \$54.80           | \$78.18           | \$165.77          | \$50.61           | \$63.42            |
| <b>Nondepartmental<sup>1</sup></b>                          |                   |                   |                   |                   |                    |
| Sub-Total   | -                 | -                 | -                 | \$75.54           | -                  |
| <b>Grand Total</b>  | <b>\$2,627.19</b> | <b>\$2,485.39</b> | <b>\$3,305.34</b> | <b>\$2,613.87</b> | <b>\$2,302.16</b>  |

1

Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2

In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Staff, Commission on Local Government

Table 2.2

Per Capita Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol "-" denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Galax City        | Hampton City      | Harrisonburg City | Hopewell City     | Lexington City    |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                   |                   |                   |                   |
| Legislative   | \$0.78            | \$3.40            | \$2.70            | \$6.09            | \$2.58            |
| General and Financial Administration                        | \$117.37          | \$83.45           | \$44.36           | \$88.10           | \$74.73           |
| Board of Elections  | \$5.49            | \$2.10            | \$3.63            | \$3.34            | \$4.95            |
| Sub-Total   | \$123.64          | \$88.95           | \$50.70           | \$97.54           | \$82.26           |
| <b>Judicial Administration</b>                              |                   |                   |                   |                   |                   |
| Courts  | \$5.37            | \$11.01           | \$5.83            | \$19.55           | \$10.71           |
| Commonwealth's Attorney                                     | -                 | \$11.98           | \$1.76            | \$13.67           | -                 |
| Sub-Total   | \$5.37            | \$22.99           | \$7.60            | \$33.21           | \$10.71           |
| <b>Public Safety</b>  |                   |                   |                   |                   |                   |
| Law Enforcement and Traffic Control                         | \$142.49          | \$123.00          | \$98.94           | \$157.27          | \$117.77          |
| Fire and Rescue Services                                    | \$23.51           | \$81.07           | \$85.33           | \$128.84          | \$16.20           |
| Correction and Detention                                    | \$9.22            | \$61.91           | \$18.61           | \$159.19          | \$33.89           |
| Inspections   | \$6.16            | \$12.71           | \$9.14            | \$7.46            | \$9.23            |
| Other Protection  | \$6.10            | \$11.73           | \$1.88            | \$9.80            | \$7.07            |
| Sub-Total   | \$187.47          | \$290.42          | \$213.90          | \$462.56          | \$184.16          |
| <b>Public Works</b>   |                   |                   |                   |                   |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$190.45          | \$92.34           | \$154.57          | \$105.15          | \$110.68          |
| Sanitation and Waste Removal                                | \$77.20           | \$66.91           | \$66.86           | \$45.52           | \$95.20           |
| Maintenance of General Buildings and Grounds                | \$0.98            | \$37.96           | \$4.52            | \$47.26           | \$15.08           |
| Sub-Total   | \$268.63          | \$197.20          | \$225.95          | \$197.93          | \$220.97          |
| <b>Health and Welfare</b>                                   |                   |                   |                   |                   |                   |
| Health  | \$10.66           | \$18.51           | \$7.02            | \$5.55            | \$19.90           |
| Mental Health and Mental Retardation                        | \$107.80          | \$143.50          | \$45.36           | \$94.87           | \$104.63          |
| Welfare/Social Services                                     | \$145.30          | \$124.93          | \$79.27           | \$118.51          | \$99.40           |
| Sub-Total   | \$263.77          | \$286.95          | \$131.66          | \$218.94          | \$223.92          |
| <b>Education</b>  |                   |                   |                   |                   |                   |
| Instruction   | \$747.82          | \$762.48          | \$569.78          | \$919.07          | \$433.67          |
| Administration, Attendance, and Health                      | \$51.30           | \$55.25           | \$40.65           | \$58.47           | \$37.80           |
| Pupil Transportation Services                               | \$26.39           | \$31.99           | \$19.95           | \$18.33           | -                 |
| Operation and Maintenance Services                          | \$95.21           | \$93.59           | \$70.56           | \$158.76          | \$33.51           |
| School Food Services and Other Non-Instructional Operations | \$102.53          | \$47.32           | \$29.79           | \$61.12           | \$15.46           |
| Contributions to Community Colleges                         | \$0.94            | -                 | \$0.68            | \$0.14            | -                 |
| Sub-Total   | \$1,024.19        | \$990.63          | \$731.41          | \$1,215.88        | \$520.44          |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                   |                   |                   |
| Parks and Recreation  | \$83.65           | \$65.93           | \$53.00           | \$41.97           | \$69.73           |
| Cultural Enrichment   | \$5.34            | \$27.44           | -                 | \$0.11            | -                 |
| Public Libraries  | \$33.09           | \$16.14           | \$11.33           | \$21.06           | \$17.96           |
| Sub-Total   | \$122.09          | \$109.52          | \$64.33           | \$63.14           | \$87.70           |
| <b>Community Development</b>                                |                   |                   |                   |                   |                   |
| Planning and Community Development                          | \$3.74            | \$83.86           | \$11.42           | \$28.51           | \$66.28           |
| Environmental Management                                    | \$0.68            | \$3.40            | -                 | -                 | -                 |
| Cooperative Extension Program                               | -                 | \$0.70            | -                 | -                 | -                 |
| Sub-Total   | \$4.42            | \$87.96           | \$11.42           | \$28.51           | \$66.28           |
| <b>Nondepartmental<sup>1</sup></b>                          |                   |                   |                   |                   |                   |
| Sub-Total   | -                 | -                 | -                 | -                 | -                 |
| <b>Grand Total</b>  | <b>\$1,999.58</b> | <b>\$2,074.61</b> | <b>\$1,436.97</b> | <b>\$2,317.70</b> | <b>\$1,396.44</b> |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Staff, Commission on Local Government

Table 2.2  
Per Capita Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Lynchburg City    | Manassas City     | Manassas Park City | Martinsville City | Newport News City |
|---|-------------------|-------------------|--------------------|-------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                   |                    |                   |                   |
| Legislative   | \$3.35            | \$8.10            | \$15.25            | \$3.66            | \$3.34            |
| General and Financial Administration                        | \$102.66          | \$90.03           | \$102.82           | \$82.77           | \$61.37           |
| Board of Elections  | \$2.43            | \$3.34            | \$6.29             | \$4.78            | \$1.62            |
| Sub-Total   | \$108.44          | \$101.46          | \$124.36           | \$91.21           | \$66.33           |
| <b>Judicial Administration</b>                              |                   |                   |                    |                   |                   |
| Courts  | \$26.09           | \$15.44           | \$17.86            | \$58.18           | \$16.97           |
| Commonwealth's Attorney                                     | \$20.48           | \$3.84            | \$3.63             | \$17.06           | \$10.94           |
| Sub-Total   | \$46.57           | \$19.28           | \$21.49            | \$75.24           | \$27.90           |
| <b>Public Safety</b>  |                   |                   |                    |                   |                   |
| Law Enforcement and Traffic Control                         | \$182.06          | \$157.36          | \$158.49           | \$228.29          | \$158.39          |
| Fire and Rescue Services                                    | \$151.61          | \$39.96           | \$68.90            | \$75.61           | \$110.04          |
| Correction and Detention                                    | \$90.47           | \$40.92           | \$25.03            | \$120.21          | \$52.06           |
| Inspections   | \$9.97            | \$15.58           | \$10.98            | \$12.02           | \$9.34            |
| Other Protection  | \$3.25            | \$23.11           | \$7.56             | \$3.11            | \$7.65            |
| Sub-Total   | \$437.35          | \$276.93          | \$270.97           | \$439.24          | \$337.49          |
| <b>Public Works</b>   |                   |                   |                    |                   |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$149.37          | \$102.81          | \$36.95            | \$133.28          | \$79.66           |
| Sanitation and Waste Removal                                | \$56.64           | \$43.81           | \$48.79            | \$85.43           | \$59.83           |
| Maintenance of General Buildings and Grounds                | \$43.41           | \$9.92            | \$64.50            | \$50.64           | \$23.64           |
| Sub-Total   | \$249.42          | \$156.54          | \$150.24           | \$269.35          | \$163.13          |
| <b>Health and Welfare</b>                                   |                   |                   |                    |                   |                   |
| Health  | \$10.76           | \$11.56           | \$3.74             | \$7.49            | \$12.18           |
| Mental Health and Mental Retardation                        | \$90.68           | \$61.02           | \$57.62            | \$2.92            | \$96.34           |
| Welfare/Social Services                                     | \$184.54          | \$101.64          | \$180.97           | \$133.79          | \$212.47          |
| Sub-Total   | \$285.98          | \$174.21          | \$242.32           | \$144.19          | \$320.98          |
| <b>Education</b>  |                   |                   |                    |                   |                   |
| Instruction   | \$724.36          | \$920.93          | \$962.87           | \$863.94          | \$565.56          |
| Administration, Attendance, and Health                      | \$32.15           | \$68.01           | \$86.04            | \$131.92          | \$46.75           |
| Pupil Transportation Services                               | \$35.16           | \$47.34           | \$69.20            | \$29.89           | \$51.91           |
| Operation and Maintenance Services                          | \$91.70           | \$112.00          | \$101.53           | \$102.65          | \$98.94           |
| School Food Services and Other Non-Instructional Operations | \$39.38           | \$37.18           | \$43.36            | \$50.32           | \$340.88          |
| Contributions to Community Colleges                         | \$0.02            | -                 | \$0.70             | \$0.62            | -                 |
| Sub-Total   | \$922.78          | \$1,185.46        | \$1,263.70         | \$1,179.34        | \$1,104.04        |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                    |                   |                   |
| Parks and Recreation  | \$59.97           | \$29.95           | \$59.58            | \$21.53           | \$64.69           |
| Cultural Enrichment   | \$4.03            | \$10.73           | -                  | -                 | \$6.12            |
| Public Libraries  | \$20.04           | \$40.08           | \$38.02            | \$25.27           | \$16.55           |
| Sub-Total   | \$84.04           | \$80.77           | \$97.60            | \$46.80           | \$87.35           |
| <b>Community Development</b>                                |                   |                   |                    |                   |                   |
| Planning and Community Development                          | \$125.76          | \$30.35           | \$20.87            | \$98.67           | \$57.02           |
| Environmental Management                                    | \$0.15            | \$0.13            | -                  | -                 | \$0.34            |
| Cooperative Extension Program                               | \$0.38            | \$2.57            | \$2.42             | -                 | \$1.04            |
| Sub-Total   | \$126.29          | \$33.05           | \$23.28            | \$98.67           | \$58.40           |
| <b>Nondepartmental<sup>1</sup></b>                          |                   |                   |                    |                   |                   |
| Sub-Total   | -                 | -                 | -                  | -                 | -                 |
| <b>Grand Total</b>  | <b>\$2,260.88</b> | <b>\$2,027.70</b> | <b>\$2,193.97</b>  | <b>\$2,344.05</b> | <b>\$2,165.62</b> |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Staff, Commission on Local Government

Table 2.2

Per Capita Distribution/2  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol "--" denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Norfolk City      | Norton City       | Petersburg City   | Poquoson City     | Portsmouth City   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>General Government Administration</b>                    |                   |                   |                   |                   |                   |
| Legislative   | \$3.73            | \$3.85            | \$3.56            | \$3.92            | \$4.68            |
| General and Financial Administration                        | \$61.27           | \$110.79          | \$48.79           | \$77.30           | \$115.10          |
| Board of Elections  | \$1.80            | \$15.03           | \$3.50            | \$7.46            | \$2.50            |
| Sub-Total   | \$66.79           | \$129.68          | \$55.86           | \$88.68           | \$122.28          |
| <b>Judicial Administration</b>                              |                   |                   |                   |                   |                   |
| Courts  | \$22.52           | \$38.50           | \$42.55           | \$22.89           | \$24.86           |
| Commonwealth's Attorney                                     | \$15.52           | \$3.12            | \$20.05           | --                | \$14.04           |
| Sub-Total   | \$38.04           | \$41.61           | \$62.60           | \$22.89           | \$38.90           |
| <b>Public Safety</b>  |                   |                   |                   |                   |                   |
| Law Enforcement and Traffic Control                         | \$184.78          | \$232.74          | \$166.48          | \$93.50           | \$144.89          |
| Fire and Rescue Services                                    | \$116.21          | \$22.82           | \$126.41          | \$92.77           | \$98.43           |
| Correction and Detention                                    | \$81.79           | \$13.11           | \$158.64          | \$26.25           | \$79.82           |
| Inspections   | \$16.27           | \$10.58           | \$0.62            | \$7.67            | \$20.02           |
| Other Protection  | \$29.48           | \$12.89           | \$2.69            | \$3.57            | \$28.95           |
| Sub-Total   | \$428.53          | \$292.13          | \$454.84          | \$223.77          | \$372.11          |
| <b>Public Works</b>   |                   |                   |                   |                   |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$93.07           | \$381.14          | \$81.04           | \$68.44           | \$55.62           |
| Sanitation and Waste Removal                                | \$49.41           | \$80.98           | \$26.69           | \$33.09           | \$75.43           |
| Maintenance of General Buildings and Grounds                | \$48.24           | \$28.40           | \$45.81           | \$4.76            | \$36.15           |
| Sub-Total   | \$190.73          | \$490.52          | \$153.54          | \$106.28          | \$167.20          |
| <b>Health and Welfare</b>                                   |                   |                   |                   |                   |                   |
| Health  | \$24.03           | \$9.07            | \$20.31           | \$13.11           | \$14.72           |
| Mental Health and Mental Retardation                        | \$58.80           | \$83.80           | \$48.46           | \$38.40           | \$87.55           |
| Welfare/Social Services                                     | \$177.01          | \$186.61          | \$283.32          | \$8.21            | \$171.81          |
| Sub-Total   | \$259.84          | \$279.48          | \$352.09          | \$59.72           | \$274.08          |
| <b>Education</b>  |                   |                   |                   |                   |                   |
| Instruction   | \$803.81          | \$872.21          | \$805.28          | \$871.67          | \$830.85          |
| Administration, Attendance, and Health                      | \$43.73           | \$53.93           | \$58.78           | \$79.58           | \$47.38           |
| Pupil Transportation Services                               | \$29.36           | \$23.28           | \$29.36           | \$41.07           | \$31.62           |
| Operation and Maintenance Services                          | \$103.28          | \$95.77           | \$108.95          | \$106.74          | \$123.50          |
| School Food Services and Other Non-Instructional Operations | \$53.66           | \$47.88           | \$62.34           | \$29.17           | \$65.78           |
| Contributions to Community Colleges                         | \$0.03            | \$1.32            | --                | --                | --                |
| Sub-Total   | \$1,033.87        | \$1,094.39        | \$1,064.72        | \$1,128.22        | \$1,099.13        |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                   |                   |                   |                   |
| Parks and Recreation  | \$59.01           | \$52.06           | \$35.40           | \$44.32           | \$50.75           |
| Cultural Enrichment   | \$40.62           | \$3.16            | --                | --                | \$13.10           |
| Public Libraries  | \$19.91           | \$15.88           | \$17.95           | \$31.20           | \$14.23           |
| Sub-Total   | \$119.55          | \$71.10           | \$53.34           | \$75.52           | \$78.08           |
| <b>Community Development</b>                                |                   |                   |                   |                   |                   |
| Planning and Community Development                          | \$51.37           | \$48.15           | \$31.74           | \$19.60           | \$19.57           |
| Environmental Management                                    | --                | --                | --                | \$0.18            | --                |
| Cooperative Extension Program                               | --                | --                | --                | --                | --                |
| Sub-Total   | \$51.37           | \$48.15           | \$31.74           | \$19.78           | \$19.57           |
| <b>Nondepartmental<sup>1</sup></b>                          |                   |                   |                   |                   |                   |
| Sub-Total   | --                | --                | --                | --                | --                |
| <b>Grand Total</b>  | <b>\$2,188.71</b> | <b>\$2,447.06</b> | <b>\$2,228.73</b> | <b>\$1,724.85</b> | <b>\$2,171.36</b> |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, *Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8; and Weidon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.*

Staff, Commission on Local Government

Table 2.2

Per Capita Distribution/2  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Radford City | Richmond City | Roanoke City | Salem City | Staunton City |
|---|--------------|---------------|--------------|------------|---------------|
| <b>General Government Administration</b>                    |              |               |              |            |               |
| Legislative   | \$3.15       | \$5.64        | \$5.77       | \$9.50     | \$5.55        |
| General and Financial Administration                        | \$71.93      | \$113.75      | \$84.87      | \$90.50    | \$66.25       |
| Board of Elections  | \$3.75       | \$2.90        | \$1.83       | \$4.57     | \$2.51        |
| Sub-Total   | \$78.82      | \$122.29      | \$92.47      | \$104.57   | \$74.30       |
| <b>Judicial Administration</b>                              |              |               |              |            |               |
| Courts  | \$26.51      | \$38.67       | \$19.19      | \$33.18    | \$26.34       |
| Commonwealth's Attorney                                     | \$10.14      | \$14.87       | \$12.55      | \$10.60    | \$11.18       |
| Sub-Total   | \$36.65      | \$53.53       | \$31.74      | \$43.78    | \$37.52       |
| <b>Public Safety</b>  |              |               |              |            |               |
| Law Enforcement and Traffic Control                         | \$103.72     | \$281.18      | \$134.43     | \$159.84   | \$134.43      |
| Fire and Rescue Services                                    | \$64.08      | \$214.72      | \$141.70     | \$123.47   | \$52.45       |
| Correction and Detention                                    | \$24.51      | \$100.08      | \$77.91      | \$9.36     | \$33.38       |
| Inspections   | \$5.42       | \$17.95       | \$9.80       | \$13.39    | \$7.19        |
| Other Protection  | \$2.81       | \$3.64        | \$26.99      | \$11.95    | \$1.05        |
| Sub-Total   | \$200.54     | \$617.56      | \$390.83     | \$318.01   | \$228.50      |
| <b>Public Works</b>   |              |               |              |            |               |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | \$113.43     | \$99.31       | \$81.65      | \$158.32   | \$116.49      |
| Sanitation and Waste Removal                                | \$73.78      | \$79.29       | \$100.17     | \$161.19   | \$86.44       |
| Maintenance of General Buildings and Grounds                | \$6.45       | \$31.84       | \$56.03      | \$36.86    | \$73.88       |
| Sub-Total   | \$193.66     | \$210.44      | \$237.85     | \$356.37   | \$276.81      |
| <b>Health and Welfare</b>                                   |              |               |              |            |               |
| Health  | \$3.96       | \$33.09       | \$9.59       | \$9.27     | \$9.24        |
| Mental Health and Mental Retardation                        | \$70.77      | \$105.26      | \$91.50      | \$75.24    | \$139.01      |
| Welfare/Social Services                                     | \$62.83      | \$301.23      | \$225.33     | \$42.25    | \$140.70      |
| Sub-Total   | \$137.57     | \$439.58      | \$326.42     | \$126.76   | \$288.95      |
| <b>Education</b>  |              |               |              |            |               |
| Instruction   | \$471.96     | \$826.55      | \$763.54     | \$787.81   | \$650.81      |
| Administration, Attendance, and Health                      | \$30.07      | \$73.15       | \$35.13      | \$38.49    | \$36.94       |
| Pupil Transportation Services                               | \$4.82       | \$64.45       | \$31.58      | \$25.39    | \$16.75       |
| Operation and Maintenance Services                          | \$64.83      | \$132.95      | \$112.00     | \$79.94    | \$59.86       |
| School Food Services and Other Non-Instructional Operations | \$19.78      | \$51.00       | \$40.28      | \$39.86    | \$35.71       |
| Contributions to Community Colleges                         | -            | \$0.26        | -            | \$0.78     | \$0.98        |
| Sub-Total   | \$591.47     | \$1,148.35    | \$982.52     | \$972.26   | \$801.04      |
| <b>Parks, Recreation, and Cultural Services</b>             |              |               |              |            |               |
| Parks and Recreation  | \$31.02      | \$66.63       | \$42.78      | \$102.65   | \$34.22       |
| Cultural Enrichment   | -            | \$28.00       | \$5.48       | \$3.06     | \$1.93        |
| Public Libraries  | \$23.60      | \$20.37       | \$20.10      | \$22.99    | \$31.95       |
| Sub-Total   | \$54.62      | \$115.01      | \$68.37      | \$128.71   | \$68.11       |
| <b>Community Development</b>                                |              |               |              |            |               |
| Planning and Community Development                          | \$18.85      | \$49.58       | \$41.30      | \$8.59     | \$28.25       |
| Environmental Management                                    | \$1.56       | \$3.10        | -            | -          | -             |
| Cooperative Extension Program                               | -            | -             | \$0.68       | \$0.70     | -             |
| Sub-Total   | \$20.41      | \$52.68       | \$41.98      | \$9.29     | \$28.25       |
| <b>Nondepartmental/1</b>                                    |              |               |              |            |               |
| Sub-Total   | -            | -             | -            | -          | -             |
| <b>Grand Total</b>  | \$1,313.74   | \$2,759.44    | \$2,172.18   | \$2,059.74 | \$1,803.49    |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2

In certain cases the sum of the categorical amounts and/or the aggregate value of the sub-totals may vary slightly from the cumulative per capita score because of statistical rounding.

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8; and Weldon Cooper Center for Public Service, University of Virginia, "Population Estimates for Virginia's Counties and Independent Cities, 1990-98" (electronic dataset), January, 1999.

Staff, Commission on Local Government

Table 3.1  
 Percentage Distribution<sup>2</sup>  
 of  
 Operating Expenditures by Category and Jurisdictional Class  
 for  
 Counties and Cities in Virginia  
 FY 1998

| Expenditure Category  | Counties       | Cities         | All Jurisdictions |
|---|----------------|----------------|-------------------|
| <b>General Government Administration</b>                    |                |                |                   |
| Legislative   | 0.25%          | 0.20%          | 0.23%             |
| General and Financial Administration                        | 3.76%          | 3.83%          | 3.79%             |
| Board of Elections  | 0.16%          | 0.13%          | 0.14%             |
| <b>Sub-Total</b>  | <b>4.16%</b>   | <b>4.16%</b>   | <b>4.16%</b>      |
| <b>Judicial Administration</b>                              |                |                |                   |
| Courts  | 1.23%          | 1.20%          | 1.22%             |
| Commonwealth's Attorney                                     | 0.42%          | 0.55%          | 0.47%             |
| <b>Sub-Total</b>  | <b>1.65%</b>   | <b>1.75%</b>   | <b>1.69%</b>      |
| <b>Public Safety</b>  |                |                |                   |
| Law Enforcement and Traffic Control                         | 5.11%          | 7.82%          | 6.16%             |
| Fire and Rescue Services                                    | 3.29%          | 5.03%          | 3.95%             |
| Correction and Detention                                    | 2.41%          | 2.97%          | 2.62%             |
| Inspections   | 0.55%          | 0.55%          | 0.55%             |
| Other Protection  | 0.58%          | 0.58%          | 0.58%             |
| <b>Sub-Total</b>  | <b>11.92%</b>  | <b>16.95%</b>  | <b>13.88%</b>     |
| <b>Public Works</b>   |                |                |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 0.87%          | 4.68%          | 2.35%             |
| Sanitation and Waste Removal                                | 2.71%          | 2.93%          | 2.80%             |
| Maintenance of General Buildings and Grounds                | 1.36%          | 1.83%          | 1.54%             |
| <b>Sub-Total</b>  | <b>4.94%</b>   | <b>9.44%</b>   | <b>6.69%</b>      |
| <b>Health and Welfare</b>                                   |                |                |                   |
| Health  | 0.92%          | 0.85%          | 0.89%             |
| Mental Health and Mental Retardation                        | 3.51%          | 3.84%          | 3.64%             |
| Welfare/Social Services                                     | 6.32%          | 7.29%          | 6.69%             |
| <b>Sub-Total</b>  | <b>10.74%</b>  | <b>11.98%</b>  | <b>11.22%</b>     |
| <b>Education</b>  |                |                |                   |
| Instruction   | 46.13%         | 36.56%         | 42.41%            |
| Administration, Attendance, and Health                      | 2.61%          | 2.26%          | 2.48%             |
| Pupil Transportation Services                               | 3.30%          | 1.77%          | 2.71%             |
| Operation and Maintenance Services                          | 6.09%          | 4.91%          | 5.63%             |
| School Food Services and Other Non-Instructional Operations | 2.48%          | 3.32%          | 2.81%             |
| Contributions to Community Colleges                         | 0.03%          | 0.01%          | 0.02%             |
| <b>Sub-Total</b>  | <b>60.63%</b>  | <b>48.84%</b>  | <b>56.05%</b>     |
| <b>Parks, Recreation, and Cultural Services</b>             |                |                |                   |
| Parks and Recreation  | 1.93%          | 2.51%          | 2.15%             |
| Cultural Enrichment   | 0.14%          | 0.65%          | 0.34%             |
| Public Libraries  | 1.24%          | 1.04%          | 1.16%             |
| <b>Sub-Total</b>  | <b>3.32%</b>   | <b>4.20%</b>   | <b>3.66%</b>      |
| <b>Community Development</b>                                |                |                |                   |
| Planning and Community Development                          | 2.42%          | 2.61%          | 2.50%             |
| Environmental Management                                    | 0.10%          | 0.03%          | 0.07%             |
| Cooperative Extension Program                               | 0.10%          | 0.03%          | 0.07%             |
| <b>Sub-Total</b>  | <b>2.62%</b>   | <b>2.67%</b>   | <b>2.64%</b>      |
| <b>Nondepartmental<sup>1</sup></b>                          |                |                |                   |
| <b>Sub-Total</b>  | <b>0.02%</b>   | <b>0.01%</b>   | <b>0.02%</b>      |
| <b>Grand Total</b>  | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b>    |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> With respect to a given data column, the cumulative figure (i.e., 100%) differs marginally from (a) the sum of the categorical percentages or (b) the aggregate value of the sub-totals because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8.

Staff, Commission on Local Government

Table 3.2

Percentage Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Accomack County | Albemarle County | Alleghany County | Amelia County  | Amherst County |
|---|-----------------|------------------|------------------|----------------|----------------|
| <b>General Government Administration</b>                    |                 |                  |                  |                |                |
| Legislative   | 0.38%           | 0.24%            | 0.27%            | 0.38%          | 0.22%          |
| General and Financial Administration                        | 2.96%           | 2.54%            | 3.76%            | 3.14%          | 2.31%          |
| Board of Elections  | 0.19%           | 0.17%            | 0.30%            | 0.25%          | 0.24%          |
| Sub-Total:  | 3.43%           | 3.04%            | 4.32%            | 3.77%          | 2.76%          |
| <b>Judicial Administration</b>                              |                 |                  |                  |                |                |
| Courts  | 1.54%           | 1.23%            | 2.34%            | 1.27%          | 2.01%          |
| Commonwealth's Attorney                                     | 0.38%           | 0.42%            | 0.73%            | 1.04%          | 0.66%          |
| Sub-Total:  | 1.92%           | 1.64%            | 3.08%            | 2.31%          | 2.67%          |
| <b>Public Safety</b>  |                 |                  |                  |                |                |
| Law Enforcement and Traffic Control                         | 1.63%           | 6.14%            | 3.37%            | 4.06%          | 4.25%          |
| Fire and Rescue Services                                    | 3.03%           | 2.25%            | 2.73%            | 0.67%          | 1.51%          |
| Correction and Detention                                    | 1.84%           | 1.01%            | 2.57%            | 3.14%          | 2.67%          |
| Inspections   | 0.58%           | 0.52%            | 0.45%            | 0.38%          | 0.44%          |
| Other Protection  | 0.75%           | 0.35%            | 0.19%            | 0.38%          | 0.79%          |
| Sub-Total:  | 7.82%           | 10.27%           | 9.31%            | 8.63%          | 9.65%          |
| <b>Public Works</b>   |                 |                  |                  |                |                |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 0.45%           | 0.88%            | -                | 0.03%          | 0.04%          |
| Sanitation and Waste Removal                                | 3.20%           | 0.20%            | 3.74%            | 1.60%          | 2.62%          |
| Maintenance of General Buildings and Grounds                | 1.37%           | 0.81%            | 1.19%            | 1.93%          | 1.14%          |
| Sub-Total:  | 5.03%           | 1.89%            | 4.92%            | 3.55%          | 3.80%          |
| <b>Health and Welfare</b>                                   |                 |                  |                  |                |                |
| Health  | 0.65%           | 0.53%            | 0.58%            | 0.55%          | 0.61%          |
| Mental Health and Mental Retardation                        | 6.22%           | 3.64%            | 6.06%            | 9.76%          | 3.50%          |
| Welfare/Social Services                                     | 8.67%           | 6.61%            | 3.43%            | 5.69%          | 5.67%          |
| Sub-Total:  | 15.55%          | 10.78%           | 10.07%           | 16.00%         | 9.78%          |
| <b>Education</b>  |                 |                  |                  |                |                |
| Instruction   | 47.25%          | 47.73%           | 44.13%           | 46.85%         | 50.72%         |
| Administration, Attendance, and Health                      | 3.47%           | 2.55%            | 3.40%            | 3.76%          | 2.36%          |
| Pupil Transportation Services                               | 3.93%           | 3.86%            | 3.55%            | 3.67%          | 4.11%          |
| Operation and Maintenance Services                          | 5.49%           | 5.65%            | 11.49%           | 5.80%          | 6.76%          |
| School Food Services and Other Non-Instructional Operations | 3.55%           | 1.91%            | 2.55%            | 2.93%          | 3.16%          |
| Contributions to Community Colleges                         | 0.09%           | 0.01%            | 0.02%            | 0.41%          | 0.002%         |
| Sub-Total:  | 63.79%          | 61.72%           | 65.13%           | 63.40%         | 67.11%         |
| <b>Parks, Recreation, and Cultural Services</b>             |                 |                  |                  |                |                |
| Parks and Recreation  | 0.69%           | 1.00%            | 0.87%            | 0.57%          | 0.99%          |
| Cultural Enrichment   | 0.01%           | 0.03%            | -                | -              | -              |
| Public Libraries  | 0.22%           | 1.69%            | 0.44%            | 0.55%          | 1.24%          |
| Sub-Total:  | 0.91%           | 2.72%            | 1.31%            | 1.12%          | 2.23%          |
| <b>Community Development</b>                                |                 |                  |                  |                |                |
| Planning and Community Development                          | 1.30%           | 7.78%            | 1.86%            | 0.62%          | 1.77%          |
| Environmental Management                                    | 0.09%           | 0.04%            | -                | 0.10%          | 0.08%          |
| Cooperative Extension Program                               | 0.17%           | 0.12%            | -                | 0.49%          | 0.13%          |
| Sub-Total:  | 1.55%           | 7.93%            | 1.86%            | 1.21%          | 1.98%          |
| <b>Nondepartmental/1</b>                                    |                 |                  |                  |                |                |
| Sub-Total:  | -               | -                | -                | -              | -              |
| <b>Grand Total</b>  | <b>100.00%</b>  | <b>100.00%</b>   | <b>100.00%</b>   | <b>100.00%</b> | <b>100.00%</b> |

1

Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2

In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution/2  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Appomattox County | Arlington County | Augusta County | Bath County    | Bedford County |
|---|-------------------|------------------|----------------|----------------|----------------|
| <b>General Government Administration</b>                    |                   |                  |                |                |                |
| Legislative   | 0.82%             | 0.17%            | 0.15%          | 0.53%          | 0.31%          |
| General and Financial Administration                        | 3.05%             | 7.41%            | 1.90%          | 3.31%          | 2.59%          |
| Board of Elections  | 0.31%             | 0.10%            | 0.12%          | 0.35%          | 0.15%          |
| Sub-Total   | 4.18%             | 7.68%            | 2.17%          | 4.20%          | 3.05%          |
| <b>Judicial Administration</b>                              |                   |                  |                |                |                |
| Courts  | 0.79%             | 1.49%            | 0.69%          | 1.55%          | 0.75%          |
| Commonwealth's Attorney                                     | 0.94%             | 0.56%            | 0.42%          | 0.56%          | 0.55%          |
| Sub-Total   | 1.73%             | 2.05%            | 1.12%          | 2.12%          | 1.32%          |
| <b>Public Safety</b>  |                   |                  |                |                |                |
| Law Enforcement and Traffic Control                         | 5.99%             | 7.51%            | 2.45%          | 4.56%          | 4.42%          |
| Fire and Rescue Services                                    | 1.55%             | 4.66%            | 2.21%          | 1.89%          | 1.65%          |
| Correction and Detention                                    | 0.21%             | 3.81%            | 1.89%          | 1.42%          | 3.47%          |
| Inspections   | 0.29%             | 0.63%            | 0.28%          | 0.61%          | 0.65%          |
| Other Protection  | 0.20%             | 1.13%            | 0.88%          | 0.50%          | 0.21%          |
| Sub-Total   | 8.25%             | 17.74%           | 7.72%          | 8.98%          | 10.40%         |
| <b>Public Works</b>   |                   |                  |                |                |                |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -                 | 3.01%            | 0.20%          | -              | -              |
| Sanitation and Waste Removal                                | 2.15%             | 2.19%            | 1.01%          | 6.33%          | 5.68%          |
| Maintenance of General Buildings and Grounds                | 1.41%             | 1.35%            | 1.15%          | 1.26%          | 0.98%          |
| Sub-Total   | 3.56%             | 6.54%            | 2.36%          | 7.59%          | 6.67%          |
| <b>Health and Welfare</b>                                   |                   |                  |                |                |                |
| Health  | 0.43%             | 3.43%            | 0.45%          | 0.49%          | 0.54%          |
| Mental Health and Mental Retardation                        | 2.46%             | 2.36%            | 3.67%          | 4.25%          | 2.05%          |
| Welfare/Social Services                                     | 4.85%             | 10.01%           | 3.37%          | 3.85%          | 6.63%          |
| Sub-Total   | 7.74%             | 15.80%           | 7.49%          | 8.58%          | 9.22%          |
| <b>Education</b>  |                   |                  |                |                |                |
| Instruction   | 48.91%            | 29.80%           | 60.93%         | 44.52%         | 49.31%         |
| Administration, Attendance, and Health                      | 3.33%             | 3.17%            | 1.82%          | 2.68%          | 1.85%          |
| Pupil Transportation Services                               | 4.22%             | 1.04%            | 3.94%          | 4.98%          | 4.21%          |
| Operation and Maintenance Services                          | 12.53%            | 4.30%            | 5.97%          | 6.35%          | 4.96%          |
| School Food Services and Other Non-Instructional Operations | 3.42%             | 0.89%            | 2.97%          | 4.40%          | 4.39%          |
| Contributions to Community Colleges                         | 0.002%            | 0.01%            | 0.004%         | 0.02%          | 0.002%         |
| Sub-Total   | 72.42%            | 39.21%           | 75.64%         | 62.94%         | 64.72%         |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                  |                |                |                |
| Parks and Recreation  | 0.30%             | 4.38%            | 0.81%          | 1.60%          | 1.19%          |
| Cultural Enrichment   | 0.08%             | 1.49%            | 0.06%          | -              | 0.03%          |
| Public Libraries  | 0.63%             | 2.19%            | 0.95%          | 1.28%          | 1.42%          |
| Sub-Total   | 1.00%             | 8.06%            | 1.82%          | 2.89%          | 2.54%          |
| <b>Community Development</b>                                |                   |                  |                |                |                |
| Planning and Community Development                          | 0.74%             | 2.79%            | 1.55%          | 1.84%          | 1.83%          |
| Environmental Management                                    | 0.18%             | -                | 0.04%          | 0.60%          | 0.02%          |
| Cooperative Extension Program                               | 0.20%             | 0.13%            | 0.10%          | 0.27%          | 0.13%          |
| Sub-Total   | 1.11%             | 2.92%            | 1.69%          | 2.71%          | 1.98%          |
| <b>Nondepartmental/1</b>                                    |                   |                  |                |                |                |
| Sub-Total   | -                 | -                | -              | -              | -              |
| <b>Grand Total</b>  | <b>100.00%</b>    | <b>100.00%</b>   | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution<sup>2</sup>  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Sland County   | Botetourt County | Brunswick County | Buchanan County | Buckingham County |
|---|----------------|------------------|------------------|-----------------|-------------------|
| <b>General Government Administration</b>                    |                |                  |                  |                 |                   |
| Legislative   | 0.37%          | 0.37%            | 1.25%            | 0.60%           | 0.50%             |
| General and Financial Administration                        | 6.57%          | 3.24%            | 2.58%            | 1.63%           | 3.38%             |
| Board of Elections  | 0.48%          | 0.21%            | 0.29%            | 0.17%           | 0.29%             |
| Sub-Total   | 7.42%          | 3.82%            | 4.11%            | 2.40%           | 4.17%             |
| <b>Judicial Administration</b>                              |                |                  |                  |                 |                   |
| Courts  | 0.95%          | 1.07%            | 1.28%            | 1.09%           | 1.47%             |
| Commonwealth's Attorney                                     | 0.62%          | 0.68%            | 0.74%            | 0.49%           | 0.64%             |
| Sub-Total   | 1.57%          | 1.75%            | 2.01%            | 1.58%           | 2.11%             |
| <b>Public Safety</b>  |                |                  |                  |                 |                   |
| Law Enforcement and Traffic Control                         | 4.88%          | 4.95%            | 4.42%            | 3.01%           | 3.72%             |
| Fire and Rescue Services                                    | 0.70%          | 2.02%            | 1.14%            | 0.49%           | 0.98%             |
| Correction and Detention                                    | 1.33%          | 2.00%            | 1.39%            | 1.53%           | 1.67%             |
| Inspections   | 0.13%          | 0.49%            | 0.32%            | 0.17%           | 0.32%             |
| Other Protection  | 0.25%          | 0.33%            | 0.22%            | 0.22%           | 0.17%             |
| Sub-Total   | 7.29%          | 9.80%            | 7.49%            | 5.42%           | 6.85%             |
| <b>Public Works</b>   |                |                  |                  |                 |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -              | 0.01%            | -                | 7.72%           | 0.01%             |
| Sanitation and Waste Removal                                | 3.32%          | 2.51%            | 1.41%            | 3.85%           | 2.81%             |
| Maintenance of General Buildings and Grounds                | 1.29%          | 0.65%            | 1.07%            | 0.95%           | 1.44%             |
| Sub-Total   | 4.61%          | 3.17%            | 2.48%            | 12.52%          | 4.26%             |
| <b>Health and Welfare</b>                                   |                |                  |                  |                 |                   |
| Health  | 0.55%          | 0.63%            | 0.44%            | 0.55%           | 0.33%             |
| Mental Health and Mental Retardation                        | 0.62%          | 1.74%            | 4.87%            | 6.37%           | 2.70%             |
| Welfare/Social Services                                     | 4.99%          | 4.03%            | 7.38%            | 7.30%           | 6.64%             |
| Sub-Total   | 6.16%          | 6.40%            | 12.70%           | 14.02%          | 9.68%             |
| <b>Education</b>  |                |                  |                  |                 |                   |
| Instruction   | 47.49%         | 54.42%           | 51.47%           | 41.61%          | 52.72%            |
| Administration, Attendance, and Health                      | 2.93%          | 2.27%            | 2.32%            | 1.61%           | 3.26%             |
| Pupil Transportation Services                               | 5.60%          | 4.36%            | 6.25%            | 3.10%           | 4.17%             |
| Operation and Maintenance Services                          | 6.24%          | 6.66%            | 4.95%            | 7.21%           | 7.90%             |
| School Food Services and Other Non-Instructional Operations | 3.26%          | 3.40%            | 4.09%            | 3.26%           | 3.78%             |
| Contributions to Community Colleges                         | 0.21%          | 0.04%            | 0.01%            | 0.59%           | 0.02%             |
| Sub-Total   | 65.73%         | 71.14%           | 69.11%           | 57.39%          | 71.85%            |
| <b>Parks, Recreation, and Cultural Services</b>             |                |                  |                  |                 |                   |
| Parks and Recreation  | 0.01%          | 1.55%            | 0.07%            | 0.64%           | 0.29%             |
| Cultural Enrichment   | 6.21%          | -                | 0.02%            | -               | 0.02%             |
| Public Libraries  | 0.12%          | 1.11%            | 0.81%            | 0.64%           | 0.39%             |
| Sub-Total   | 6.34%          | 2.67%            | 0.89%            | 1.28%           | 0.70%             |
| <b>Community Development</b>                                |                |                  |                  |                 |                   |
| Planning and Community Development                          | 0.25%          | 1.09%            | 0.99%            | 5.23%           | 0.13%             |
| Environmental Management                                    | 0.06%          | 0.04%            | 0.04%            | 0.09%           | 0.03%             |
| Cooperative Extension Program                               | 0.57%          | 0.13%            | 0.18%            | 0.07%           | 0.22%             |
| Sub-Total   | 0.87%          | 1.26%            | 1.21%            | 5.39%           | 0.38%             |
| <b>Nondepartmental<sup>1</sup></b>                          |                |                  |                  |                 |                   |
| Sub-Total   | -              | -                | -                | -               | -                 |
| <b>Grand Total</b>  | <b>100.00%</b> | <b>100.00%</b>   | <b>100.00%</b>   | <b>100.00%</b>  | <b>100.00%</b>    |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution<sup>2</sup>  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Campbell County | Caroline County | Carroll County | Charles City County | Charlotte County |
|---|-----------------|-----------------|----------------|---------------------|------------------|
| <b>General Government Administration</b>                    |                 |                 |                |                     |                  |
| Legislative   | 0.39%           | 0.30%           | 0.77%          | 0.27%               | 0.69%            |
| General and Financial Administration                        | 2.15%           | 4.37%           | 2.09%          | 5.52%               | 2.81%            |
| Board of Elections  | 0.15%           | 0.18%           | 0.29%          | 0.32%               | 0.32%            |
| <b>Sub-Total</b>  | <b>2.69%</b>    | <b>4.85%</b>    | <b>3.16%</b>   | <b>6.11%</b>        | <b>3.81%</b>     |
| <b>Judicial Administration</b>                              |                 |                 |                |                     |                  |
| Courts  | 0.85%           | 1.09%           | 1.36%          | 2.69%               | 1.87%            |
| Commonwealth's Attorney                                     | 0.67%           | 0.24%           | 0.57%          | 0.55%               | 0.40%            |
| <b>Sub-Total</b>  | <b>1.53%</b>    | <b>1.33%</b>    | <b>1.93%</b>   | <b>3.24%</b>        | <b>2.27%</b>     |
| <b>Public Safety</b>  |                 |                 |                |                     |                  |
| Law Enforcement and Traffic Control                         | 3.61%           | 4.09%           | 3.33%          | 3.41%               | 3.13%            |
| Fire and Rescue Services                                    | 1.10%           | 0.87%           | 1.70%          | 1.08%               | 0.78%            |
| Correction and Detention                                    | 2.20%           | 3.37%           | 0.57%          | 3.36%               | 2.83%            |
| Inspections   | 0.26%           | 0.35%           | 0.20%          | 0.51%               | 0.06%            |
| Other Protection  | 0.46%           | 1.97%           | 0.90%          | 0.62%               | 0.97%            |
| <b>Sub-Total</b>  | <b>7.63%</b>    | <b>10.66%</b>   | <b>6.70%</b>   | <b>8.98%</b>        | <b>7.76%</b>     |
| <b>Public Works</b>   |                 |                 |                |                     |                  |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 0.04%           | 0.48%           | -              | -                   | -                |
| Sanitation and Waste Removal                                | 1.19%           | 1.98%           | -0.04%         | 1.18%               | 2.16%            |
| Maintenance of General Buildings and Grounds                | 1.75%           | 1.22%           | 1.31%          | 3.33%               | 0.84%            |
| <b>Sub-Total</b>  | <b>2.98%</b>    | <b>3.68%</b>    | <b>1.27%</b>   | <b>4.51%</b>        | <b>3.00%</b>     |
| <b>Health and Welfare</b>                                   |                 |                 |                |                     |                  |
| Health  | 0.48%           | 0.77%           | 0.47%          | 0.60%               | 0.38%            |
| Mental Health and Mental Retardation                        | 3.24%           | 5.19%           | 8.66%          | 0.58%               | 6.39%            |
| Welfare/Social Services                                     | 7.39%           | 6.41%           | 7.82%          | 7.57%               | 7.63%            |
| <b>Sub-Total</b>  | <b>11.11%</b>   | <b>12.36%</b>   | <b>16.95%</b>  | <b>8.74%</b>        | <b>14.40%</b>    |
| <b>Education</b>  |                 |                 |                |                     |                  |
| Instruction   | 54.14%          | 47.06%          | 49.07%         | 43.64%              | 46.95%           |
| Administration, Attendance, and Health                      | 2.45%           | 2.35%           | 2.09%          | 3.96%               | 2.63%            |
| Pupil Transportation Services                               | 3.96%           | 5.15%           | 4.14%          | 6.32%               | 5.23%            |
| Operation and Maintenance Services                          | 6.84%           | 7.05%           | 5.97%          | 7.11%               | 9.30%            |
| School Food Services and Other Non-Instructional Operations | 3.62%           | 3.26%           | 4.04%          | 2.58%               | 3.51%            |
| Contributions to Community Colleges                         | 0.01%           | 0.01%           | 0.22%          | -                   | 0.01%            |
| <b>Sub-Total</b>  | <b>71.00%</b>   | <b>64.87%</b>   | <b>65.54%</b>  | <b>63.61%</b>       | <b>67.63%</b>    |
| <b>Parks, Recreation, and Cultural Services</b>             |                 |                 |                |                     |                  |
| Parks and Recreation  | 1.12%           | 0.56%           | 0.40%          | 1.92%               | 0.03%            |
| Cultural Enrichment   | -               | -               | -              | -                   | 0.01%            |
| Public Libraries  | 1.03%           | 0.26%           | 0.45%          | 0.51%               | 0.65%            |
| <b>Sub-Total</b>  | <b>2.15%</b>    | <b>0.82%</b>    | <b>0.86%</b>   | <b>2.43%</b>        | <b>0.69%</b>     |
| <b>Community Development</b>                                |                 |                 |                |                     |                  |
| Planning and Community Development                          | 0.82%           | 1.19%           | 3.38%          | 1.42%               | 0.21%            |
| Environmental Management                                    | 0.01%           | 0.02%           | 0.02%          | 0.57%               | 0.03%            |
| Cooperative Extension Program                               | 0.07%           | 0.22%           | 0.20%          | 0.39%               | 0.19%            |
| <b>Sub-Total</b>  | <b>0.91%</b>    | <b>1.43%</b>    | <b>3.60%</b>   | <b>2.37%</b>        | <b>0.43%</b>     |
| <b>Nondepartmental<sup>1</sup></b>                          |                 |                 |                |                     |                  |
| <b>Sub-Total</b>  | <b>-</b>        | <b>-</b>        | <b>-</b>       | <b>0.003%</b>       | <b>-</b>         |
| <b>Grand Total</b>  | <b>100.00%</b>  | <b>100.00%</b>  | <b>100.00%</b> | <b>100.00%</b>      | <b>100.00%</b>   |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution<sup>2</sup>  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Chesterfield County | Clarke County | Craig County | Culpeper County | Cumberland County |
|---|---------------------|---------------|--------------|-----------------|-------------------|
| <b>General Government Administration</b>                    |                     |               |              |                 |                   |
| Legislative   | 0.14%               | 0.26%         | 0.65%        | 0.35%           | 0.44%             |
| General and Financial Administration                        | 3.68%               | 4.61%         | 5.23%        | 2.51%           | 5.17%             |
| Board of Elections  | 0.11%               | 0.30%         | 0.68%        | 0.14%           | 0.35%             |
| Sub-Total   | 3.93%               | 5.17%         | 6.56%        | 3.01%           | 5.96%             |
| <b>Judicial Administration</b>                              |                     |               |              |                 |                   |
| Courts  | 1.60%               | 0.55%         | 0.96%        | 1.75%           | 2.69%             |
| Commonwealth's Attorney                                     | 0.44%               | 0.89%         | 1.02%        | 0.61%           | 0.57%             |
| Sub-Total   | 2.04%               | 1.45%         | 1.98%        | 2.36%           | 3.27%             |
| <b>Public Safety</b>  |                     |               |              |                 |                   |
| Law Enforcement and Traffic Control                         | 7.21%               | 4.98%         | 6.44%        | 3.42%           | 3.24%             |
| Fire and Rescue Services                                    | 5.39%               | 0.95%         | 0.43%        | 1.00%           | 1.37%             |
| Correction and Detention                                    | 3.00%               | 1.11%         | 0.16%        | 2.48%           | 2.53%             |
| Inspections   | 0.72%               | 0.56%         | 0.52%        | 0.65%           | 0.26%             |
| Other Protection  | 0.16%               | 0.87%         | 0.43%        | 2.23%           | 0.56%             |
| Sub-Total   | 16.49%              | 8.48%         | 7.98%        | 9.77%           | 7.96%             |
| <b>Public Works</b>   |                     |               |              |                 |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 0.70%               | -             | -            | -               | -                 |
| Sanitation and Waste Removal                                | 1.23%               | 1.06%         | 10.85%       | 2.13%           | 2.61%             |
| Maintenance of General Buildings and Grounds                | 0.71%               | 2.42%         | 0.97%        | 1.01%           | 1.88%             |
| Sub-Total   | 2.65%               | 3.48%         | 11.82%       | 3.13%           | 4.48%             |
| <b>Health and Welfare</b>                                   |                     |               |              |                 |                   |
| Health  | 0.56%               | 0.60%         | 0.49%        | 0.48%           | 0.51%             |
| Mental Health and Mental Retardation                        | 3.31%               | 3.49%         | 2.30%        | 3.19%           | 3.51%             |
| Welfare/Social Services                                     | 3.02%               | 5.21%         | 5.84%        | 7.52%           | 7.62%             |
| Sub-Total   | 6.89%               | 9.30%         | 8.63%        | 11.20%          | 11.64%            |
| <b>Education</b>  |                     |               |              |                 |                   |
| Instruction   | 48.36%              | 48.26%        | 49.01%       | 51.86%          | 43.73%            |
| Administration, Attendance, and Health                      | 2.66%               | 5.88%         | 2.28%        | 2.57%           | 3.00%             |
| Pupil Transportation Services                               | 2.94%               | 3.04%         | 3.13%        | 3.38%           | 6.30%             |
| Operation and Maintenance Services                          | 6.78%               | 6.17%         | 4.32%        | 7.29%           | 7.76%             |
| School Food Services and Other Non-Instructional Operations | 2.46%               | 2.38%         | 2.55%        | 3.32%           | 3.46%             |
| Contributions to Community Colleges                         | -                   | 0.04%         | 0.05%        | 0.01%           | 0.01%             |
| Sub-Total   | 63.20%              | 65.77%        | 61.33%       | 68.43%          | 64.27%            |
| <b>Parks, Recreation, and Cultural Services</b>             |                     |               |              |                 |                   |
| Parks and Recreation  | 1.38%               | 3.11%         | -            | 0.33%           | 0.13%             |
| Cultural Enrichment   | 0.09%               | 0.02%         | -            | -               | -                 |
| Public Libraries  | 1.22%               | 0.87%         | 0.04%        | 0.53%           | 0.38%             |
| Sub-Total   | 2.69%               | 4.00%         | 0.04%        | 0.86%           | 0.50%             |
| <b>Community Development</b>                                |                     |               |              |                 |                   |
| Planning and Community Development                          | 2.06%               | 1.84%         | 0.62%        | 0.99%           | 1.55%             |
| Environmental Management                                    | -                   | 0.23%         | 0.32%        | 0.09%           | 0.02%             |
| Cooperative Extension Program                               | 0.06%               | 0.29%         | 0.73%        | 0.16%           | 0.34%             |
| Sub-Total   | 2.12%               | 2.36%         | 1.66%        | 1.24%           | 1.92%             |
| <b>Nondepartmental<sup>1</sup></b>                          |                     |               |              |                 |                   |
| Sub-Total   | -                   | -             | -            | -               | -                 |
| Grand Total   | 100.00%             | 100.00%       | 100.00%      | 100.00%         | 100.00%           |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution/2  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Dickenson County | Dinwiddie County | Essex County   | Fairfax County | Fauquier County |
|---|------------------|------------------|----------------|----------------|-----------------|
| <b>General Government Administration</b>                    |                  |                  |                |                |                 |
| Legislative   | 0.21%            | 0.60%            | 1.69%          | 0.15%          | 0.34%           |
| General and Financial Administration                        | 3.05%            | 2.36%            | 3.51%          | 4.01%          | 4.68%           |
| Board of Elections  | 0.30%            | 0.18%            | 0.27%          | 0.08%          | 0.18%           |
| Sub-Total   | 3.56%            | 3.16%            | 5.48%          | 4.24%          | 5.20%           |
| <b>Judicial Administration</b>                              |                  |                  |                |                |                 |
| Courts  | 1.97%            | 1.38%            | 1.72%          | 0.91%          | 1.76%           |
| Commonwealth's Attorney                                     | 0.62%            | 0.33%            | 0.97%          | 0.08%          | 0.50%           |
| Sub-Total   | 2.58%            | 1.71%            | 2.70%          | 0.99%          | 2.26%           |
| <b>Public Safety</b>  |                  |                  |                |                |                 |
| Law Enforcement and Traffic Control                         | 2.25%            | 5.04%            | 5.27%          | 5.28%          | 4.80%           |
| Fire and Rescue Services                                    | 0.66%            | 1.90%            | 0.89%          | 4.42%          | 2.57%           |
| Correction and Detention                                    | 2.88%            | 0.23%            | 5.40%          | 1.80%          | 1.05%           |
| Inspections   | 0.20%            | 0.74%            | 0.58%          | 0.49%          | 0.25%           |
| Other Protection  | 0.34%            | 0.33%            | 0.39%          | 0.39%          | 1.03%           |
| Sub-Total   | 6.33%            | 8.24%            | 12.53%         | 12.39%         | 9.71%           |
| <b>Public Works</b>   |                  |                  |                |                |                 |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 3.85%            | 0.10%            | -              | 0.72%          | -               |
| Sanitation and Waste Removal                                | 3.51%            | 4.82%            | 5.46%          | 4.26%          | 3.13%           |
| Maintenance of General Buildings and Grounds                | 0.98%            | 1.19%            | 1.07%          | 1.30%          | 6.24%           |
| Sub-Total   | 8.34%            | 6.10%            | 6.53%          | 6.29%          | 9.37%           |
| <b>Health and Welfare</b>                                   |                  |                  |                |                |                 |
| Health  | 0.46%            | 0.41%            | 0.56%          | 1.30%          | 0.38%           |
| Mental Health and Mental Retardation                        | 4.80%            | 2.39%            | 4.30%          | 3.62%          | 6.05%           |
| Welfare/Social Services                                     | 9.54%            | 7.24%            | 6.11%          | 7.91%          | 4.38%           |
| Sub-Total   | 14.80%           | 10.04%           | 10.98%         | 12.83%         | 10.81%          |
| <b>Education</b>  |                  |                  |                |                |                 |
| Instruction   | 42.63%           | 51.15%           | 44.64%         | 42.98%         | 46.89%          |
| Administration, Attendance, and Health                      | 3.96%            | 1.85%            | 3.50%          | 2.44%          | 1.98%           |
| Pupil Transportation Services                               | 4.77%            | 5.07%            | 3.92%          | 2.76%          | 3.63%           |
| Operation and Maintenance Services                          | 5.97%            | 7.30%            | 4.98%          | 5.47%          | 2.87%           |
| School Food Services and Other Non-Instructional Operations | 4.72%            | 3.06%            | 2.77%          | 1.83%          | 2.51%           |
| Contributions to Community Colleges                         | 0.15%            | 0.01%            | 0.03%          | 0.01%          | 0.03%           |
| Sub-Total   | 62.20%           | 68.44%           | 59.85%         | 55.49%         | 57.91%          |
| <b>Parks, Recreation, and Cultural Services</b>             |                  |                  |                |                |                 |
| Parks and Recreation  | 0.34%            | 0.42%            | 0.78%          | 2.85%          | 1.35%           |
| Cultural Enrichment   | -                | -                | -              | 0.04%          | -               |
| Public Libraries  | 1.08%            | 0.43%            | 0.46%          | 1.19%          | 1.07%           |
| Sub-Total   | 1.42%            | 0.85%            | 1.24%          | 4.09%          | 2.43%           |
| <b>Community Development</b>                                |                  |                  |                |                |                 |
| Planning and Community Development                          | 0.57%            | 1.30%            | 0.40%          | 3.52%          | 2.02%           |
| Environmental Management                                    | -                | 0.16%            | 0.16%          | 0.16%          | 0.11%           |
| Cooperative Extension Program                               | 0.19%            | -                | 0.14%          | 0.01%          | 0.18%           |
| Sub-Total   | 0.75%            | 1.47%            | 0.69%          | 3.69%          | 2.31%           |
| <b>Nondepartmental/1</b>                                    |                  |                  |                |                |                 |
| Sub-Total   | -                | -                | -              | -              | -               |
| <b>Grand Total</b>  | <b>100.00%</b>   | <b>100.00%</b>   | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b>  |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Table 3.2  
 Percentage Distribution<sup>2</sup>  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Floyd County   | Flovanna County | Franklin County | Frederick County | Giles County   |
|---|----------------|-----------------|-----------------|------------------|----------------|
| <b>General Government Administration</b>                    |                |                 |                 |                  |                |
| Legislative   | 0.19%          | 0.67%           | 0.37%           | 0.20%            | 0.38%          |
| General and Financial Administration                        | 2.97%          | 2.75%           | 2.35%           | 2.53%            | 3.33%          |
| Board of Elections  | 0.35%          | 0.24%           | 0.20%           | 0.12%            | 0.29%          |
| Sub-Total   | 3.51%          | 3.66%           | 2.92%           | 2.85%            | 4.00%          |
| <b>Judicial Administration</b>                              |                |                 |                 |                  |                |
| Courts  | 1.20%          | 2.59%           | 1.35%           | 1.28%            | 2.85%          |
| Commonwealth's Attorney                                     | 1.00%          | 0.72%           | 0.57%           | 0.60%            | 0.39%          |
| Sub-Total   | 2.20%          | 3.32%           | 1.92%           | 1.88%            | 3.24%          |
| <b>Public Safety</b>  |                |                 |                 |                  |                |
| Law Enforcement and Traffic Control                         | 3.64%          | 1.70%           | 4.31%           | 4.96%            | 4.34%          |
| Fire and Rescue Services                                    | 2.92%          | 1.49%           | 0.03%           | 2.00%            | 1.55%          |
| Correction and Detention                                    | 2.06%          | 2.13%           | 1.52%           | 2.27%            | 1.37%          |
| Inspections   | 0.38%          | 0.35%           | 0.37%           | 0.52%            | 0.52%          |
| Other Protection  | 0.65%          | 0.15%           | 2.81%           | -                | 0.50%          |
| Sub-Total   | 9.66%          | 5.82%           | 9.05%           | 9.75%            | 8.29%          |
| <b>Public Works</b>   |                |                 |                 |                  |                |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -              | -               | 0.21%           | 0.04%            | -              |
| Sanitation and Waste Removal                                | 5.43%          | 1.13%           | 1.02%           | 4.27%            | 2.04%          |
| Maintenance of General Buildings and Grounds                | 0.59%          | 1.81%           | 0.62%           | 0.31%            | 1.22%          |
| Sub-Total   | 6.03%          | 2.93%           | 1.85%           | 4.62%            | 3.26%          |
| <b>Health and Welfare</b>                                   |                |                 |                 |                  |                |
| Health  | 0.44%          | 0.56%           | 0.41%           | 0.29%            | 0.42%          |
| Mental Health and Mental Retardation                        | 5.01%          | 3.10%           | 0.17%           | 2.10%            | 2.90%          |
| Welfare/Social Services                                     | 4.14%          | 6.49%           | 6.12%           | 4.03%            | 6.20%          |
| Sub-Total   | 9.59%          | 10.15%          | 6.70%           | 6.41%            | 9.53%          |
| <b>Education</b>  |                |                 |                 |                  |                |
| Instruction   | 49.17%         | 52.56%          | 56.24%          | 52.64%           | 53.29%         |
| Administration, Attendance, and Health                      | 2.65%          | 2.57%           | 1.88%           | 2.89%            | 2.07%          |
| Pupil Transportation Services                               | 5.74%          | 5.06%           | 4.96%           | 4.10%            | 3.93%          |
| Operation and Maintenance Services                          | 6.27%          | 8.17%           | 7.05%           | 6.75%            | 6.24%          |
| School Food Services and Other Non-Instructional Operations | 3.12%          | 2.72%           | 4.23%           | 2.71%            | 3.35%          |
| Contributions to Community Colleges                         | 0.02%          | 0.01%           | 0.04%           | 0.04%            | 0.03%          |
| Sub-Total   | 66.95%         | 71.10%          | 74.40%          | 69.13%           | 68.90%         |
| <b>Parks, Recreation, and Cultural Services</b>             |                |                 |                 |                  |                |
| Parks and Recreation  | 0.19%          | 1.54%           | 0.93%           | 2.62%            | 1.84%          |
| Cultural Enrichment   | -              | 0.01%           | -               | -                | -              |
| Public Libraries  | 1.09%          | 0.65%           | 0.69%           | 0.71%            | 0.10%          |
| Sub-Total   | 1.28%          | 2.20%           | 1.62%           | 3.34%            | 1.94%          |
| <b>Community Development</b>                                |                |                 |                 |                  |                |
| Planning and Community Development                          | 0.39%          | 0.56%           | 1.40%           | 1.83%            | 0.65%          |
| Environmental Management                                    | 0.06%          | 0.01%           | 0.01%           | 0.06%            | 0.06%          |
| Cooperative Extension Program                               | 0.32%          | 0.24%           | 0.13%           | 0.13%            | 0.14%          |
| Sub-Total   | 0.77%          | 0.82%           | 1.54%           | 2.02%            | 0.84%          |
| <b>Nondepartmental<sup>1</sup></b>                          |                |                 |                 |                  |                |
| Sub-Total   | -              | -               | -               | -                | -              |
| <b>Grand Total</b>  | <b>100.00%</b> | <b>100.00%</b>  | <b>100.00%</b>  | <b>100.00%</b>   | <b>100.00%</b> |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution/2  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Gloucester County | Goochland County | Grayson County | Greene County  | Greensville County |
|---|-------------------|------------------|----------------|----------------|--------------------|
| <b>General Government Administration</b>                    |                   |                  |                |                |                    |
| Legislative   | 0.62%             | 1.22%            | 0.36%          | 0.18%          | 0.55%              |
| General and Financial Administration                        | 3.62%             | 2.96%            | 2.44%          | 2.55%          | 3.55%              |
| Board of Elections  | 0.17%             | 0.28%            | 0.38%          | 0.24%          | 0.38%              |
| <b>Sub-Total</b>  | <b>4.41%</b>      | <b>4.46%</b>     | <b>3.18%</b>   | <b>2.97%</b>   | <b>4.49%</b>       |
| <b>Judicial Administration</b>                              |                   |                  |                |                |                    |
| Courts  | 1.41%             | 1.59%            | 1.53%          | 1.41%          | 2.60%              |
| Commonwealth's Attorney                                     | 0.57%             | 1.15%            | 0.77%          | 0.36%          | 1.77%              |
| <b>Sub-Total</b>  | <b>1.99%</b>      | <b>2.74%</b>     | <b>2.30%</b>   | <b>1.77%</b>   | <b>4.37%</b>       |
| <b>Public Safety</b>  |                   |                  |                |                |                    |
| Law Enforcement and Traffic Control                         | 5.02%             | 3.03%            | 1.93%          | 4.47%          | 3.94%              |
| Fire and Rescue Services                                    | 0.55%             | 2.37%            | 1.04%          | 1.03%          | 1.46%              |
| Correction and Detention                                    | 1.56%             | 1.44%            | 1.74%          | 0.64%          | 6.21%              |
| Inspections   | 0.41%             | 0.91%            | 0.25%          | 0.57%          | 0.75%              |
| Other Protection  | 0.32%             | 1.93%            | 0.60%          | 0.32%          | 2.60%              |
| <b>Sub-Total</b>  | <b>7.86%</b>      | <b>9.68%</b>     | <b>5.55%</b>   | <b>7.03%</b>   | <b>14.96%</b>      |
| <b>Public Works</b>   |                   |                  |                |                |                    |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 0.36%             | 0.60%            | -              | -              | 0.10%              |
| Sanitation and Waste Removal                                | 0.16%             | 2.55%            | 3.92%          | 2.50%          | 5.53%              |
| Maintenance of General Buildings and Grounds                | 1.77%             | 1.63%            | 0.84%          | 0.78%          | 2.42%              |
| <b>Sub-Total</b>  | <b>2.29%</b>      | <b>4.78%</b>     | <b>4.76%</b>   | <b>3.27%</b>   | <b>8.05%</b>       |
| <b>Health and Welfare</b>                                   |                   |                  |                |                |                    |
| Health  | 0.52%             | 0.66%            | 0.60%          | 1.22%          | 0.39%              |
| Mental Health and Mental Retardation                        | 4.54%             | 5.44%            | 6.85%          | 3.59%          | 9.02%              |
| Welfare/Social Services                                     | 4.76%             | 7.98%            | 7.68%          | 4.61%          | 7.23%              |
| <b>Sub-Total</b>  | <b>9.92%</b>      | <b>14.09%</b>    | <b>15.13%</b>  | <b>9.43%</b>   | <b>16.63%</b>      |
| <b>Education</b>  |                   |                  |                |                |                    |
| Instruction   | 51.78%            | 42.80%           | 49.99%         | 57.91%         | 29.30%             |
| Administration, Attendance, and Health                      | 2.49%             | 2.04%            | 1.86%          | 4.00%          | 2.45%              |
| Pupil Transportation Services                               | 4.25%             | 5.14%            | 4.78%          | 2.54%          | 3.80%              |
| Operation and Maintenance Services                          | 7.52%             | 6.80%            | 5.92%          | 5.63%          | 6.89%              |
| School Food Services and Other Non-Instructional Operations | 3.05%             | 2.50%            | 3.98%          | 2.89%          | 3.30%              |
| Contributions to Community Colleges                         | 0.63%             | 0.04%            | 0.11%          | 0.01%          | 0.02%              |
| <b>Sub-Total</b>  | <b>69.74%</b>     | <b>59.32%</b>    | <b>66.64%</b>  | <b>73.08%</b>  | <b>45.56%</b>      |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                  |                |                |                    |
| Parks and Recreation  | 1.06%             | 1.97%            | 0.65%          | 0.28%          | 0.69%              |
| Cultural Enrichment   | 0.07%             | 0.03%            | 0.01%          | -              | 0.07%              |
| Public Libraries  | 0.57%             | 1.17%            | 1.22%          | 0.64%          | 0.86%              |
| <b>Sub-Total</b>  | <b>1.69%</b>      | <b>3.16%</b>     | <b>1.88%</b>   | <b>0.92%</b>   | <b>1.61%</b>       |
| <b>Community Development</b>                                |                   |                  |                |                |                    |
| Planning and Community Development                          | 1.95%             | 1.51%            | 0.33%          | 1.27%          | 4.04%              |
| Environmental Management                                    | 0.06%             | 0.07%            | 0.03%          | 0.05%          | 0.04%              |
| Cooperative Extension Program                               | 0.10%             | 0.18%            | 0.20%          | 0.20%          | 0.25%              |
| <b>Sub-Total</b>  | <b>2.11%</b>      | <b>1.76%</b>     | <b>0.56%</b>   | <b>1.53%</b>   | <b>4.33%</b>       |
| <b>Nondepartmental/1</b>                                    |                   |                  |                |                |                    |
| <b>Sub-Total</b>  | <b>-</b>          | <b>-</b>         | <b>-</b>       | <b>-</b>       | <b>-</b>           |
| <b>Grand Total</b>  | <b>100.00%</b>    | <b>100.00%</b>   | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b>     |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Table 3.2  
 Percentage Distribution/2  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Halifax County | Hanover County | Henrico County | Henry County   | Highland County |
|---|----------------|----------------|----------------|----------------|-----------------|
| <b>General Government Administration</b>                    |                |                |                |                |                 |
| Legislative   | 0.23%          | 0.32%          | 0.17%          | 0.29%          | 1.63%           |
| General and Financial Administration                        | 2.05%          | 2.94%          | 6.32%          | 2.58%          | 4.93%           |
| Board of Elections  | 0.17%          | 0.17%          | 0.14%          | 0.18%          | 0.74%           |
| Sub-Total   | 2.45%          | 3.43%          | 6.63%          | 3.06%          | 7.30%           |
| <b>Judicial Administration</b>                              |                |                |                |                |                 |
| Courts  | 1.15%          | 0.72%          | 1.00%          | 1.53%          | 2.32%           |
| Commonwealth's Attorney                                     | 0.60%          | 0.45%          | 0.56%          | 0.39%          | 1.36%           |
| Sub-Total   | 1.76%          | 1.18%          | 1.56%          | 1.92%          | 3.68%           |
| <b>Public Safety</b>  |                |                |                |                |                 |
| Law Enforcement and Traffic Control                         | 2.82%          | 5.85%          | 9.46%          | 5.34%          | 9.19%           |
| Fire and Rescue Services                                    | 1.03%          | 3.51%          | 5.43%          | 1.30%          | 0.68%           |
| Correction and Detention                                    | 2.52%          | 2.69%          | 4.22%          | 1.76%          | 2.12%           |
| Inspections   | 0.35%          | 0.62%          | 0.63%          | 0.25%          | 1.01%           |
| Other Protection  | 0.46%          | 0.33%          | 0.38%          | 0.34%          | 0.16%           |
| Sub-Total   | 7.18%          | 13.00%         | 20.12%         | 9.00%          | 13.17%          |
| <b>Public Works</b>   |                |                |                |                |                 |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -              | 0.41%          | 3.53%          | 0.19%          | -               |
| Sanitation and Waste Removal                                | 1.07%          | 1.42%          | 1.09%          | 1.43%          | 6.40%           |
| Maintenance of General Buildings and Grounds                | 1.07%          | 0.72%          | 1.12%          | 0.93%          | 2.99%           |
| Sub-Total   | 2.14%          | 2.55%          | 5.75%          | 2.55%          | 9.39%           |
| <b>Health and Welfare</b>                                   |                |                |                |                |                 |
| Health  | 0.45%          | 0.36%          | 0.25%          | 0.26%          | 1.11%           |
| Mental Health and Mental Retardation                        | 4.36%          | 3.26%          | 3.47%          | 0.13%          | 2.50%           |
| Welfare/Social Services                                     | 6.01%          | 3.72%          | 3.37%          | 10.20%         | 4.71%           |
| Sub-Total   | 10.82%         | 7.34%          | 7.09%          | 10.60%         | 8.32%           |
| <b>Education</b>  |                |                |                |                |                 |
| Instruction   | 53.80%         | 51.45%         | 39.67%         | 52.81%         | 41.69%          |
| Administration, Attendance, and Health                      | 2.48%          | 2.88%          | 2.53%          | 1.39%          | 2.62%           |
| Pupil Transportation Services                               | 4.62%          | 3.56%          | 2.33%          | 4.30%          | 3.76%           |
| Operation and Maintenance Services                          | 8.40%          | 5.39%          | 6.30%          | 6.52%          | 5.98%           |
| School Food Services and Other Non-Instructional Operations | 4.04%          | 3.85%          | 2.00%          | 3.52%          | 2.53%           |
| Contributions to Community Colleges                         | 0.07%          | -              | -              | 0.04%          | -               |
| Sub-Total   | 73.41%         | 67.12%         | 52.83%         | 68.59%         | 56.58%          |
| <b>Parks, Recreation, and Cultural Services</b>             |                |                |                |                |                 |
| Parks and Recreation  | 0.17%          | 1.04%          | 2.10%          | 0.68%          | -               |
| Cultural Enrichment   | 0.01%          | -              | -              | 0.08%          | -               |
| Public Libraries  | 0.49%          | 1.62%          | 1.54%          | 1.31%          | 0.45%           |
| Sub-Total   | 0.67%          | 2.66%          | 3.64%          | 2.06%          | 0.45%           |
| <b>Community Development</b>                                |                |                |                |                |                 |
| Planning and Community Development                          | 1.34%          | 2.65%          | 2.32%          | 2.05%          | 0.25%           |
| Environmental Management                                    | 0.12%          | 0.03%          | -              | 0.04%          | 0.13%           |
| Cooperative Extension Program                               | 0.12%          | 0.05%          | 0.06%          | 0.13%          | 0.73%           |
| Sub-Total   | 1.58%          | 2.72%          | 2.38%          | 2.22%          | 1.11%           |
| <b>Nondepartmental/1</b>                                    |                |                |                |                |                 |
| Sub-Total   | -              | -              | -              | -              | -               |
| <b>Grand Total</b>  | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b>  |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution<sup>2</sup>  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Isle of Wight County | James City County | King & Queen County | King George County | King William County |
|---|----------------------|-------------------|---------------------|--------------------|---------------------|
| <b>General Government Administration</b>                    |                      |                   |                     |                    |                     |
| Legislative   | 0.43%                | 0.21%             | 0.60%               | 0.56%              | 0.30%               |
| General and Financial Administration                        | 4.26%                | 3.78%             | 4.19%               | 2.86%              | 3.58%               |
| Board of Elections  | 0.17%                | 0.22%             | 0.47%               | 0.29%              | 0.45%               |
| Sub-Total   | 4.86%                | 4.20%             | 5.26%               | 3.71%              | 4.33%               |
| <b>Judicial Administration</b>                              |                      |                   |                     |                    |                     |
| Courts  | 1.17%                | 2.14%             | 1.41%               | 1.74%              | 1.20%               |
| Commonwealth's Attorney                                     | 0.32%                | 0.50%             | 1.06%               | 0.56%              | 0.39%               |
| Sub-Total   | 1.49%                | 2.65%             | 2.47%               | 2.29%              | 1.58%               |
| <b>Public Safety</b>  |                      |                   |                     |                    |                     |
| Law Enforcement and Traffic Control                         | 1.93%                | 3.88%             | 3.27%               | 4.23%              | 3.23%               |
| Fire and Rescue Services                                    | 0.52%                | 4.62%             | 0.99%               | 1.93%              | 1.51%               |
| Correction and Detention                                    | 5.09%                | 3.48%             | 1.20%               | 4.29%              | 2.91%               |
| Inspections   | 0.39%                | 0.89%             | 0.25%               | 0.29%              | 0.44%               |
| Other Protection  | 0.21%                | 1.04%             | 0.18%               | 0.29%              | 0.29%               |
| Sub-Total   | 8.14%                | 13.91%            | 5.88%               | 11.03%             | 8.28%               |
| <b>Public Works</b>   |                      |                   |                     |                    |                     |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -                    | -                 | -                   | -                  | -                   |
| Sanitation and Waste Removal                                | 2.60%                | 1.49%             | 2.65%               | 0.50%              | 3.82%               |
| Maintenance of General Buildings and Grounds                | 1.08%                | 1.28%             | 1.64%               | 1.21%              | 1.44%               |
| Sub-Total   | 3.68%                | 2.77%             | 4.29%               | 1.71%              | 5.26%               |
| <b>Health and Welfare</b>                                   |                      |                   |                     |                    |                     |
| Health  | 0.77%                | 0.50%             | 0.62%               | 0.52%              | 0.73%               |
| Mental Health and Mental Retardation                        | 4.22%                | 3.44%             | 5.74%               | 4.07%              | 4.95%               |
| Welfare/Social Services                                     | 5.49%                | 3.21%             | 7.49%               | 5.42%              | 5.71%               |
| Sub-Total   | 10.47%               | 7.15%             | 13.86%              | 10.02%             | 11.38%              |
| <b>Education</b>  |                      |                   |                     |                    |                     |
| Instruction   | 48.47%               | 41.49%            | 44.13%              | 50.78%             | 44.64%              |
| Administration, Attendance, and Health                      | 2.60%                | 3.42%             | 5.23%               | 3.36%              | 3.96%               |
| Pupil Transportation Services                               | 4.72%                | 2.98%             | 6.18%               | 3.85%              | 4.82%               |
| Operation and Maintenance Services                          | 5.33%                | 6.27%             | 6.82%               | 6.20%              | 6.48%               |
| School Food Services and Other Non-Instructional Operations | 4.44%                | 1.78%             | 3.47%               | 2.23%              | 3.61%               |
| Contributions to Community Colleges                         | 0.01%                | -                 | 0.03%               | 0.02%              | 0.03%               |
| Sub-Total   | 65.57%               | 55.94%            | 65.87%              | 66.44%             | 63.54%              |
| <b>Parks, Recreation, and Cultural Services</b>             |                      |                   |                     |                    |                     |
| Parks and Recreation  | 1.35%                | 3.28%             | -                   | 1.45%              | 0.91%               |
| Cultural Enrichment   | 0.07%                | -                 | -                   | -                  | -                   |
| Public Libraries  | 0.77%                | 3.52%             | 0.97%               | 1.45%              | 1.51%               |
| Sub-Total   | 2.19%                | 6.79%             | 0.97%               | 2.90%              | 2.42%               |
| <b>Community Development</b>                                |                      |                   |                     |                    |                     |
| Planning and Community Development                          | 1.13%                | 5.75%             | 1.01%               | 1.15%              | 2.91%               |
| Environmental Management                                    | 0.13%                | 0.72%             | 0.18%               | 0.52%              | 0.04%               |
| Cooperative Extension Program                               | 0.12%                | 0.12%             | 0.22%               | 0.23%              | 0.15%               |
| Sub-Total   | 1.38%                | 6.59%             | 1.41%               | 1.90%              | 3.10%               |
| <b>Nondepartmental<sup>1</sup></b>                          |                      |                   |                     |                    |                     |
| Sub-Total   | 2.23%                | -                 | -                   | -                  | -                   |
| <b>Grand Total</b>  | <b>100.00%</b>       | <b>100.00%</b>    | <b>100.00%</b>      | <b>100.00%</b>     | <b>100.00%</b>      |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2  
Percentage Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Lancaster County | Lee County     | Loudoun County | Louisa County  | Lunenburg County |
|---|------------------|----------------|----------------|----------------|------------------|
| <b>General Government Administration</b>                    |                  |                |                |                |                  |
| Legislative   | 1.79%            | 0.24%          | 0.38%          | 0.25%          | 0.23%            |
| General and Financial Administration                        | 3.27%            | 1.83%          | 3.98%          | 3.24%          | 3.33%            |
| Board of Elections  | 0.39%            | 0.25%          | 0.23%          | 0.22%          | 0.37%            |
| Sub-Total   | 5.44%            | 2.31%          | 4.60%          | 3.72%          | 3.92%            |
| <b>Judicial Administration</b>                              |                  |                |                |                |                  |
| Courts  | 1.44%            | 1.46%          | 0.98%          | 1.24%          | 1.73%            |
| Commonwealth's Attorney                                     | 0.53%            | 0.50%          | 0.49%          | 0.90%          | 0.83%            |
| Sub-Total   | 1.97%            | 1.96%          | 1.47%          | 2.14%          | 2.57%            |
| <b>Public Safety</b>  |                  |                |                |                |                  |
| Law Enforcement and Traffic Control                         | 7.07%            | 3.03%          | 4.61%          | 6.79%          | 3.99%            |
| Fire and Rescue Services                                    | 1.63%            | 0.44%          | 2.38%          | 2.63%          | 0.60%            |
| Correction and Detention                                    | 4.14%            | 1.19%          | 1.91%          | 2.81%          | 2.80%            |
| Inspections   | 0.27%            | 0.17%          | 0.95%          | 0.55%          | 0.19%            |
| Other Protection  | 0.25%            | 0.18%          | 0.30%          | 0.48%          | 0.17%            |
| Sub-Total   | 13.35%           | 5.01%          | 10.14%         | 13.25%         | 7.75%            |
| <b>Public Works</b>   |                  |                |                |                |                  |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -                | 0.60%          | 0.98%          | -              | -                |
| Sanitation and Waste Removal                                | 2.13%            | 2.47%          | 0.46%          | 1.87%          | 3.51%            |
| Maintenance of General Buildings and Grounds                | 0.77%            | 0.77%          | 0.93%          | 1.01%          | 0.54%            |
| Sub-Total   | 2.90%            | 3.83%          | 2.37%          | 2.88%          | 4.05%            |
| <b>Health and Welfare</b>                                   |                  |                |                |                |                  |
| Health  | 0.90%            | 0.44%          | 0.60%          | 1.21%          | 0.71%            |
| Mental Health and Mental Retardation                        | 4.94%            | 2.99%          | 2.57%          | 4.15%          | 6.90%            |
| Welfare/Social Services                                     | 8.40%            | 8.53%          | 5.93%          | 5.55%          | 5.34%            |
| Sub-Total   | 14.23%           | 11.96%         | 9.09%          | 10.91%         | 12.95%           |
| <b>Education</b>  |                  |                |                |                |                  |
| Instruction   | 42.11%           | 56.72%         | 49.79%         | 49.76%         | 49.77%           |
| Administration, Attendance, and Health                      | 2.79%            | 2.04%          | 1.98%          | 3.79%          | 2.89%            |
| Pupil Transportation Services                               | 3.04%            | 4.45%          | 4.60%          | 4.82%          | 4.01%            |
| Operation and Maintenance Services                          | 5.24%            | 5.52%          | 5.78%          | 2.91%          | 5.50%            |
| School Food Services and Other Non-Instructional Operations | 3.25%            | 4.65%          | 1.96%          | 3.14%          | 3.80%            |
| Contributions to Community Colleges                         | 0.04%            | 0.05%          | 0.03%          | 0.02%          | -                |
| Sub-Total   | 56.51%           | 73.43%         | 64.14%         | 64.44%         | 65.97%           |
| <b>Parks, Recreation, and Cultural Services</b>             |                  |                |                |                |                  |
| Parks and Recreation  | 0.77%            | 0.17%          | 2.75%          | 0.93%          | -                |
| Cultural Enrichment   | 0.07%            | -              | 0.22%          | -              | -                |
| Public Libraries  | 0.29%            | 0.89%          | 1.84%          | 0.63%          | 0.37%            |
| Sub-Total   | 1.12%            | 1.06%          | 4.81%          | 1.56%          | 0.37%            |
| <b>Community Development</b>                                |                  |                |                |                |                  |
| Planning and Community Development                          | 4.09%            | 0.31%          | 2.97%          | 0.82%          | 1.99%            |
| Environmental Management                                    | 0.23%            | 0.01%          | 0.28%          | 0.07%          | 0.06%            |
| Cooperative Extension Program                               | 0.14%            | 0.11%          | 0.13%          | 0.21%          | 0.37%            |
| Sub-Total   | 4.47%            | 0.43%          | 3.38%          | 1.10%          | 2.42%            |
| <b>Nondepartmental<sup>1</sup></b>                          |                  |                |                |                |                  |
| Sub-Total   | -                | -              | -              | -              | -                |
| <b>Grand Total</b>  | <b>100.00%</b>   | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b>   |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution<sup>2</sup>  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Madison County | Mathews County | Mecklenburg County | Middlesex County | Montgomery County |
|---|----------------|----------------|--------------------|------------------|-------------------|
| <b>General Government Administration</b>                    |                |                |                    |                  |                   |
| Legislative   | 0.78%          | 0.52%          | 0.35%              | 0.38%            | 0.21%             |
| General and Financial Administration                        | 1.98%          | 5.62%          | 2.40%              | 4.73%            | 3.23%             |
| Board of Elections  | 0.35%          | 0.38%          | 0.22%              | 0.36%            | 0.18%             |
| Sub-Total   | 3.12%          | 6.52%          | 2.97%              | 5.47%            | 3.62%             |
| <b>Judicial Administration</b>                              |                |                |                    |                  |                   |
| Courts  | 2.56%          | 2.30%          | 2.89%              | 1.23%            | 1.09%             |
| Commonwealth's Attorney                                     | 0.85%          | 0.78%          | 0.66%              | 0.52%            | 0.42%             |
| Sub-Total   | 3.41%          | 3.08%          | 3.55%              | 1.76%            | 1.51%             |
| <b>Public Safety</b>  |                |                |                    |                  |                   |
| Law Enforcement and Traffic Control                         | 3.18%          | 4.09%          | 3.69%              | 4.04%            | 2.69%             |
| Fire and Rescue Services                                    | 1.02%          | 1.41%          | 0.85%              | 1.56%            | 1.52%             |
| Correction and Detention                                    | 1.05%          | 3.87%          | 2.66%              | 3.30%            | 1.45%             |
| Inspections   | 0.38%          | 0.53%          | 0.43%              | 0.68%            | 0.19%             |
| Other Protection  | 0.29%          | 0.32%          | 1.58%              | 0.22%            | 0.34%             |
| Sub-Total   | 5.91%          | 10.23%         | 9.21%              | 9.80%            | 6.29%             |
| <b>Public Works</b>   |                |                |                    |                  |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -              | 0.11%          | -                  | 0.01%            | -                 |
| Sanitation and Waste Removal                                | 0.46%          | 4.68%          | 1.58%              | 5.01%            | 3.31%             |
| Maintenance of General Buildings and Grounds                | 1.04%          | 1.65%          | 2.17%              | 1.11%            | 0.80%             |
| Sub-Total   | 1.50%          | 6.44%          | 3.75%              | 6.13%            | 4.11%             |
| <b>Health and Welfare</b>                                   |                |                |                    |                  |                   |
| Health  | 0.40%          | 0.89%          | 0.61%              | 0.97%            | 0.44%             |
| Mental Health and Mental Retardation                        | 4.53%          | 4.72%          | 4.12%              | 5.06%            | 4.65%             |
| Weifare/Social Services                                     | 6.97%          | 5.60%          | 5.74%              | 7.39%            | 5.56%             |
| Sub-Total   | 11.91%         | 11.21%         | 10.47%             | 13.42%           | 10.66%            |
| <b>Education</b>  |                |                |                    |                  |                   |
| Instruction   | 51.81%         | 43.74%         | 52.15%             | 45.65%           | 54.40%            |
| Administration, Attendance, and Health                      | 3.25%          | 3.53%          | 1.77%              | 2.96%            | 2.33%             |
| Pupil Transportation Services                               | 5.06%          | 3.31%          | 5.61%              | 3.95%            | 2.51%             |
| Operation and Maintenance Services                          | 7.69%          | 5.79%          | 4.96%              | 5.26%            | 8.02%             |
| School Food Services and Other Non-Instructional Operations | 2.81%          | 2.82%          | 3.49%              | 2.87%            | 3.12%             |
| Contributions to Community Colleges                         | 0.01%          | 0.03%          | 0.02%              | 0.03%            | 0.03%             |
| Sub-Total   | 70.63%         | 59.23%         | 67.99%             | 60.72%           | 70.41%            |
| <b>Parks, Recreation, and Cultural Services</b>             |                |                |                    |                  |                   |
| Parks and Recreation  | 1.14%          | 0.59%          | 0.04%              | 0.79%            | 0.54%             |
| Cultural Enrichment   | 0.03%          | -              | 0.01%              | 0.01%            | 0.01%             |
| Public Libraries  | 0.27%          | 0.81%          | 0.66%              | 0.46%            | 1.60%             |
| Sub-Total   | 1.44%          | 1.40%          | 0.71%              | 1.26%            | 2.15%             |
| <b>Community Development</b>                                |                |                |                    |                  |                   |
| Planning and Community Development                          | 0.55%          | 1.59%          | 1.13%              | 1.01%            | 1.09%             |
| Environmental Management                                    | 1.25%          | 0.04%          | 0.12%              | 0.25%            | 0.09%             |
| Cooperative Extension Program                               | 0.29%          | 0.26%          | 0.11%              | 0.18%            | 0.07%             |
| Sub-Total   | 2.09%          | 1.89%          | 1.36%              | 1.44%            | 1.25%             |
| <b>Nondepartmental<sup>1</sup></b>                          |                |                |                    |                  |                   |
| Sub-Total   | -              | -              | -                  | -                | -                 |
| Grand Total   | 100.00%        | 100.00%        | 100.00%            | 100.00%          | 100.00%           |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).  
<sup>2</sup>

In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution<sup>2</sup>  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Nelson County  | New Kent County | Northampton County | Northumberland County | Nottoway County |
|---|----------------|-----------------|--------------------|-----------------------|-----------------|
| <b>General Government Administration</b>                    |                |                 |                    |                       |                 |
| Legislative   | 0.30%          | 0.55%           | 0.18%              | 0.84%                 | 0.78%           |
| General and Financial Administration                        | 2.98%          | 5.38%           | 2.79%              | 4.10%                 | 1.99%           |
| Board of Elections  | 0.34%          | 0.40%           | 0.27%              | 0.47%                 | 0.27%           |
| <b>Sub-Total</b>  | <b>3.62%</b>   | <b>6.33%</b>    | <b>3.23%</b>       | <b>5.40%</b>          | <b>3.04%</b>    |
| <b>Judicial Administration</b>                              |                |                 |                    |                       |                 |
| Courts  | 1.19%          | 2.50%           | 1.39%              | 1.90%                 | 0.69%           |
| Commonwealth's Attorney                                     | 0.81%          | 0.81%           | 0.59%              | 0.91%                 | 0.57%           |
| <b>Sub-Total</b>  | <b>1.99%</b>   | <b>3.31%</b>    | <b>1.98%</b>       | <b>2.81%</b>          | <b>1.26%</b>    |
| <b>Public Safety</b>  |                |                 |                    |                       |                 |
| Law Enforcement and Traffic Control                         | 3.77%          | 5.42%           | 3.40%              | 3.76%                 | 3.42%           |
| Fire and Rescue Services                                    | 4.34%          | 1.04%           | 1.25%              | 1.76%                 | 1.25%           |
| Correction and Detention                                    | 0.98%          | 1.19%           | 2.81%              | 4.43%                 | 2.25%           |
| Inspections   | 0.67%          | 0.49%           | 0.29%              | 0.48%                 | 0.22%           |
| Other Protection  | 0.42%          | 0.95%           | 0.34%              | 0.75%                 | 0.15%           |
| <b>Sub-Total</b>  | <b>10.19%</b>  | <b>9.08%</b>    | <b>8.09%</b>       | <b>11.18%</b>         | <b>7.29%</b>    |
| <b>Public Works</b>   |                |                 |                    |                       |                 |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -              | -               | -                  | 0.14%                 | 0.02%           |
| Sanitation and Waste Removal                                | 4.52%          | 5.26%           | 2.45%              | 4.11%                 | 4.39%           |
| Maintenance of General Buildings and Grounds                | 1.81%          | 1.56%           | 0.93%              | 0.86%                 | 0.46%           |
| <b>Sub-Total</b>  | <b>6.33%</b>   | <b>6.83%</b>    | <b>3.38%</b>       | <b>5.11%</b>          | <b>4.87%</b>    |
| <b>Health and Welfare</b>                                   |                |                 |                    |                       |                 |
| Health  | 0.50%          | 0.58%           | 1.09%              | 1.03%                 | 0.33%           |
| Mental Health and Mental Retardation                        | 3.50%          | 0.41%           | 7.29%              | 4.85%                 | 3.74%           |
| Welfare/Social Services                                     | 4.77%          | 6.11%           | 8.77%              | 6.49%                 | 5.40%           |
| <b>Sub-Total</b>  | <b>9.17%</b>   | <b>7.10%</b>    | <b>17.15%</b>      | <b>12.37%</b>         | <b>9.47%</b>    |
| <b>Education</b>  |                |                 |                    |                       |                 |
| Instruction   | 44.00%         | 47.14%          | 45.50%             | 45.04%                | 51.08%          |
| Administration, Attendance, and Health                      | 3.30%          | 4.52%           | 2.49%              | 2.25%                 | 3.30%           |
| Pupil Transportation Services                               | 4.81%          | 4.63%           | 3.79%              | 4.38%                 | 3.39%           |
| Operation and Maintenance Services                          | 6.94%          | 6.17%           | 6.06%              | 5.92%                 | 6.02%           |
| School Food Services and Other Non-Instructional Operations | 3.82%          | 2.65%           | 4.10%              | 2.95%                 | 3.95%           |
| Contributions to Community Colleges                         | 0.005%         | 0.02%           | 0.10%              | 0.04%                 | 0.01%           |
| <b>Sub-Total</b>  | <b>62.87%</b>  | <b>65.13%</b>   | <b>62.05%</b>      | <b>60.56%</b>         | <b>67.79%</b>   |
| <b>Parks, Recreation, and Cultural Services</b>             |                |                 |                    |                       |                 |
| Parks and Recreation  | 0.37%          | 0.003%          | 0.63%              | 0.45%                 | 0.07%           |
| Cultural Enrichment   | -              | -               | -                  | 0.07%                 | -               |
| Public Libraries  | 0.79%          | 0.29%           | 0.33%              | 0.40%                 | 0.52%           |
| <b>Sub-Total</b>  | <b>1.15%</b>   | <b>0.29%</b>    | <b>0.96%</b>       | <b>0.91%</b>          | <b>0.59%</b>    |
| <b>Community Development</b>                                |                |                 |                    |                       |                 |
| Planning and Community Development                          | 4.36%          | 1.34%           | 2.60%              | 1.13%                 | 5.41%           |
| Environmental Management                                    | 0.13%          | 0.36%           | 0.05%              | 0.12%                 | 0.03%           |
| Cooperative Extension Program                               | 0.18%          | 0.23%           | 0.51%              | 0.40%                 | 0.26%           |
| <b>Sub-Total</b>  | <b>4.67%</b>   | <b>1.94%</b>    | <b>3.15%</b>       | <b>1.65%</b>          | <b>5.69%</b>    |
| <b>Nondepartmental<sup>1</sup></b>                          |                |                 |                    |                       |                 |
| <b>Sub-Total</b>  | <b>-</b>       | <b>-</b>        | <b>-</b>           | <b>-</b>              | <b>-</b>        |
| <b>Grand Total</b>  | <b>100.00%</b> | <b>100.00%</b>  | <b>100.00%</b>     | <b>100.00%</b>        | <b>100.00%</b>  |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution/2  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Orange County  | Page County    | Patrick County | Pittsylvania County | Powhatan County |
|---|----------------|----------------|----------------|---------------------|-----------------|
| <b>General Government Administration</b>                    |                |                |                |                     |                 |
| Legislative   | 0.27%          | 0.16%          | 0.19%          | 0.13%               | 0.35%           |
| General and Financial Administration                        | 2.70%          | 3.47%          | 2.65%          | 2.08%               | 3.62%           |
| Board of Elections  | 0.19%          | 0.33%          | 0.32%          | 0.16%               | 0.27%           |
| Sub-Total   | 3.16%          | 3.96%          | 3.16%          | 2.38%               | 4.24%           |
| <b>Judicial Administration</b>                              |                |                |                |                     |                 |
| Courts  | 1.56%          | 0.37%          | 0.61%          | 1.76%               | 1.41%           |
| Commonwealth's Attorney                                     | 0.55%          | 0.59%          | 0.59%          | 0.49%               | 0.56%           |
| Sub-Total   | 2.12%          | 0.97%          | 1.20%          | 2.25%               | 1.97%           |
| <b>Public Safety</b>  |                |                |                |                     |                 |
| Law Enforcement and Traffic Control                         | 3.83%          | 4.51%          | 4.28%          | 3.37%               | 4.57%           |
| Fire and Rescue Services                                    | 1.45%          | 1.26%          | 1.94%          | 0.83%               | 1.83%           |
| Correction and Detention                                    | 0.87%          | 1.13%          | 1.99%          | 1.85%               | -               |
| Inspections   | 0.37%          | 0.25%          | 0.38%          | 0.33%               | 0.69%           |
| Other Protection  | 1.01%          | 1.14%          | 1.49%          | 1.39%               | 0.32%           |
| Sub-Total   | 7.53%          | 8.30%          | 10.08%         | 7.78%               | 7.52%           |
| <b>Public Works</b>   |                |                |                |                     |                 |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -              | 0.01%          | -              | -                   | -               |
| Sanitation and Waste Removal                                | 2.21%          | 2.00%          | 2.61%          | 1.69%               | -               |
| Maintenance of General Buildings and Grounds                | 0.85%          | 0.91%          | 1.10%          | 0.87%               | 2.23%           |
| Sub-Total   | 3.07%          | 2.92%          | 3.72%          | 2.56%               | 2.23%           |
| <b>Health and Welfare</b>                                   |                |                |                |                     |                 |
| Health  | 0.67%          | 0.89%          | 0.51%          | 0.57%               | 0.48%           |
| Mental Health and Mental Retardation                        | 4.40%          | 3.43%          | 0.36%          | 4.37%               | 4.95%           |
| Welfare/Social Services                                     | 5.04%          | 10.67%         | 5.45%          | 8.73%               | 5.11%           |
| Sub-Total   | 10.10%         | 14.99%         | 6.33%          | 13.68%              | 10.54%          |
| <b>Education</b>  |                |                |                |                     |                 |
| Instruction   | 54.85%         | 49.51%         | 53.43%         | 53.22%              | 52.79%          |
| Administration, Attendance, and Health                      | 2.38%          | 2.52%          | 1.68%          | 2.30%               | 3.12%           |
| Pupil Transportation Services                               | 3.90%          | 4.17%          | 5.62%          | 4.99%               | 5.04%           |
| Operation and Maintenance Services                          | 6.34%          | 5.55%          | 5.80%          | 5.06%               | 7.72%           |
| School Food Services and Other Non-Instructional Operations | 2.85%          | 5.49%          | 4.30%          | 3.71%               | 2.55%           |
| Contributions to Community Colleges                         | 0.01%          | -              | 0.04%          | 0.01%               | 0.04%           |
| Sub-Total   | 70.33%         | 67.24%         | 70.88%         | 69.29%              | 71.26%          |
| <b>Parks, Recreation, and Cultural Services</b>             |                |                |                |                     |                 |
| Parks and Recreation  | 1.11%          | 0.02%          | 0.93%          | 0.13%               | 0.25%           |
| Cultural Enrichment   | 0.05%          | 0.12%          | 0.01%          | 0.07%               | -               |
| Public Libraries  | 1.12%          | 0.59%          | 1.44%          | 0.42%               | 0.23%           |
| Sub-Total   | 2.28%          | 0.72%          | 2.38%          | 0.61%               | 0.47%           |
| <b>Community Development</b>                                |                |                |                |                     |                 |
| Planning and Community Development                          | 1.19%          | 0.35%          | 1.68%          | 1.34%               | 1.46%           |
| Environmental Management                                    | 0.06%          | 0.30%          | 0.31%          | 0.01%               | 0.18%           |
| Cooperative Extension Program                               | 0.16%          | 0.25%          | 0.25%          | 0.11%               | 0.13%           |
| Sub-Total   | 1.41%          | 0.90%          | 2.25%          | 1.46%               | 1.77%           |
| <b>Nondepartmental/1</b>                                    |                |                |                |                     |                 |
| Sub-Total   | -              | -              | -              | -                   | -               |
| <b>Grand Total</b>  | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b>      | <b>100.00%</b>  |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2

Percentage Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol "-" denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Prince Edward County | Prince George County | Prince William County | Pulaski County | Rappahannock County |
|---|----------------------|----------------------|-----------------------|----------------|---------------------|
| <b>General Government Administration</b>                    |                      |                      |                       |                |                     |
| Legislative   | 0.28%                | 0.31%                | 0.18%                 | 0.34%          | 0.28%               |
| General and Financial Administration                        | 2.67%                | 3.23%                | 2.89%                 | 2.37%          | 4.06%               |
| Board of Elections  | 0.29%                | 0.23%                | 0.13%                 | 0.16%          | 0.46%               |
| Sub-Total   | 3.24%                | 3.77%                | 3.20%                 | 2.88%          | 4.81%               |
| <b>Judicial Administration</b>                              |                      |                      |                       |                |                     |
| Courts  | 3.40%                | 1.18%                | 1.15%                 | 1.42%          | 1.56%               |
| Commonwealth's Attorney                                     | 1.09%                | 0.52%                | 0.36%                 | 0.70%          | 1.37%               |
| Sub-Total   | 4.49%                | 1.70%                | 1.50%                 | 2.12%          | 2.93%               |
| <b>Public Safety</b>  |                      |                      |                       |                |                     |
| Law Enforcement and Traffic Control                         | 3.13%                | 5.72%                | 5.44%                 | 3.49%          | 2.86%               |
| Fire and Rescue Services                                    | 0.92%                | 1.11%                | 4.23%                 | 0.59%          | 2.88%               |
| Correction and Detention                                    | 2.41%                | 3.21%                | 3.15%                 | 2.61%          | 3.83%               |
| Inspections   | 0.15%                | 0.65%                | 0.79%                 | 0.23%          | 0.99%               |
| Other Protection  | 0.20%                | 0.40%                | 1.16%                 | 0.41%          | 0.42%               |
| Sub-Total   | 6.81%                | 11.10%               | 14.77%                | 7.33%          | 10.99%              |
| <b>Public Works</b>   |                      |                      |                       |                |                     |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | -                    | 0.005%               | 1.10%                 | -              | -                   |
| Sanitation and Waste Removal                                | 2.21%                | 0.59%                | 1.67%                 | 6.23%          | 4.11%               |
| Maintenance of General Buildings and Grounds                | 1.46%                | 1.65%                | 2.12%                 | 0.94%          | 1.50%               |
| Sub-Total   | 3.67%                | 2.23%                | 4.89%                 | 7.17%          | 5.60%               |
| <b>Health and Welfare</b>                                   |                      |                      |                       |                |                     |
| Health  | 0.55%                | 0.32%                | 0.64%                 | 0.45%          | 0.70%               |
| Mental Health and Mental Retardation                        | 5.94%                | 1.40%                | 2.25%                 | 4.25%          | 5.61%               |
| Welfare/Social Services                                     | 7.11%                | 4.29%                | 4.73%                 | 8.76%          | 6.03%               |
| Sub-Total   | 13.60%               | 6.02%                | 7.62%                 | 13.44%         | 12.34%              |
| <b>Education</b>  |                      |                      |                       |                |                     |
| Instruction   | 48.68%               | 52.03%               | 46.33%                | 48.69%         | 41.71%              |
| Administration, Attendance, and Health                      | 3.55%                | 3.38%                | 2.63%                 | 2.40%          | 4.51%               |
| Pupil Transportation Services                               | 4.54%                | 5.22%                | 2.95%                 | 2.89%          | 5.02%               |
| Operation and Maintenance Services                          | 6.11%                | 9.23%                | 7.44%                 | 5.92%          | 7.44%               |
| School Food Services and Other Non-Instructional Operations | 3.44%                | 3.31%                | 2.22%                 | 3.28%          | 2.82%               |
| Contributions to Community Colleges                         | 0.02%                | 0.01%                | -                     | 0.03%          | 0.06%               |
| Sub-Total   | 66.34%               | 73.17%               | 61.57%                | 63.21%         | 61.55%              |
| <b>Parks, Recreation, and Cultural Services</b>             |                      |                      |                       |                |                     |
| Parks and Recreation  | 0.33%                | 0.74%                | 2.96%                 | 0.39%          | 0.10%               |
| Cultural Enrichment   | 0.01%                | -                    | -                     | 0.10%          | -                   |
| Public Libraries  | 0.32%                | 0.57%                | 1.59%                 | 0.78%          | 0.90%               |
| Sub-Total   | 0.66%                | 1.31%                | 4.55%                 | 1.27%          | 0.99%               |
| <b>Community Development</b>                                |                      |                      |                       |                |                     |
| Planning and Community Development                          | 0.82%                | 0.62%                | 1.77%                 | 2.43%          | 0.29%               |
| Environmental Management                                    | 0.04%                | 0.02%                | -                     | 0.01%          | 0.06%               |
| Cooperative Extension Program                               | 0.33%                | 0.08%                | 0.12%                 | 0.14%          | 0.43%               |
| Sub-Total   | 1.19%                | 0.71%                | 1.89%                 | 2.58%          | 0.79%               |
| <b>Nondepartmental<sup>1</sup></b>                          |                      |                      |                       |                |                     |
| Sub-Total   | -                    | -                    | -                     | -              | -                   |
| <b>Grand Total</b>  | <b>100.00%</b>       | <b>100.00%</b>       | <b>100.00%</b>        | <b>100.00%</b> | <b>100.00%</b>      |

1

Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2

In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution/2  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Richmond County | Roanoke County | Rockbridge County | Rockingham County | Russell County |
|---|-----------------|----------------|-------------------|-------------------|----------------|
| <b>General Government Administration</b>                    |                 |                |                   |                   |                |
| Legislative   | 0.47%           | 0.18%          | 0.19%             | 0.13%             | 0.29%          |
| General and Financial Administration                        | 3.17%           | 3.50%          | 2.62%             | 2.61%             | 2.33%          |
| Board of Elections  | 0.36%           | 0.14%          | 0.28%             | 0.12%             | 0.24%          |
| <b>Sub-Total</b>  | <b>4.00%</b>    | <b>3.81%</b>   | <b>3.09%</b>      | <b>2.86%</b>      | <b>2.90%</b>   |
| <b>Judicial Administration</b>                              |                 |                |                   |                   |                |
| Courts  | 2.14%           | 1.35%          | 0.60%             | 1.16%             | 1.22%          |
| Commonwealth's Attorney                                     | 1.75%           | 0.38%          | 0.64%             | 0.59%             | 0.51%          |
| <b>Sub-Total</b>  | <b>3.89%</b>    | <b>1.74%</b>   | <b>1.24%</b>      | <b>1.75%</b>      | <b>1.72%</b>   |
| <b>Public Safety</b>  |                 |                |                   |                   |                |
| Law Enforcement and Traffic Control                         | 5.59%           | 5.25%          | 3.20%             | 2.75%             | 2.07%          |
| Fire and Rescue Services                                    | 1.31%           | 3.37%          | 4.88%             | 2.12%             | 0.82%          |
| Correction and Detention                                    | 1.25%           | 3.40%          | 4.80%             | 2.27%             | 1.94%          |
| Inspections   | 0.57%           | 0.50%          | 0.45%             | 0.30%             | 0.17%          |
| Other Protection  | 0.33%           | 0.14%          | 0.23%             | 0.42%             | 0.16%          |
| <b>Sub-Total</b>  | <b>9.05%</b>    | <b>12.56%</b>  | <b>13.56%</b>     | <b>7.86%</b>      | <b>5.16%</b>   |
| <b>Public Works</b>   |                 |                |                   |                   |                |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 0.01%           | -              | 0.21%             | 0.0003%           | 0.94%          |
| Sanitation and Waste Removal                                | 3.20%           | 4.03%          | 6.07%             | -0.14%            | 5.51%          |
| Maintenance of General Buildings and Grounds                | 1.24%           | 4.28%          | 0.58%             | 1.08%             | 0.89%          |
| <b>Sub-Total</b>  | <b>4.45%</b>    | <b>8.31%</b>   | <b>6.86%</b>      | <b>0.94%</b>      | <b>7.34%</b>   |
| <b>Health and Welfare</b>                                   |                 |                |                   |                   |                |
| Health  | 1.14%           | 0.31%          | 0.65%             | 0.47%             | 0.83%          |
| Mental Health and Mental Retardation                        | 4.22%           | 1.36%          | 6.27%             | 2.85%             | 7.55%          |
| Welfare/Social Services                                     | 8.16%           | 4.35%          | 2.50%             | 4.46%             | 8.17%          |
| <b>Sub-Total</b>  | <b>13.52%</b>   | <b>6.01%</b>   | <b>9.42%</b>      | <b>7.79%</b>      | <b>16.54%</b>  |
| <b>Education</b>  |                 |                |                   |                   |                |
| Instruction   | 47.77%          | 49.16%         | 37.96%            | 58.72%            | 47.66%         |
| Administration, Attendance, and Health                      | 2.42%           | 2.95%          | 5.21%             | 2.49%             | 1.64%          |
| Pupil Transportation Services                               | 3.73%           | 2.99%          | 4.37%             | 4.39%             | 3.96%          |
| Operation and Maintenance Services                          | 6.10%           | 5.82%          | 6.96%             | 7.10%             | 5.67%          |
| School Food Services and Other Non-instructional Operations | 2.80%           | 2.22%          | 2.47%             | 3.91%             | 3.14%          |
| Contributions to Community Colleges                         | 0.38%           | -              | 0.05%             | -                 | 0.34%          |
| <b>Sub-Total</b>  | <b>63.19%</b>   | <b>63.14%</b>  | <b>57.02%</b>     | <b>76.61%</b>     | <b>63.40%</b>  |
| <b>Parks, Recreation, and Cultural Services</b>             |                 |                |                   |                   |                |
| Parks and Recreation  | -               | 1.68%          | 1.49%             | 0.77%             | 0.24%          |
| Cultural Enrichment   | -               | 0.17%          | -                 | -                 | 0.04%          |
| Public Libraries  | 0.52%           | 1.23%          | 1.31%             | 0.47%             | 0.57%          |
| <b>Sub-Total</b>  | <b>0.52%</b>    | <b>3.08%</b>   | <b>2.79%</b>      | <b>1.24%</b>      | <b>0.85%</b>   |
| <b>Community Development</b>                                |                 |                |                   |                   |                |
| Planning and Community Development                          | 1.02%           | 1.21%          | 3.11%             | 0.71%             | 1.75%          |
| Environmental Management                                    | 0.11%           | -              | 0.39%             | 0.11%             | 0.06%          |
| Cooperative Extension Program                               | 0.26%           | 0.04%          | 0.19%             | 0.15%             | 0.27%          |
| <b>Sub-Total</b>  | <b>1.39%</b>    | <b>1.25%</b>   | <b>3.69%</b>      | <b>0.96%</b>      | <b>2.08%</b>   |
| <b>Nondepartmental/1</b>                                    |                 |                |                   |                   |                |
| <b>Sub-Total</b>  | <b>-</b>        | <b>-</b>       | <b>2.33%</b>      | <b>-</b>          | <b>-</b>       |
| <b>Grand Total</b>  | <b>100.00%</b>  | <b>100.00%</b> | <b>100.00%</b>    | <b>100.00%</b>    | <b>100.00%</b> |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution/2  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Scott County | Shenandoan County | Smyth County | Southampton County | Spotsylvania County |
|---|--------------|-------------------|--------------|--------------------|---------------------|
| <b>General Government Administration</b>                    |              |                   |              |                    |                     |
| Legislative   | 0.30%        | 0.14%             | 0.97%        | 0.26%              | 0.16%               |
| General and Financial Administration                        | 3.25%        | 2.13%             | 1.88%        | 2.18%              | 3.33%               |
| Board of Elections  | 0.32%        | 0.41%             | 0.05%        | 0.30%              | 0.11%               |
| Sub-Total   | 3.88%        | 2.68%             | 2.90%        | 2.75%              | 3.65%               |
| <b>Judicial Administration</b>                              |              |                   |              |                    |                     |
| Courts  | 2.06%        | 0.95%             | 1.23%        | 1.25%              | 1.52%               |
| Commonwealth's Attorney                                     | 0.54%        | 0.54%             | 0.57%        | 0.77%              | 0.48%               |
| Sub-Total   | 2.61%        | 1.50%             | 1.80%        | 2.02%              | 1.99%               |
| <b>Public Safety</b>  |              |                   |              |                    |                     |
| Law Enforcement and Traffic Control                         | 3.41%        | 3.20%             | 3.77%        | 3.46%              | 2.71%               |
| Fire and Rescue Services                                    | 0.77%        | 1.01%             | 0.50%        | 1.69%              | 2.55%               |
| Correction and Detention                                    | 1.30%        | 1.39%             | 0.57%        | 5.57%              | 1.21%               |
| Inspections   | 0.18%        | 0.39%             | 0.28%        | 0.20%              | 1.06%               |
| Other Protection  | 0.32%        | 1.14%             | 0.29%        | 0.61%              | 1.05%               |
| Sub-Total   | 5.98%        | 7.13%             | 5.42%        | 11.53%             | 8.58%               |
| <b>Public Works</b>   |              |                   |              |                    |                     |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 0.001%       | -                 | -            | 0.13%              | 0.39%               |
| Sanitation and Waste Removal                                | 2.26%        | 3.27%             | 3.02%        | 3.41%              | 1.53%               |
| Maintenance of General Buildings and Grounds                | 0.61%        | 0.49%             | 0.68%        | 0.99%              | 1.11%               |
| Sub-Total   | 2.87%        | 3.76%             | 3.71%        | 4.53%              | 3.03%               |
| <b>Health and Welfare</b>                                   |              |                   |              |                    |                     |
| Health  | 0.53%        | 0.45%             | 1.04%        | 1.09%              | 0.38%               |
| Mental Health and Mental Retardation                        | 2.75%        | 5.39%             | 7.38%        | 4.48%              | 2.60%               |
| Welfare/Social Services                                     | 7.07%        | 3.82%             | 8.76%        | 5.88%              | 4.29%               |
| Sub-Total   | 10.35%       | 9.65%             | 17.18%       | 11.44%             | 7.27%               |
| <b>Education</b>  |              |                   |              |                    |                     |
| Instruction   | 54.65%       | 52.01%            | 52.75%       | 47.01%             | 55.35%              |
| Administration, Attendance, and Health                      | 1.66%        | 7.51%             | 1.66%        | 2.47%              | 2.71%               |
| Pupil Transportation Services                               | 3.80%        | 3.81%             | 2.40%        | 5.85%              | 4.60%               |
| Operation and Maintenance Services                          | 8.08%        | 7.25%             | 5.52%        | 6.74%              | 6.39%               |
| School Food Services and Other Non-Instructional Operations | 3.67%        | 2.47%             | 3.53%        | 3.73%              | 2.63%               |
| Contributions to Community Colleges                         | 0.07%        | 0.04%             | 0.14%        | -                  | 0.01%               |
| Sub-Total   | 71.93%       | 73.10%            | 66.10%       | 65.79%             | 71.69%              |
| <b>Parks, Recreation, and Cultural Services</b>             |              |                   |              |                    |                     |
| Parks and Recreation  | 0.80%        | 0.71%             | 0.02%        | -                  | 1.05%               |
| Cultural Enrichment   | -            | 0.02%             | 0.002%       | -                  | 0.01%               |
| Public Libraries  | 0.89%        | 0.45%             | 1.37%        | 0.75%              | 1.70%               |
| Sub-Total   | 1.68%        | 1.18%             | 1.39%        | 0.75%              | 2.76%               |
| <b>Community Development</b>                                |              |                   |              |                    |                     |
| Planning and Community Development                          | 0.47%        | 0.70%             | 1.33%        | 0.98%              | 0.95%               |
| Environmental Management                                    | 0.08%        | 0.11%             | 0.06%        | 0.02%              | 0.01%               |
| Cooperative Extension Program                               | 0.16%        | 0.17%             | 0.12%        | 0.13%              | 0.07%               |
| Sub-Total   | 0.71%        | 0.98%             | 1.50%        | 1.18%              | 1.03%               |
| <b>Nondepartmental/1</b>                                    |              |                   |              |                    |                     |
| Sub-Total   | -            | -                 | -            | -                  | -                   |
| Grand Total   | 100.00%      | 100.00%           | 100.00%      | 100.00%            | 100.00%             |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution/2  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Stafford County | Surry County   | Sussex County  | Tazewell County | Warren County  |
|---|-----------------|----------------|----------------|-----------------|----------------|
| <b>General Government Administration</b>                    |                 |                |                |                 |                |
| Legislative   | 0.27%           | 0.50%          | 0.48%          | 0.12%           | 0.20%          |
| General and Financial Administration                        | 2.79%           | 3.62%          | 3.95%          | 1.91%           | 2.77%          |
| Board of Elections  | 0.14%           | 0.26%          | 0.40%          | 0.17%           | 0.21%          |
| Sub-Total   | 3.20%           | 4.38%          | 4.83%          | 2.21%           | 3.18%          |
| <b>Judicial Administration</b>                              |                 |                |                |                 |                |
| Courts  | 1.15%           | 1.19%          | 2.05%          | 1.06%           | 0.94%          |
| Commonwealth's Attorney                                     | 0.54%           | 0.49%          | 0.82%          | 0.50%           | 0.76%          |
| Sub-Total   | 1.69%           | 1.67%          | 2.87%          | 1.56%           | 1.71%          |
| <b>Public Safety</b>  |                 |                |                |                 |                |
| Law Enforcement and Traffic Control                         | 4.48%           | 3.05%          | 7.11%          | 1.64%           | 1.84%          |
| Fire and Rescue Services                                    | 2.87%           | 0.77%          | 0.85%          | 1.03%           | 1.34%          |
| Correction and Detention                                    | 1.25%           | 3.15%          | 1.50%          | 2.66%           | 4.41%          |
| Inspections   | 1.36%           | 0.43%          | 0.37%          | 0.25%           | 0.45%          |
| Other Protection  | 0.28%           | 0.42%          | 0.20%          | 0.72%           | 0.95%          |
| Sub-Total   | 10.25%          | 7.82%          | 10.02%         | 6.29%           | 9.00%          |
| <b>Public Works</b>   |                 |                |                |                 |                |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 0.16%           | -              | 0.25%          | 0.86%           | 0.87%          |
| Sanitation and Waste Removal                                | 1.74%           | 2.88%          | 1.16%          | 2.06%           | 3.91%          |
| Maintenance of General Buildings and Grounds                | 1.15%           | 1.86%          | 1.32%          | 0.69%           | 0.29%          |
| Sub-Total   | 3.05%           | 4.74%          | 2.74%          | 3.61%           | 5.07%          |
| <b>Health and Welfare</b>                                   |                 |                |                |                 |                |
| Health  | 0.26%           | 0.81%          | 0.65%          | 0.38%           | 0.48%          |
| Mental Health and Mental Retardation                        | 2.60%           | 6.44%          | 4.93%          | 5.31%           | 4.47%          |
| Welfare/Social Services                                     | 3.69%           | 8.51%          | 8.22%          | 7.64%           | 7.22%          |
| Sub-Total   | 6.54%           | 15.77%         | 13.80%         | 13.33%          | 12.18%         |
| <b>Education</b>  |                 |                |                |                 |                |
| Instruction   | 54.34%          | 42.63%         | 43.19%         | 53.84%          | 46.86%         |
| Administration, Attendance, and Health                      | 3.37%           | 4.31%          | 5.09%          | 1.76%           | 2.19%          |
| Pupil Transportation Services                               | 3.19%           | 4.21%          | 5.69%          | 4.23%           | 2.93%          |
| Operation and Maintenance Services                          | 6.40%           | 7.34%          | 4.82%          | 6.05%           | 9.23%          |
| School Food Services and Other Non-Instructional Operations | 3.18%           | 3.85%          | 3.88%          | 3.91%           | 2.85%          |
| Contributions to Community Colleges                         | 0.005%          | 0.004%         | 0.28%          | 0.29%           | 0.04%          |
| Sub-Total   | 70.49%          | 62.34%         | 62.94%         | 70.07%          | 63.11%         |
| <b>Parks, Recreation, and Cultural Services</b>             |                 |                |                |                 |                |
| Parks and Recreation  | 1.69%           | 1.35%          | -              | 0.45%           | 0.28%          |
| Cultural Enrichment   | 0.005%          | 0.04%          | 0.06%          | 0.16%           | 0.05%          |
| Public Libraries  | 1.62%           | 0.58%          | 0.64%          | 0.96%           | 0.61%          |
| Sub-Total   | 3.31%           | 1.97%          | 0.70%          | 1.57%           | 0.93%          |
| <b>Community Development</b>                                |                 |                |                |                 |                |
| Planning and Community Development                          | 1.36%           | 1.13%          | 1.28%          | 1.20%           | 4.60%          |
| Environmental Management                                    | 0.01%           | 0.04%          | 0.57%          | 0.08%           | 0.12%          |
| Cooperative Extension Program                               | 0.10%           | 0.14%          | 0.25%          | 0.08%           | 0.12%          |
| Sub-Total   | 1.46%           | 1.31%          | 2.11%          | 1.36%           | 4.83%          |
| <b>Nondepartmental/1</b>                                    |                 |                |                |                 |                |
| Sub-Total   | -               | -              | -              | -               | -              |
| <b>Grand Total</b>  | <b>100.00%</b>  | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b>  | <b>100.00%</b> |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8.

Staff, Commission on Local Government

Table 3.2  
Percentage Distribution/2  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Washington County | Westmoreland County | Wise County | Wythe County | York County |
|---|-------------------|---------------------|-------------|--------------|-------------|
| <b>General Government Administration</b>                    |                   |                     |             |              |             |
| Legislative   | 0.14%             | 0.19%               | 0.34%       | 0.49%        | 0.15%       |
| General and Financial Administration                        | 1.75%             | 4.71%               | 1.81%       | 1.65%        | 3.77%       |
| Board of Elections  | 0.17%             | 0.29%               | 0.16%       | 0.05%        | 0.23%       |
| Sub-Total   | 2.06%             | 5.19%               | 2.30%       | 2.20%        | 4.14%       |
| <b>Judicial Administration</b>                              |                   |                     |             |              |             |
| Courts  | 1.05%             | 3.40%               | 1.29%       | 1.30%        | 1.18%       |
| Commonwealth's Attorney                                     | 0.49%             | 0.82%               | 0.60%       | 0.41%        | 0.53%       |
| Sub-Total   | 1.54%             | 4.22%               | 1.90%       | 1.71%        | 1.71%       |
| <b>Public Safety</b>  |                   |                     |             |              |             |
| Law Enforcement and Traffic Control                         | 2.54%             | 4.09%               | 2.63%       | 4.28%        | 3.05%       |
| Fire and Rescue Services                                    | 1.86%             | 1.14%               | 0.38%       | 0.49%        | 5.67%       |
| Correction and Detention                                    | 1.74%             | 1.25%               | 2.42%       | 1.99%        | 3.40%       |
| Inspections   | 0.14%             | 0.53%               | 0.23%       | 0.32%        | 0.43%       |
| Other Protection  | 0.66%             | 0.31%               | 0.30%       | 0.87%        | 0.94%       |
| Sub-Total   | 6.95%             | 7.32%               | 5.96%       | 7.95%        | 13.49%      |
| <b>Public Works</b>   |                   |                     |             |              |             |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 0.01%             | 0.46%               | 1.05%       | -            | 0.22%       |
| Sanitation and Waste Removal                                | 3.53%             | 3.55%               | 3.62%       | 7.17%        | 3.75%       |
| Maintenance of General Buildings and Grounds                | 0.92%             | 1.70%               | 0.75%       | 0.82%        | 3.67%       |
| Sub-Total   | 4.46%             | 5.72%               | 5.42%       | 8.00%        | 7.64%       |
| <b>Health and Welfare</b>                                   |                   |                     |             |              |             |
| Health  | 0.51%             | 1.03%               | 0.57%       | 0.60%        | 1.74%       |
| Mental Health and Mental Retardation                        | 5.23%             | 5.57%               | 3.35%       | 7.77%        | 2.54%       |
| Welfare/Social Services                                     | 6.74%             | 8.66%               | 8.17%       | 9.82%        | 3.22%       |
| Sub-Total   | 12.48%            | 15.26%              | 12.09%      | 18.20%       | 7.50%       |
| <b>Education</b>  |                   |                     |             |              |             |
| Instruction   | 51.61%            | 40.36%              | 56.51%      | 47.29%       | 44.17%      |
| Administration, Attendance, and Health                      | 2.17%             | 2.17%               | 1.44%       | 1.16%        | 2.71%       |
| Pupil Transportation Services                               | 3.78%             | 4.57%               | 3.03%       | 3.15%        | 3.39%       |
| Operation and Maintenance Services                          | 7.41%             | 7.92%               | 5.54%       | 5.03%        | 7.83%       |
| School Food Services and Other Non-Instructional Operations | 3.72%             | 2.79%               | 3.41%       | 2.78%        | 1.97%       |
| Contributions to Community Colleges                         | 0.08%             | 0.03%               | 0.07%       | 0.08%        | -           |
| Sub-Total   | 68.76%            | 57.84%              | 70.01%      | 59.50%       | 60.08%      |
| <b>Parks, Recreation, and Cultural Services</b>             |                   |                     |             |              |             |
| Parks and Recreation  | 0.79%             | 1.12%               | 0.06%       | 0.55%        | 0.96%       |
| Cultural Enrichment   | 0.29%             | 0.15%               | 0.02%       | 0.02%        | 0.56%       |
| Public Libraries  | 1.44%             | 1.10%               | 1.64%       | 0.76%        | 0.78%       |
| Sub-Total   | 2.52%             | 2.37%               | 1.72%       | 1.33%        | 2.30%       |
| <b>Community Development</b>                                |                   |                     |             |              |             |
| Planning and Community Development                          | 1.09%             | 1.85%               | 0.50%       | 0.93%        | 2.59%       |
| Environmental Management                                    | 0.03%             | 0.05%               | -           | 0.02%        | 0.38%       |
| Cooperative Extension Program                               | 0.11%             | 0.18%               | 0.11%       | 0.16%        | 0.07%       |
| Sub-Total   | 1.23%             | 2.08%               | 0.61%       | 1.12%        | 3.14%       |
| <b>Nondepartmental/1</b>                                    |                   |                     |             |              |             |
| Sub-Total   | -                 | -                   | -           | -            | -           |
| Grand Total   | 100.00%           | 100.00%             | 100.00%     | 100.00%      | 100.00%     |

1

Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2

In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3

Staff, Commission on Local Government

Table 3.2

Percentage Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Alexandria City | Bedford City   | Bristol City   | Buena Vista City | Charlottesville City |
|---|-----------------|----------------|----------------|------------------|----------------------|
| <b>General Government Administration</b>                    |                 |                |                |                  |                      |
| Legislative   | 0.22%           | 0.42%          | 0.10%          | 0.10%            | 0.20%                |
| General and Financial Administration                        | 6.17%           | 7.56%          | 3.10%          | 4.53%            | 4.90%                |
| Board of Elections  | 0.16%           | 0.38%          | 0.26%          | 0.32%            | 0.13%                |
| Sub-Total   | 6.55%           | 8.36%          | 3.46%          | 4.94%            | 5.22%                |
| <b>Judicial Administration</b>                              |                 |                |                |                  |                      |
| Courts  | 3.05%           | 1.23%          | 1.82%          | 2.14%            | 0.89%                |
| Commonwealth's Attorney                                     | 0.63%           | 0.10%          | 0.52%          | 0.49%            | 0.65%                |
| Sub-Total   | 3.68%           | 1.33%          | 2.33%          | 2.62%            | 1.54%                |
| <b>Public Safety</b>  |                 |                |                |                  |                      |
| Law Enforcement and Traffic Control                         | 10.26%          | 9.35%          | 8.64%          | 6.61%            | 7.52%                |
| Fire and Rescue Services                                    | 5.50%           | 2.68%          | 5.92%          | 0.73%            | 4.23%                |
| Correction and Detention                                    | 2.03%           | 0.59%          | 4.48%          | 2.79%            | 2.88%                |
| Inspections   | 0.88%           | 1.37%          | 0.31%          | 0.17%            | 0.40%                |
| Other Protection  | 0.35%           | 1.91%          | 0.25%          | 0.17%            | 1.05%                |
| Sub-Total   | 19.03%          | 15.90%         | 19.60%         | 10.47%           | 16.08%               |
| <b>Public Works</b>   |                 |                |                |                  |                      |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 5.45%           | 9.30%          | 5.07%          | 6.27%            | 5.34%                |
| Sanitation and Waste Removal                                | 1.64%           | 10.29%         | 9.20%          | 3.93%            | 2.15%                |
| Maintenance of General Buildings and Grounds                | 1.44%           | 6.17%          | 0.51%          | 1.17%            | 1.06%                |
| Sub-Total   | 8.53%           | 25.76%         | 14.78%         | 11.37%           | 8.56%                |
| <b>Health and Welfare</b>                                   |                 |                |                |                  |                      |
| Health  | 1.89%           | 0.54%          | 0.59%          | 0.29%            | 0.75%                |
| Mental Health and Mental Retardation                        | 6.23%           | 0.15%          | 4.40%          | 5.04%            | 5.66%                |
| Welfare/Social Services                                     | 10.63%          | 1.99%          | 6.72%          | 4.26%            | 11.74%               |
| Sub-Total   | 18.75%          | 2.68%          | 11.72%         | 9.59%            | 18.15%               |
| <b>Education</b>  |                 |                |                |                  |                      |
| Instruction   | 26.99%          | 23.05%         | 32.26%         | 36.90%           | 30.95%               |
| Administration, Attendance, and Health                      | 2.88%           | 4.59%          | 1.93%          | 1.73%            | 2.38%                |
| Pupil Transportation Services                               | 1.03%           | 2.32%          | 1.22%          | 0.99%            | 1.43%                |
| Operation and Maintenance Services                          | 3.42%           | 2.50%          | 3.76%          | 8.06%            | 5.40%                |
| School Food Services and Other Non-Instructional Operations | 1.15%           | 0.06%          | 1.74%          | 7.09%            | 1.91%                |
| Contributions to Community Colleges                         | 0.004%          | 0.001%         | 0.03%          | 0.04%            | 0.01%                |
| Sub-Total   | 35.49%          | 37.52%         | 40.95%         | 54.82%           | 42.07%               |
| <b>Parks, Recreation, and Cultural Services</b>             |                 |                |                |                  |                      |
| Parks and Recreation  | 2.81%           | 4.97%          | 3.57%          | 3.49%            | 4.87%                |
| Cultural Enrichment   | 0.74%           | -              | 0.02%          | -                | 0.09%                |
| Public Libraries  | 1.28%           | 1.80%          | 0.75%          | 0.66%            | 1.19%                |
| Sub-Total   | 4.83%           | 6.77%          | 4.35%          | 4.15%            | 6.14%                |
| <b>Community Development</b>                                |                 |                |                |                  |                      |
| Planning and Community Development                          | 3.03%           | 1.62%          | 2.71%          | 2.03%            | 2.21%                |
| Environmental Management                                    | 0.07%           | 0.06%          | 0.09%          | -                | -                    |
| Cooperative Extension Program                               | 0.05%           | -              | -              | -                | 0.03%                |
| Sub-Total   | 3.15%           | 1.68%          | 2.80%          | 2.03%            | 2.24%                |
| <b>Nondepartmental<sup>1</sup></b>                          |                 |                |                |                  |                      |
| Sub-Total   | -               | -              | -              | -                | -                    |
| <b>Grand Total</b>  | <b>100.00%</b>  | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b>   | <b>100.00%</b>       |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution/2  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Chesapeake City | Clifton Forge City | Colonial Heights City | Covington City | Danville City  |
|---|-----------------|--------------------|-----------------------|----------------|----------------|
| <b>General Government Administration</b>                    |                 |                    |                       |                |                |
| Legislative   | 0.18%           | 0.26%              | 0.38%                 | 0.46%          | 0.15%          |
| General and Financial Administration                        | 3.65%           | 5.31%              | 4.25%                 | 3.69%          | 2.55%          |
| Board of Elections  | 0.11%           | 0.49%              | 0.27%                 | 0.42%          | 0.13%          |
| Sub-Total   | 3.94%           | 6.05%              | 4.90%                 | 4.56%          | 2.82%          |
| <b>Judicial Administration</b>                              |                 |                    |                       |                |                |
| Courts  | 1.67%           | 1.60%              | 2.03%                 | 0.35%          | 0.96%          |
| Commonwealth's Attorney                                     | 0.33%           | 0.69%              | 0.68%                 | 0.05%          | 0.57%          |
| Sub-Total   | 2.00%           | 2.30%              | 2.71%                 | 0.41%          | 1.53%          |
| <b>Public Safety</b>  |                 |                    |                       |                |                |
| Law Enforcement and Traffic Control                         | 5.61%           | 4.92%              | 9.08%                 | 8.58%          | 6.67%          |
| Fire and Rescue Services                                    | 4.97%           | 1.47%              | 3.50%                 | 1.69%          | 5.90%          |
| Correction and Detention                                    | 2.82%           | 2.57%              | 6.98%                 | 1.57%          | 2.70%          |
| Inspections   | 0.49%           | 0.12%              | 0.57%                 | 0.58%          | 0.46%          |
| Other Protection  | 0.29%           | 0.35%              | 0.64%                 | 0.34%          | 0.86%          |
| Sub-Total   | 14.18%          | 9.43%              | 20.78%                | 12.77%         | 16.58%         |
| <b>Public Works</b>   |                 |                    |                       |                |                |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 5.48%           | 5.29%              | 5.26%                 | 8.68%          | 5.60%          |
| Sanitation and Waste Removal                                | 2.75%           | 5.23%              | 2.72%                 | 4.83%          | 3.83%          |
| Maintenance of General Buildings and Grounds                | 1.48%           | 1.17%              | 0.87%                 | 1.42%          | 2.10%          |
| Sub-Total   | 9.72%           | 11.70%             | 8.85%                 | 14.92%         | 11.52%         |
| <b>Health and Welfare</b>                                   |                 |                    |                       |                |                |
| Health  | 1.21%           | 0.30%              | 0.31%                 | 0.46%          | 0.52%          |
| Mental Health and Mental Retardation                        | 2.21%           | 2.25%              | 3.20%                 | 4.89%          | 4.06%          |
| Welfare/Social Services                                     | 4.32%           | 5.01%              | 3.93%                 | 4.90%          | 5.50%          |
| Sub-Total   | 7.74%           | 7.56%              | 7.44%                 | 10.25%         | 11.08%         |
| <b>Education</b>  |                 |                    |                       |                |                |
| Instruction   | 44.53%          | 45.77%             | 41.05%                | 40.87%         | 39.60%         |
| Administration, Attendance, and Health                      | 2.05%           | 3.19%              | 2.15%                 | 2.55%          | 2.64%          |
| Pupil Transportation Services                               | 2.25%           | 3.32%              | 0.81%                 | 1.25%          | 1.40%          |
| Operation and Maintenance Services                          | 6.29%           | 6.17%              | 5.05%                 | 4.33%          | 4.32%          |
| School Food Services and Other Non-Instructional Operations | 2.02%           | 2.39%              | 1.81%                 | 2.39%          | 2.81%          |
| Contributions to Community Colleges                         | 0.02%           | 0.02%              | 0.01%                 | 0.02%          | 0.01%          |
| Sub-Total   | 57.16%          | 60.86%             | 50.88%                | 51.41%         | 50.78%         |
| <b>Parks, Recreation, and Cultural Services</b>             |                 |                    |                       |                |                |
| Parks and Recreation  | 0.91%           | 1.35%              | 2.83%                 | 4.30%          | 3.62%          |
| Cultural Enrichment   | 0.05%           | -                  | 0.17%                 | 0.06%          | 0.13%          |
| Public Libraries  | 1.25%           | 0.21%              | 1.07%                 | 1.29%          | 0.85%          |
| Sub-Total   | 2.21%           | 1.56%              | 4.07%                 | 5.64%          | 4.60%          |
| <b>Community Development</b>                                |                 |                    |                       |                |                |
| Planning and Community Development                          | 2.98%           | 0.54%              | 0.35%                 | -0.06%         | 1.06%          |
| Environmental Management                                    | -               | -                  | 0.02%                 | 0.01%          | -              |
| Cooperative Extension Program                               | 0.09%           | -                  | -                     | 0.10%          | 0.02%          |
| Sub-Total   | 3.07%           | 0.54%              | 0.37%                 | 0.05%          | 1.08%          |
| <b>Nondepartmental/1</b>                                    |                 |                    |                       |                |                |
| Sub-Total   | -               | -                  | -                     | -              | -              |
| <b>Grand Total</b>  | <b>100.00%</b>  | <b>100.00%</b>     | <b>100.00%</b>        | <b>100.00%</b> | <b>100.00%</b> |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution<sup>2</sup>  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Empona City    | Fairfax City   | Falls Church City | Franklin City  | Fredencksburg City |
|---|----------------|----------------|-------------------|----------------|--------------------|
| <b>General Government Administration</b>                    |                |                |                   |                |                    |
| Legislative   | 0.59%          | 0.35%          | 0.32%             | 0.65%          | 0.37%              |
| General and Financial Administration                        | 3.72%          | 7.44%          | 5.68%             | 6.05%          | 4.00%              |
| Board of Elections  | 0.26%          | 0.29%          | 0.26%             | 0.34%          | 0.26%              |
| Sub-Total   | 4.57%          | 8.12%          | 6.26%             | 7.04%          | 4.62%              |
| <b>Judicial Administration</b>                              |                |                |                   |                |                    |
| Courts  | 2.62%          | 0.70%          | 1.40%             | 0.29%          | 1.84%              |
| Commonwealth's Attorney                                     | -              | 0.02%          | 0.12%             | -              | 1.02%              |
| Sub-Total   | 2.62%          | 0.73%          | 1.52%             | 0.29%          | 2.86%              |
| <b>Public Safety</b>  |                |                |                   |                |                    |
| Law Enforcement and Traffic Control                         | 10.04%         | 12.76%         | 8.83%             | 8.59%          | 9.83%              |
| Fire and Rescue Services                                    | 1.52%          | 9.06%          | 3.57%             | 2.55%          | 5.41%              |
| Correction and Detention                                    | 0.58%          | 1.09%          | 3.14%             | 2.03%          | 5.80%              |
| Inspections   | 0.63%          | 1.41%          | 0.37%             | 0.69%          | 0.81%              |
| Other Protection  | 0.84%          | -              | 0.13%             | 0.52%          | 0.11%              |
| Sub-Total   | 13.61%         | 24.32%         | 16.03%            | 14.38%         | 21.96%             |
| <b>Public Works</b>   |                |                |                   |                |                    |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 6.85%          | 8.24%          | 4.38%             | 8.84%          | 8.74%              |
| Sanitation and Waste Removal                                | 3.99%          | 2.57%          | 1.99%             | 4.11%          | 2.63%              |
| Maintenance of General Buildings and Grounds                | 1.45%          | 1.21%          | 2.31%             | 2.07%          | 1.79%              |
| Sub-Total   | 12.30%         | 12.13%         | 8.68%             | 15.02%         | 13.16%             |
| <b>Health and Welfare</b>                                   |                |                |                   |                |                    |
| Health  | 0.26%          | 0.75%          | 0.38%             | 0.77%          | 0.26%              |
| Mental Health and Mental Retardation                        | 7.72%          | 3.02%          | 2.28%             | 2.98%          | 6.65%              |
| Welfare/Social Services                                     | 6.90%          | 2.59%          | 3.79%             | 4.80%          | 5.40%              |
| Sub-Total   | 14.87%         | 6.46%          | 6.44%             | 8.55%          | 12.31%             |
| <b>Education</b>  |                |                |                   |                |                    |
| Instruction   | 36.68%         | 30.27%         | 34.35%            | 35.40%         | 29.37%             |
| Administration, Attendance, and Health                      | 1.77%          | 2.61%          | 5.00%             | 3.80%          | 2.21%              |
| Pupil Transportation Services                               | 2.74%          | 1.96%          | 0.96%             | 1.42%          | 0.96%              |
| Operation and Maintenance Services                          | 4.83%          | 4.33%          | 5.10%             | 4.02%          | 3.66%              |
| School Food Services and Other Non-Instructional Operations | 2.38%          | 1.18%          | 3.97%             | 2.06%          | 1.52%              |
| Contributions to Community Colleges                         | 0.01%          | 0.005%         | 0.03%             | -              | 0.01%              |
| Sub-Total   | 48.42%         | 40.37%         | 49.42%            | 46.69%         | 37.73%             |
| <b>Parks, Recreation, and Cultural Services</b>             |                |                |                   |                |                    |
| Parks and Recreation  | 0.84%          | 3.55%          | 2.78%             | 2.20%          | 2.95%              |
| Cultural Enrichment   | -              | 0.11%          | 0.11%             | -              | 0.26%              |
| Public Libraries  | 0.58%          | 1.08%          | 3.74%             | 1.01%          | 1.40%              |
| Sub-Total   | 1.52%          | 4.74%          | 6.64%             | 3.21%          | 4.61%              |
| <b>Community Development</b>                                |                |                |                   |                |                    |
| Planning and Community Development                          | 1.90%          | 3.11%          | 5.02%             | 1.94%          | 2.74%              |
| Environmental Management                                    | -              | -              | -                 | -              | 0.02%              |
| Cooperative Extension Program                               | 0.19%          | 0.03%          | -                 | -              | -                  |
| Sub-Total   | 2.09%          | 3.15%          | 5.02%             | 1.94%          | 2.75%              |
| <b>Nondepartmental<sup>1</sup></b>                          |                |                |                   |                |                    |
| Sub-Total   | -              | -              | -                 | 2.89%          | -                  |
| <b>Grand Total</b>  | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b>    | <b>100.00%</b> | <b>100.00%</b>     |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2

Percentage Distribution<sup>2</sup>  
of  
Operating Expenditures by Category and Locality  
for  
Counties and Cities in Virginia  
FY 1998

[The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Galax City     | Hampton City   | Harrisonburg City | Hopewell City  | Lexington City |
|---|----------------|----------------|-------------------|----------------|----------------|
| <b>General Government Administration</b>                    |                |                |                   |                |                |
| Legislative   | 0.04%          | 0.16%          | 0.19%             | 0.26%          | 0.18%          |
| General and Financial Administration                        | 5.87%          | 4.02%          | 3.09%             | 3.80%          | 5.35%          |
| Board of Elections  | 0.27%          | 0.10%          | 0.25%             | 0.14%          | 0.35%          |
| <b>Sub-Total</b>  | <b>6.18%</b>   | <b>4.29%</b>   | <b>3.53%</b>      | <b>4.21%</b>   | <b>5.89%</b>   |
| <b>Judicial Administration</b>                              |                |                |                   |                |                |
| Courts  | 0.27%          | 0.53%          | 0.41%             | 0.84%          | 0.77%          |
| Commonwealth's Attorney                                     | -              | 0.58%          | 0.12%             | 0.59%          | -              |
| <b>Sub-Total</b>  | <b>0.27%</b>   | <b>1.11%</b>   | <b>0.53%</b>      | <b>1.43%</b>   | <b>0.77%</b>   |
| <b>Public Safety</b>  |                |                |                   |                |                |
| Law Enforcement and Traffic Control                         | 7.13%          | 5.93%          | 6.89%             | 6.79%          | 8.43%          |
| Fire and Rescue Services                                    | 1.18%          | 3.91%          | 5.94%             | 5.56%          | 1.16%          |
| Correction and Detention                                    | 0.46%          | 2.98%          | 1.30%             | 6.87%          | 2.43%          |
| Inspections   | 0.31%          | 0.61%          | 0.64%             | 0.32%          | 0.66%          |
| Other Protection  | 0.31%          | 0.57%          | 0.13%             | 0.42%          | 0.51%          |
| <b>Sub-Total</b>  | <b>9.38%</b>   | <b>14.00%</b>  | <b>14.89%</b>     | <b>19.96%</b>  | <b>13.19%</b>  |
| <b>Public Works</b>   |                |                |                   |                |                |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 9.52%          | 4.45%          | 10.76%            | 4.54%          | 7.93%          |
| Sanitation and Waste Removal                                | 3.86%          | 3.23%          | 4.65%             | 1.96%          | 6.82%          |
| Maintenance of General Buildings and Grounds                | 0.05%          | 1.83%          | 0.31%             | 2.04%          | 1.08%          |
| <b>Sub-Total</b>  | <b>13.43%</b>  | <b>9.51%</b>   | <b>15.72%</b>     | <b>8.54%</b>   | <b>15.82%</b>  |
| <b>Health and Welfare</b>                                   |                |                |                   |                |                |
| Health  | 0.53%          | 0.89%          | 0.49%             | 0.24%          | 1.42%          |
| Mental Health and Mental Retardation                        | 5.39%          | 6.92%          | 3.16%             | 4.09%          | 7.49%          |
| Welfare/Social Services                                     | 7.27%          | 6.02%          | 5.52%             | 5.11%          | 7.12%          |
| <b>Sub-Total</b>  | <b>13.19%</b>  | <b>13.83%</b>  | <b>9.16%</b>      | <b>9.45%</b>   | <b>16.04%</b>  |
| <b>Education</b>  |                |                |                   |                |                |
| Instruction   | 37.40%         | 36.75%         | 39.65%            | 39.65%         | 31.06%         |
| Administration, Attendance, and Health                      | 2.57%          | 2.66%          | 2.83%             | 2.52%          | 2.71%          |
| Pupil Transportation Services                               | 1.32%          | 1.54%          | 1.39%             | 0.79%          | -              |
| Operation and Maintenance Services                          | 4.76%          | 4.51%          | 4.91%             | 6.85%          | 2.40%          |
| School Food Services and Other Non-Instructional Operations | 5.13%          | 2.28%          | 2.07%             | 2.64%          | 1.11%          |
| Contributions to Community Colleges                         | 0.05%          | -              | 0.05%             | 0.01%          | -              |
| <b>Sub-Total</b>  | <b>51.22%</b>  | <b>47.75%</b>  | <b>50.90%</b>     | <b>52.46%</b>  | <b>37.27%</b>  |
| <b>Parks, Recreation, and Cultural Services</b>             |                |                |                   |                |                |
| Parks and Recreation  | 4.18%          | 3.18%          | 3.69%             | 1.81%          | 4.99%          |
| Cultural Enrichment   | 0.27%          | 1.32%          | -                 | 0.005%         | -              |
| Public Libraries  | 1.66%          | 0.78%          | 0.79%             | 0.91%          | 1.29%          |
| <b>Sub-Total</b>  | <b>6.11%</b>   | <b>5.28%</b>   | <b>4.48%</b>      | <b>2.72%</b>   | <b>6.28%</b>   |
| <b>Community Development</b>                                |                |                |                   |                |                |
| Planning and Community Development                          | 0.19%          | 4.04%          | 0.79%             | 1.23%          | 4.75%          |
| Environmental Management                                    | 0.03%          | 0.16%          | -                 | -              | -              |
| Cooperative Extension Program                               | -              | 0.03%          | -                 | -              | -              |
| <b>Sub-Total</b>  | <b>0.22%</b>   | <b>4.24%</b>   | <b>0.79%</b>      | <b>1.23%</b>   | <b>4.75%</b>   |
| <b>Nondepartmental<sup>1</sup></b>                          |                |                |                   |                |                |
| <b>Sub-Total</b>  | <b>-</b>       | <b>-</b>       | <b>-</b>          | <b>-</b>       | <b>-</b>       |
| <b>Grand Total</b>  | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b>    | <b>100.00%</b> | <b>100.00%</b> |

1

Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2

In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution/<sup>2</sup>  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Lynchburg City | Manassas City  | Manassas Park City | Martinsville City | Newport News City |
|---|----------------|----------------|--------------------|-------------------|-------------------|
| <b>General Government Administration</b>                    |                |                |                    |                   |                   |
| Legislative   | 0.15%          | 0.40%          | 0.69%              | 0.16%             | 0.15%             |
| General and Financial Administration                        | 4.54%          | 4.44%          | 4.69%              | 3.53%             | 2.83%             |
| Board of Elections  | 0.11%          | 0.16%          | 0.29%              | 0.20%             | 0.07%             |
| Sub-Total   | 4.80%          | 5.00%          | 5.67%              | 3.89%             | 3.06%             |
| <b>Judicial Administration</b>                              |                |                |                    |                   |                   |
| Courts  | 1.15%          | 0.76%          | 0.81%              | 2.48%             | 0.78%             |
| Commonwealth's Attorney                                     | 0.91%          | 0.19%          | 0.17%              | 0.73%             | 0.51%             |
| Sub-Total   | 2.06%          | 0.95%          | 0.98%              | 3.21%             | 1.29%             |
| <b>Public Safety</b>  |                |                |                    |                   |                   |
| Law Enforcement and Traffic Control                         | 8.05%          | 7.76%          | 7.22%              | 9.74%             | 7.31%             |
| Fire and Rescue Services                                    | 6.71%          | 1.97%          | 3.14%              | 3.23%             | 5.08%             |
| Correction and Detention                                    | 4.00%          | 2.02%          | 1.14%              | 5.13%             | 2.40%             |
| Inspections   | 0.44%          | 0.77%          | 0.50%              | 0.51%             | 0.43%             |
| Other Protection  | 0.14%          | 1.14%          | 0.34%              | 0.13%             | 0.35%             |
| Sub-Total   | 19.34%         | 13.66%         | 12.35%             | 18.74%            | 15.58%            |
| <b>Public Works</b>   |                |                |                    |                   |                   |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 6.61%          | 5.07%          | 1.68%              | 5.69%             | 3.63%             |
| Sanitation and Waste Removal                                | 2.51%          | 2.16%          | 2.22%              | 3.64%             | 2.76%             |
| Maintenance of General Buildings and Grounds                | 1.92%          | 0.49%          | 2.94%              | 2.16%             | 1.09%             |
| Sub-Total   | 11.03%         | 7.72%          | 6.85%              | 11.49%            | 7.53%             |
| <b>Health and Welfare</b>                                   |                |                |                    |                   |                   |
| Health  | 0.48%          | 0.57%          | 0.17%              | 0.32%             | 0.56%             |
| Mental Health and Mental Retardation                        | 4.01%          | 3.01%          | 2.63%              | 0.12%             | 4.45%             |
| Welfare/Social Services                                     | 8.16%          | 5.01%          | 8.25%              | 5.71%             | 9.81%             |
| Sub-Total   | 12.65%         | 8.59%          | 11.04%             | 6.15%             | 14.82%            |
| <b>Education</b>  |                |                |                    |                   |                   |
| Instruction   | 32.04%         | 45.42%         | 43.89%             | 36.86%            | 26.12%            |
| Administration, Attendance, and Health                      | 1.42%          | 3.35%          | 3.92%              | 5.63%             | 2.16%             |
| Pupil Transportation Services                               | 1.56%          | 2.33%          | 3.15%              | 1.28%             | 2.40%             |
| Operation and Maintenance Services                          | 4.06%          | 5.52%          | 4.63%              | 4.38%             | 4.57%             |
| School Food Services and Other Non-Instructional Operations | 1.74%          | 1.83%          | 1.98%              | 2.15%             | 15.74%            |
| Contributions to Community Colleges                         | 0.001%         | -              | 0.03%              | 0.03%             | -                 |
| Sub-Total   | 40.82%         | 58.46%         | 57.60%             | 50.31%            | 50.98%            |
| <b>Parks, Recreation, and Cultural Services</b>             |                |                |                    |                   |                   |
| Parks and Recreation  | 2.65%          | 1.48%          | 2.72%              | 0.92%             | 2.99%             |
| Cultural Enrichment   | 0.18%          | 0.53%          | -                  | -                 | 0.28%             |
| Public Libraries  | 0.89%          | 1.98%          | 1.73%              | 1.08%             | 0.76%             |
| Sub-Total   | 3.72%          | 3.98%          | 4.45%              | 2.00%             | 4.03%             |
| <b>Community Development</b>                                |                |                |                    |                   |                   |
| Planning and Community Development                          | 5.56%          | 1.50%          | 0.95%              | 4.21%             | 2.63%             |
| Environmental Management                                    | 0.01%          | 0.01%          | -                  | -                 | 0.02%             |
| Cooperative Extension Program                               | 0.02%          | 0.13%          | 0.11%              | -                 | 0.05%             |
| Sub-Total   | 5.59%          | 1.63%          | 1.06%              | 4.21%             | 2.70%             |
| <b>Nondepartmental<sup>1</sup></b>                          |                |                |                    |                   |                   |
| Sub-Total   | -              | -              | -                  | -                 | -                 |
| <b>Grand Total</b>  | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b>     | <b>100.00%</b>    | <b>100.00%</b>    |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution<sup>2</sup>  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Norfolk City   | Norton City    | Petersburg City | Poquoson City  | Portsmouth City |
|---|----------------|----------------|-----------------|----------------|-----------------|
| <b>General Government Administration</b>                    |                |                |                 |                |                 |
| Legislative   | 0.17%          | 0.16%          | 0.16%           | 0.23%          | 0.22%           |
| General and Financial Administration                        | 2.80%          | 4.53%          | 2.19%           | 4.48%          | 5.30%           |
| Board of Elections  | 0.08%          | 0.61%          | 0.16%           | 0.43%          | 0.12%           |
| Sub-Total:  | 3.05%          | 5.30%          | 2.51%           | 5.14%          | 5.63%           |
| <b>Judicial Administration</b>                              |                |                |                 |                |                 |
| Courts  | 1.03%          | 1.57%          | 1.91%           | 1.33%          | 1.14%           |
| Commonwealth's Attorney                                     | 0.71%          | 0.13%          | 0.90%           | -              | 0.65%           |
| Sub-Total:  | 1.74%          | 1.70%          | 2.81%           | 1.33%          | 1.79%           |
| <b>Public Safety</b>  |                |                |                 |                |                 |
| Law Enforcement and Traffic Control                         | 8.44%          | 9.51%          | 7.47%           | 5.42%          | 6.67%           |
| Fire and Rescue Services                                    | 5.31%          | 0.93%          | 5.67%           | 5.38%          | 4.53%           |
| Correction and Detention                                    | 3.74%          | 0.54%          | 7.12%           | 1.52%          | 3.68%           |
| Inspections   | 0.74%          | 0.43%          | 0.03%           | 0.44%          | 0.92%           |
| Other Protection  | 1.35%          | 0.53%          | 0.12%           | 0.21%          | 1.33%           |
| Sub-Total:  | 19.58%         | 11.94%         | 20.41%          | 12.97%         | 17.14%          |
| <b>Public Works</b>   |                |                |                 |                |                 |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 4.25%          | 15.58%         | 3.64%           | 3.97%          | 2.56%           |
| Sanitation and Waste Removal                                | 2.26%          | 3.31%          | 1.20%           | 1.92%          | 3.47%           |
| Maintenance of General Buildings and Grounds                | 2.20%          | 1.16%          | 2.06%           | 0.28%          | 1.66%           |
| Sub-Total:  | 8.71%          | 20.05%         | 6.89%           | 6.16%          | 7.70%           |
| <b>Health and Welfare</b>                                   |                |                |                 |                |                 |
| Health  | 1.10%          | 0.37%          | 0.91%           | 0.76%          | 0.68%           |
| Mental Health and Mental Retardation                        | 2.69%          | 3.42%          | 2.17%           | 2.23%          | 4.03%           |
| Welfare/Social Services                                     | 8.09%          | 7.63%          | 12.71%          | 0.48%          | 7.91%           |
| Sub-Total:  | 11.87%         | 11.42%         | 15.80%          | 3.46%          | 12.62%          |
| <b>Education</b>  |                |                |                 |                |                 |
| Instruction   | 36.73%         | 35.64%         | 36.13%          | 50.54%         | 38.25%          |
| Administration, Attendance, and Health                      | 2.00%          | 2.20%          | 2.64%           | 4.61%          | 2.18%           |
| Pupil Transportation Services                               | 1.34%          | 0.95%          | 1.32%           | 2.38%          | 1.46%           |
| Operation and Maintenance Services                          | 4.72%          | 3.91%          | 4.89%           | 6.19%          | 5.69%           |
| School Food Services and Other Non-Instructional Operations | 2.45%          | 1.96%          | 2.80%           | 1.69%          | 3.03%           |
| Contributions to Community Colleges                         | 0.001%         | 0.05%          | -               | -              | -               |
| Sub-Total:  | 47.24%         | 44.72%         | 47.77%          | 65.41%         | 50.62%          |
| <b>Parks, Recreation, and Cultural Services</b>             |                |                |                 |                |                 |
| Parks and Recreation  | 2.70%          | 2.13%          | 1.59%           | 2.57%          | 2.34%           |
| Cultural Enrichment   | 1.86%          | 0.13%          | -               | -              | 0.60%           |
| Public Libraries  | 0.91%          | 0.65%          | 0.81%           | 1.81%          | 0.66%           |
| Sub-Total:  | 5.46%          | 2.91%          | 2.39%           | 4.38%          | 3.60%           |
| <b>Community Development</b>                                |                |                |                 |                |                 |
| Planning and Community Development                          | 2.35%          | 1.97%          | 1.42%           | 1.14%          | 0.90%           |
| Environmental Management                                    | -              | -              | -               | 0.01%          | -               |
| Cooperative Extension Program                               | -              | -              | -               | -              | -               |
| Sub-Total:  | 2.35%          | 1.97%          | 1.42%           | 1.15%          | 0.90%           |
| <b>Nondepartmental<sup>1</sup></b>                          |                |                |                 |                |                 |
| Sub-Total:  | -              | -              | -               | -              | -               |
| <b>Grand Total:</b>   | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b>  | <b>100.00%</b> | <b>100.00%</b>  |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-3.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution<sup>2</sup>  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Radford City   | Richmond City  | Roanoke City   | Salem City     | Staunton City  |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>General Government Administration</b>                    |                |                |                |                |                |
| Legislative   | 0.24%          | 0.20%          | 0.27%          | 0.46%          | 0.31%          |
| General and Financial Administration                        | 5.48%          | 4.12%          | 3.91%          | 4.39%          | 3.67%          |
| Board of Elections  | 0.29%          | 0.11%          | 0.08%          | 0.22%          | 0.14%          |
| Sub-Total   | 6.00%          | 4.43%          | 4.26%          | 5.08%          | 4.12%          |
| <b>Judicial Administration</b>                              |                |                |                |                |                |
| Courts  | 2.02%          | 1.40%          | 0.88%          | 1.61%          | 1.46%          |
| Commonwealth's Attorney                                     | 0.77%          | 0.54%          | 0.58%          | 0.51%          | 0.62%          |
| Sub-Total   | 2.79%          | 1.94%          | 1.46%          | 2.13%          | 2.08%          |
| <b>Public Safety</b>  |                |                |                |                |                |
| Law Enforcement and Traffic Control                         | 7.90%          | 10.19%         | 6.19%          | 7.76%          | 7.45%          |
| Fire and Rescue Services                                    | 4.88%          | 7.78%          | 6.52%          | 5.99%          | 2.91%          |
| Correction and Detention                                    | 1.87%          | 3.63%          | 3.59%          | 0.45%          | 1.85%          |
| Inspections   | 0.41%          | 0.65%          | 0.45%          | 0.65%          | 0.40%          |
| Other Protection  | 0.21%          | 0.13%          | 1.24%          | 0.58%          | 0.06%          |
| Sub-Total   | 15.26%         | 22.38%         | 17.99%         | 15.44%         | 12.67%         |
| <b>Public Works</b>   |                |                |                |                |                |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 8.63%          | 3.60%          | 3.76%          | 7.69%          | 6.46%          |
| Sanitation and Waste Removal                                | 5.62%          | 2.87%          | 4.61%          | 7.83%          | 4.79%          |
| Maintenance of General Buildings and Grounds                | 0.49%          | 1.15%          | 2.58%          | 1.79%          | 4.10%          |
| Sub-Total   | 14.74%         | 7.63%          | 10.95%         | 17.30%         | 15.35%         |
| <b>Health and Welfare</b>                                   |                |                |                |                |                |
| Health  | 0.30%          | 1.20%          | 0.44%          | 0.45%          | 0.51%          |
| Mental Health and Mental Retardation                        | 5.39%          | 3.81%          | 4.21%          | 3.65%          | 7.71%          |
| Welfare/Social Services                                     | 4.78%          | 10.92%         | 10.37%         | 2.05%          | 7.80%          |
| Sub-Total   | 10.47%         | 15.93%         | 15.03%         | 6.15%          | 16.02%         |
| <b>Education</b>  |                |                |                |                |                |
| Instruction   | 35.92%         | 29.95%         | 35.15%         | 38.25%         | 36.09%         |
| Administration, Attendance, and Health                      | 2.29%          | 2.65%          | 1.62%          | 1.87%          | 2.05%          |
| Pupil Transportation Services                               | 0.37%          | 2.34%          | 1.45%          | 1.23%          | 0.93%          |
| Operation and Maintenance Services                          | 4.93%          | 4.82%          | 5.16%          | 3.88%          | 3.32%          |
| School Food Services and Other Non-Instructional Operations | 1.51%          | 1.85%          | 1.85%          | 1.94%          | 1.98%          |
| Contributions to Community Colleges                         | -              | 0.01%          | -              | 0.04%          | 0.05%          |
| Sub-Total   | 45.02%         | 41.62%         | 45.23%         | 47.20%         | 44.42%         |
| <b>Parks, Recreation, and Cultural Services</b>             |                |                |                |                |                |
| Parks and Recreation  | 2.36%          | 2.41%          | 1.97%          | 4.98%          | 1.90%          |
| Cultural Enrichment   | -              | 1.01%          | 0.25%          | 0.15%          | 0.11%          |
| Public Libraries  | 1.80%          | 0.74%          | 0.93%          | 1.12%          | 1.77%          |
| Sub-Total   | 4.16%          | 4.17%          | 3.15%          | 6.25%          | 3.78%          |
| <b>Community Development</b>                                |                |                |                |                |                |
| Planning and Community Development                          | 1.43%          | 1.80%          | 1.90%          | 0.42%          | 1.57%          |
| Environmental Management                                    | 0.12%          | 0.11%          | -              | -              | -              |
| Cooperative Extension Program                               | -              | -              | 0.03%          | 0.03%          | -              |
| Sub-Total   | 1.55%          | 1.91%          | 1.93%          | 0.45%          | 1.57%          |
| <b>Nondepartmental<sup>1</sup></b>                          |                |                |                |                |                |
| Sub-Total   | -              | -              | -              | -              | -              |
| <b>Grand Total</b>  | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> |

<sup>1</sup> Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

<sup>2</sup> In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8.

Staff, Commission on Local Government

Table 3.2  
 Percentage Distribution/2  
 of  
 Operating Expenditures by Category and Locality  
 for  
 Counties and Cities in Virginia  
 FY 1998  
 [The symbol '-' denotes the complete absence of jurisdictional expenditures.]

| Expenditure Category  | Suffolk City   | Virginia Beach City | Waynesboro City | Williamsburg City | Winchester City |
|---|----------------|---------------------|-----------------|-------------------|-----------------|
| <b>General Government Administration</b>                    |                |                     |                 |                   |                 |
| Legislative   | 0.25%          | 0.10%               | 0.53%           | 0.62%             | 0.08%           |
| General and Financial Administration                        | 3.67%          | 2.88%               | 3.71%           | 5.48%             | 3.71%           |
| Board of Elections  | 0.12%          | 0.09%               | 0.37%           | 0.38%             | 0.15%           |
| <b>Sub-Total</b>  | <b>4.04%</b>   | <b>3.08%</b>        | <b>4.61%</b>    | <b>6.47%</b>      | <b>3.94%</b>    |
| <b>Judicial Administration</b>                              |                |                     |                 |                   |                 |
| Courts  | 1.96%          | 0.51%               | 1.39%           | 0.76%             | 1.71%           |
| Commonwealth's Attorney                                     | 0.92%          | 0.48%               | 0.67%           | 0.26%             | 0.73%           |
| <b>Sub-Total</b>  | <b>2.88%</b>   | <b>0.99%</b>        | <b>2.06%</b>    | <b>1.02%</b>      | <b>2.44%</b>    |
| <b>Public Safety</b>  |                |                     |                 |                   |                 |
| Law Enforcement and Traffic Control                         | 5.77%          | 7.39%               | 6.77%           | 10.81%            | 9.40%           |
| Fire and Rescue Services                                    | 4.93%          | 3.19%               | 4.24%           | 8.60%             | 3.66%           |
| Correction and Detention                                    | 3.61%          | 1.53%               | 1.37%           | 8.34%             | 4.85%           |
| Inspections   | 0.89%          | 0.20%               | 0.50%           | 0.69%             | 0.72%           |
| Other Protection  | 0.66%          | 0.52%               | 1.86%           | 0.08%             | 0.34%           |
| <b>Sub-Total</b>  | <b>15.85%</b>  | <b>12.82%</b>       | <b>14.74%</b>   | <b>28.52%</b>     | <b>18.97%</b>   |
| <b>Public Works</b>   |                |                     |                 |                   |                 |
| Maintenance of Highways, Streets, Bridges, and Sidewalks    | 2.22%          | 4.44%               | 6.07%           | 4.83%             | 3.74%           |
| Sanitation and Waste Removal                                | 1.00%          | 2.94%               | 3.41%           | 2.08%             | 1.74%           |
| Maintenance of General Buildings and Grounds                | 1.15%          | 3.07%               | 0.74%           | 3.41%             | 1.36%           |
| <b>Sub-Total</b>  | <b>4.37%</b>   | <b>10.45%</b>       | <b>10.22%</b>   | <b>10.32%</b>     | <b>6.84%</b>    |
| <b>Health and Welfare</b>                                   |                |                     |                 |                   |                 |
| Health  | 3.34%          | 0.30%               | 0.59%           | 0.65%             | 0.36%           |
| Mental Health and Mental Retardation                        | 3.21%          | 2.66%               | 5.90%           | 5.01%             | 3.21%           |
| Welfare/Social Services                                     | 6.44%          | 3.48%               | 7.99%           | 4.43%             | 8.29%           |
| <b>Sub-Total</b>  | <b>12.98%</b>  | <b>6.43%</b>        | <b>14.49%</b>   | <b>10.09%</b>     | <b>11.86%</b>   |
| <b>Education</b>  |                |                     |                 |                   |                 |
| Instruction   | 41.92%         | 46.16%              | 37.71%          | 19.13%            | 39.66%          |
| Administration, Attendance, and Health                      | 2.83%          | 1.53%               | 1.86%           | 2.03%             | 2.62%           |
| Pupil Transportation Services                               | 2.62%          | 2.12%               | 0.93%           | 1.80%             | 1.39%           |
| Operation and Maintenance Services                          | 5.03%          | 5.37%               | 4.89%           | 3.76%             | 5.96%           |
| School Food Services and Other Non-Instructional Operations | 3.23%          | 2.92%               | 2.12%           | 1.08%             | 1.91%           |
| Contributions to Community Colleges                         | -              | 0.001%              | 0.06%           | -                 | 0.03%           |
| <b>Sub-Total</b>  | <b>55.63%</b>  | <b>58.09%</b>       | <b>47.56%</b>   | <b>27.79%</b>     | <b>51.57%</b>   |
| <b>Parks, Recreation, and Cultural Services</b>             |                |                     |                 |                   |                 |
| Parks and Recreation  | 1.81%          | 2.23%               | 2.66%           | 4.42%             | 2.34%           |
| Cultural Enrichment   | -              | 0.87%               | 0.18%           | 0.33%             | 0.06%           |
| Public Libraries  | 0.61%          | 1.27%               | 2.08%           | 2.74%             | 0.84%           |
| <b>Sub-Total</b>  | <b>2.42%</b>   | <b>4.37%</b>        | <b>4.92%</b>    | <b>7.50%</b>      | <b>3.24%</b>    |
| <b>Community Development</b>                                |                |                     |                 |                   |                 |
| Planning and Community Development                          | 1.77%          | 3.74%               | 1.34%           | 8.28%             | 1.15%           |
| Environmental Management                                    | -              | 0.01%               | 0.07%           | 0.01%             | -               |
| Cooperative Extension Program                               | 0.06%          | 0.03%               | -               | -                 | -               |
| <b>Sub-Total</b>  | <b>1.83%</b>   | <b>3.78%</b>        | <b>1.41%</b>    | <b>8.28%</b>      | <b>1.15%</b>    |
| <b>Nondepartmental/1</b>                                    |                |                     |                 |                   |                 |
| <b>Sub-Total</b>  | <b>-</b>       | <b>-</b>            | <b>-</b>        | <b>-</b>          | <b>-</b>        |
| <b>Grand Total</b>  | <b>100.00%</b> | <b>100.00%</b>      | <b>100.00%</b>  | <b>100.00%</b>    | <b>100.00%</b>  |

1 Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

2 In certain cases the sum of the categorical percentages and/or the aggregate value of the sub-totals may vary slightly from the cumulative figure (i.e., 100%) because of statistical rounding.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits C and C-1 through C-8.

Staff, Commission on Local Government

Table B3.1  
Mean Per Capita Level  
of  
State Categorical Aid in Support of Local Operating Expenditures  
for  
Public Safety  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |         |         |         |         |         |         |         |         |
|----------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|
|                      | FY1990        | FY1991  | FY1992  | FY1993  | FY1994  | FY1995  | FY1996  | FY1997  | FY1998  |
| Jurisdictional Class |               |         |         |         |         |         |         |         |         |
| Counties             | \$41.12       | \$40.17 | \$38.70 | \$37.63 | \$40.41 | \$43.63 | \$47.01 | \$51.59 | \$55.92 |
| Cities               | \$17.66       | \$20.92 | \$19.53 | \$23.69 | \$24.33 | \$26.65 | \$29.32 | \$32.88 | \$41.92 |
| All Jurisdictions    | \$34.17       | \$34.47 | \$33.02 | \$33.50 | \$35.64 | \$38.60 | \$41.77 | \$46.05 | \$51.77 |

Table B3.2  
Median Per Capita Level  
of  
State Categorical Aid in Support of Local Operating Expenditures  
for  
Public Safety  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |         |         |         |         |         |         |         |         |
|----------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|
|                      | FY1990        | FY1991  | FY1992  | FY1993  | FY1994  | FY1995  | FY1996  | FY1997  | FY1998  |
| Jurisdictional Class |               |         |         |         |         |         |         |         |         |
| Counties             | \$39.12       | \$38.82 | \$37.87 | \$37.32 | \$37.71 | \$41.11 | \$44.03 | \$46.63 | \$49.82 |
| Cities               | \$16.58       | \$20.98 | \$18.36 | \$20.73 | \$23.47 | \$25.13 | \$23.36 | \$26.50 | \$35.20 |
| All Jurisdictions    | \$34.08       | \$34.20 | \$33.91 | \$34.88 | \$35.66 | \$38.14 | \$41.94 | \$45.31 | \$48.15 |

The mean and median statistics across the FY1990-95 interval are based upon the per capita values for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

Staff, Commission on Local Government

Table B5.1  
Mean Per Capita Level  
of  
State Categorical Aid in Support of Local Operating Expenditures  
for  
Health and Welfare  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |         |         |         |         |         |         |         |         |
|----------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|
|                      | FY1990        | FY1991  | FY1992  | FY1993  | FY1994  | FY1995  | FY1996  | FY1997  | FY1998  |
| Jurisdictional Class |               |         |         |         |         |         |         |         |         |
| Counties             | \$32.05       | \$36.96 | \$35.83 | \$34.70 | \$39.09 | \$41.38 | \$43.82 | \$46.72 | \$47.74 |
| Cities               | \$37.64       | \$47.64 | \$47.18 | \$47.66 | \$54.08 | \$57.87 | \$63.76 | \$67.60 | \$76.11 |
| All Jurisdictions    | \$33.71       | \$40.13 | \$39.19 | \$38.54 | \$43.53 | \$46.27 | \$49.73 | \$52.91 | \$56.15 |

Table B5.2  
Median Per Capita Level  
of  
State Categorical Aid in Support of Local Operating Expenditures  
for  
Health and Welfare  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |         |         |         |         |         |         |         |         |
|----------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|
|                      | FY1990        | FY1991  | FY1992  | FY1993  | FY1994  | FY1995  | FY1996  | FY1997  | FY1998  |
| Jurisdictional Class |               |         |         |         |         |         |         |         |         |
| Counties             | \$29.09       | \$33.82 | \$33.83 | \$32.18 | \$35.62 | \$37.80 | \$42.51 | \$42.28 | \$44.79 |
| Cities               | \$38.18       | \$48.02 | \$46.36 | \$48.33 | \$55.76 | \$55.83 | \$60.96 | \$65.63 | \$74.24 |
| All Jurisdictions    | \$29.42       | \$36.30 | \$36.37 | \$35.47 | \$40.01 | \$41.04 | \$44.34 | \$47.08 | \$50.49 |

The mean and median statistics across the FY1990-95 interval are based upon the per capita values for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996:98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

Staff, Commission on Local Government

Table B5.3  
Mean Per Capita Level  
of  
Direct State Operating Expenditures on Behalf of Local Government  
for  
Health and Welfare  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |         |         |         |         |         |         |         |         |
|----------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|
|                      | FY1990        | FY1991  | FY1992  | FY1993  | FY1994  | FY1995  | FY1996  | FY1997  | FY1998  |
| Jurisdictional Class |               |         |         |         |         |         |         |         |         |
| Counties             | \$23.42       | \$23.01 | \$25.48 | \$24.99 | \$24.40 | \$25.16 | \$21.76 | \$20.58 | \$18.02 |
| Cities               | \$31.39       | \$30.37 | \$34.75 | \$35.21 | \$35.48 | \$35.58 | \$41.87 | \$28.43 | \$28.04 |
| All Jurisdictions    | \$25.79       | \$25.19 | \$28.23 | \$28.02 | \$27.69 | \$28.25 | \$27.71 | \$22.91 | \$20.99 |

Table B5.4  
Median Per Capita Level  
of  
Direct State Operating Expenditures on Behalf of Local Government  
for  
Health and Welfare  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |         |         |         |         |         |         |         |         |
|----------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|
|                      | FY1990        | FY1991  | FY1992  | FY1993  | FY1994  | FY1995  | FY1996  | FY1997  | FY1998  |
| Jurisdictional Class |               |         |         |         |         |         |         |         |         |
| Counties             | \$21.01       | \$20.19 | \$22.99 | \$22.68 | \$21.03 | \$22.77 | \$19.52 | \$18.32 | \$16.68 |
| Cities               | \$32.90       | \$33.54 | \$36.76 | \$36.95 | \$36.52 | \$38.55 | \$33.43 | \$30.59 | \$29.51 |
| All Jurisdictions    | \$23.88       | \$21.56 | \$24.65 | \$24.86 | \$22.81 | \$24.16 | \$21.86 | \$20.44 | \$17.17 |

The mean and median statistics across the FY1990-95 interval are based upon the per capita values for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table B6.1  
Mean Per Capita Level  
of  
State Categorical Aid in Support of Local Operating Expenditures  
for  
Education  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |          |          |          |          |          |          |          |          |
|----------------------|---------------|----------|----------|----------|----------|----------|----------|----------|----------|
|                      | FY1990        | FY1991   | FY1992   | FY1993   | FY1994   | FY1995   | FY1996   | FY1997   | FY1998   |
| Jurisdictional Class |               |          |          |          |          |          |          |          |          |
| Counties             | \$401.73      | \$428.16 | \$410.42 | \$425.62 | \$427.45 | \$453.12 | \$467.87 | \$500.66 | \$509.90 |
| Cities               | \$332.51      | \$356.10 | \$357.37 | \$374.58 | \$380.44 | \$406.66 | \$435.36 | \$466.60 | \$478.61 |
| All Jurisdictions    | \$381.22      | \$406.81 | \$394.70 | \$410.50 | \$413.52 | \$439.36 | \$458.23 | \$490.57 | \$500.63 |

Table B6.2  
Median Per Capita Level  
of  
State Categorical Aid in Support of Local Operating Expenditures  
for  
Education  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |          |          |          |          |          |          |          |          |
|----------------------|---------------|----------|----------|----------|----------|----------|----------|----------|----------|
|                      | FY1990        | FY1991   | FY1992   | FY1993   | FY1994   | FY1995   | FY1996   | FY1997   | FY1998   |
| Jurisdictional Class |               |          |          |          |          |          |          |          |          |
| Counties             | \$402.78      | \$432.59 | \$427.34 | \$441.08 | \$443.06 | \$473.10 | \$483.42 | \$522.34 | \$528.39 |
| Cities               | \$335.99      | \$368.81 | \$370.30 | \$374.76 | \$385.04 | \$404.71 | \$432.03 | \$454.88 | \$483.18 |
| All Jurisdictions    | \$383.54      | \$419.05 | \$412.53 | \$432.41 | \$432.75 | \$462.90 | \$477.68 | \$514.28 | \$520.52 |

The mean and median statistics across the FY1990-95 interval are based upon the per capita values for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table B6.3  
Mean Per Capita Level  
of  
Direct State Operating Expenditures on Behalf of Local Government  
for  
Education  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | \$ .06        | \$ .05 | \$ .04 | \$ .05 | \$ .06 | \$ .03 | \$ .03 | \$ .03 | \$ .03 |
| Cities               | \$ .06        | \$ .07 | \$ .05 | \$ .06 | \$ .07 | \$ .04 | \$ .04 | \$ .05 | \$ .04 |
| All Jurisdictions    | \$ .06        | \$ .06 | \$ .04 | \$ .05 | \$ .06 | \$ .04 | \$ .03 | \$ .04 | \$ .03 |

Table B6.4  
Median Per Capita Level  
of  
Direct State Operating Expenditures on Behalf of Local Government  
for  
Education  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | \$ .04        | \$ .04 | \$ .03 | \$ .04 | \$ .04 | \$ .02 | \$ .02 | \$ .02 | \$ .02 |
| Cities               | \$ .04        | \$ .05 | \$ .04 | \$ .04 | \$ .03 | \$ .02 | \$ .02 | \$ .02 | \$ .02 |
| All Jurisdictions    | \$ .04        | \$ .04 | \$ .03 | \$ .04 | \$ .04 | \$ .02 | \$ .02 | \$ .02 | \$ .02 |

The mean and median statistics across the FY1990-95 interval are based upon the per capita values for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table 89.1  
Mean Per Capita Level  
of  
State Categorical Aid in Support of Total Local Operating Expenditures  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |          |          |          |          |          |          |          |          |
|----------------------|---------------|----------|----------|----------|----------|----------|----------|----------|----------|
|                      | FY1990        | FY1991   | FY1992   | FY1993   | FY1994   | FY1995   | FY1996   | FY1997   | FY1998   |
| Jurisdictional Class |               |          |          |          |          |          |          |          |          |
| Counties             | \$502.12      | \$534.53 | \$511.28 | \$526.14 | \$536.13 | \$569.40 | \$592.36 | \$635.83 | \$652.06 |
| Cities               | \$475.29      | \$513.42 | \$510.09 | \$533.46 | \$555.01 | \$592.44 | \$633.84 | \$677.77 | \$713.25 |
| All Jurisdictions    | \$494.17      | \$528.27 | \$510.93 | \$528.31 | \$541.73 | \$576.23 | \$604.65 | \$648.26 | \$670.19 |

Table 89.2  
Median Per Capita Level  
of  
State Categorical Aid in Support of Total Local Operating Expenditures  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |          |          |          |          |          |          |          |          |
|----------------------|---------------|----------|----------|----------|----------|----------|----------|----------|----------|
|                      | FY1990        | FY1991   | FY1992   | FY1993   | FY1994   | FY1995   | FY1996   | FY1997   | FY1998   |
| Jurisdictional Class |               |          |          |          |          |          |          |          |          |
| Counties             | \$500.80      | \$537.68 | \$521.48 | \$531.19 | \$540.02 | \$576.38 | \$598.96 | \$638.34 | \$655.46 |
| Cities               | \$473.23      | \$512.40 | \$508.07 | \$529.19 | \$546.99 | \$590.74 | \$648.68 | \$698.08 | \$725.57 |
| All Jurisdictions    | \$488.20      | \$532.68 | \$519.86 | \$531.19 | \$542.15 | \$578.37 | \$606.39 | \$655.58 | \$680.08 |

The mean and median statistics across the FY1990-95 interval are based upon the per capita values for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table E3.1  
 Mean Percentage  
 of  
 Local Operating Expenditures  
 for  
 Public Safety  
 by  
 Jurisdictional Class  
 FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 7.78%         | 7.72%  | 7.73%  | 7.93%  | 8.04%  | 8.35%  | 8.69%  | 8.83%  | 9.22%  |
| Cities               | 15.55%        | 15.67% | 15.42% | 15.51% | 15.47% | 15.60% | 15.51% | 16.02% | 16.32% |
| All Jurisdictions    | 10.08%        | 10.08% | 10.01% | 10.18% | 10.24% | 10.50% | 10.71% | 10.96% | 11.32% |

Table E3.2  
 Median Percentage  
 of  
 Local Operating Expenditures  
 for  
 Public Safety  
 by  
 Jurisdictional Class  
 FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 7.08%         | 7.35%  | 7.28%  | 7.54%  | 7.61%  | 8.17%  | 8.45%  | 8.56%  | 8.58%  |
| Cities               | 15.37%        | 15.24% | 14.23% | 15.09% | 15.15% | 14.94% | 14.73% | 15.31% | 15.72% |
| All Jurisdictions    | 8.63%         | 8.60%  | 8.56%  | 8.49%  | 8.64%  | 9.26%  | 9.48%  | 9.71%  | 9.80%  |

The mean and median statistics across the FY1990-95 interval are based upon the percentages for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table E5.1  
Mean Percentage  
of  
Local Operating Expenditures  
for  
Health and Welfare  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 8.19%         | 9.04%  | 9.46%  | 9.46%  | 9.81%  | 10.22% | 10.49% | 10.91% | 11.08% |
| Cities               | 7.75%         | 9.01%  | 9.48%  | 9.68%  | 10.09% | 10.17% | 10.26% | 10.41% | 11.08% |
| All Jurisdictions    | 8.06%         | 9.03%  | 9.47%  | 9.52%  | 9.89%  | 10.21% | 10.42% | 10.76% | 11.08% |

Table E5.2  
Median Percentage  
of  
Local Operating Expenditures  
for  
Health and Welfare  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 7.94%         | 8.50%  | 8.99%  | 9.09%  | 9.64%  | 10.17% | 10.56% | 10.85% | 10.70% |
| Cities               | 7.59%         | 8.45%  | 9.06%  | 9.49%  | 10.04% | 9.74%  | 9.77%  | 10.25% | 11.25% |
| All Jurisdictions    | 7.90%         | 8.49%  | 8.99%  | 9.22%  | 9.80%  | 10.16% | 10.34% | 10.60% | 10.82% |

The mean and median statistics across the FY1990-95 Interval are based upon the percentages for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table E6.1  
Mean Percentage  
of  
Local Operating Expenditures  
for  
Education  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 70.68%        | 69.81% | 69.24% | 69.26% | 67.79% | 67.09% | 66.44% | 65.68% | 65.21% |
| Cities               | 50.80%        | 50.34% | 50.79% | 50.45% | 49.52% | 49.38% | 49.03% | 48.73% | 48.06% |
| All Jurisdictions    | 64.79%        | 64.04% | 63.77% | 63.69% | 62.38% | 61.84% | 61.28% | 60.66% | 60.13% |

Table E6.2  
Median Percentage  
of  
Local Operating Expenditures  
for  
Education  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 71.46%        | 71.11% | 70.51% | 69.94% | 67.80% | 67.41% | 66.65% | 66.64% | 65.73% |
| Cities               | 51.18%        | 50.62% | 50.64% | 51.50% | 50.23% | 49.21% | 48.83% | 49.80% | 48.10% |
| All Jurisdictions    | 68.52%        | 67.32% | 66.55% | 67.02% | 65.74% | 64.19% | 63.97% | 63.06% | 63.11% |

The mean and median statistics across the FY1990-95 interval are based upon the percentages for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table F3.1  
Mean Level  
of  
State Categorical Aid as a Percentage of Local Operating Expenditures  
for  
Public Safety  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 56.19%        | 52.05% | 49.80% | 45.68% | 45.72% | 44.69% | 44.35% | 45.83% | 44.30% |
| Cities               | 8.13%         | 8.75%  | 8.09%  | 9.22%  | 8.97%  | 9.21%  | 9.51%  | 10.12% | 11.80% |
| All Jurisdictions    | 41.95%        | 39.22% | 37.44% | 34.88% | 34.83% | 34.18% | 34.03% | 35.25% | 34.73% |

Table F3.2  
Median Level  
of  
State Categorical Aid as a Percentage of Local Operating Expenditures  
for  
Public Safety  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 61.37%        | 56.18% | 54.92% | 50.38% | 48.36% | 45.87% | 47.59% | 45.18% | 43.74% |
| Cities               | 6.72%         | 7.88%  | 7.95%  | 8.77%  | 8.95%  | 8.65%  | 8.78%  | 9.64%  | 11.49% |
| All Jurisdictions    | 52.36%        | 44.78% | 44.87% | 40.55% | 41.76% | 39.28% | 39.64% | 39.07% | 38.30% |

The mean and median statistics across the FY1990-95 interval are based upon the percentages for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table F5.1  
Mean Level  
of  
State Categorical Aid as a Percentage of Local Operating Expenditures  
for  
Health and Welfare  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 36.15%        | 36.08% | 33.59% | 31.48% | 32.95% | 31.59% | 31.45% | 30.67% | 29.23% |
| Cities               | 33.81%        | 34.85% | 32.50% | 31.16% | 32.55% | 31.80% | 32.49% | 32.06% | 31.75% |
| All Jurisdictions    | 35.46%        | 35.71% | 33.29% | 31.38% | 32.83% | 31.65% | 31.76% | 31.09% | 29.98% |

Table F5.2  
Median Level  
of  
State Categorical Aid as a Percentage of Local Operating Expenditures  
for  
Health and Welfare  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 37.71%        | 36.30% | 33.23% | 32.17% | 33.61% | 31.40% | 31.65% | 30.07% | 28.46% |
| Cities               | 35.45%        | 36.74% | 34.49% | 32.09% | 33.48% | 32.88% | 33.81% | 31.57% | 32.38% |
| All Jurisdictions    | 37.11%        | 36.38% | 33.31% | 32.15% | 33.61% | 31.72% | 32.17% | 30.99% | 29.24% |

The mean and median statistics across the FY1990-95 interval are based upon the percentages for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table F5.3  
Mean Level  
of  
Direct Expenditures as a Percentage of State Operating Outlays in Support of Local Government\*  
for  
Health and Welfare  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 43.31%        | 38.09% | 41.26% | 41.51% | 37.64% | 37.57% | 32.57% | 30.33% | 26.40% |
| Cities               | 46.20%        | 38.67% | 41.76% | 41.17% | 39.09% | 37.74% | 32.88% | 28.82% | 25.47% |
| All Jurisdictions    | 44.14%        | 38.25% | 41.40% | 41.41% | 38.05% | 37.62% | 32.66% | 29.90% | 26.13% |

Table F5.4  
Median Level  
of  
Direct Expenditures as a Percentage of State Operating Outlays in Support of Local Government\*  
for  
Health and Welfare  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 39.46%        | 36.66% | 40.63% | 41.59% | 37.57% | 36.81% | 31.70% | 29.83% | 27.35% |
| Cities               | 41.20%        | 36.84% | 41.18% | 41.31% | 40.14% | 37.91% | 31.83% | 27.94% | 24.49% |
| All Jurisdictions    | 40.58%        | 36.70% | 40.64% | 41.59% | 38.11% | 37.65% | 31.77% | 29.62% | 26.92% |

The mean and median statistics rest upon data for all counties (N=95) and 38 independent cities (excluding Bedford, Fairfax, and South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County. The cities of Bedford and Fairfax, each of which realized no intergovernmental outlays during FY1990, have been entirely omitted from the Commission's tabulations.

\*Operating outlays are the sum of categorical aid payments and direct expenditures.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table F6.1  
Mean Level  
of  
State Categorical Aid as a Percentage of Local Operating Expenditures  
for  
Education  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 54.58%        | 54.75% | 53.33% | 53.70% | 52.77% | 53.58% | 53.60% | 55.09% | 53.59% |
| Cities               | 45.66%        | 46.15% | 45.80% | 46.31% | 45.74% | 46.29% | 46.94% | 47.76% | 46.85% |
| All Jurisdictions    | 51.94%        | 52.20% | 51.10% | 51.51% | 50.69% | 51.42% | 51.63% | 52.92% | 51.59% |

Table F6.2  
Median Level  
of  
State Categorical Aid as a Percentage of Local Operating Expenditures  
for  
Education  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 56.46%        | 57.61% | 55.82% | 56.60% | 56.16% | 56.71% | 56.47% | 55.95% | 55.85% |
| Cities               | 49.60%        | 49.70% | 49.75% | 49.42% | 48.58% | 50.78% | 51.34% | 50.44% | 50.46% |
| All Jurisdictions    | 53.63%        | 53.54% | 53.77% | 52.92% | 52.31% | 53.26% | 53.74% | 54.69% | 53.12% |

The mean and median statistics across the FY1990-95 interval are based upon the percentages for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

Staff, Commission on Local Government

Table F6.3  
Mean Level  
of  
Direct Expenditures as a Percentage of State Operating Outlays in Support of Local Government\*  
for  
Education  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | .02%          | .01%   | .01%   | .01%   | .02%   | .01%   | .01%   | .01%   | .01%   |
| Cities               | .02%          | .02%   | .02%   | .02%   | .03%   | .02%   | .01%   | .03%   | .02%   |
| All Jurisdictions    | .02%          | .02%   | .01%   | .02%   | .02%   | .01%   | .01%   | .02%   | .01%   |

Table F6.4  
Median Level  
of  
Direct Expenditures as a Percentage of State Operating Outlays in Support of Local Government\*  
for  
Education  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | .01%          | .01%   | .01%   | .01%   | .01%   | .00%   | .00%   | .00%   | .00%   |
| Cities               | .01%          | .01%   | .01%   | .01%   | .01%   | .01%   | .00%   | .01%   | .00%   |
| All Jurisdictions    | .01%          | .01%   | .01%   | .01%   | .01%   | .00%   | .00%   | .00%   | .00%   |

The mean and median statistics across the FY1990-95 interval are based upon the percentages for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

\*Operating outlays are the sum of categorical aid payments and direct expenditures.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

Staff, Commission on Local Government

Table G3.1  
Mean Level  
of  
Federal Categorical Aid as a Percentage of Local Operating Expenditures  
for  
Public Safety  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | .59%          | .69%   | .85%   | .94%   | 1.03%  | 1.13%  | 1.37%  | 2.23%  | 2.58%  |
| Cities               | .42%          | .51%   | .75%   | 1.70%  | .87%   | 1.06%  | 1.29%  | 2.02%  | 1.85%  |
| All Jurisdictions    | .54%          | .64%   | .82%   | 1.16%  | .98%   | 1.11%  | 1.35%  | 2.17%  | 2.36%  |

Table G3.2  
Median Level  
of  
Federal Categorical Aid as a Percentage of Local Operating Expenditures  
for  
Public Safety  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | .32%          | .27%   | .35%   | .49%   | .50%   | .56%   | .74%   | 1.63%  | 1.93%  |
| Cities               | .25%          | .30%   | .48%   | .39%   | .67%   | .73%   | 1.02%  | 1.52%  | 1.41%  |
| All Jurisdictions    | .29%          | .28%   | .37%   | .48%   | .56%   | .67%   | .77%   | 1.53%  | 1.67%  |

The mean and median statistics across the FY1990-95 interval are based upon the percentages for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

Staff, Commission on Local Government

Table G5.1  
Mean Level  
of  
Federal Categorical Aid as a Percentage of Local Operating Expenditures  
for  
Health and Welfare  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 27.53%        | 27.03% | 27.23% | 28.83% | 27.86% | 26.39% | 26.46% | 27.04% | 28.50% |
| Cities               | 24.41%        | 23.17% | 23.74% | 24.44% | 23.85% | 23.38% | 22.54% | 23.90% | 25.21% |
| All Jurisdictions    | 26.61%        | 25.88% | 26.20% | 27.53% | 26.67% | 25.50% | 25.30% | 26.11% | 27.53% |

Table G5.2  
Median Level  
of  
Federal Categorical Aid as a Percentage of Local Operating Expenditures  
for  
Health and Welfare  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 27.50%        | 26.92% | 27.91% | 28.84% | 27.63% | 25.44% | 26.24% | 26.84% | 27.69% |
| Cities               | 26.35%        | 25.35% | 25.70% | 26.36% | 25.50% | 24.97% | 24.11% | 23.95% | 25.65% |
| All Jurisdictions    | 26.73%        | 26.61% | 27.58% | 28.73% | 26.98% | 25.43% | 25.51% | 25.97% | 27.13% |

The mean and median statistics across the FY1990-95 interval are based upon the percentages for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

Staff, Commission on Local Government

Table G5.3  
Mean Level  
of  
Direct Expenditures as a Percentage of Federal Operating Outlays in Support of Local Government\*  
for  
Health and Welfare  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 44.01%        | 40.49% | 41.14% | 37.69% | 34.06% | 33.47% | 27.59% | 25.40% | 19.76% |
| Cities               | 45.35%        | 38.12% | 39.66% | 37.43% | 36.03% | 34.62% | 32.19% | 26.47% | 22.10% |
| All Jurisdictions    | 44.40%        | 39.81% | 40.72% | 37.62% | 34.62% | 33.80% | 28.90% | 25.71% | 20.43% |

Table G5.4  
Median Level  
of  
Direct Expenditures as a Percentage of Federal Operating Outlays in Support of Local Government\*  
for  
Health and Welfare  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 46.87%        | 41.71% | 42.71% | 39.09% | 35.78% | 34.33% | 29.39% | 25.44% | 19.56% |
| Cities               | 48.62%        | 42.42% | 44.33% | 40.98% | 40.58% | 38.83% | 33.53% | 29.33% | 23.27% |
| All Jurisdictions    | 47.72%        | 41.71% | 42.87% | 39.81% | 36.98% | 36.15% | 31.19% | 26.26% | 20.19% |

The mean and median statistics rest upon data for all counties (N=95) and 38 independent cities (excluding Bedford, Fairfax, and South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County. The cities of Bedford and Fairfax, each of which realized no intergovernmental outlays during FY1990, have been entirely omitted from the Commission's tabulations.

\*Operating outlays are the sum of categorical aid payments and direct expenditures.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table G6.1  
Mean Level  
of  
Federal Categorical Aid as a Percentage of Local Operating Expenditures  
for  
Education  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 6.51%         | 6.71%  | 7.70%  | 8.05%  | 7.87%  | 7.29%  | 6.84%  | 6.60%  | 6.68%  |
| Cities               | 5.63%         | 5.95%  | 7.05%  | 7.38%  | 7.23%  | 6.93%  | 6.46%  | 6.10%  | 6.51%  |
| All Jurisdictions    | 6.25%         | 6.49%  | 7.51%  | 7.85%  | 7.68%  | 7.18%  | 6.73%  | 6.46%  | 6.63%  |

Table G6.2  
Median Level  
of  
Federal Categorical Aid as a Percentage of Local Operating Expenditures  
for  
Education  
by  
Jurisdictional Class  
FY1990-98

|                      | Fiscal Period |        |        |        |        |        |        |        |        |
|----------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | FY1990        | FY1991 | FY1992 | FY1993 | FY1994 | FY1995 | FY1996 | FY1997 | FY1998 |
| Jurisdictional Class |               |        |        |        |        |        |        |        |        |
| Counties             | 5.85%         | 6.18%  | 7.24%  | 7.63%  | 7.42%  | 6.86%  | 6.43%  | 6.32%  | 6.39%  |
| Cities               | 5.74%         | 5.73%  | 6.71%  | 7.48%  | 6.58%  | 6.61%  | 6.55%  | 5.70%  | 6.53%  |
| All Jurisdictions    | 5.79%         | 6.11%  | 7.23%  | 7.63%  | 7.38%  | 6.80%  | 6.43%  | 6.13%  | 6.39%  |

The mean and median statistics across the FY1990-95 interval are based upon the percentages for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY1996-98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table 13.1  
Mean Percentage Change  
in  
Local Operating Expenditures Per Capita  
for  
Public Safety  
by  
Jurisdictional Class  
FY1990-98

|                      | Measurement Interval |           |           |           |           |           |           |           |           |
|----------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                      | FY90-FY91            | FY91-FY92 | FY92-FY93 | FY93-FY94 | FY94-FY95 | FY95-FY96 | FY96-FY97 | FY97-FY98 | FY90-FY98 |
| Jurisdictional Class |                      |           |           |           |           |           |           |           |           |
| Counties             | 7.62%                | 1.30%     | 7.14%     | 6.85%     | 10.53%    | 9.59%     | 7.94%     | 11.64%    | 74.57%    |
| Cities               | 8.14%                | -.51%     | 5.20%     | 4.77%     | 7.17%     | 5.14%     | 9.82%     | 8.66%     | 57.29%    |
| All Jurisdictions    | 7.77%                | .76%      | 6.56%     | 6.23%     | 9.53%     | 8.27%     | 8.50%     | 10.76%    | 69.45%    |

Table 13.2  
Median Percentage Change  
in  
Local Operating Expenditures Per Capita  
for  
Public Safety  
by  
Jurisdictional Class  
FY1990-98

|                      | Measurement Interval |           |           |           |           |           |           |           |           |
|----------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                      | FY90-FY91            | FY91-FY92 | FY92-FY93 | FY93-FY94 | FY94-FY95 | FY95-FY96 | FY96-FY97 | FY97-FY98 | FY90-FY98 |
| Jurisdictional Class |                      |           |           |           |           |           |           |           |           |
| Counties             | 4.68%                | .23%      | 4.29%     | 5.19%     | 8.63%     | 7.84%     | 6.30%     | 9.96%     | 68.55%    |
| Cities               | 6.70%                | .51%      | 3.53%     | 4.58%     | 6.43%     | 4.38%     | 9.01%     | 6.47%     | 53.69%    |
| All Jurisdictions    | 5.54%                | .26%      | 3.79%     | 5.16%     | 7.96%     | 6.49%     | 7.58%     | 8.67%     | 63.31%    |

The mean and median statistics across the FY90-FY95 period are based upon the rates of change for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY95-FY98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table 13.1A  
Mean Percentage Change  
in  
Adjusted Local Operating Expenditures Per Capita  
for  
Public Safety  
by  
Jurisdictional Class  
FY1990-98

|                      | Measurement Interval |           |           |           |           |           |           |           |           |
|----------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                      | FY90-FY91            | FY91-FY92 | FY92-FY93 | FY93-FY94 | FY94-FY95 | FY95-FY96 | FY96-FY97 | FY97-FY98 | FY90-FY98 |
| Jurisdictional Class |                      |           |           |           |           |           |           |           |           |
| Counties             | 21.46%               | 4.51%     | 19.27%    | 7.10%     | 14.61%    | 12.03%    | 6.49%     | 13.89%    | 137.93%   |
| Cities               | 7.32%                | .07%      | 2.62%     | 6.75%     | 6.69%     | 4.57%     | 8.34%     | 6.44%     | 48.18%    |
| All Jurisdictions    | 17.27%               | 3.19%     | 14.34%    | 7.00%     | 12.26%    | 9.82%     | 7.04%     | 11.68%    | 111.34%   |

Table 13.2A  
Median Percentage Change  
in  
Adjusted Local Operating Expenditures Per Capita  
for  
Public Safety  
by  
Jurisdictional Class  
FY1990-98

|                      | Measurement Interval |           |           |           |           |           |           |           |           |
|----------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                      | FY90-FY91            | FY91-FY92 | FY92-FY93 | FY93-FY94 | FY94-FY95 | FY95-FY96 | FY96-FY97 | FY97-FY98 | FY90-FY98 |
| Jurisdictional Class |                      |           |           |           |           |           |           |           |           |
| Counties             | 18.29%               | 3.75%     | 12.33%    | 6.11%     | 13.71%    | 6.50%     | 8.99%     | 10.54%    | 114.51%   |
| Cities               | 6.53%                | .84%      | 3.14%     | 3.54%     | 6.76%     | 4.63%     | 7.44%     | 4.81%     | 46.94%    |
| All Jurisdictions    | 11.24%               | 2.01%     | 6.75%     | 4.68%     | 8.65%     | 5.63%     | 8.54%     | 8.94%     | 90.26%    |

Adjusted outlays capture the difference between a locality's overall expenditures and the sum of its categorical aid from federal and state sources. The mean and median statistics across the FY90-FY95 period are based upon the rates of change for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY95-FY98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table 15.1  
 Mean Percentage Change  
 in  
 Local Operating Expenditures Per Capita  
 for  
 Health and Welfare  
 by  
 Jurisdictional Class  
 FY1990-98

|                      | Measurement Interval |           |           |           |           |           |           |           |           |
|----------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                      | FY90-FY91            | FY91-FY92 | FY92-FY93 | FY93-FY94 | FY94-FY95 | FY95-FY96 | FY96-FY97 | FY97-FY98 | FY90-FY98 |
| Jurisdictional Class |                      |           |           |           |           |           |           |           |           |
| Counties             | 23.67%               | 4.57%     | 3.37%     | 9.42%     | 10.29%    | 7.17%     | 10.27%    | 7.04%     | 99.65%    |
| Cities               | 30.57%               | 6.93%     | 7.11%     | 11.97%    | 8.64%     | 7.59%     | 7.18%     | 12.20%    | 121.32%   |
| All Jurisdictions    | 25.71%               | 5.27%     | 4.48%     | 10.17%    | 9.80%     | 7.30%     | 9.35%     | 8.57%     | 106.07%   |

Table 15.2  
 Median Percentage Change  
 in  
 Local Operating Expenditures Per Capita  
 for  
 Health and Welfare  
 by  
 Jurisdictional Class  
 FY1990-98

|                      | Measurement Interval |           |           |           |           |           |           |           |           |
|----------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                      | FY90-FY91            | FY91-FY92 | FY92-FY93 | FY93-FY94 | FY94-FY95 | FY95-FY96 | FY96-FY97 | FY97-FY98 | FY90-FY98 |
| Jurisdictional Class |                      |           |           |           |           |           |           |           |           |
| Counties             | 11.30%               | 4.02%     | 3.91%     | 8.59%     | 10.21%    | 7.23%     | 7.82%     | 7.02%     | 86.22%    |
| Cities               | 14.35%               | 5.10%     | 6.21%     | 9.64%     | 9.03%     | 6.90%     | 7.05%     | 10.84%    | 118.34%   |
| All Jurisdictions    | 12.00%               | 4.42%     | 4.70%     | 8.92%     | 9.51%     | 7.06%     | 7.63%     | 7.96%     | 91.63%    |

The mean and median statistics across the FY90-FY95 period are based upon the rates of change for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY95-FY98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table 15.1A  
Mean Percentage Change  
in  
Adjusted Local Operating Expenditures Per Capita  
for  
Health and Welfare  
by  
Jurisdictional Class  
FY1990-98

|                      | Measurement Interval |           |           |           |           |           |           |           |           |
|----------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                      | FY90-FY91            | FY91-FY92 | FY92-FY93 | FY93-FY94 | FY94-FY95 | FY95-FY96 | FY96-FY97 | FY97-FY98 | FY90-FY98 |
| Jurisdictional Class |                      |           |           |           |           |           |           |           |           |
| Counties             | 29.39%               | 13.78%    | 6.11%     | 9.26%     | 15.70%    | 8.10%     | 11.23%    | .78%      | 141.92%   |
| Cities               | 35.90%               | 14.00%    | 10.35%    | 11.21%    | 12.62%    | 9.08%     | 5.35%     | 9.37%     | 141.17%   |
| All Jurisdictions    | 31.32%               | 13.84%    | 7.36%     | 9.83%     | 14.79%    | 8.39%     | 9.49%     | 3.33%     | 141.70%   |

Table 15.2A  
Median Percentage Change  
in  
Adjusted Local Operating Expenditures Per Capita  
for  
Health and Welfare  
by  
Jurisdictional Class  
FY1990-98

|                      | Measurement Interval |           |           |           |           |           |           |           |           |
|----------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                      | FY90-FY91            | FY91-FY92 | FY92-FY93 | FY93-FY94 | FY94-FY95 | FY95-FY96 | FY96-FY97 | FY97-FY98 | FY90-FY98 |
| Jurisdictional Class |                      |           |           |           |           |           |           |           |           |
| Counties             | 14.11%               | 10.38%    | 3.54%     | 9.01%     | 18.59%    | 7.95%     | 10.83%    | 5.40%     | 122.55%   |
| Cities               | 23.54%               | 10.74%    | 9.10%     | 7.97%     | 12.54%    | 8.06%     | 7.29%     | 7.01%     | 135.60%   |
| All Jurisdictions    | 17.34%               | 10.64%    | 5.22%     | 8.84%     | 16.71%    | 8.04%     | 9.36%     | 5.70%     | 123.03%   |

Adjusted outlays capture the difference between a locality's overall expenditures and the sum of its categorical aid from federal and state sources. The mean and median statistics across the FY90-FY95 period are based upon the rates of change for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY95-FY98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table 16.1  
 Mean Percentage Change  
 in  
 Local Operating Expenditures Per Capita  
 for  
 Education  
 by  
 Jurisdictional Class  
 FY1990-98

|                      | Measurement Interval |           |           |           |           |           |           |           |           |
|----------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                      | FY90-FY91            | FY91-FY92 | FY92-FY93 | FY93-FY94 | FY94-FY95 | FY95-FY96 | FY96-FY97 | FY97-FY98 | FY90-FY98 |
| Jurisdictional Class |                      |           |           |           |           |           |           |           |           |
| Counties             | 6.35%                | -.95%     | 3.12%     | 2.48%     | 4.58%     | 3.19%     | 4.76%     | 4.85%     | 31.52%    |
| Cities               | 6.00%                | 3.90%     | 3.29%     | 2.90%     | 5.59%     | 5.24%     | 5.54%     | 4.82%     | 43.63%    |
| All Jurisdictions    | 6.25%                | .48%      | 3.17%     | 2.60%     | 4.88%     | 3.80%     | 4.99%     | 4.84%     | 35.11%    |

Table 16.2  
 Median Percentage Change  
 in  
 Local Operating Expenditures Per Capita  
 for  
 Education  
 by  
 Jurisdictional Class  
 FY1990-98

|                      | Measurement Interval |           |           |           |           |           |           |           |           |
|----------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                      | FY90-FY91            | FY91-FY92 | FY92-FY93 | FY93-FY94 | FY94-FY95 | FY95-FY96 | FY96-FY97 | FY97-FY98 | FY90-FY98 |
| Jurisdictional Class |                      |           |           |           |           |           |           |           |           |
| Counties             | 6.29%                | -.89%     | 3.35%     | 2.68%     | 4.30%     | 3.11%     | 5.40%     | 3.76%     | 30.26%    |
| Cities               | 7.03%                | .53%      | 3.61%     | 3.29%     | 5.36%     | 4.51%     | 6.01%     | 4.38%     | 39.62%    |
| All Jurisdictions    | 6.39%                | -.39%     | 3.37%     | 2.75%     | 4.63%     | 3.46%     | 5.67%     | 3.88%     | 34.16%    |

The mean and median statistics across the FY90-FY95 period are based upon the rates of change for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY95-FY98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table 16.1A  
Mean Percentage Change  
in  
Adjusted Local Operating Expenditures Per Capita  
for  
Education  
by  
Jurisdictional Class  
FY1990-98

|                      | Measurement Interval |           |           |           |           |           |           |           |           |
|----------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                      | FY90-FY91            | FY91-FY92 | FY92-FY93 | FY93-FY94 | FY94-FY95 | FY95-FY96 | FY96-FY97 | FY97-FY98 | FY90-FY98 |
| Jurisdictional Class |                      |           |           |           |           |           |           |           |           |
| Counties             | 4.78%                | .36%      | 1.31%     | 9.07%     | 4.21%     | 5.07%     | 2.43%     | -1.58%    | 35.61%    |
| Cities               | 3.76%                | .64%      | 1.95%     | 5.17%     | 5.14%     | 6.36%     | 3.85%     | 6.90%     | 34.81%    |
| All Jurisdictions    | 4.48%                | .44%      | 1.50%     | 7.92%     | 4.49%     | 5.45%     | 2.85%     | .93%      | 35.37%    |

Table 16.2A  
Median Percentage Change  
in  
Adjusted Local Operating Expenditures Per Capita  
for  
Education  
by  
Jurisdictional Class  
FY1990-98

|                      | Measurement Interval |           |           |           |           |           |           |           |           |
|----------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                      | FY90-FY91            | FY91-FY92 | FY92-FY93 | FY93-FY94 | FY94-FY95 | FY95-FY96 | FY96-FY97 | FY97-FY98 | FY90-FY98 |
| Jurisdictional Class |                      |           |           |           |           |           |           |           |           |
| Counties             | 5.59%                | -.52%     | .83%      | 4.46%     | 2.91%     | 4.37%     | 5.30%     | 6.14%     | 35.90%    |
| Cities               | 5.49%                | .98%      | 1.65%     | 5.77%     | 3.25%     | 5.42%     | 4.67%     | 5.83%     | 36.28%    |
| All Jurisdictions    | 5.59%                | -.51%     | 1.15%     | 4.94%     | 2.95%     | 4.49%     | 4.93%     | 6.11%     | 35.90%    |

Adjusted outlays capture the difference between a locality's overall expenditures and the sum of its categorical aid from federal and state sources. The mean and median statistics across the FY90-FY95 period are based upon the rates of change for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY95-FY98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table 19.1  
Mean Percentage Change  
in  
Total Local Operating Expenditures Per Capita  
by  
Jurisdictional Class  
FY1990-98

|                      | Measurement Interval |           |           |           |           |           |           |           |           |
|----------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                      | FY90-FY91            | FY91-FY92 | FY92-FY93 | FY93-FY94 | FY94-FY95 | FY95-FY96 | FY96-FY97 | FY97-FY98 | FY90-FY98 |
| Jurisdictional Class |                      |           |           |           |           |           |           |           |           |
| Counties             | 7.69%                | -.21%     | 3.06%     | 4.74%     | 5.62%     | 4.16%     | 5.88%     | 5.39%     | 42.15%    |
| Cities               | 7.12%                | 1.15%     | 4.14%     | 4.81%     | 5.95%     | 6.01%     | 6.08%     | 6.40%     | 49.58%    |
| All Jurisdictions    | 7.52%                | .20%      | 3.38%     | 4.76%     | 5.72%     | 4.71%     | 5.94%     | 5.69%     | 44.35%    |

Table 19.2  
Median Percentage Change  
in  
Total Local Operating Expenditures Per Capita  
by  
Jurisdictional Class  
FY1990-98

|                      | Measurement Interval |           |           |           |           |           |           |           |           |
|----------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                      | FY90-FY91            | FY91-FY92 | FY92-FY93 | FY93-FY94 | FY94-FY95 | FY95-FY96 | FY96-FY97 | FY97-FY98 | FY90-FY98 |
| Jurisdictional Class |                      |           |           |           |           |           |           |           |           |
| Counties             | 7.75%                | -.05%     | 3.04%     | 4.92%     | 5.61%     | 4.23%     | 6.47%     | 4.64%     | 42.26%    |
| Cities               | 7.40%                | .29%      | 4.40%     | 4.63%     | 5.10%     | 6.14%     | 5.43%     | 6.74%     | 47.47%    |
| All Jurisdictions    | 7.50%                | -.03%     | 3.41%     | 4.77%     | 5.27%     | 5.07%     | 6.17%     | 4.90%     | 42.83%    |

The mean and median statistics across the FY90-FY95 period are based upon the rates of change for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY95-FY98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Table 19.1A  
Mean Percentage Change  
in  
Total Adjusted Local Operating Expenditures Per Capita  
by  
Jurisdictional Class  
FY1990-98

|                      | Measurement Interval |           |           |           |           |           |           |           |           |
|----------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                      | FY90-FY91            | FY91-FY92 | FY92-FY93 | FY93-FY94 | FY94-FY95 | FY95-FY96 | FY96-FY97 | FY97-FY98 | FY90-FY98 |
| Jurisdictional Class |                      |           |           |           |           |           |           |           |           |
| Counties             | 7.98%                | 2.44%     | 2.12%     | 9.08%     | 6.24%     | 5.29%     | 4.58%     | 9.07%     | 53.36%    |
| Cities               | 5.37%                | 1.11%     | 3.20%     | 5.70%     | 6.03%     | 6.30%     | 5.30%     | 6.79%     | 45.63%    |
| All Jurisdictions    | 7.21%                | 2.05%     | 2.44%     | 8.08%     | 6.18%     | 5.59%     | 4.80%     | 8.40%     | 51.07%    |

Table 19.2A  
Median Percentage Change  
in  
Total Adjusted Local Operating Expenditures Per Capita  
by  
Jurisdictional Class  
FY1990-98

|                      | Measurement Interval |           |           |           |           |           |           |           |           |
|----------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                      | FY90-FY91            | FY91-FY92 | FY92-FY93 | FY93-FY94 | FY94-FY95 | FY95-FY96 | FY96-FY97 | FY97-FY98 | FY90-FY98 |
| Jurisdictional Class |                      |           |           |           |           |           |           |           |           |
| Counties             | 7.69%                | 2.18%     | 2.08%     | 8.00%     | 4.19%     | 5.02%     | 5.46%     | 6.62%     | 53.74%    |
| Cities               | 6.19%                | .91%      | 3.40%     | 5.69%     | 3.73%     | 7.00%     | 5.64%     | 5.98%     | 46.18%    |
| All Jurisdictions    | 7.12%                | 1.63%     | 2.29%     | 7.08%     | 3.92%     | 6.01%     | 5.46%     | 6.44%     | 49.47%    |

Adjusted outlays capture the difference between a locality's overall expenditures and the sum of its categorical aid from federal and state sources. The mean and median statistics across the FY90-FY95 period are based upon the rates of change for 95 counties and 40 independent cities (excluding South Boston). The computations relative to the FY95-FY98 time span take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990-98, Exhibits C and C-1 through C-8.

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Mean Per Capita Level of Local Operating Expenditures by Category and Jurisdictional Class, FY1990 and FY1998

| Expenditure Category                     | Mean Per Capita Expenditure Level |            |                   |            |            |                   | Percentage Change |         |                   |
|--|-----------------------------------|------------|-------------------|------------|------------|-------------------|-------------------|---------|-------------------|
|  | FY1990                            |            |                   | FY1998     |            |                   | FY1990-98         |         |                   |
|  | Counties                          | Cities     | All Jurisdictions | Counties   | Cities     | All Jurisdictions | Counties          | Cities  | All Jurisdictions |
| General Government Administration        | \$50.79                           | \$85.17    | \$60.98           | \$60.31    | \$104.66   | \$73.45           | 18.76%            | 22.88%  | 20.46%            |
| Judicial Administration                  | \$19.45                           | \$22.07    | \$20.23           | \$32.09    | \$37.97    | \$33.83           | 64.98%            | 72.02%  | 67.26%            |
| Public Safety                            | \$86.03                           | \$225.10   | \$127.24          | \$141.86   | \$351.61   | \$204.01          | 64.89%            | 56.20%  | 60.33%            |
| Public Works                             | \$42.40                           | \$173.31   | \$81.18           | \$70.08    | \$236.55   | \$119.41          | 65.30%            | 36.49%  | 47.08%            |
| Health and Welfare                       | \$87.90                           | \$111.93   | \$95.02           | \$166.85   | \$238.11   | \$187.97          | 89.82%            | 112.74% | 97.82%            |
| Education                                | \$745.70                          | \$725.13   | \$739.61          | \$971.90   | \$1,019.81 | \$986.09          | 30.33%            | 40.64%  | 33.33%            |
| Parks, Recreation, and Cultural Services | \$18.12                           | \$61.57    | \$30.99           | \$29.64    | \$90.25    | \$47.59           | 63.57%            | 46.59%  | 53.57%            |
| Community Development                    | \$17.15                           | \$26.61    | \$19.95           | \$30.64    | \$48.81    | \$36.02           | 78.65%            | 83.41%  | 80.53%            |
| Nondepartmental Obligations*             | \$1.08                            | \$1.57     | \$1.23            | \$0.76     | \$1.89     | \$1.10            | -29.29%           | 19.95%  | -10.55%           |
| All Categories                           | \$1,068.62                        | \$1,432.46 | \$1,176.42        | \$1,504.13 | \$2,129.65 | \$1,689.47        | 40.75%            | 48.67%  | 43.61%            |

Median Per Capita Level of Local Operating Expenditures by Category and Jurisdictional Class, FY1990 and FY1998

| Expenditure Category                     | Median Per Capita Expenditure Level |            |                   |            |            |                   | Percentage Change |         |                   |
|--|-------------------------------------|------------|-------------------|------------|------------|-------------------|-------------------|---------|-------------------|
|  | FY1990                              |            |                   | FY1998     |            |                   | FY1990-98         |         |                   |
|  | Counties                            | Cities     | All Jurisdictions | Counties   | Cities     | All Jurisdictions | Counties          | Cities  | All Jurisdictions |
| General Government Administration        | \$46.74                             | \$76.01    | \$52.88           | \$53.37    | \$99.50    | \$64.99           | 14.19%            | 30.90%  | 22.89%            |
| Judicial Administration                  | \$18.52                             | \$22.11    | \$18.64           | \$28.95    | \$38.13    | \$30.17           | 56.33%            | 72.41%  | 61.84%            |
| Public Safety                            | \$74.16                             | \$216.36   | \$85.48           | \$119.41   | \$327.75   | \$160.79          | 61.03%            | 51.48%  | 88.09%            |
| Public Works                             | \$32.57                             | \$168.30   | \$44.12           | \$55.53    | \$218.48   | \$80.87           | 70.48%            | 29.81%  | 83.30%            |
| Health and Welfare                       | \$79.47                             | \$106.13   | \$86.03           | \$157.31   | \$232.16   | \$171.14          | 97.95%            | 110.76% | 98.94%            |
| Education                                | \$722.53                            | \$727.60   | \$722.53          | \$950.15   | \$1,032.16 | \$977.08          | 31.50%            | 41.86%  | 35.23%            |
| Parks, Recreation, and Cultural Services | \$13.42                             | \$55.69    | \$17.02           | \$20.19    | \$86.83    | \$31.03           | 50.47%            | 55.92%  | 82.32%            |
| Community Development                    | \$11.99                             | \$18.69    | \$15.17           | \$21.83    | \$42.48    | \$24.94           | 82.04%            | 127.31% | 64.44%            |
| Nondepartmental Obligations*             | \$0.00                              | \$0.00     | \$0.00            | \$0.00     | \$0.00     | \$0.00            | N.A.              | N.A.    | N.A.              |
| All Categories                           | \$995.80                            | \$1,378.09 | \$1,081.80        | \$1,420.75 | \$2,160.40 | \$1,568.32        | 42.67%            | 56.77%  | 44.97%            |

The mean and median statistics for FY1990 are based upon per capita values across 95 counties and 40 independent cities (excluding South Boston). The computations relative to FY1998 take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

\*This category subsumes, for example, the costs of annexation proceedings and disbursements required by the out-of-court settlement of tort claims.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990 and FY1998.

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Mean Per Capita Level of Adjusted Local Operating Expenditures by Category and Jurisdictional Class, FY1990 and FY1998

| Expenditure Category                     | Mean Per Capita Expenditure Level |          |                   |          |            |                   | Percentage Change |         |                   |
|--|-----------------------------------|----------|-------------------|----------|------------|-------------------|-------------------|---------|-------------------|
|  | FY1990                            |          |                   | FY1998   |            |                   | FY1990-98         |         |                   |
|  | Counties                          | Cities   | All Jurisdictions | Counties | Cities     | All Jurisdictions | Counties          | Cities  | All Jurisdictions |
| General Government Administration        | \$40.27                           | \$74.34  | \$50.37           | \$49.00  | \$91.86    | \$61.73           | 21.66%            | 23.71%  | 22.56%            |
| Judicial Administration                  | \$7.38                            | \$11.08  | \$8.48            | \$12.61  | \$18.70    | \$14.41           | 70.88%            | 68.75%  | 70.06%            |
| Public Safety                            | \$44.38                           | \$206.43 | \$92.40           | \$82.47  | \$302.66   | \$147.71          | 85.82%            | 46.61%  | 59.87%            |
| Public Works                             | \$40.20                           | \$111.87 | \$61.43           | \$67.53  | \$157.95   | \$94.32           | 68.00%            | 41.19%  | 53.53%            |
| Health and Welfare                       | \$32.76                           | \$46.24  | \$36.76           | \$71.92  | \$99.17    | \$79.99           | 119.51%           | 114.46% | 117.63%           |
| Education                                | \$295.59                          | \$351.28 | \$312.09          | \$397.80 | \$473.97   | \$420.43          | 34.61%            | 34.93%  | 34.71%            |
| Parks, Recreation, and Cultural Services | \$16.09                           | \$57.49  | \$28.36           | \$25.95  | \$85.28    | \$43.53           | 61.25%            | 40.35%  | 53.50%            |
| Community Development                    | \$15.28                           | \$24.60  | \$18.05           | \$25.76  | \$41.11    | \$30.31           | 68.57%            | 67.10%  | 67.97%            |
| Nondepartmental Obligations*             | \$1.08                            | \$1.57   | \$1.23            | \$0.76   | \$1.89     | \$1.10            | -29.29%           | 19.95%  | -10.55%           |
| All Categories                           | \$493.03                          | \$884.92 | \$609.15          | \$733.88 | \$1,272.70 | \$893.53          | 48.85%            | 43.82%  | 46.69%            |

Median Per Capita Level of Adjusted Local Operating Expenditures by Category and Jurisdictional Class, FY1990 and FY1998

| Expenditure Category                     | Median Per Capita Expenditure Level |          |                   |          |            |                   | Percentage Change |         |                   |
|--|-------------------------------------|----------|-------------------|----------|------------|-------------------|-------------------|---------|-------------------|
|  | FY1990                              |          |                   | FY1998   |            |                   | FY1990-98         |         |                   |
|  | Counties                            | Cities   | All Jurisdictions | Counties | Cities     | All Jurisdictions | Counties          | Cities  | All Jurisdictions |
| General Government Administration        | \$32.71                             | \$63.94  | \$42.63           | \$43.48  | \$85.82    | \$53.26           | 32.93%            | 34.22%  | 24.91%            |
| Judicial Administration                  | \$6.51                              | \$8.54   | \$7.00            | \$12.08  | \$18.60    | \$12.48           | 85.50%            | 117.74% | 78.33%            |
| Public Safety                            | \$27.35                             | \$194.32 | \$38.91           | \$62.90  | \$298.65   | \$92.86           | 129.98%           | 53.69%  | 138.64%           |
| Public Works                             | \$31.38                             | \$106.91 | \$42.78           | \$54.72  | \$137.17   | \$73.35           | 74.36%            | 28.31%  | 71.49%            |
| Health and Welfare                       | \$25.88                             | \$36.49  | \$29.23           | \$66.63  | \$93.90    | \$70.00           | 157.44%           | 157.31% | 139.51%           |
| Education                                | \$252.58                            | \$329.05 | \$278.50          | \$360.24 | \$437.90   | \$391.09          | 42.63%            | 33.08%  | 40.43%            |
| Parks, Recreation, and Cultural Services | \$10.96                             | \$53.89  | \$14.20           | \$18.16  | \$81.67    | \$27.59           | 65.79%            | 51.55%  | 94.26%            |
| Community Development                    | \$10.23                             | \$18.03  | \$13.52           | \$18.77  | \$32.24    | \$21.04           | 83.52%            | 78.81%  | 55.63%            |
| Nondepartmental Obligations*             | \$0.00                              | \$0.00   | \$0.00            | \$0.00   | \$0.00     | \$0.00            | N.A.              | N.A.    | N.A.              |
| All Categories                           | \$414.66                            | \$823.07 | \$531.70          | \$626.88 | \$1,205.29 | \$808.82          | 51.18%            | 46.44%  | 52.12%            |

Adjusted outlays capture the difference between a locality's overall expenditures and the sum of its categorical aid from federal and state sources. The mean and median statistics for FY1990 are based upon per capita values across 95 counties and 40 independent cities (excluding South Boston). The computations relative to FY1998 take cognizance of the latter jurisdiction as a subordinate town within Halifax County.

\*This category subsumes, for example, the costs of annexation proceedings and disbursements required by the out-of-court settlement of tort claims.

Fiscal Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1990 and FY1998, Exhibits C and C-1 through C-8.

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Chart A3.1  
 Mean Per Capita Level  
 of  
 Local Operating Expenditures for Public Safety  
 by  
 Jurisdictional Class  
 FY1990-98

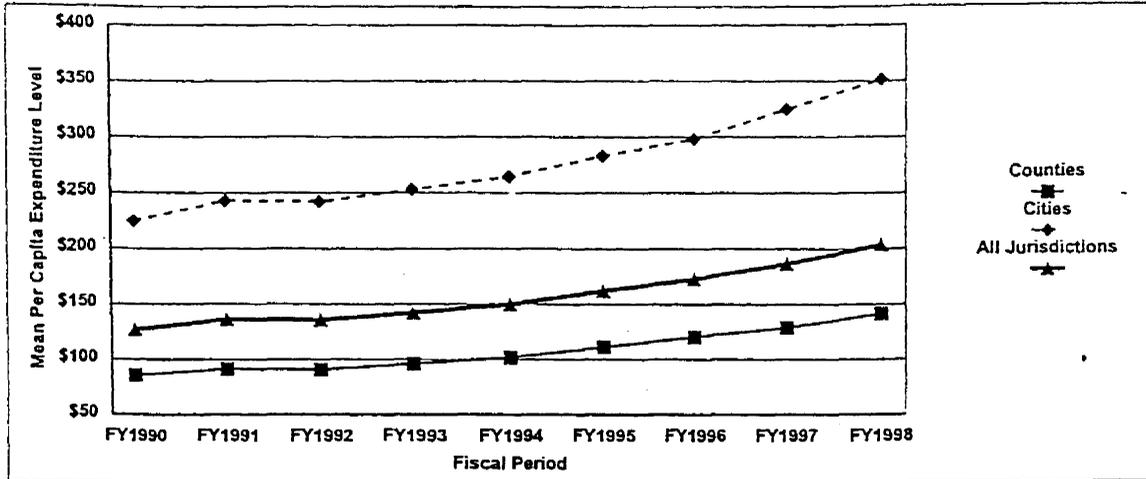


Chart A3.2  
 Median Per Capita Level  
 of  
 Local Operating Expenditures for Public Safety  
 by  
 Jurisdictional Class  
 FY1990-98

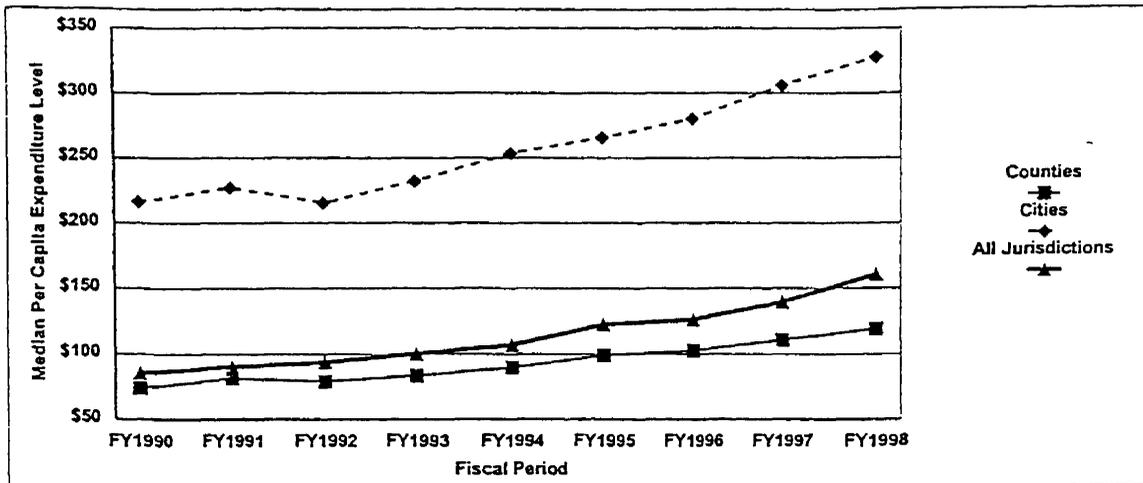


Chart A3.1A  
 Mean Per Capita Level  
 of  
 Adjusted Local Operating Expenditures for Public Safety  
 by  
 Jurisdictional Class  
 FY1990-98

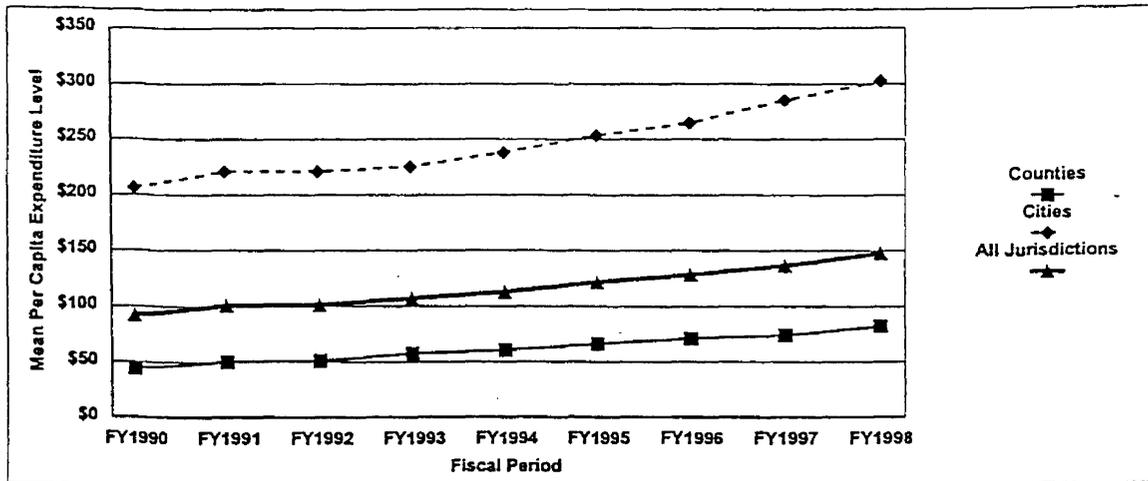
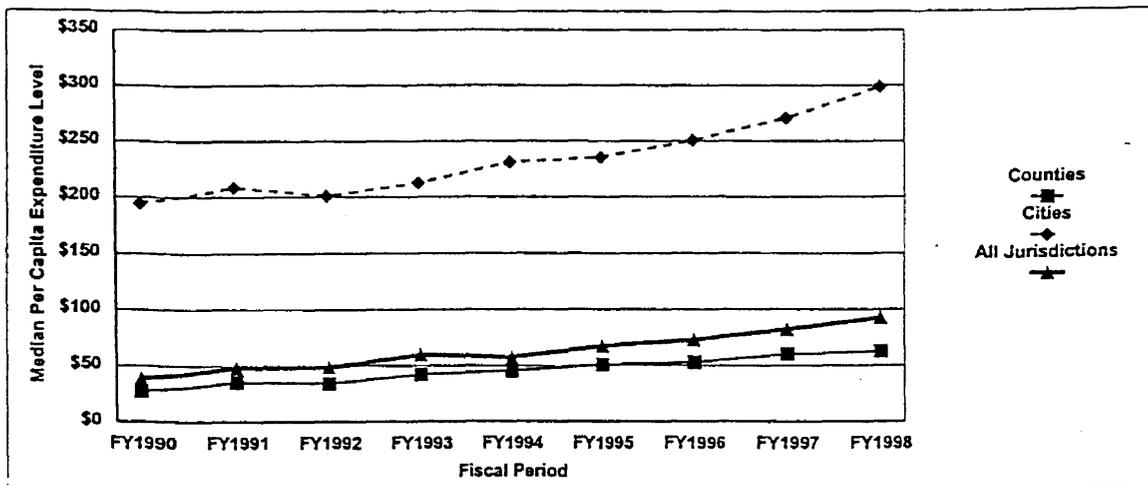
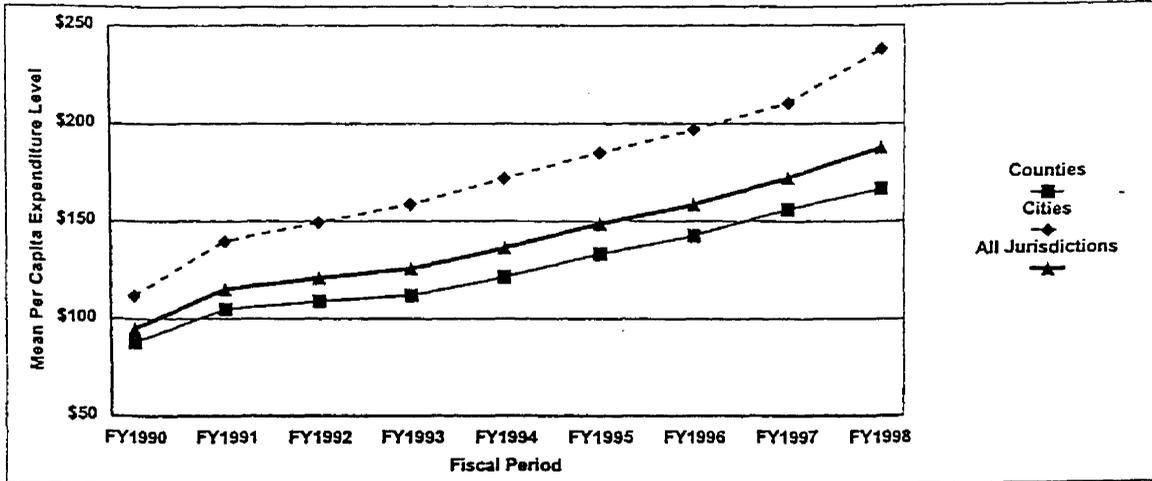


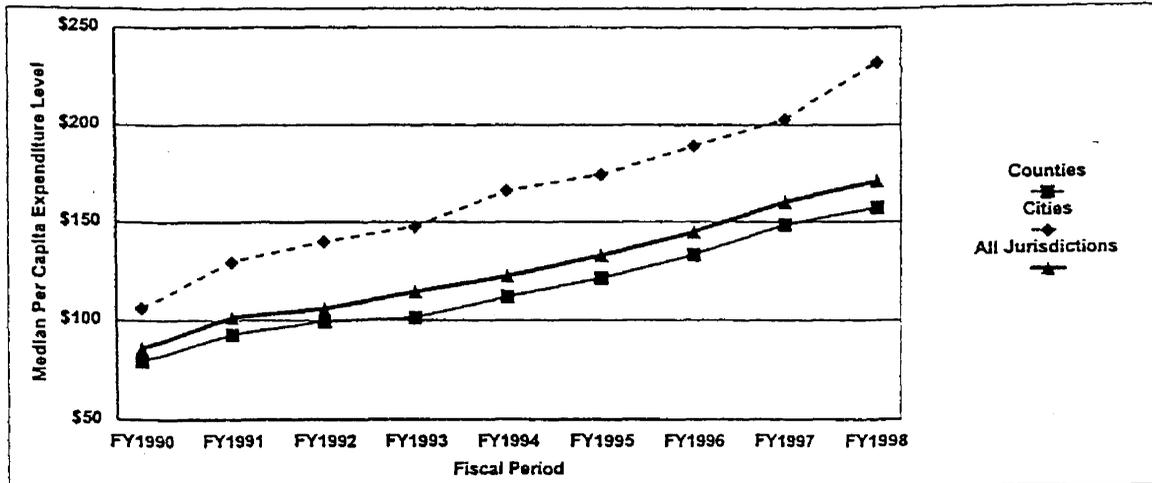
Chart A3.2A  
 Median Per Capita Level  
 of  
 Adjusted Local Operating Expenditures for Public Safety  
 by  
 Jurisdictional Class  
 FY1990-98



**Chart A5.1**  
**Mean Per Capita Level**  
**of**  
**Local Operating Expenditures for Health and Welfare**  
**by**  
**Jurisdictional Class**  
**FY1990-98**

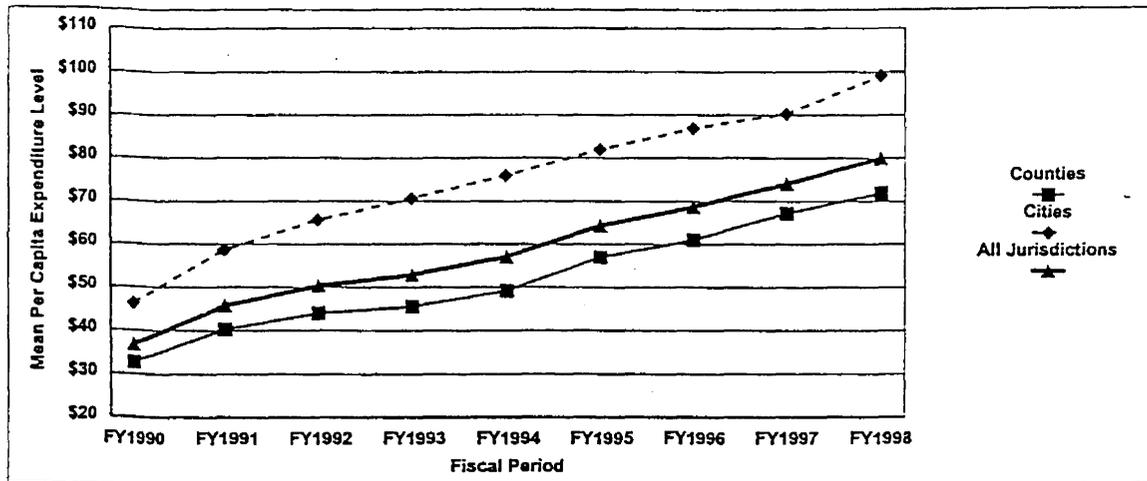


**Chart A5.2**  
**Median Per Capita Level**  
**of**  
**Local Operating Expenditures for Health and Welfare**  
**by**  
**Jurisdictional Class**  
**FY1990-98**



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**Chart A5.1A**  
**Mean Per Capita Level**  
**of**  
**Adjusted Local Operating Expenditures for Health and Welfare**  
**by**  
**Jurisdictional Class**  
**FY1990-98**



**Chart A5.2A**  
**Median Per Capita Level**  
**of**  
**Adjusted Local Operating Expenditures for Health and Welfare**  
**by**  
**Jurisdictional Class**  
**FY1990-98**

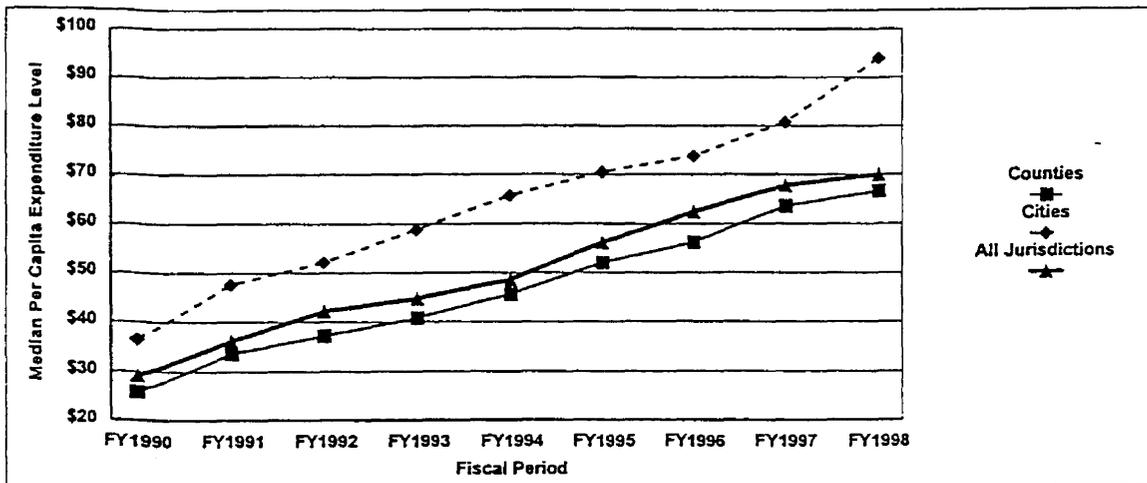


Chart A6.1  
 Mean Per Capita Level  
 of  
 Local Operating Expenditures for Education  
 by  
 Jurisdictional Class  
 FY1990-98

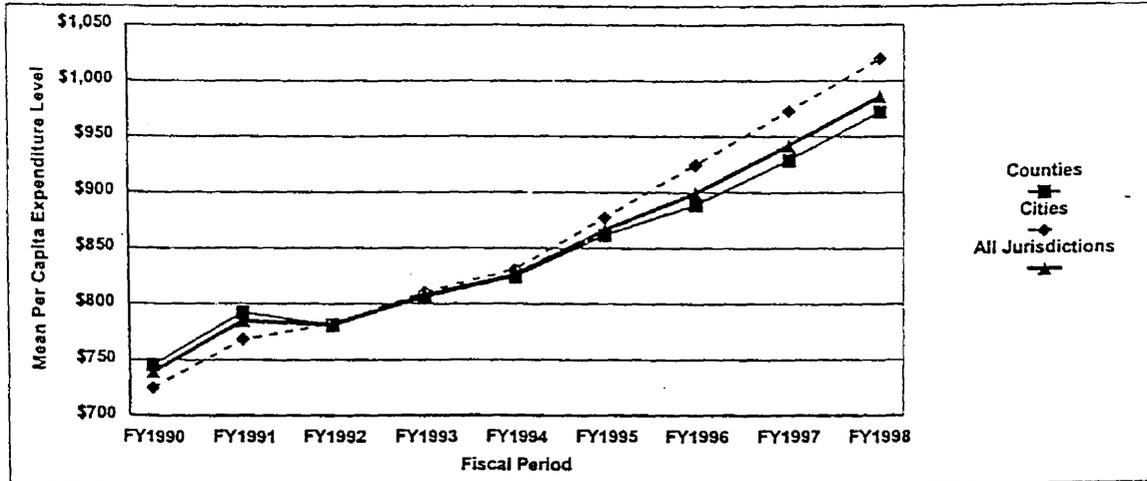
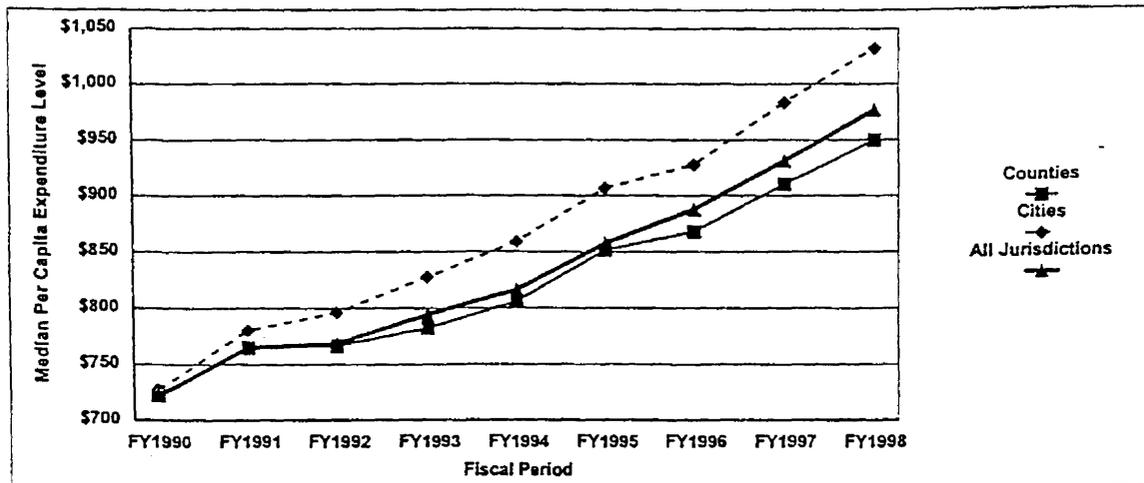
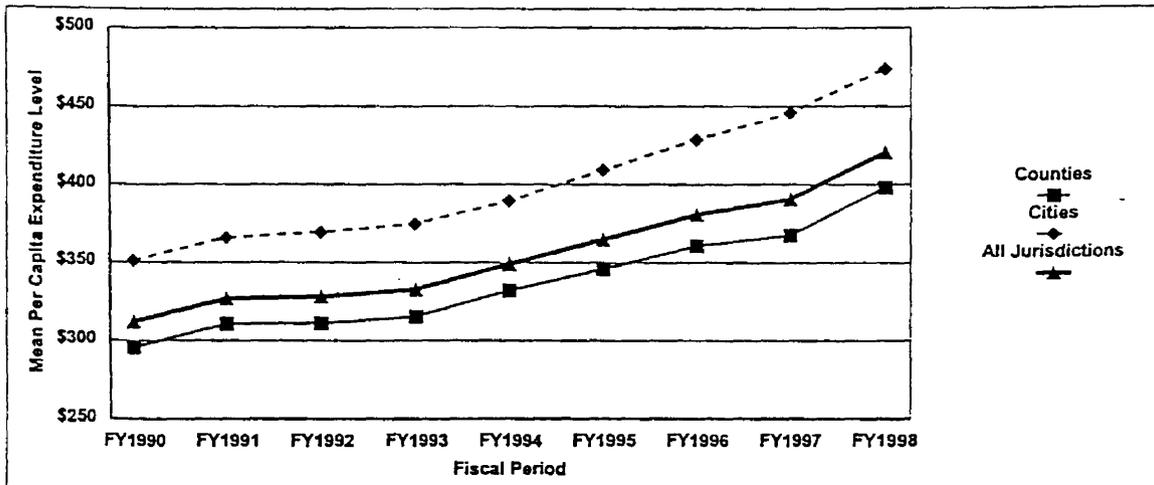


Chart A6.2  
 Median Per Capita Level  
 of  
 Local Operating Expenditures for Education  
 by  
 Jurisdictional Class  
 FY1990-98



**Chart A6.1A**  
**Mean Per Capita Level**  
**of**  
**Adjusted Local Operating Expenditures for Education**  
**by**  
**Jurisdictional Class**  
**FY1990-98**



**Chart A6.2A**  
**Median Per Capita Level**  
**of**  
**Adjusted Local Operating Expenditures for Education**  
**by**  
**Jurisdictional Class**  
**FY1990-98**

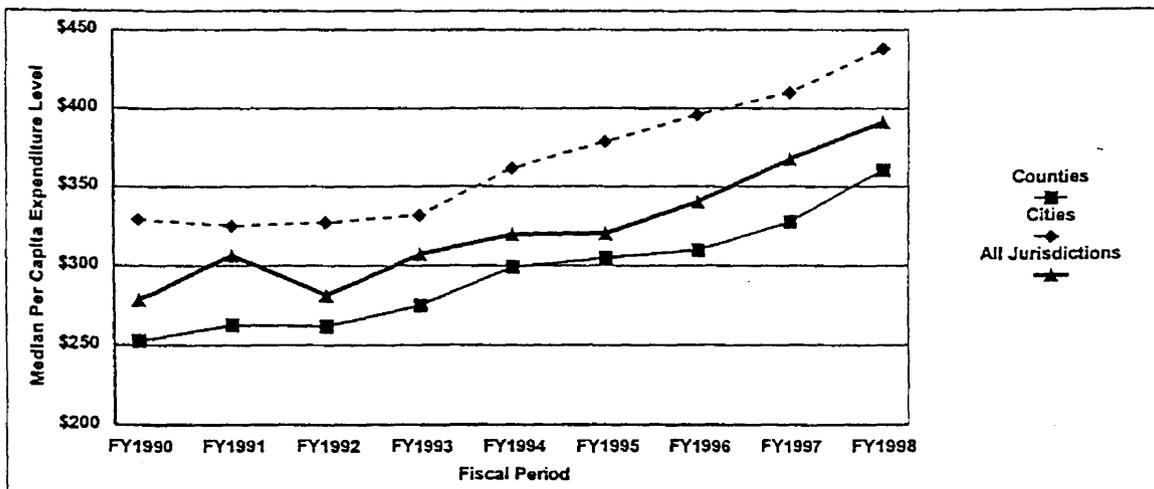


Chart A10.1  
 Mean Per Capita Level  
 of  
 Total Local Operating Expenditures  
 by  
 Jurisdictional Class  
 FY1990-98

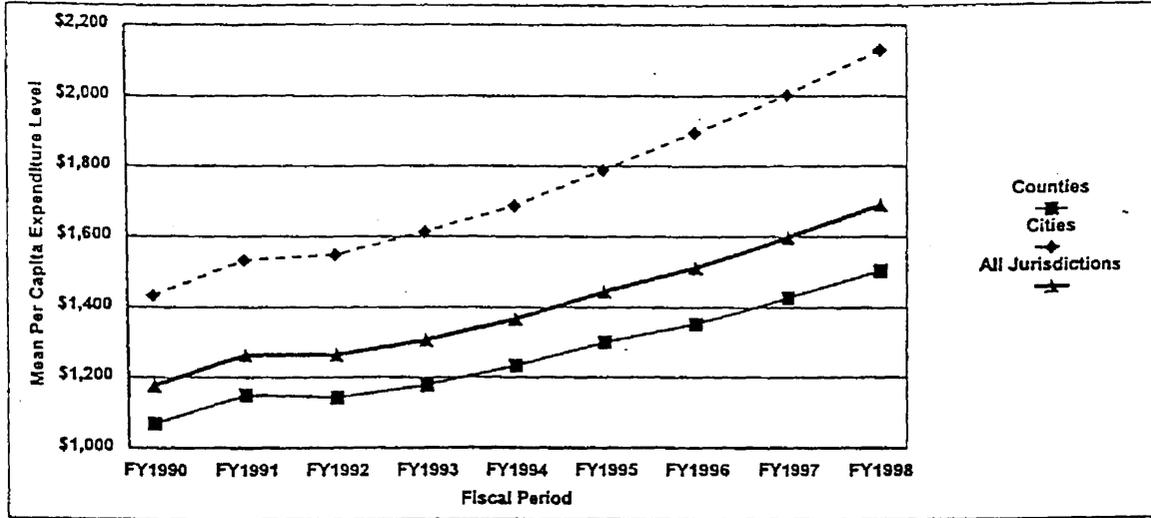


Chart A10.2  
 Median Per Capita Level  
 of  
 Total Local Operating Expenditures  
 by  
 Jurisdictional Class  
 FY1990-98

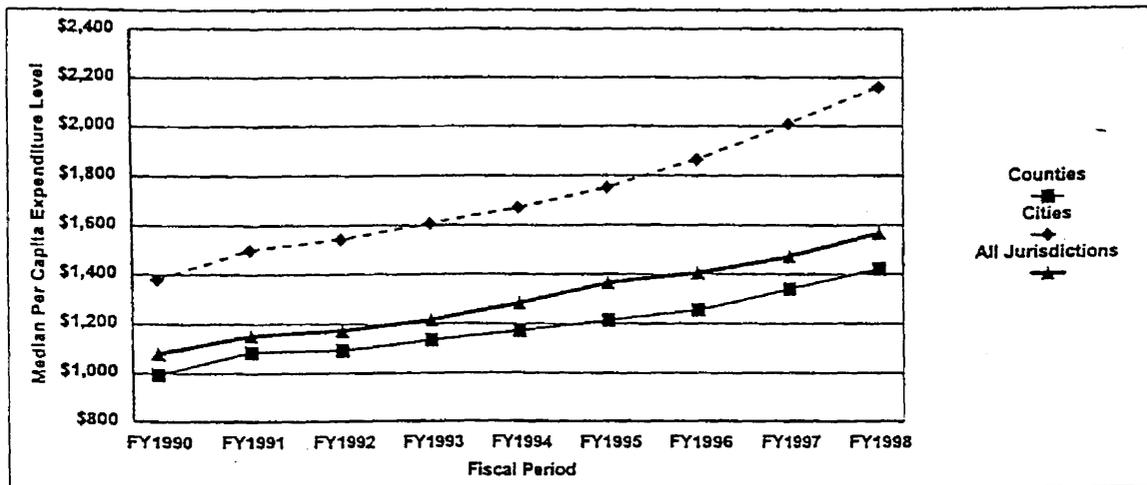


Chart A10.1A  
Mean Per Capita Level  
of  
Adjusted Total Local Operating Expenditures  
by  
Jurisdictional Class  
FY1990-98

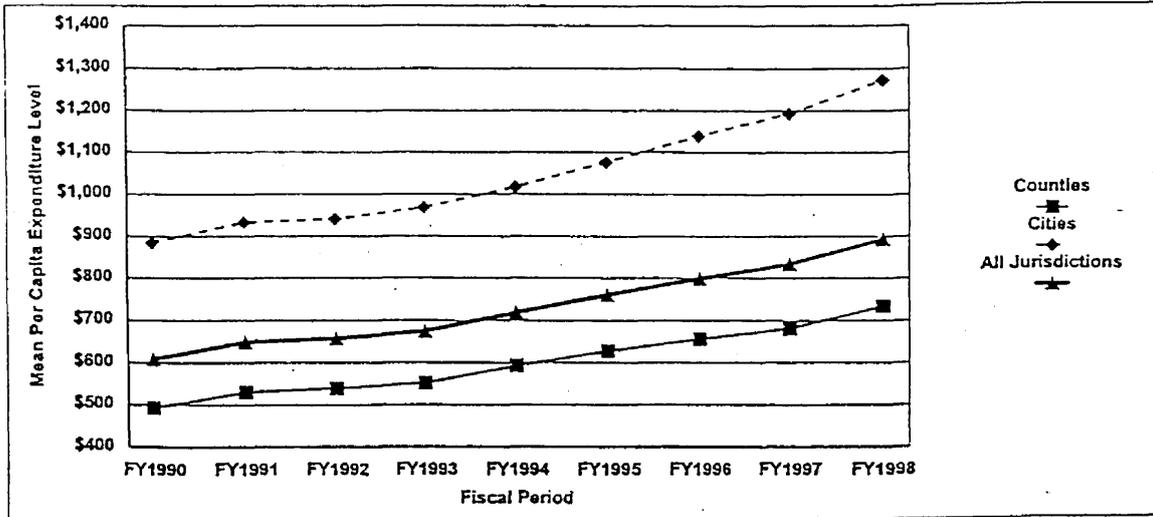
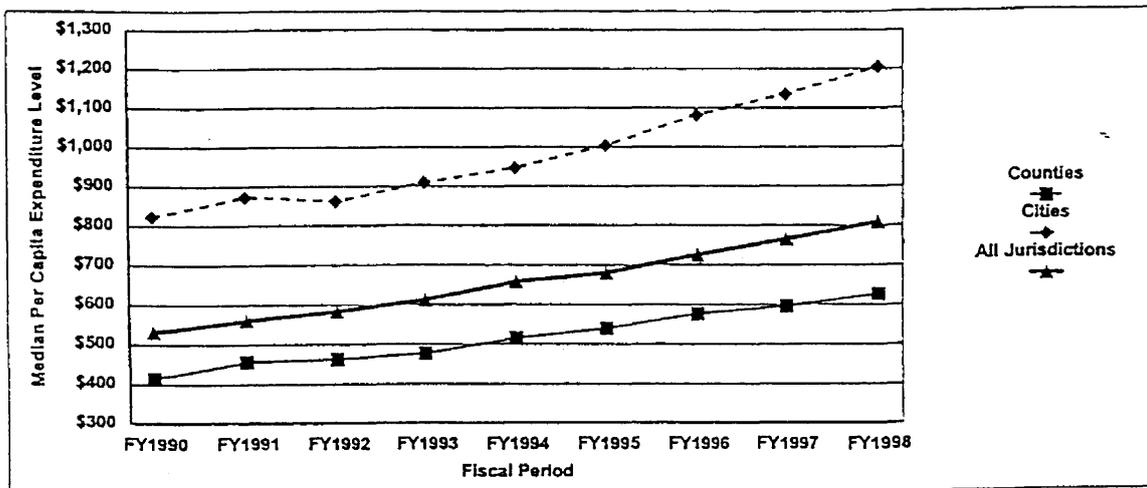


Chart A10.2A  
Median Per Capita Level  
of  
Adjusted Total Local Operating Expenditures  
by  
Jurisdictional Class  
FY1990-98



**Report on the Comparative  
Revenue Capacity, Revenue Effort,  
and Fiscal Stress  
of Virginia's Counties and Cities  
1997/98**



**Commission on Local Government  
Commonwealth of Virginia**

**May 2000**

Table 5

## Median Adjusted Gross Income on All State Tax Returns by Locality, 1997

| Locality            | Rank Scores                                    |               | Relative Stress Scores                      |  |
|---------------------|--|---------------|---|--|
|                     | 1=Lowest Income<br>135=Highest Income          |               | 62.88=Highest Stress<br>34.82=Lowest Stress |  |
|                     | Median<br>Adjusted<br>Gross<br>Income,<br>1997 | Rank<br>Score | Relative<br>Stress<br>Score                 |  |
| Accomack County     | \$15,019                                       | 2.0           | 61.78                                       |  |
| Albemarle County    | \$29,911                                       | 117.0         | 48.95                                       |  |
| Alleghany County    | \$24,768                                       | 100.0         | 53.38                                       |  |
| Amelia County       | \$22,418                                       | 82.0          | 55.40                                       |  |
| Amherst County      | \$22,066                                       | 79.0          | 55.71                                       |  |
| Appomattox County   | \$20,049                                       | 58.0          | 57.45                                       |  |
| Arlington County    | \$33,937                                       | 127.0         | 45.48                                       |  |
| Augusta County      | \$25,604                                       | 102.0         | 52.66                                       |  |
| Bath County         | \$21,331                                       | 65.0          | 56.34                                       |  |
| Bedford County      | \$27,318                                       | 108.0         | 51.18                                       |  |
| Bland County        | \$22,562                                       | 85.0          | 55.28                                       |  |
| Botetourt County    | \$28,441                                       | 111.0         | 50.21                                       |  |
| Brunswick County    | \$17,137                                       | 11.0          | 59.95                                       |  |
| Buchanan County     | \$18,466                                       | 29.0          | 58.81                                       |  |
| Buckingham County   | \$18,857                                       | 34.0          | 58.47                                       |  |
| Campbell County     | \$22,686                                       | 87.0          | 55.17                                       |  |
| Caroline County     | \$21,947                                       | 78.0          | 55.81                                       |  |
| Carroll County      | \$19,420                                       | 49.0          | 57.99                                       |  |
| Charles City County | \$23,467                                       | 90.0          | 54.50                                       |  |
| Charlotte County    | \$18,165                                       | 23.0          | 59.07                                       |  |
| Chesterfield County | \$34,365                                       | 129.0         | 45.11                                       |  |
| Clarke County       | \$26,796                                       | 106.0         | 51.63                                       |  |
| Craig County        | \$23,894                                       | 94.0          | 54.13                                       |  |
| Culpeper County     | \$24,380                                       | 97.0          | 53.71                                       |  |
| Cumberland County   | \$18,730                                       | 33.0          | 58.58                                       |  |
| Dickenson County    | \$17,257                                       | 12.0          | 59.85                                       |  |
| Dinwiddie County    | \$23,039                                       | 88.0          | 54.87                                       |  |
| Essex County        | \$19,363                                       | 46.0          | 58.04                                       |  |
| Fairfax County      | \$40,097                                       | 134.0         | 40.17                                       |  |
| Fauquier County     | \$34,202                                       | 128.0         | 45.25                                       |  |
| Floyd County        | \$21,607                                       | 71.0          | 56.10                                       |  |
| Fluvanna County     | \$26,638                                       | 104.0         | 51.77                                       |  |
| Franklin County     | \$21,339                                       | 66.0          | 56.33                                       |  |
| Frederick County    | \$27,060                                       | 107.0         | 51.40                                       |  |
| Giles County        | \$22,476                                       | 83.0          | 55.35                                       |  |
| Gloucester County   | \$23,675                                       | 93.0          | 54.32                                       |  |
| Goochland County    | \$29,558                                       | 116.0         | 49.25                                       |  |
| Grayson County      | \$18,396                                       | 28.0          | 58.87                                       |  |
| Greene County       | \$26,507                                       | 103.0         | 51.88                                       |  |
| Greensville County  | \$17,560                                       | 15.0          | 59.59                                       |  |
| Halifax County      | \$19,095                                       | 41.0          | 58.27                                       |  |
| Hanover County      | \$34,388                                       | 130.0         | 45.09                                       |  |

Source: Staff, Commission on Local Government

Table 5

## Median Adjusted Gross Income on All State Tax Returns by Locality, 1997

| Locality              | Rank Scores                        |                    | Relative Stress Scores |                     |
|-----------------------|------------------------------------|--------------------|------------------------|---------------------|
|                       | 1=Lowest Income                    | 135=Highest Income | 62.88=Highest Stress   | 34.82=Lowest Stress |
|                       | Median Adjusted Gross Income, 1997 | Rank Score         | Relative Stress Score  |                     |
| Henrico County        | \$28,313                           | 110.0              | 50.32                  |                     |
| Henry County          | \$19,115                           | 42.0               | 58.25                  |                     |
| Highland County       | \$18,004                           | 20.0               | 59.21                  |                     |
| Isle of Wight County  | \$25,552                           | 101.0              | 52.70                  |                     |
| James City County     | \$29,319                           | 115.0              | 49.46                  |                     |
| King and Queen County | \$21,663                           | 73.0               | 56.05                  |                     |
| King George County    | \$27,704                           | 109.0              | 50.85                  |                     |
| King William County   | \$28,756                           | 113.0              | 49.94                  |                     |
| Lancaster County      | \$18,494                           | 30.0               | 58.79                  |                     |
| Lee County            | \$16,436                           | 7.0                | 60.56                  |                     |
| Loudoun County        | \$46,305                           | 135.0              | 34.82                  |                     |
| Louisa County         | \$22,651                           | 86.0               | 55.20                  |                     |
| Lunenburg County      | \$16,087                           | 5.0                | 60.86                  |                     |
| Madison County        | \$22,083                           | 80.0               | 55.69                  |                     |
| Mathews County        | \$22,416                           | 81.0               | 55.41                  |                     |
| Mecklenburg County    | \$17,750                           | 17.0               | 59.43                  |                     |
| Middlesex County      | \$19,577                           | 54.0               | 57.85                  |                     |
| Montgomery County     | \$21,569                           | 70.0               | 56.14                  |                     |
| Nelson County         | \$21,543                           | 69.0               | 56.16                  |                     |
| New Kent County       | \$33,486                           | 125.0              | 45.87                  |                     |
| Northampton County    | \$13,743                           | 1.0                | 62.88                  |                     |
| Northumberland County | \$18,724                           | 32.0               | 58.59                  |                     |
| Nottoway County       | \$16,833                           | 9.0                | 60.22                  |                     |
| Orange County         | \$23,330                           | 89.0               | 54.62                  |                     |
| Page County           | \$19,506                           | 52.0               | 57.91                  |                     |
| Patrick County        | \$19,917                           | 55.0               | 57.56                  |                     |
| Pittsylvania County   | \$21,375                           | 67.0               | 56.30                  |                     |
| Powhatan County       | \$33,608                           | 126.0              | 45.76                  |                     |
| Prince Edward County  | \$17,920                           | 19.0               | 59.28                  |                     |
| Prince George County  | \$28,989                           | 114.0              | 49.74                  |                     |
| Prince William County | \$35,095                           | 131.0              | 44.48                  |                     |
| Pulaski County        | \$21,664                           | 74.0               | 56.05                  |                     |
| Rappahannock County   | \$24,657                           | 98.0               | 53.48                  |                     |
| Richmond County       | \$18,985                           | 39.0               | 58.36                  |                     |
| Roanoke County        | \$28,689                           | 112.0              | 50.00                  |                     |
| Rockbridge County     | \$21,390                           | 68.0               | 56.29                  |                     |
| Rockingham County     | \$23,666                           | 92.0               | 54.33                  |                     |
| Russell County        | \$18,959                           | 37.0               | 58.38                  |                     |
| Scott County          | \$21,053                           | 63.0               | 56.58                  |                     |
| Shenandoah County     | \$21,893                           | 77.0               | 55.86                  |                     |
| Smyth County          | \$19,006                           | 40.0               | 58.34                  |                     |
| Southampton County    | \$21,628                           | 72.0               | 56.08                  |                     |

Source: Staff, Commission on Local Government

Table 5

## Median Adjusted Gross Income on All State Tax Returns by Locality, 1997

| Locality              | Rank Scores                                    |               | Relative Stress Scores                      |  |
|-----------------------|--|---------------|---|--|
|                       | 1=Lowest Income<br>135=Highest Income          |               | 62.88=Highest Stress<br>34.82=Lowest Stress |  |
|                       | Median<br>Adjusted<br>Gross<br>Income,<br>1997 | Rank<br>Score | Relative<br>Stress<br>Score                 |  |
| Spotsylvania County   | \$31,243                                       | 120.0         | 47.80                                       |  |
| Stafford County       | \$36,228                                       | 132.0         | 43.51                                       |  |
| Surry County          | \$19,927                                       | 56.0          | 57.55                                       |  |
| Sussex County         | \$17,889                                       | 18.0          | 59.31                                       |  |
| Tazewell County       | \$19,406                                       | 48.0          | 58.00                                       |  |
| Warren County         | \$24,305                                       | 95.0          | 53.78                                       |  |
| Washington County     | \$21,112                                       | 64.0          | 56.53                                       |  |
| Westmoreland County   | \$18,035                                       | 21.0          | 59.18                                       |  |
| Wise County           | \$18,951                                       | 36.0          | 58.39                                       |  |
| Wythe County          | \$19,509                                       | 53.0          | 57.91                                       |  |
| York County           | \$29,938                                       | 119.0         | 48.92                                       |  |
| Alexandria City       | \$31,245                                       | 121.0         | 47.80                                       |  |
| Bedford City          | \$17,647                                       | 16.0          | 59.52                                       |  |
| Bristol City          | \$19,220                                       | 44.0          | 58.16                                       |  |
| Buena Vista City      | \$20,316                                       | 61.0          | 57.22                                       |  |
| Charlottesville City  | \$18,866                                       | 35.0          | 58.46                                       |  |
| Chesapeake City       | \$26,784                                       | 105.0         | 51.64                                       |  |
| Clifton Forge City    | \$17,060                                       | 10.0          | 60.02                                       |  |
| Colonial Heights City | \$24,686                                       | 99.0          | 53.45                                       |  |
| Covington City        | \$18,382                                       | 27.0          | 58.88                                       |  |
| Danville City         | \$17,348                                       | 14.0          | 59.77                                       |  |
| Emporia City          | \$15,468                                       | 3.0           | 61.39                                       |  |
| Fairfax City          | \$33,326                                       | 123.0         | 46.01                                       |  |
| Falls Church City     | \$37,171                                       | 133.0         | 42.69                                       |  |
| Franklin City         | \$18,127                                       | 22.0          | 59.10                                       |  |
| Fredericksburg City   | \$21,671                                       | 75.0          | 56.05                                       |  |
| Galax City            | \$16,269                                       | 6.0           | 60.70                                       |  |
| Hampton City          | \$21,684                                       | 76.0          | 56.04                                       |  |
| Harrisonburg City     | \$19,487                                       | 51.0          | 57.93                                       |  |
| Hopewell City         | \$19,378                                       | 47.0          | 58.02                                       |  |
| Lexington City        | \$20,060                                       | 59.0          | 57.44                                       |  |
| Lynchburg City        | \$18,968                                       | 38.0          | 58.38                                       |  |
| Manassas City         | \$32,994                                       | 122.0         | 46.29                                       |  |
| Manassas Park City    | \$29,919                                       | 118.0         | 48.94                                       |  |
| Martinsville City     | \$17,300                                       | 13.0          | 59.81                                       |  |
| Newport News City     | \$19,967                                       | 57.0          | 57.52                                       |  |
| Norfolk City          | \$16,745                                       | 8.0           | 60.29                                       |  |
| Norton City           | \$18,174                                       | 24.0          | 59.06                                       |  |
| Petersburg City       | \$15,859                                       | 4.0           | 61.06                                       |  |
| Poquoson City         | \$33,411                                       | 124.0         | 45.93                                       |  |
| Portsmouth City       | \$18,211                                       | 25.0          | 59.03                                       |  |
| Radford City          | \$19,243                                       | 45.0          | 58.14                                       |  |

Source: Staff, Commission on Local Government

Table 5

Median Adjusted Gross Income on All State Tax Returns by Locality, 1997

| Locality            | Rank Scores                        |                    | Relative Stress Scores |                     |
|---------------------|------------------------------------|--------------------|------------------------|---------------------|
|                     | 1=Lowest Income                    | 135=Highest Income | 62.88=Highest Stress   | 34.82=Lowest Stress |
|                     | Median Adjusted Gross Income, 1997 | Rank Score         | Relative Stress Score  |                     |
| Richmond City       | \$19,455                           | 50.0               | 57.96                  |                     |
| Roanoke City        | \$18,296                           | 26.0               | 58.96                  |                     |
| Salem City          | \$23,480                           | 91.0               | 54.49                  |                     |
| Staunton City       | \$20,132                           | 60.0               | 57.37                  |                     |
| Suffolk City        | \$22,536                           | 84.0               | 55.30                  |                     |
| Virginia Beach City | \$24,322                           | 96.0               | 53.76                  |                     |
| Waynesboro City     | \$20,765                           | 62.0               | 56.83                  |                     |
| Williamsburg City   | \$18,588                           | 31.0               | 58.70                  |                     |
| Winchester City     | \$19,216                           | 43.0               | 58.16                  |                     |

Source: Staff, Commission on Local Government

Table 6.3

Composite Fiscal Stress Index Scores and Classifications by Locality, 1997/98

| Locality             | CLG<br>Fiscal Stress<br>Index Score,<br>1997/98 | CLG<br>Fiscal Stress<br>Classification,<br>1997/98 |
|----------------------|---|--|
| Norfolk City         | 187.40  | High Stress  |
| Emporia City         | 183.78  | High Stress  |
| Portsmouth City      | 183.70  | High Stress  |
| Newport News City    | 183.17  | High Stress  |
| Petersburg City      | 182.87  | High Stress  |
| Covington City       | 182.12  | High Stress  |
| Hopewell City        | 180.85  | High Stress  |
| Clifton Forge City   | 180.53  | High Stress  |
| Lynchburg City       | 179.29  | High Stress  |
| Richmond City        | 179.03  | High Stress  |
| Galax City           | 178.86  | High Stress  |
| Hampton City         | 178.48  | High Stress  |
| Roanoke City         | 178.12  | High Stress  |
| Franklin City        | 178.02  | High Stress  |
| Bristol City         | 177.99  | High Stress  |
| Martinsville City    | 177.73  | High Stress  |
| Charlottesville City | 177.45  | High Stress  |
| Buchanan County      | 176.34  | High Stress  |
| Buena Vista City     | 176.25  | High Stress  |
| Norton City          | 176.19  | High Stress  |
| Greensville County   | 175.77  | High Stress  |
| Lexington City       | 175.72  | High Stress  |
| Bedford City         | 175.72  | High Stress  |
| Waynesboro City      | 175.41  | High Stress  |
| Danville City        | 174.61  | Above Average Stress                               |
| Sussex County        | 174.21  | Above Average Stress                               |
| Radford City         | 173.96  | Above Average Stress                               |
| Northampton County   | 173.76  | Above Average Stress                               |
| Staunton City        | 173.35  | Above Average Stress                               |
| Suffolk City         | 172.66  | Above Average Stress                               |
| Lee County           | 172.46  | Above Average Stress                               |
| Williamsburg City    | 172.44  | Above Average Stress                               |
| Lunenburg County     | 172.38  | Above Average Stress                               |
| Dickenson County     | 172.25  | Above Average Stress                               |
| Fredericksburg City  | 172.03  | Above Average Stress                               |
| Harrisonburg City    | 171.44  | Above Average Stress                               |
| Accomack County      | 171.10  | Above Average Stress                               |
| Salem City           | 170.43  | Above Average Stress                               |
| Wise County          | 170.37  | Above Average Stress                               |
| Nottoway County      | 170.25  | Above Average Stress                               |
| Smyth County         | 169.53  | Above Average Stress                               |
| Brunswick County     | 169.52  | Above Average Stress                               |
| Prince Edward County | 169.50  | Above Average Stress                               |
| Virginia Beach City  | 169.47  | Above Average Stress                               |
| Charlotte County     | 169.34  | Above Average Stress                               |
| Winchester City      | 168.61  | Above Average Stress                               |
| Russell County       | 168.43  | Above Average Stress                               |

Source: Staff, Commission on Local Government

Table 6.3

Composite Fiscal Stress Index Scores and Classifications by Locality, 1997/98

| Locality              | CLG<br>Fiscal Stress<br>Index Score,<br>1997/98 | CLG<br>Fiscal Stress<br>Classification,<br>1997/98 |
|-----------------------|---|--|
| Charles City County   | 168.42  | Above Average Stress                               |
| Chesapeake City       | 168.17  | Above Average Stress                               |
| Alleghany County      | 167.76  | Above Average Stress                               |
| Colonial Heights City | 166.73  | Above Average Stress                               |
| Tazewell County       | 166.63  | Above Average Stress                               |
| Carroll County        | 166.62  | Above Average Stress                               |
| Wythe County          | 166.51  | Above Average Stress                               |
| Buckingham County     | 166.38  | Above Average Stress                               |
| Grayson County        | 166.28  | Above Average Stress                               |
| Henry County          | 165.98  | Above Average Stress                               |
| Pulaski County        | 165.86  | Above Average Stress                               |
| Page County           | 165.79  | Above Average Stress                               |
| Southampton County    | 165.62  | Above Average Stress                               |
| Manassas Park City    | 165.57  | Above Average Stress                               |
| King and Queen County | 165.53  | Above Average Stress                               |
| Montgomery County     | 165.36  | Above Average Stress                               |
| Caroline County       | 165.16  | Above Average Stress                               |
| Dinwiddie County      | 165.12  | Above Average Stress                               |
| Cumberland County     | 165.05  | Above Average Stress                               |
| Richmond County       | 164.998   | Below Average Stress                               |
| Scott County          | 164.95  | Below Average Stress                               |
| Giles County          | 164.82  | Below Average Stress                               |
| Westmoreland County   | 164.34  | Below Average Stress                               |
| Mecklenburg County    | 164.25  | Below Average Stress                               |
| Amelia County         | 163.96  | Below Average Stress                               |
| Patrick County        | 163.94  | Below Average Stress                               |
| Amherst County        | 163.84  | Below Average Stress                               |
| Rockbridge County     | 163.73  | Below Average Stress                               |
| Washington County     | 163.70  | Below Average Stress                               |
| Isle of Wight County  | 163.67  | Below Average Stress                               |
| Appomattox County     | 163.65  | Below Average Stress                               |
| Bland County          | 163.65  | Below Average Stress                               |
| Gloucester County     | 163.56  | Below Average Stress                               |
| Campbell County       | 163.52  | Below Average Stress                               |
| Pittsylvania County   | 163.36  | Below Average Stress                               |
| King George County    | 163.30  | Below Average Stress                               |
| Shenandoah County     | 162.59  | Below Average Stress                               |
| Rockingham County     | 162.45  | Below Average Stress                               |
| Floyd County          | 162.28  | Below Average Stress                               |
| Culpeper County       | 161.87  | Below Average Stress                               |
| Halifax County        | 161.85  | Below Average Stress                               |
| Essex County          | 161.61  | Below Average Stress                               |
| Madison County        | 161.39  | Below Average Stress                               |
| Highland County       | 161.12  | Below Average Stress                               |
| Nelson County         | 161.10  | Below Average Stress                               |
| Warren County         | 161.03  | Below Average Stress                               |
| Frederick County      | 161.00  | Below Average Stress                               |

Source: Staff, Commission on Local Government

Table 6.3

Composite Fiscal Stress Index Scores and Classifications by Locality, 1997/98

| Locality              | CLG<br>Fiscal Stress<br>Index Score,<br>1997/98 | CLG<br>Fiscal Stress<br>Classification,<br>1997/98 |
|-----------------------|---|--|
| York County           | 160.63  | Below Average Stress                               |
| Greene County         | 160.45  | Below Average Stress                               |
| Prince George County  | 160.44  | Below Average Stress                               |
| Franklin County       | 160.42  | Below Average Stress                               |
| Orange County         | 160.19  | Below Average Stress                               |
| Craig County          | 159.88  | Below Average Stress                               |
| Roanoke County        | 159.84  | Below Average Stress                               |
| Mathews County        | 159.70  | Below Average Stress                               |
| Manassas City         | 158.70  | Below Average Stress                               |
| Augusta County        | 158.63  | Below Average Stress                               |
| Prince William County | 158.60  | Below Average Stress                               |
| Fluvanna County       | 158.51  | Below Average Stress                               |
| Henrico County        | 158.48  | Below Average Stress                               |
| Middlesex County      | 157.88  | Below Average Stress                               |
| Northumberland County | 157.83  | Below Average Stress                               |
| Lancaster County      | 157.71  | Below Average Stress                               |
| Spotsylvania County   | 156.83  | Below Average Stress                               |
| Clarke County         | 156.08  | Below Average Stress                               |
| Bedford County        | 155.79  | Below Average Stress                               |
| King William County   | 155.66  | Below Average Stress                               |
| Poquoson City         | 155.38  | Below Average Stress                               |
| Botetourt County      | 155.32  | Below Average Stress                               |
| Alexandria City       | 155.05  | Below Average Stress                               |
| Louisa County         | 154.85  | Low Stress   |
| James City County     | 154.78  | Low Stress   |
| Stafford County       | 154.28  | Low Stress   |
| Chesterfield County   | 154.25  | Low Stress   |
| Fairfax City          | 152.76  | Low Stress   |
| Albemarle County      | 152.37  | Low Stress   |
| New Kent County       | 151.54  | Low Stress   |
| Powhatan County       | 151.39  | Low Stress   |
| Fauquier County       | 150.89  | Low Stress   |
| Rappahannock County   | 149.89  | Low Stress   |
| Arlington County      | 149.82  | Low Stress   |
| Hanover County        | 149.41  | Low Stress   |
| Fairfax County        | 146.88  | Low Stress   |
| Goochland County      | 146.33  | Low Stress   |
| Surry County          | 144.03  | Low Stress   |
| Falls Church City     | 143.52  | Low Stress   |
| Loudoun County        | 139.45  | Low Stress   |
| Bath County           | 123.62  | Low Stress   |

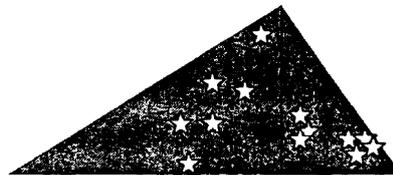
Source: Staff, Commission on Local Government

# **Commission on State and Local Tax Structure**

**Presentation by  
Virginia First Cities  
December 14, 1999**

## **Virginia First Cities**

- > **Charlottesville**
- > **Danville**
- > **Hampton**
- > **Hopewell**
- > **Lynchburg**
- > **Newport News**
- > **Norfolk**
- > **Petersburg**
- > **Portsmouth**
- > **Richmond**
- > **Roanoke**
- > **Staunton**
- > **Winchester**

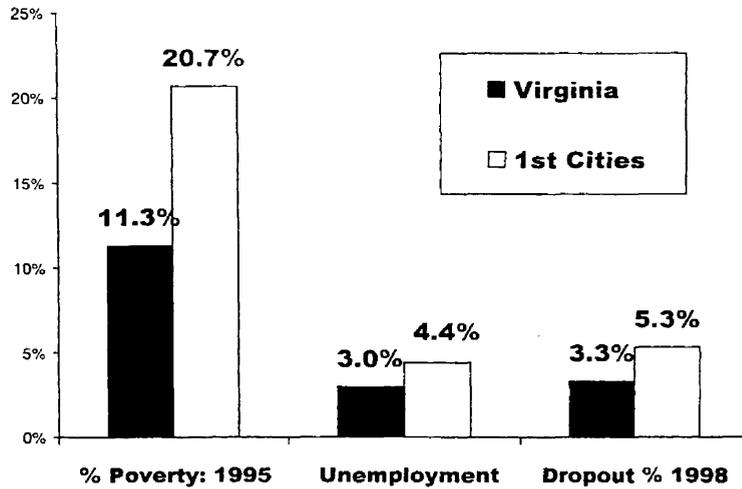


## **1st Cities Fiscally Stressed**

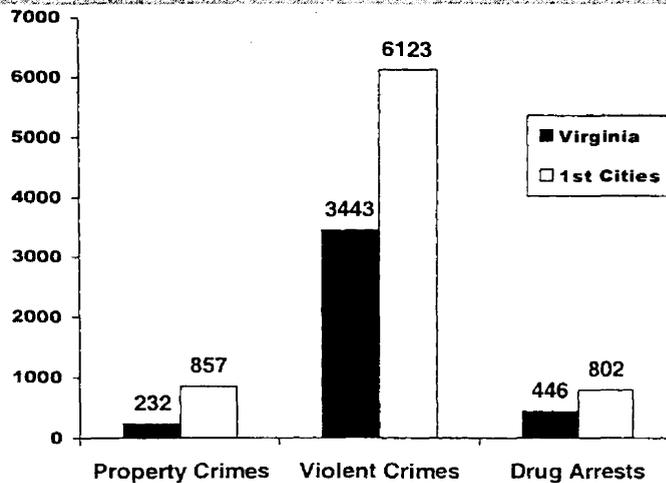
- **Demographics drive high service responsibilities**
- **Limited revenue capacity**
  - **Growth restrictions**
  - **Economic restrictions**
  - **State restrictions**
- **Highest tax burdens**

## **Expenditure Drivers**

## Demographics in the First Cities

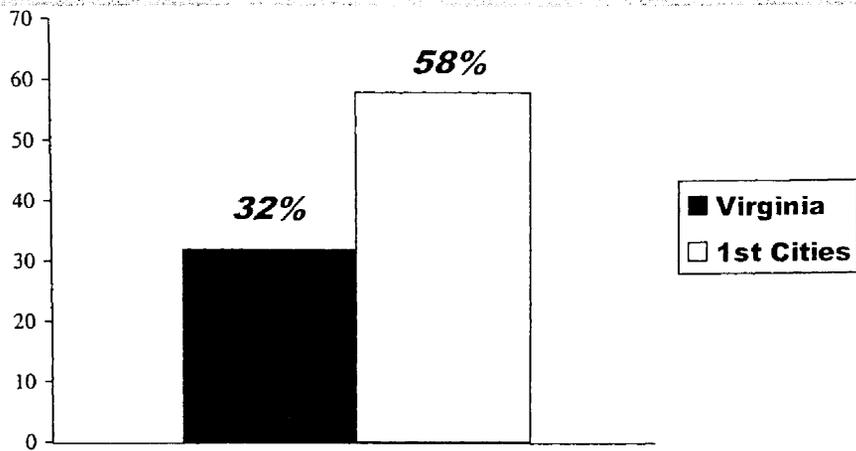


## Crime Rate Per 100,000 Population (1998)



Source: Crime in the Commonwealth, Dept. of Criminal Justice Services, Oct. 1999

## **% Free and Reduced Lunch 1999**



Source: Virginia Department of Education 1999

## **Revenue Capacity**

## **Economic Realities**

**Old vs New**

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>▷ <b>Manufacturing/ agriculture based</b></li><li>▷ <b>Local commerce</b></li><li>▷ <b>Wealth=property</b></li><br/><li>▷ <b>Wages primary form of income</b></li></ul> | <ul style="list-style-type: none"><li>▷ <b>Finance/technology based</b></li><li>▷ <b>Global commerce</b></li><li>▷ <b>Wealth=finance capital</b></li><br/><li>▷ <b>Wages only 50% of income</b></li><li>▷ <b>Growing income disparity</b></li></ul> |
|---|---|

## **Local Revenue Sources**

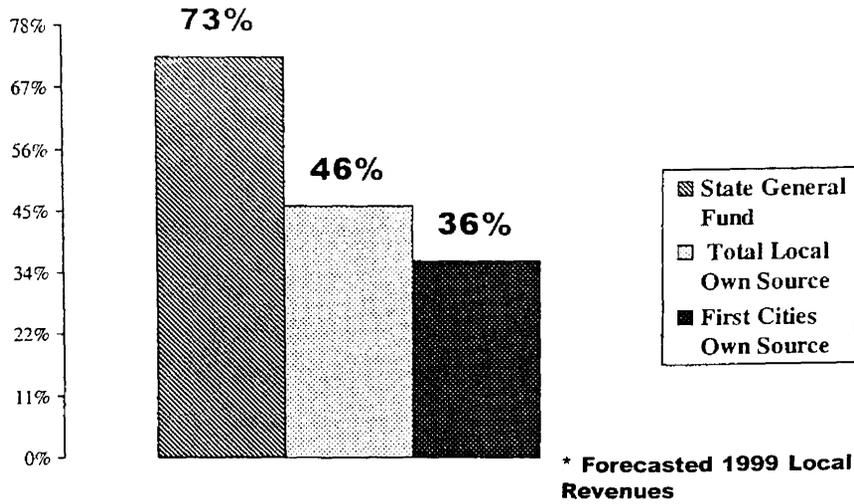
### **Local Flexibility**

- **Real Estate**
- **Machinery & Tools**

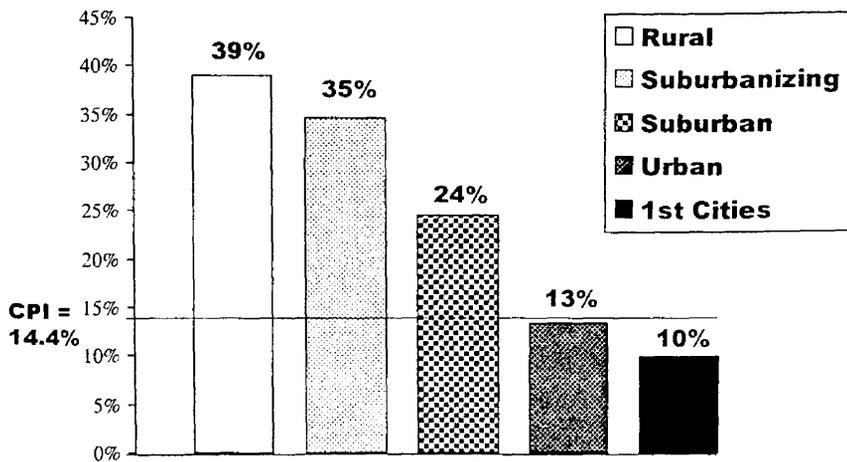
### **State Restricted**

- **Personal Property**
- **Local Sales**
- **Business Licenses**
- **Consumer Utility**
- **Meals**
- **Lodging**
- **E-911 (proposed)**

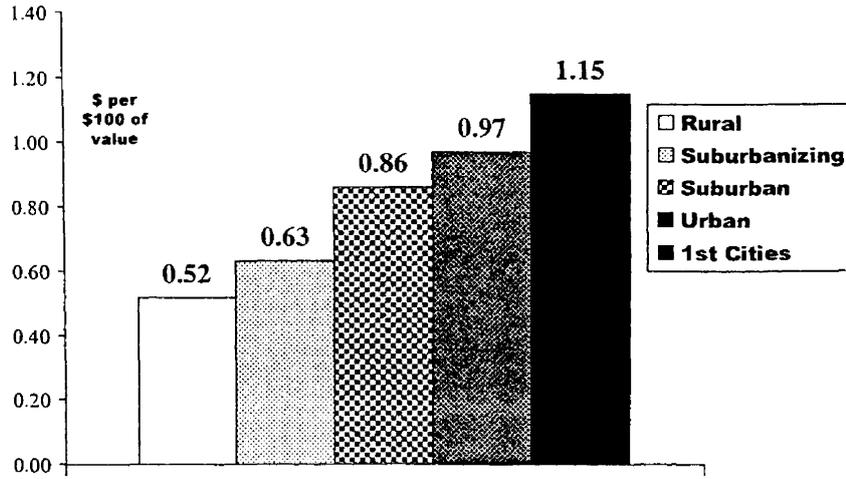
## Revenue Growth 1992-1999\*



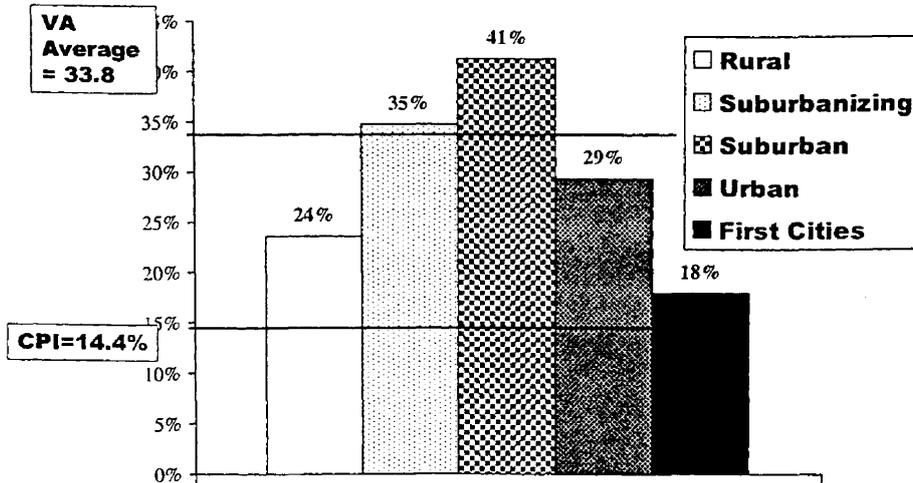
## Real Estate Growth 1992-1997(FMV)



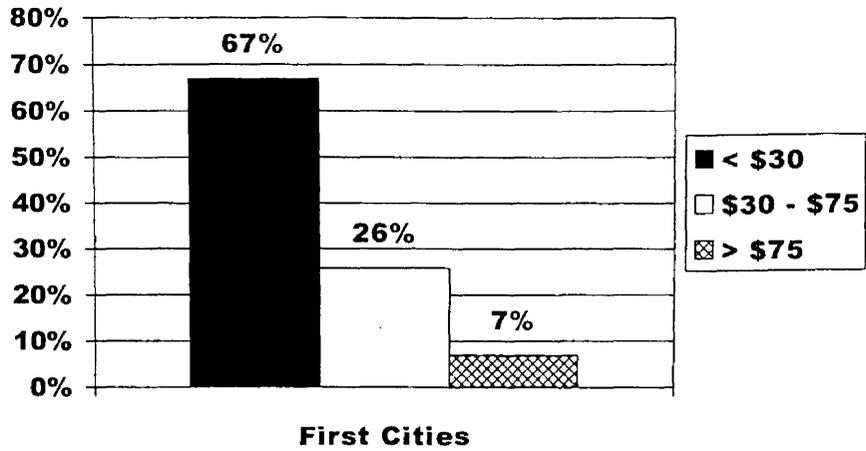
## Average Effective Real Estate Rates



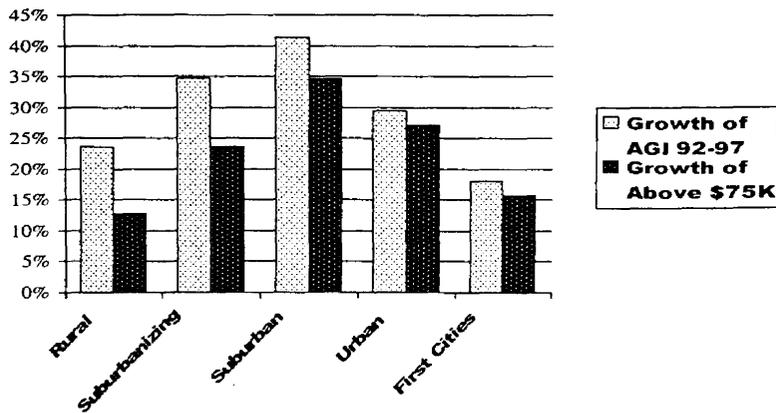
## Percentage AGI Growth 1992-1997



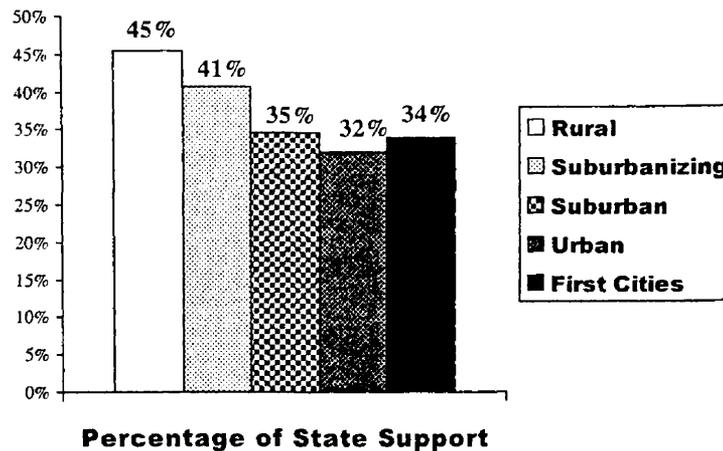
# 1st Cities Personal Income Distribution



# 1st Cities Income Growth is in Over \$75K Bracket



## State Allocation Formulas Hurt Cities



## Education Funding

- **State ranks 49th in spending per \$1,000 in income**
- **Localities rank 23rd**
- **All localities average 58% more than SOQ requirement**
- **1st Cities average 93% more than SOQ requirement**

## **State Funding Formula Flawed**

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### **Composite Index drives state dollars**

- **Income is a key measure of tax capacity**
- **AGI per capita presumes similar and even distribution patterns**
- **Tax capacity is overestimated**
- **State aid is reduced**

### **DOUBLE WHAMMY**

**Income used as a measure of tax capacity  
but the locality cannot use the income tax as  
a revenue source.**

## **If State Had a 1st City Profile**

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- **\$ 5.6 Billion Less Revenue for  
Biennium Budget**
- **Higher Costs for:**
  - **Education**
  - **Prisons and Law Enforcement**
  - **Human Services**
  - **Unemployment**

## **Local Government Challenges Generally**

- **More responsibilities transferred to the local level, especially education**
- **Expenditure demands outpace local tax revenue growth**
- **Local tax structure misaligned with economy**
- **Local revenue sources limited by State**

## **Summary - 1st Cities**

- **Population profile demands higher service responsibilities**
  - ▷ **High poverty levels**
  - ▷ **High crime rates**
  - ▷ **Aging physical infrastructure**
- **Narrowing and already strained tax base**
  - ▷ **Stagnant real estate and sales tax growth**
  - ▷ **Higher real estate tax rates**
  - ▷ **Income growth slow and not evenly distributed**

## **Requests**

- **Work through the Tax Structure Commission to align tax structure with the new economic realities**
- **Increase State funding share for education, Comprehensive Services Act, and public transit**
- **Fund housing revitalization initiatives and tax credits**

## **Challenge**

***Level the playing field so that Virginia's Cities can compete.***

## **Data Sources**

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- **Auditor of Public Accounts  
Comparative Cost Report**
  - **Bureau of the Census**
  - **Virginia Dept of Education**
  - **Virginia Dept of Taxation**
  - **Virginia Employment  
Commission**
- Data is unweighted.**

**Other Data Not  
Presented**

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## 1996 Tax Burden

- **Virginia ranks 48th in state taxes per \$1,000 of income**
- **Localities rank 32nd in tax burden**
- **Combined state and local tax burden is 48th lowest**

## Fiscally Stressed Households

|                     | % pop.<br>under \$30K | % pop. in<br>poverty |
|---------------------|-----------------------|----------------------|
| <b>Danville</b>     | <b>55%</b>            | <b>21%</b>           |
| <b>Hampton</b>      | <b>43%</b>            | <b>14%</b>           |
| <b>Lynchburg</b>    | <b>52%</b>            | <b>18%</b>           |
| <b>Newport News</b> | <b>44%</b>            | <b>16%</b>           |
| <b>Norfolk</b>      | <b>46%</b>            | <b>23%</b>           |
| <b>Petersburg</b>   | <b>62%</b>            | <b>26%</b>           |
| <b>Portsmouth</b>   | <b>50%</b>            | <b>21%</b>           |
| <b>Richmond</b>     | <b>54%</b>            | <b>24%</b>           |
| <b>Roanoke</b>      | <b>58%</b>            | <b>20%</b>           |

\* percent of return filing population

| Capital Expenditure, Debt Service and Local Gross Debt for Education   |                                   |                            |                 |                                 |                          |  |
|--|-----------------------------------|----------------------------|-----------------|---------------------------------|--------------------------|--|
| Virginia Local School Divisions, FY 1981-1999 <sup>1</sup>   |                                   |                            |                 |                                 |                          |  |
|  | Capital Expenditure for Education | Debt Service for Education |                 |                                 | Gross Debt for Education | Gross Debt for Education as a Percentage of Total Local Gross Debt for all Functions |
|  |                                   | Redemption                 | Interest Paid   | Total Debt Service <sup>2</sup> |                          |  |
| FY 1981  | \$118,701,824                     | \$85,473,545               | \$50,164,999    | \$135,638,544                   | \$1,046,521,067          | 39.36%   |
| FY 1982  | \$79,347,949                      | \$85,745,114               | \$50,156,280    | \$135,901,394                   | \$1,043,253,866          | 37.58%   |
| FY 1983  | \$125,290,065                     | \$92,249,722               | \$55,198,593    | \$147,448,315                   | \$1,060,950,026          | 34.32%   |
| FY 1984  | \$76,274,651                      | \$90,921,861               | \$55,863,814    | \$146,785,675                   | \$1,046,641,040          | 33.42%   |
| FY 1985  | \$71,325,987                      | \$98,384,928               | \$53,758,025    | \$152,142,953                   | \$1,032,813,571          | 30.14%   |
| FY 1986  | \$154,772,545                     | \$114,960,825              | \$55,525,169    | \$170,485,994                   | \$1,195,266,162          | 32.20%   |
| FY 1987  | \$203,075,154                     | \$100,953,759              | \$62,715,410    | \$163,669,169                   | \$1,278,434,467          | 31.57%   |
| FY 1988  | \$286,883,932                     | \$104,139,690              | \$70,299,177    | \$174,438,867                   | \$1,511,740,763          | 33.27%   |
| FY 1989  | \$362,701,875                     | \$125,867,072              | \$85,226,078    | \$211,093,150                   | \$1,758,417,577          | 34.75%   |
| Total 1981-89  | \$1,478,373,982                   | \$898,696,516              | \$538,907,545   | \$1,437,604,061                 |                          |  |
| % increase 1981-1989   | 205.56%                           | 47.26%                     | 69.89%          | 55.63%                          | 68.03%                   |  |
| FY 1990  | \$442,031,690                     | \$177,223,988              | \$99,930,535    | \$277,154,523                   | \$1,956,117,112          | 35.18%   |
| FY 1991  | \$487,761,076                     | \$150,705,343              | \$116,835,177   | \$267,540,520                   | \$2,233,169,469          | 35.03%   |
| FY 1992  | \$350,448,411                     | \$229,485,111              | \$132,072,814   | \$361,557,925                   | \$2,542,743,236          | 35.52%   |
| FY 1993  | \$401,911,790                     | \$564,482,585              | \$141,660,038   | \$706,142,623                   | \$2,878,083,284          | 35.76%   |
| FY 1994  | \$469,042,687                     | \$566,927,431              | \$143,217,481   | \$710,144,912                   | \$3,192,340,408          | 34.18%   |
| FY 1995  | \$512,716,449                     | \$275,645,881              | \$160,040,419   | \$435,686,300                   | \$3,429,439,373          | 35.16%   |
| FY 1996  | \$599,703,479                     | \$273,882,564              | \$180,252,850   | \$454,135,414                   | \$3,793,189,879          | 35.85%   |
| FY 1997  | \$668,767,263                     | \$291,975,053              | \$194,763,753   | \$486,738,806                   | \$4,009,780,820          | 35.55%   |
| FY 1998  | \$635,769,393                     | \$474,559,420              | \$204,760,614   | \$679,320,034                   | \$4,255,737,540          | 35.42%   |
| FY 1999  | \$773,004,178                     | \$487,608,187              | \$213,031,103   | \$700,639,290                   | \$4,656,512,160          | 36.29%   |
| Total 1990-99  | \$5,341,156,416                   | \$3,492,495,563            | \$1,586,564,784 | \$5,079,060,347                 |                          |  |
| % increase 1990-1999   | 74.88%                            | 175.14%                    | 113.18%         | 152.80%                         | 138.05%                  |  |
| 1-Includes Total Cities, Counties, and Two Town School Divisions   |                                   |                            |                 |                                 |                          |  |
| 2-Debt Service for Education is the Total of Redemption of Debt and Debt Interest Costs.   |                                   |                            |                 |                                 |                          |  |
| Source: Virginia Auditor of Public Accounts, <i>Comparative Report of Local Government Revenues and Expenditures</i> , Exhibits E, F, and G, FY 1981-FY 1999 |                                   |                            |                 |                                 |                          |  |
| Staff, Tax Study Commission, 5 September 2000  |                                   |                            |                 |                                 |                          |  |



# APPENDIX M

## STATE ASSUMPTION OF SELECTED SOCIAL SERVICES AS REPORTED BY ADMINISTERING STATE AGENCIES

Table 1.  
Local Cost in Selected Functional Areas of Mandated Social Services

|                  | Comprehensive<br>Services Act | Local Health<br>Departments <sup>1</sup> | Community<br>Service Boards <sup>2</sup> | Local and Regional<br>Jails <sup>3</sup> | Social Services<br>Departments | Locality<br>Total |
|------------------|-------------------------------|--|--|--|--------------------------------|-------------------|
|                  | 1999 Local<br>Contributions   | FY00 Local<br>Contributions              | 2000 Local<br>Contributions              | FY98 Local<br>Contributions              | FY98 Local<br>Contributions    |                   |
| <b>CMES</b>      |                               |  |  |  |                                |                   |
| Alexandria       | \$3,450,106                   | \$2,218,750                              | \$385,096                                | \$6,218,029                              | \$4,539,880                    | \$ 16,811,861     |
| Bedford          | 103,405                       | 56,217                                   | 10,335                                   | 0  | 61,228                         | \$ 231,185        |
| Bristol          | 109,132                       | 216,323                                  | 87,407                                   | 342,850                                  | 310,659                        | \$ 1,066,371      |
| Buena Vista      | 44,682                        | 37,683                                   | 31,156                                   | 72,195                                   | 11,956                         | \$ 197,672        |
| Charlottesville  | 959,902                       | 372,558                                  | 167,733                                  | 440,549                                  | 1,512,069                      | \$ 3,452,811      |
| Chesapeake       | 1,167,770                     | 1,089,066                                | 479,364                                  | 7,357,912                                | 2,773,727                      | \$ 12,867,839     |
| Clifton Forge    | 14,463                        | 28,414                                   | 8,536                                    | 75,854                                   | 70,705                         | \$ 197,972        |
| Colonial Heights | 42,614                        | 82,056                                   | 75,487                                   | 1,134,009                                | 19,799                         | \$ 1,353,965      |
| Covington        | 78,473                        | 67,857                                   | 29,131                                   | 0  | 27,520                         | \$ 202,981        |
| Danville         | 227,809                       | 505,990                                  | 191,931                                  | 1,407,965                                | 823,573                        | \$ 3,157,268      |
| Emporia          | 7,997                         | 45,585                                   | 64,968                                   | 0  | 96,361                         | \$ 214,911        |
| Fairfax City     | 318,925                       | 133,319                                  | 25,007                                   | 0  | 467,365                        | \$ 944,616        |
| Falls Church     | 151,869                       | 63,485                                   | 11,845                                   | 220,290                                  | 222,555                        | \$ 670,044        |
| Franklin         | 33,896                        | 101,631                                  | 32,624                                   | 0  | 192,302                        | \$ 360,453        |
| Fredericksburg   | 170,837                       | 225,672                                  | 73,939                                   | 600,371                                  | 313,259                        | \$ 1,384,078      |
| Galax            | 30,799                        | 77,312                                   | 25,180                                   | 0  | 138,187                        | \$ 271,478        |
| Hampton          | 1,290,111                     | 1,159,772                                | 555,772                                  | 4,857,805                                | 1,879,824                      | \$ 9,743,284      |
| Harrisonburg     | 518,543                       | 176,025                                  | 117,141                                  | 0  | 53,788                         | \$ 865,497        |
| Hopewell         | 301,126                       | 142,207                                  | 76,724                                   | 1,436,526                                | 414,495                        | \$ 2,371,078      |
| Lexington        | 7,073                         | 38,322                                   | 35,607                                   | 0  | 11,544                         | \$ 92,546         |
| Lynchburg        | 875,342                       | 700,473                                  | 235,976                                  | 240,306                                  | 1,335,852                      | \$ 3,387,949      |
| Manassas         | 515,813                       | 163,761                                  | 87,243                                   | 772,996                                  | 637,651                        | \$ 2,177,464      |
| Manassas Park    | 277,532                       | 17,550                                   | 21,930                                   | 58,280                                   | 222,614                        | \$ 597,906        |
| Martinsville     | 126,963                       | 139,093                                  | 50,178                                   | 542,312                                  | 78,971                         | \$ 937,517        |
| Newport News     | 3,448,003                     | 1,886,321                                | 496,827                                  | 4,856,845                                | 4,598,307                      | \$ 15,286,303     |

Table 1.  
Local Cost in Selected Functional Areas of Mandated Social Services

|                | Comprehensive<br>Services Act | Local Health<br>Departments <sup>1</sup> | Community<br>Service Boards <sup>2</sup> | Local and Regional<br>Jails <sup>3</sup> | Social Services<br>Departments | Locality<br>Total |
|----------------|-------------------------------|--|--|--|--------------------------------|-------------------|
|                | 1999 Local<br>Contributions   | FY00 Local<br>Contributions              | 2000 Local<br>Contributions              | FY98 Local<br>Contributions              | FY98 Local<br>Contributions    |                   |
| Norfolk        | 1,861,000                     | 2,979,758                                | 840,961                                  | 6,679,553                                | 5,258,548                      | \$ 17,619,820     |
| Norton         | 1,475                         | 41,999                                   | 20,514                                   | 0  | 123,258                        | \$ 187,246        |
| Petersburg     | 1,008,491                     | 525,984                                  | 100,237                                  | 2,467,503                                | 996,274                        | \$ 5,098,489      |
| Poquoson       | 28,403                        | 40,425                                   | 26,223                                   | 57,253                                   | 131,975                        | \$ 284,279        |
| Portsmouth     | 628,621                       | 983,994                                  | 471,714                                  | 1,558,740                                | 2,644,869                      | \$ 6,287,938      |
| Radford        | 62,439                        | 59,000                                   | 57,450                                   | 5,118                                    | 169,982                        | \$ 353,989        |
| Richmond City  | 4,513,509                     | 2,394,581                                | 962,007                                  | 4,724,764                                | 5,580,295                      | \$ 18,175,156     |
| Roanoke City   | 2,656,342                     | 984,857                                  | 472,504                                  | 960,197                                  | 2,095,457                      | \$ 7,169,357      |
| Salem          | 171,705                       | 149,525                                  | 101,305                                  | 154,877                                  | 180,696                        | \$ 758,108        |
| Staunton       | 286,653                       | 206,242                                  | 182,398                                  | 127,523                                  | 301,169                        | \$ 1,103,985      |
| Suffolk        | 211,473                       | 536,800                                  | 158,126                                  | 0  | 1,179,685                      | \$ 2,086,084      |
| Virginia Beach | 2,088,611                     | 1,810,026                                | 733,755                                  | 1,363,763                                | 4,748,106                      | \$ 10,744,261     |
| Waynesboro     | 547,146                       | 130,834                                  | 117,089                                  | 100,232                                  | 287,734                        | \$ 1,183,035      |
| Williamsburg   | 12,929                        | 95,000                                   | 57,538                                   | 487,969                                  | 190,116                        | \$ 843,552        |
| Winchester     | 926,459                       | 165,450                                  | 72,437                                   | 373,741                                  | 263,416                        | \$ 1,801,503      |
|                |                               |  |  | CSH 435,120                              |                                | \$ 435,120        |
| City Total     | \$29,278,441                  | \$20,849,917                             | \$7,751,395                              | \$50,131,447                             | \$44,965,771                   | \$ 152,976,971    |
| COUNTIES       |                               |  |  |  |                                |                   |
| Accomack       | \$166,681                     | 352,783                                  | 165,010                                  | \$224,009                                | \$534,159                      | \$ 1,442,642      |
| Albemarle      | 1,530,632                     | 396,000                                  | 131,555                                  | 226,998                                  | 995,627                        | \$ 3,280,812      |
| Alleghany      | 109,450                       | 74,820                                   | 69,039                                   | 0  | 216,466                        | \$ 469,775        |
| Amelia         | 11,964                        | 91,243                                   | 31,437                                   | 0  | 138,920                        | \$ 273,564        |
| Amherst        | 90,180                        | 240,732                                  | 46,937                                   | 271,433                                  | 289,030                        | \$ 938,312        |
| Appomattox     | 27,429                        | 96,170                                   | 17,225                                   | 106,885                                  | 162,710                        | \$ 410,419        |

Table 1.  
Local Cost in Selected Functional Areas of Mandated Social Services

|              | Comprehensive<br>Services Act | Local Health<br>Departments <sup>1</sup> | Community<br>Service Boards <sup>2</sup> | Local and Regional<br>Jails <sup>3</sup> | Social Services<br>Departments | Locality<br>Total |
|--------------|-------------------------------|--|--|--|--------------------------------|-------------------|
|              | 1999 Local<br>Contributions   | FY00 Local<br>Contributions              | 2000 Local<br>Contributions              | FY98 Local<br>Contributions              | FY98 Local<br>Contributions    |                   |
| Arlington    | 3,048,189                     | 2,096,725                                | 562,639                                  | 13,106,538                               | 5,301,500                      | \$ 24,115,591     |
| Augusta      | 220,250                       | 361,895                                  | 160,473                                  | 227,856                                  | 441,679                        | \$ 1,412,153      |
| Bath         | 73,440                        | 57,732                                   | 24,480                                   | 27,984                                   | 85,074                         | \$ 268,710        |
| Bedford      | 569,871                       | 295,136                                  | 45,214                                   | 0  | 551,050                        | \$ 1,461,271      |
| Bland        | 9,113                         | 23,927                                   | 10,301                                   | 0  | 77,851                         | \$ 121,192        |
| Botetourt    | 212,664                       | 245,427                                  | 37,800                                   | 202,431                                  | 172,378                        | \$ 870,700        |
| Brunswick    | 57,248                        | 102,979                                  | 58,149                                   | 245,764                                  | 237,069                        | \$ 701,209        |
| Buchanan     | 155,323                       | 212,058                                  | 120,712                                  | 325,998                                  | 503,132                        | \$ 1,317,223      |
| Buckingham   | 79,595                        | 73,106                                   | 14,573                                   | 0  | 165,039                        | \$ 332,313        |
| Campbell     | 363,105                       | 322,319                                  | 74,927                                   | 0  | 666,329                        | \$ 1,426,680      |
| Caroline     | 128,766                       | 208,345                                  | 40,498                                   | 0  | 283,639                        | \$ 661,248        |
| Carroll      | 143,145                       | 148,210                                  | 101,484                                  | 0  | 295,901                        | \$ 688,740        |
| Charles City | 81,783                        | 76,038                                   | 4,736                                    | 182,761                                  | 181,103                        | \$ 526,421        |
| Charlotte    | 47,296                        | 78,327                                   | 40,597                                   | 90,348                                   | 251,374                        | \$ 507,942        |
| Chesterfield | 1,181,014                     | 1,324,729                                | 383,031                                  | 4,941,169                                | 2,710,040                      | \$ 10,539,983     |
| Clarke       | 152,656                       | 109,958                                  | 25,030                                   | 80,838                                   | 201,399                        | \$ 569,881        |
| Craig        | 14,458                        | 38,981                                   | 9,828                                    | 0  | 87,530                         | \$ 150,797        |
| Culpeper     | 225,692                       | 253,978                                  | 85,937                                   | 676,381                                  | 365,078                        | \$ 1,607,066      |
| Cumberland   | 34,189                        | 64,995                                   | 15,614                                   | 0  | 133,230                        | \$ 248,028        |
| Dickenson    | 112,415                       | 152,598                                  | 90,120                                   | 179,269                                  | 294,190                        | \$ 828,592        |
| Dinwiddie    | 170,998                       | 168,957                                  | 55,068                                   | 196,511                                  | 285,409                        | \$ 876,943        |
| Essex        | 174,017                       | 100,936                                  | 17,016                                   | 241,330                                  | 158,597                        | \$ 691,896        |
| Fairfax      | 14,716,106                    | 6,151,703                                | 1,279,292                                | 43,435,351                               | 21,565,546                     | \$ 87,147,998     |
| Fauquier     | 630,279                       | 379,477                                  | 144,152                                  | 1,215,555                                | 467,379                        | \$ 2,836,842      |
| Floyd        | 9,887                         | 93,753                                   | 40,553                                   | 2,595                                    | 97,036                         | \$ 243,824        |
| Fluvanna     | 169,775                       | 116,568                                  | 19,322                                   | 0  | 203,699                        | \$ 509,364        |

Table 1.  
Local Cost in Selected Functional Areas of Municipal Social Services

|               | Comprehensive<br>Services Act | Local Health<br>Departments <sup>1</sup> | Community<br>Service Boards <sup>2</sup> | Local and Regional<br>Jails <sup>3</sup> | Social Services<br>Departments | Locality<br>Total |
|---------------|-------------------------------|--|--|--|--------------------------------|-------------------|
|               | 1999 Local<br>Contributions   | FY00 Local<br>Contributions              | 2000 Local<br>Contributions              | FY98 Local<br>Contributions              | FY98 Local<br>Contributions    |                   |
| Franklin      | 209,076                       | 235,146                                  | 59,671                                   | 237,532                                  | 399,924                        | \$ 1,141,349      |
| Frederick     | 970,964                       | 255,510                                  | 81,538                                   | 338,564                                  | 440,863                        | \$ 2,087,439      |
| Giles         | 71,806                        | 112,440                                  | 43,510                                   | 1,689                                    | 182,243                        | \$ 411,688        |
| Gloucester    | 135,060                       | 275,924                                  | 62,003                                   | 283,495                                  | 573,993                        | \$ 1,330,475      |
| Goochland     | 372,588                       | 148,095                                  | 81,488                                   | 315,304                                  | 174,168                        | \$ 1,091,643      |
| Grayson       | 120,448                       | 60,083                                   | 43,493                                   | 0  | 231,642                        | \$ 455,666        |
| Greene        | 100,238                       | 79,923                                   | 24,255                                   | 0  | 180,446                        | \$ 384,862        |
| Greensville   | 45,905                        | 62,132                                   | 81,674                                   | 534                                      | 196,531                        | \$ 386,776        |
| Halifax       | 153,243                       | 235,403                                  | 116,036                                  | 0  | 436,863                        | \$ 941,545        |
| Hanover       | 1,072,391                     | 453,772                                  | 211,498                                  | 0  | 519,834                        | \$ 2,257,495      |
| Henrico       | 1,743,522                     | 1,134,755                                | 464,574                                  | 11,547,212                               | 2,258,998                      | \$ 17,149,061     |
| Henry         | 140,472                       | 244,556                                  | 94,389                                   | 578,589                                  | 601,919                        | \$ 1,659,925      |
| Highland      | 23,760                        | 41,179                                   | 6,531                                    | 2,291                                    | 50,465                         | \$ 124,226        |
| Isle of Wight | 67,963                        | 367,913                                  | 95,541                                   | 0  | 538,627                        | \$ 1,070,044      |
| James City    | 69,284                        | 187,557                                  | 155,086                                  | 880,949                                  | 823,757                        | \$ 2,116,633      |
| King & Queen  | 89,864                        | 57,393                                   | 12,121                                   | 157,392                                  | 125,214                        | \$ 441,984        |
| King George   | 77,409                        | 73,850                                   | 23,930                                   | 148,935                                  | 168,195                        | \$ 492,319        |
| King William  | 166,033                       | 79,715                                   | 23,309                                   | 157,302                                  | 133,856                        | \$ 560,215        |
| Lancaster     | 110,943                       | 149,823                                  | 20,745                                   | 171,024                                  | 160,612                        | \$ 613,147        |
| Lee           | 44,693                        | 202,878                                  | 62,320                                   | 230,601                                  | 481,549                        | \$ 1,022,041      |
| Loudoun       | 1,827,751                     | 736,367                                  | 234,858                                  | 1,710,746                                | 3,219,707                      | \$ 7,729,429      |
| Louisa        | 113,123                       | 236,045                                  | 46,867                                   | 0  | 254,568                        | \$ 650,603        |
| Lunenburg     | 62,243                        | 74,674                                   | 39,348                                   | 0  | 128,081                        | \$ 304,346        |
| Madison       | 109,708                       | 116,797                                  | 34,999                                   | 0  | 144,970                        | \$ 406,474        |
| Mathews       | 30,423                        | 101,650                                  | 16,783                                   | 157,847                                  | 111,817                        | \$ 418,520        |
| Mecklenburg   | 161,930                       | 219,590                                  | 86,310                                   | 419,054                                  | 263,967                        | \$ 1,150,851      |

Table 1.  
Local Cost in Selected Functional Areas of Mandated Social Services

|                 | Comprehensive<br>Services Act | Local Health<br>Departments <sup>1</sup> | Community<br>Service Boards <sup>2</sup> | Local and Regional<br>Jails <sup>3</sup> | Social Services<br>Departments | Locality<br>Total |
|-----------------|-------------------------------|--|--|--|--------------------------------|-------------------|
|                 | 1999 Local<br>Contributions   | FY00 Local<br>Contributions              | 2000 Local<br>Contributions              | FY98 Local<br>Contributions              | FY98 Local<br>Contributions    |                   |
| Middlesex       | 136,017                       | 123,931                                  | 17,249                                   | 162,007                                  | 112,740                        | \$ 551,944        |
| Montgomery      | 284,536                       | 348,817                                  | 180,376                                  | 278,767                                  | 482,662                        | \$ 1,575,158      |
| Nelson          | 58,288                        | 131,023                                  | 21,378                                   | 33,980                                   | 148,005                        | \$ 392,674        |
| New Kent        | 71,004                        | 108,098                                  | 4,262                                    | 161,120                                  | 103,849                        | \$ 448,333        |
| Northampton     | 214,914                       | 261,480                                  | 76,236                                   | 336,201                                  | 298,879                        | \$ 1,187,710      |
| Northumberland  | 6,969                         | 129,462                                  | 21,212                                   | 109,803                                  | 203,553                        | \$ 470,999        |
| Nottoway        | 61,909                        | 77,000                                   | 26,232                                   | 0  | 156,154                        | \$ 321,295        |
| Orange          | 112,281                       | 235,776                                  | 61,681                                   | 0  | 230,467                        | \$ 640,205        |
| Page            | 342,914                       | 171,812                                  | 38,683                                   | 74,373                                   | 224,046                        | \$ 851,828        |
| Patrick         | 19,758                        | 119,200                                  | 66,723                                   | 72,516                                   | 178,603                        | \$ 456,800        |
| Pittsylvania    | 384,238                       | 448,720                                  | 154,515                                  | 413,880                                  | 539,695                        | \$ 1,941,048      |
| Powhatan        | 153,790                       | 127,450                                  | 81,488                                   | 7,587                                    | 133,006                        | \$ 503,321        |
| Prince Edward   | 42,284                        | 123,960                                  | 40,389                                   | 0  | 219,307                        | \$ 425,940        |
| Prince George   | 161,788                       | 167,029                                  | 36,506                                   | 468,244                                  | 243,241                        | \$ 1,076,808      |
| Prince William  | 1,192,860                     | 1,402,769                                | 367,564                                  | 5,226,705                                | 4,973,775                      | \$ 13,163,673     |
| Pulaski         | 225,537                       | 227,058                                  | 100,538                                  | 0  | 458,133                        | \$ 1,011,266      |
| Rappahannock    | 73,283                        | 85,596                                   | 19,405                                   | 19,226                                   | 79,463                         | \$ 276,973        |
| Richmond County | 49,865                        | 98,922                                   | 13,286                                   | 0  | 122,849                        | \$ 284,922        |
| Roanoke County  | 658,673                       | 354,055                                  | 99,037                                   | 1,189,104                                | 618,843                        | \$ 2,919,712      |
| Rockbridge      | 63,931                        | 137,216                                  | 94,211                                   | 249,265                                  | 201,831                        | \$ 746,454        |
| Rockingham      | 654,389                       | 374,997                                  | 185,550                                  | 0  | 617,846                        | \$ 1,832,782      |
| Russell         | 93,016                        | 270,954                                  | 103,373                                  | 209,912                                  | 393,083                        | \$ 1,070,338      |
| Scott           | 46,891                        | 191,500                                  | 51,154                                   | 116,763                                  | 323,624                        | \$ 729,932        |
| Shenandoah      | 425,469                       | 213,583                                  | 99,742                                   | 213,523                                  | 243,138                        | \$ 1,195,455      |
| Smyth           | 81,177                        | 382,832                                  | 103,392                                  | 141,334                                  | 524,758                        | \$ 1,233,493      |
| Southampton     | 10,892                        | 224,154                                  | 46,605                                   | 3,723                                    | 300,223                        | \$ 585,597        |

Table 1.  
Local Cost in Selected Functional Areas of Mandated Social Services

|  | Comprehensive Services Act | Local Health Departments <sup>1</sup> | Community Service Boards <sup>2</sup> | Local and Regional Jails <sup>3</sup> | Social Services Departments | Locality Total |
|--|----------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-----------------------------|----------------|
|  | 1999 Local Contributions   | FY00 Local Contributions              | 2000 Local Contributions              | FY98 Local Contributions              | FY98 Local Contributions    |                |
| Spotsylvania   | 862,815                    | 431,041                               | 79,768                                | 493,967                               | 983,069                     | \$ 2,850,660   |
| Stafford   | 618,906                    | 330,464                               | 88,358                                | 730,905                               | 952,556                     | \$ 2,721,189   |
| Surry  | 71,904                     | 164,250                               | 70,537                                | 220,794                               | 298,944                     | \$ 826,429     |
| Sussex   | 24,803                     | 129,756                               | 56,924                                | 273,548                               | 233,116                     | \$ 718,147     |
| Tazewell   | 221,899                    | 261,252                               | 109,708                               | 0                                     | 613,589                     | \$ 1,206,448   |
| Warren   | 625,267                    | 184,552                               | 61,817                                | 484,737                               | 229,183                     | \$ 1,585,556   |
| Washington   | 200,603                    | 349,580                               | 166,682                               | 127,619                               | 559,037                     | \$ 1,403,521   |
| Westmoreland   | 82,332                     | 178,000                               | 29,370                                | 324,178                               | 273,175                     | \$ 887,055     |
| Wise   | 134,332                    | 374,181                               | 125,939                               | 508,613                               | 569,681                     | \$ 1,712,746   |
| Wythe  | 336,776                    | 250,240                               | 97,669                                | 0                                     | 342,949                     | \$ 1,027,634   |
| York   | 320,104                    | 288,290                               | 142,131                               | 955,523                               | 667,873                     | \$ 2,373,921   |
|  |                            |                                       | CC 34,776                             | RRJ 465,507                           |                             | \$ 500,283     |
| County Total   | \$41,934,864               | \$29,932,775                          | \$9,320,092                           | \$97,620,488                          | \$68,776,917                | \$ 247,585,136 |
| Grand Total  | \$71,213,305               | \$50,782,692                          | \$17,071,487                          | \$147,751,935 <sup>4</sup>            | \$113,742,688               | \$400,562,107  |
|  |                            |                                       | OC=Other Contractuals                 | CSH=Central State Hospital            |                             |                |
|  |                            |                                       |                                       | RRJ=Rappahannock Regional Jail        |                             |                |
| * Where services in a functional area were operated and funded jointly by localities, the individual locality contributions were estimated on a per capita basis.  |                            |                                       |                                       |                                       |                             |                |
| Joint services under CSA were provided by the City of Emporia and Greensville County, and the Cities of Fairfax and Falls Church with Fairfax County.  |                            |                                       |                                       |                                       |                             |                |
| Joint services under local health departments were provided by Bedford City and Bedford County, and the Cities of Fairfax and Falls Church with Fairfax County.  |                            |                                       |                                       |                                       |                             |                |
| Joint services under social services were provided by Bedford City and Bedford County; by the Cities of Fairfax and Falls Church with Fairfax County; by the City of Emporia and Greensville County; by the City of Poquoson and York County; and by the City of Salem and Roanoke County. |                            |                                       |                                       |                                       |                             |                |

Table 1.  
Local Cost in Selected Functional Areas of Mandated Social Services

|   |  |  |  |  |  |  |  |  |  |
|---|--|--|--|--|--|--|--|--|--|
| <sup>1</sup> The column total is reported in the Health Planning Region totals. In addition to the total listed above, local governments reported funding for non-mandated public health services; in FY 2000, those funds totaled \$6,277,812 for all cities and counties. Further, local governments spent an unidentified amount for local health services, which was not recorded in the state's accounting system. |  |  |  |  |  |  |  |  |  |
| <sup>2</sup> Because mandated dollars are only calculated at the Community Service Board level, locality figures are computed by apportioning the mandated match with percentage distributions in reported FY2000 Tax Match dollars. Column total is reported in FY 2000 Local Tax Match.   |  |  |  |  |  |  |  |  |  |
| <sup>3</sup> According to Compensation Board officials, the absence of any reported expenditure for some localities may have been due to the fact that the regional jails in which those localities participated did not impose a cost on their member jurisdictions in FY98. Such situations occur in certain years when regional jails receive adequate funds from other sources.                                     |  |  |  |  |  |  |  |  |  |
| <sup>4</sup> Compensation Board officials have indicated that, due to peculiarities in accounting and reporting procedures, total local expenditures for the operation of local and regional jails in FY98 may have exceeded the reported figure by as much as 10%.   |  |  |  |  |  |  |  |  |  |
| Source: Data provided by the administering state agencies.  |  |  |  |  |  |  |  |  |  |

Table 2.

| <b>Total Taxable Real Estate Fair Market Value</b>                          |  |   |
|---|--|---|
| <b>and Projection of Revenue Raised by One Cent on Real Estate Tax Rate</b> |  |   |
|   | <b>Total Taxable Real Estate<br/>Fair Market Value *</b> | <b>New Revenue Raised<br/>by One Cent on<br/>Real Estate Tax Rate</b> |
| <b>CITIES</b>   |  |   |
| Alexandria  | \$10,559,774,400   | \$1,055,977   |
| Bedford   | 222,488,800  | 22,249  |
| Bristol   | 544,151,200  | 54,415  |
| Buena Vista   | 152,257,540  | 15,226  |
| Charlottesville   | 1,829,167,500  | 182,917   |
| Chesapeake  | 8,358,203,649  | 835,820   |
| Clifton Forge   | 95,384,700   | 9,538   |
| Colonial Heights  | 754,270,700  | 75,427  |
| Covington   | 181,977,130  | 18,198  |
| Danville  | 1,449,210,900  | 144,921   |
| Emporia   | 202,444,400  | 20,244  |
| Fairfax   | 1,874,256,196  | 187,426   |
| Falls Church  | 1,114,004,200  | 111,400   |
| Franklin  | 296,096,000  | 29,610  |
| Fredericksburg  | 1,131,212,000  | 113,121   |
| Galax   | 219,160,347  | 21,916  |
| Hampton   | 4,836,763,000  | 483,676   |
| Harrisonburg  | 1,452,377,200  | 145,238   |
| Hopewell  | 737,955,100  | 73,796  |
| Lexington   | 261,779,100  | 26,178  |
| Lynchburg   | 2,291,232,775  | 229,123   |
| Manassas  | 1,918,503,900  | 191,850   |
| Manassas Park   | 365,118,500  | 36,512  |
| Martinsville  | 485,331,000  | 48,533  |
| Newport News  | 6,398,179,027  | 639,818   |
| Norfolk   | 7,008,307,530  | 700,831   |
| Norton  | 125,636,300  | 12,564  |
| Petersburg  | 844,370,100  | 84,437  |
| Poquoson  | 590,969,508  | 59,097  |
| Portsmouth  | 2,711,962,340  | 271,196   |
| Radford   | 411,614,670  | 41,161  |
| Richmond  | 8,569,684,052  | 856,968   |
| Roanoke   | 3,403,990,800  | 340,399   |
| Salem   | 1,014,195,800  | 101,420   |
| Staunton  | 801,901,294  | 80,190  |
| Suffolk   | 2,332,249,200  | 233,225   |

Table 2.

|                | Total Taxable Real Estate<br>Fair Market Value | New Revenue Raised<br>by One Cent on<br>Real Estate Tax Rate |
|----------------|--|--|
| Virginia Beach | \$18,938,810,244                               | \$1,893,881  |
| Waynesboro     | 712,508,930                                    | 71,251   |
| Williamsburg   | 742,773,900                                    | 74,277   |
| Winchester     | 1,294,292,800                                  | 129,429  |
| Total Cities   | \$97,234,566,732                               | \$9,723,457  |
| COUNTIES       |  |  |
| Accomack       | \$1,201,957,650                                | \$120,196  |
| Albemarle      | 5,094,331,860                                  | 509,433  |
| Alleghany      | 427,754,910                                    | 42,775   |
| Amelia         | 389,470,064                                    | 38,947   |
| Amherst        | 971,873,700                                    | 97,187   |
| Appomattox     | 457,785,550                                    | 45,779   |
| Arlington      | 18,545,587,900                                 | 1,854,559  |
| Augusta        | 2,760,804,010                                  | 276,080  |
| Bath           | 329,758,300                                    | 32,976   |
| Bedford        | 2,562,386,294                                  | 256,239  |
| Bland          | 167,857,700                                    | 16,786   |
| Botetourt      | 1,135,673,727                                  | 113,567  |
| Brunswick      | 479,308,896                                    | 47,931   |
| Buchanan       | 917,920,600                                    | 91,792   |
| Buckingham     | 408,645,100                                    | 40,865   |
| Campbell       | 1,649,071,373                                  | 164,907  |
| Caroline       | 849,271,187                                    | 84,927   |
| Carroll        | 769,043,750                                    | 76,904   |
| Charles City   | 309,849,595                                    | 30,985   |
| Charlotte      | 430,230,420                                    | 43,023   |
| Chesterfield   | 11,640,585,526                                 | 1,164,059  |
| Clarke         | 724,472,224                                    | 72,447   |
| Craig          | 168,850,900                                    | 16,885   |
| Culpeper       | 1,470,048,012                                  | 147,005  |
| Cumberland     | 315,603,418                                    | 31,560   |
| Dickenson      | 496,489,513                                    | 49,649   |
| Dinwiddie      | 860,023,948                                    | 86,002   |
| Essex          | 629,730,610                                    | 62,973   |
| Fairfax        | 72,921,126,280                                 | 7,292,113  |
| Fauquier       | 3,475,894,400                                  | 347,589  |
| Floyd          | 472,802,900                                    | 47,280   |
| Fluvanna       | 724,904,205                                    | 72,490   |
| Franklin       | 2,089,090,664                                  | 208,909  |
| Frederick      | 2,744,965,556                                  | 274,497  |

Table 2.

|                | Total Taxable Real Estate<br>Fair Market Value | New Revenue Raised<br>by One Cent on<br>Real Estate Tax Rate |
|----------------|--|--|
| Giles          | \$429,033,000                                  | \$42,903   |
| Gloucester     | 1,427,695,213                                  | 142,770  |
| Goochland      | 1,258,156,653                                  | 125,816  |
| Grayson        | 428,660,540                                    | 42,866   |
| Greene         | 545,079,400                                    | 54,508   |
| Greensville    | 309,453,010                                    | 30,945   |
| Halifax        | 1,125,593,300                                  | 112,559  |
| Hanover        | 4,406,381,300                                  | 440,638  |
| Henrico        | 12,438,859,000                                 | 1,243,886  |
| Henry          | 1,690,700,347                                  | 169,070  |
| Highland       | 192,815,600                                    | 19,282   |
| Isle of Wight  | 1,298,143,685                                  | 129,814  |
| James City     | 3,443,159,310                                  | 344,316  |
| King & Queen   | 319,127,100                                    | 31,913   |
| King George    | 746,951,600                                    | 74,695   |
| King William   | 576,089,664                                    | 57,609   |
| Lancaster      | 1,040,002,681                                  | 104,000  |
| Lee            | 472,931,719                                    | 47,293   |
| Loudoun        | 10,674,683,070                                 | 1,067,468  |
| Louisa         | 1,188,290,000                                  | 118,829  |
| Lunenburg      | 334,048,300                                    | 33,405   |
| Madison        | 577,577,700                                    | 57,758   |
| Mathews        | 606,207,250                                    | 60,621   |
| Mecklenburg    | 1,113,228,253                                  | 111,323  |
| Middlesex      | 785,300,500                                    | 78,530   |
| Montgomery     | 2,207,838,760                                  | 220,784  |
| Nelson         | 1,037,142,976                                  | 103,714  |
| New Kent       | 691,584,608                                    | 69,158   |
| Northampton    | 615,673,400                                    | 61,567   |
| Northumberland | 952,062,202                                    | 95,206   |
| Nottoway       | 373,472,232                                    | 37,347   |
| Orange         | 1,273,079,833                                  | 127,308  |
| Page           | 814,104,700                                    | 81,410   |
| Patrick        | 619,830,516                                    | 61,983   |
| Pittsylvania   | 1,442,858,400                                  | 144,286  |
| Powhatan       | 865,460,900                                    | 86,546   |
| Prince Edward  | 578,792,234                                    | 57,879   |
| Prince George  | 952,528,053                                    | 95,253   |
| Prince William | 12,751,498,800                                 | 1,275,150  |
| Pulaski        | 947,972,040                                    | 94,797   |
| Rappahannock   | 527,549,200                                    | 52,755   |

Table 2.

|  | Total Taxable Real Estate<br>Fair Market Value | New Revenue Raised<br>by One Cent on<br>Real Estate Tax Rate |
|--|--|--|
| Richmond   | \$362,859,540                                  | \$36,286   |
| Roanoke  | 3,771,709,400                                  | 377,171  |
| Rockbridge   | 902,404,630                                    | 90,240   |
| Rockingham   | 2,582,210,800                                  | 258,221  |
| Russell  | 632,585,955                                    | 63,259   |
| Scott  | 459,498,548                                    | 45,950   |
| Shenandoah   | 1,722,309,600                                  | 172,231  |
| Smyth  | 746,205,751                                    | 74,621   |
| Southampton  | 707,644,400                                    | 70,764   |
| Spotsylvania   | 4,036,935,795                                  | 403,694  |
| Stafford   | 4,082,846,600                                  | 408,285  |
| Surry  | 339,165,700                                    | 33,917   |
| Sussex   | 379,963,960                                    | 37,996   |
| Tazewell   | 1,195,101,000                                  | 119,510  |
| Warren   | 1,388,945,000                                  | 138,895  |
| Washington   | 1,618,015,800                                  | 161,802  |
| Westmoreland   | 862,864,400                                    | 86,286   |
| Wise   | 1,017,573,736                                  | 101,757  |
| Wythe  | 876,381,100                                    | 87,638   |
| York   | 2,983,357,218                                  | 298,336  |
| Total Counties   | \$243,341,366,724                              | \$24,334,137   |
| Total Revenue  | \$340,575,933,456                              |  |
| Total Additional Revenue   |  | \$34,057,593   |
| *Reporting years vary for localities; they are either calendar year 1997 or FY97/98. |  |  |
| Source: Virginia Department of Taxation, <i>Annual Report</i> , FY 1998              |  |  |
| Staff, Virginia Tax Study Commission   |  |  |
| 12-May-00  |  |  |

Table 3.

| Impact of State Assumption of Selected Social Services on Local Real Property Tax Rate |                                |                                 |                     |                              |                     |
|--|--------------------------------|---------------------------------|---------------------|------------------------------|---------------------|
|  | Total Savings by               | Revenue Yield per               | Potential Reduction | Nominal Property             | Potential Reduction |
|  | Locality with State            | \$0.01 Tax on Real              | in Real Property    | Tax Rate (1999) <sup>3</sup> | as a Percentage of  |
|  | Assumption of Select           | Property (1997/98) <sup>2</sup> | Tax Rate            |                              | the 1999 Nomial     |
|  | Mandated Services <sup>1</sup> |                                 |                     |                              | Property Tax Rate   |
| Alexandria   | \$ 16,811,861                  | \$ 1,055,977                    | 0.16                | \$1.11                       | 14%                 |
| Bedford  | \$ 231,185                     | \$ 22,249                       | 0.10                | 0.76                         | 14%                 |
| Bristol  | \$ 1,066,371                   | \$ 54,415                       | 0.20                | 1.10                         | 18%                 |
| Buena Vista  | \$ 197,672                     | \$ 15,226                       | 0.13                | 1.14                         | 11%                 |
| Charlottesville  | \$ 3,452,811                   | \$ 182,917                      | 0.19                | 1.11                         | 17%                 |
| Chesapeake   | \$ 12,867,839                  | \$ 835,820                      | 0.15                | 1.26                         | 12%                 |
| Clifton Forge  | \$ 197,972                     | \$ 9,538                        | 0.21                | 1.13                         | 18%                 |
| Colonial Heights   | \$ 1,353,965                   | \$ 75,427                       | 0.18                | 1.25                         | 14%                 |
| Covington  | \$ 202,981                     | \$ 18,198                       | 0.11                | 0.80                         | 14%                 |
| Danville   | \$ 3,157,268                   | \$ 144,921                      | 0.22                | 0.8125                       | 27%                 |
| Emporia  | \$ 214,911                     | \$ 20,244                       | 0.11                | 0.84                         | 13%                 |
| Fairfax City   | \$ 944,616                     | \$ 187,426                      | 0.05                | 1.00                         | 5%                  |
| Falls Church   | \$ 670,044                     | \$ 111,400                      | 0.06                | 1.10                         | 5%                  |
| Franklin   | \$ 360,453                     | \$ 29,610                       | 0.12                | 0.90                         | 14%                 |
| Fredericksburg   | \$ 1,384,078                   | \$ 113,121                      | 0.12                | 1.16                         | 11%                 |
| Galax  | \$ 271,478                     | \$ 21,916                       | 0.12                | 0.79                         | 16%                 |
| Hampton  | \$ 9,743,284                   | \$ 483,676                      | 0.20                | 1.25                         | 16%                 |
| Harrisonburg   | \$ 865,497                     | \$ 145,238                      | 0.06                | 0.62                         | 10%                 |
| Hopewell   | \$ 2,371,078                   | \$ 73,796                       | 0.32                | 1.14                         | 28%                 |
| Lexington  | \$ 92,546                      | \$ 26,178                       | 0.04                | 0.72                         | 5%                  |
| Lynchburg  | \$ 3,387,949                   | \$ 229,123                      | 0.15                | 1.11                         | 13%                 |
| Manassas   | \$ 2,177,464                   | \$ 191,850                      | 0.11                | 1.24                         | 9%                  |
| Manassas Park  | \$ 597,906                     | \$ 36,512                       | 0.16                | 1.44                         | 11%                 |

Source: Staff, Virginia Tax Study Commission  
December 11, 2000

Table 3.

|                | Total Savings by<br>Locality with State<br>Assumption of Select<br>Mandated Services <sup>1</sup> | Revenue Yield per<br>\$0.01 Tax on Real<br>Property (1997/98) <sup>2</sup> | Potential Reduction<br>in Real Property<br>Tax Rate | Nominal Property<br>Tax Rate (1999) <sup>3</sup> | Potential Reduction<br>as a Percentage of<br>the 1999 Nominal<br>Property Tax Rate |
|----------------|---|--|---|--|--|
| Martinsville   | \$ 937,517  | \$ 48,533  | 0.19  | 0.94   | 21%  |
| Newport News   | \$ 15,286,303   | \$ 639,818   | 0.24  | 1.24   | 19%  |
| Norfolk        | \$ 17,619,820   | \$ 700,831   | 0.25  | 1.40   | 18%  |
| Norton         | \$ 187,246  | \$ 12,564  | 0.15  | 0.70   | 21%  |
| Petersburg     | \$ 5,098,489  | \$ 84,437  | 0.60  | 1.43   | 42%  |
| Poquoson       | \$ 284,279  | \$ 59,097  | 0.05  | 1.12   | 4%   |
| Portsmouth     | \$ 6,287,938  | \$ 271,196   | 0.23  | 1.36   | 17%  |
| Radford        | \$ 353,989  | \$ 41,161  | 0.09  | 0.74   | 12%  |
| Richmond City  | \$ 18,175,156   | \$ 856,968   | 0.21  | 1.43   | 15%  |
| Roanoke City   | \$ 7,169,357  | \$ 340,399   | 0.21  | 1.22   | 17%  |
| Salem          | \$ 758,108  | \$ 101,420   | 0.07  | 1.18   | 6%   |
| Staunton       | \$ 1,103,985  | \$ 80,190  | 0.14  | 1.00   | 14%  |
| Suffolk        | \$ 2,086,084  | \$ 233,225   | 0.09  | 1.03   | 9%   |
| Virginia Beach | \$ 10,744,261   | \$ 1,893,881   | 0.06  | 1.22   | 5%   |
| Waynesboro     | \$ 1,183,035  | \$ 71,251  | 0.17  | 0.97   | 17%  |
| Williamsburg   | \$ 843,552  | \$ 74,277  | 0.11  | 0.54   | 21%  |
| Winchester     | \$ 1,801,503  | \$ 129,429   | 0.14  | 0.64   | 22%  |
| Accomack       | \$ 1,442,642  | \$ 120,196   | 0.12  | 0.62   | 19%  |
| Albemarle      | \$ 3,280,812  | \$ 509,433   | 0.06  | 0.72   | 9%   |
| Alleghany      | \$ 469,775  | \$ 42,775  | 0.11  | 0.76   | 14%  |
| Amelia         | \$ 273,564  | \$ 38,947  | 0.07  | 0.60   | 12%  |
| Amherst        | \$ 938,312  | \$ 97,187  | 0.10  | 0.55   | 18%  |
| Appomattox     | \$ 410,419  | \$ 45,779  | 0.09  | 0.55   | 16%  |
| Arlington      | \$ 24,115,591   | \$ 1,854,559   | 0.13  | 0.998  | 13%  |
| Augusta        | \$ 1,412,153  | \$ 276,080   | 0.05  | 0.58   | 9%   |

Source: Staff, Virginia Tax Study Commission  
December 11, 2000

Table 3.

|              | Total Savings by<br>Locality with State | Revenue Yield per<br>\$0.01 Tax on Real<br>Property (1997/98) <sup>2</sup> | Potential Reduction<br>in Real Property<br>Tax Rate | Nominal Property<br>Tax Rate (1999) <sup>3</sup> | Potential Reduction<br>as a Percentage of<br>the 1999 Nomial<br>Property Tax Rate |
|--------------|---|--|---|--|---|
| Bath         | \$ 268,710                              | \$ 32,976  | 0.08  | 0.50   | 16%   |
| Bedford      | \$ 1,461,271                            | \$ 256,239   | 0.06  | 0.64   | 9%  |
| Bland        | \$ 121,192                              | \$ 16,786  | 0.07  | 0.69   | 10%   |
| Botetourt    | \$ 870,700                              | \$ 113,567   | 0.08  | 0.70   | 11%   |
| Brunswick    | \$ 701,209                              | \$ 47,931  | 0.15  | 0.59   | 25%   |
| Buchanan     | \$ 1,317,223                            | \$ 91,792  | 0.14  | 0.59   | 24%   |
| Buckingham   | \$ 332,313                              | \$ 40,865  | 0.08  | 0.48   | 17%   |
| Campbell     | \$ 1,426,680                            | \$ 164,907   | 0.09  | 0.51   | 17%   |
| Caroline     | \$ 661,248                              | \$ 84,927  | 0.08  | 0.71   | 11%   |
| Carroll      | \$ 688,740                              | \$ 76,904  | 0.09  | 0.53   | 17%   |
| Charles City | \$ 526,421                              | \$ 30,985  | 0.17  | 0.72   | 24%   |
| Charlotte    | \$ 507,942                              | \$ 43,023  | 0.12  | 0.65   | 18%   |
| Chesterfield | \$ 10,539,983                           | \$ 1,164,059   | 0.09  | 1.08   | 8%  |
| Clarke       | \$ 569,881                              | \$ 72,447  | 0.08  | 0.87   | 9%  |
| Craig        | \$ 150,797                              | \$ 16,885  | 0.09  | 0.62   | 14%   |
| Culpeper     | \$ 1,607,066                            | \$ 147,005   | 0.11  | 0.74   | 15%   |
| Cumberland   | \$ 248,028                              | \$ 31,560  | 0.08  | 0.56   | 14%   |
| Dickenson    | \$ 828,592                              | \$ 49,649  | 0.17  | 0.65   | 26%   |
| Dinwiddie    | \$ 876,943                              | \$ 86,002  | 0.10  | 0.74   | 14%   |
| Essex        | \$ 691,896                              | \$ 62,973  | 0.11  | 0.52   | 21%   |
| Fairfax      | \$ 87,147,998                           | \$ 7,292,113   | 0.12  | 1.23   | 10%   |
| Fauquier     | \$ 2,836,842                            | \$ 347,589   | 0.08  | 1.00   | 8%  |
| Floyd        | \$ 243,824                              | \$ 47,280  | 0.05  | 0.695  | 7%  |
| Fluvanna     | \$ 509,364                              | \$ 72,490  | 0.07  | 0.64   | 11%   |
| Franklin     | \$ 1,141,349                            | \$ 208,909   | 0.05  | 0.55   | 10%   |
| Frederick    | \$ 2,087,439                            | \$ 274,497   | 0.08  | 0.59   | 13%   |

Source: Staff, Virginia Tax Study Commission  
December 11, 2000

Table 3.

|               | Total Savings by<br>Locality with State                | Revenue Yield per<br>\$0.01 Tax on Real<br>Property (1997/98) <sup>2</sup> | Potential Reduction<br>in Real Property<br>Tax Rate | Nominal Property<br>Tax Rate (1999) <sup>3</sup> | Potential Reduction<br>as a Percentage of<br>the 1999 Nomial<br>Property Tax Rate |
|---------------|--|--|---|--|---|
|               | Assumption of Select<br>Mandated Services <sup>1</sup> |  |   |  |   |
| Giles         | \$ 411,688   | \$ 42,903  | 0.10  | 0.59   | 16%   |
| Gloucester    | \$ 1,330,475   | \$ 142,770   | 0.09  | 0.91   | 10%   |
| Goochland     | \$ 1,091,643   | \$ 125,816   | 0.09  | 0.90   | 10%   |
| Grayson       | \$ 455,666   | \$ 42,866  | 0.11  | 0.71   | 15%   |
| Greene        | \$ 384,862   | \$ 54,508  | 0.07  | 0.76   | 9%  |
| Greensville   | \$ 386,776   | \$ 30,945  | 0.12  | 0.61   | 20%   |
| Halifax       | \$ 941,545   | \$ 112,559   | 0.08  | 0.31   | 27%   |
| Hanover       | \$ 2,257,495   | \$ 440,638   | 0.05  | 0.73   | 7%  |
| Henrico       | \$ 17,149,061  | \$ 1,243,886   | 0.14  | 0.94   | 15%   |
| Henry         | \$ 1,659,925   | \$ 169,070   | 0.10  | 0.60   | 16%   |
| Highland      | \$ 124,226   | \$ 19,282  | 0.06  | 0.60   | 11%   |
| Isle of Wight | \$ 1,070,044   | \$ 129,814   | 0.08  | 0.72   | 11%   |
| James City    | \$ 2,116,633   | \$ 344,316   | 0.06  | 0.87   | 7%  |
| King & Queen  | \$ 441,984   | \$ 31,913  | 0.14  | 0.75   | 18%   |
| King George   | \$ 492,319   | \$ 74,695  | 0.07  | 0.70   | 9%  |
| King William  | \$ 560,215   | \$ 57,609  | 0.10  | 0.82   | 12%   |
| Lancaster     | \$ 613,147   | \$ 104,000   | 0.06  | 0.51   | 12%   |
| Lee           | \$ 1,022,041   | \$ 47,293  | 0.22  | 0.65   | 33%   |
| Loudoun       | \$ 7,729,429   | \$ 1,067,468   | 0.07  | 1.11   | 7%  |
| Louisa        | \$ 650,603   | \$ 118,829   | 0.05  | 0.67   | 8%  |
| Lunenburg     | \$ 304,346   | \$ 33,405  | 0.09  | 0.50   | 18%   |
| Madison       | \$ 406,474   | \$ 57,758  | 0.07  | 0.65   | 11%   |
| Mathews       | \$ 418,520   | \$ 60,621  | 0.07  | 0.68   | 10%   |
| Mecklenburg   | \$ 1,150,851   | \$ 111,323   | 0.10  | 0.35   | 30%   |
| Middlesex     | \$ 551,944   | \$ 78,530  | 0.07  | 0.52   | 14%   |
| Montgomery    | \$ 1,575,158   | \$ 220,784   | 0.07  | 0.76   | 9%  |

Source: Staff, Virginia Tax Study Commission  
December 11, 2000

Table 3.

|                 | Total Savings by<br>Locality with State                | Revenue Yield per<br>\$0.01 Tax on Real<br>Property (1997/98) <sup>2</sup> | Potential Reduction<br>in Real Property<br>Tax Rate | Nominal Property<br>Tax Rate (1999) <sup>3</sup> | Potential Reduction<br>as a Percentage of<br>the 1999 Nominal<br>Property Tax Rate |
|-----------------|--|--|---|--|--|
|                 | Assumption of Select<br>Mandated Services <sup>1</sup> |  |   |  |  |
| Nelson          | \$ 392,674   | \$ 103,714   | 0.04  | 0.67   | 6%   |
| New Kent        | \$ 448,333   | \$ 69,158  | 0.06  | 0.82   | 8%   |
| Northampton     | \$ 1,187,710   | \$ 61,567  | 0.19  | 0.58   | 33%  |
| Northumberland  | \$ 470,999   | \$ 95,206  | 0.05  | 0.56   | 9%   |
| Nottoway        | \$ 321,295   | \$ 37,347  | 0.09  | 0.66   | 13%  |
| Orange          | \$ 640,205   | \$ 127,308   | 0.05  | 0.70   | 7%   |
| Page            | \$ 851,828   | \$ 81,410  | 0.10  | 0.54   | 19%  |
| Patrick         | \$ 456,800   | \$ 61,983  | 0.07  | 0.52   | 14%  |
| Pittsylvania    | \$ 1,941,048   | \$ 144,286   | 0.13  | 0.48   | 28%  |
| Powhatan        | \$ 503,321   | \$ 86,546  | 0.06  | 0.79   | 7%   |
| Prince Edward   | \$ 425,940   | \$ 57,879  | 0.07  | 0.59   | 12%  |
| Prince George   | \$ 1,076,808   | \$ 95,253  | 0.11  | 0.90   | 13%  |
| Prince William  | \$ 13,163,673  | \$ 1,275,150   | 0.10  | 1.36   | 8%   |
| Pulaski         | \$ 1,011,266   | \$ 94,797  | 0.11  | 0.62   | 17%  |
| Rappahannock    | \$ 276,973   | \$ 52,755  | 0.05  | 0.78   | 7%   |
| Richmond County | \$ 284,922   | \$ 36,286  | 0.08  | 0.50   | 16%  |
| Roanoke County  | \$ 2,919,712   | \$ 377,171   | 0.08  | 1.13   | 7%   |
| Rockbridge      | \$ 746,454   | \$ 90,240  | 0.08  | 0.63   | 13%  |
| Rockingham      | \$ 1,832,782   | \$ 258,221   | 0.07  | 0.68   | 10%  |
| Russell         | \$ 1,070,338   | \$ 63,259  | 0.17  | 0.64   | 26%  |
| Scott           | \$ 729,932   | \$ 45,950  | 0.16  | 0.69   | 23%  |
| Shenandoah      | \$ 1,195,455   | \$ 172,231   | 0.07  | 0.61   | 11%  |
| Smyth           | \$ 1,233,493   | \$ 74,621  | 0.17  | 0.75   | 22%  |
| Southampton     | \$ 585,597   | \$ 70,764  | 0.08  | 0.61   | 14%  |
| Spotsylvania    | \$ 2,850,660   | \$ 403,694   | 0.07  | 1.02   | 7%   |
| Stafford        | \$ 2,721,189   | \$ 408,285   | 0.07  | 1.08   | 6%   |

Source: Staff, Virginia Tax Study Commission  
December 11, 2000

Table 3.

|   | Total Savings by<br>Locality with State                | Revenue Yield per<br>\$0.01 Tax on Real<br>Property (1997/98) <sup>2</sup> | Potential Reduction<br>in Real Property<br>Tax Rate | Nominal Property<br>Tax Rate (1999) <sup>3</sup> | Potential Reduction<br>as a Percentage of<br>the 1999 Nominal<br>Property Tax Rate |
|---|--|--|---|--|--|
|   | Assumption of Select<br>Mandated Services <sup>1</sup> |  |   |  |  |
| Surry   | \$ 826,429   | \$ 33,917  | 0.24  | 0.68   | 36%  |
| Sussex  | \$ 718,147   | \$ 37,996  | 0.19  | 0.60   | 32%  |
| Tazewell  | \$ 1,206,448   | \$ 119,510   | 0.10  | 0.56   | 18%  |
| Warren  | \$ 1,585,556   | \$ 138,895   | 0.11  | 0.68   | 17%  |
| Washington  | \$ 1,403,521   | \$ 161,802   | 0.09  | 0.66   | 13%  |
| Westmoreland  | \$ 887,055   | \$ 86,286  | 0.10  | 0.64   | 16%  |
| Wise  | \$ 1,712,746   | \$ 101,757   | 0.17  | 0.52   | 32%  |
| Wythe   | \$ 1,027,634   | \$ 87,638  | 0.12  | 0.65   | 18%  |
| York  | \$ 2,373,921   | \$ 298,336   | 0.08  | 0.86   | 9%   |
| <sup>1</sup> Source: State Assumption of Select Social Services, Virginia Tax Study Comm. Document, October 5, 2000.  |  |  |   |  |  |
| <sup>2</sup> Source: Computation on Total Taxable Real Estate FMV as reported in <i>Department of Taxation Annual Report</i> , FY98.<br>See Virginia Tax Study Commission document, May 12, 2000. |  |  |   |  |  |
| <sup>3</sup> Source: <i>1999 Tax Rates</i> , 18th Edition, Weldon Cooper Center for Public Service  |  |  |   |  |  |

Table 4.  
State Assumption of Select Social Services

| Core Cities Local Contributions as a Percentage of Total Community Service Board Contributions for All Localities |                          |   |  |
|---|--------------------------|---|--|
| Core Cities   | Community Service Boards | Community Service Board Contributions as a Percentage of Total Locality Contributions |  |
|   | 2000 Local Contributions |   |  |
| Charlottesville   | \$167,733                | 0.98%   |  |
| Hopewell  | 76,724                   | 0.45%   |  |
| Newport News  | 496,827                  | 2.91%   |  |
| Norfolk   | 840,961                  | 4.93%   |  |
| Portsmouth  | 471,714                  | 2.76%   |  |
| Richmond City   | 962,007                  | 5.64%   |  |
| Roanoke City  | 472,504                  | 2.77%   |  |
| Core Cities Total   | \$3,488,470              | 20.43%  |  |
| All Localities  | \$17,071,487             | 100%  |  |
| These Core Cities constitute in number 17.5% of Virginia's 40 cities.   |                          |   |  |
| Source: Data provided by administering state agencies   |                          |   |  |

Table 4.  
State Assumption of Select Social Services

| Core Cities Local Contributions as a Percentage of Total Comprehensive Services Act Contributions for all Localities |   |   |
|--|---|---|
| Core Cities  | Comprehensive Services Act 1999 Local Contributions | CSA Contributions as a Percentage of Total Locality Contributions |
| Charlottesville  | \$959,902   | 1.35%   |
| Hopewell   | 301,126   | 0.42%   |
| Newport News   | 3,448,003   | 4.84%   |
| Norfolk  | 1,861,000   | 2.61%   |
| Portsmouth   | 628,621   | 0.88%   |
| Richmond City  | 4,513,509   | 6.34%   |
| Roanoke City   | 2,656,342   | 3.73%   |
| <b>Core Cities Total</b>   | <b>\$14,368,503</b>                                 | <b>20.18%</b>   |
| <b>All Localities</b>  | <b>\$71,213,305</b>                                 | <b>100%</b>   |
| These Core Cities constitute in number 17.5% of Virginia's 40 cities.  |   |   |
| Source: Data provided by administering state agencies  |   |   |

Table 4.  
State Assumption of Select Social Services

| Core Cities Local Contributions as a Percentage of Total Social Service Contributions for all Localities |   |  |
|--|---|--|
| Core Cities  | Social Service<br>FY98 Local<br>Contributions | Social Service<br>Local Contributions<br>as a Percentage<br>of Total Locality<br>Contributions |
| Charlottesville  | \$1,512,069                                   | 1.33%  |
| Hopewell   | 414,495                                       | 0.36%  |
| Newport News   | 4,598,307                                     | 4.04%  |
| Norfolk  | 5,258,548                                     | 4.62%  |
| Portsmouth   | 2,644,869                                     | 2.33%  |
| Richmond City  | 5,580,295                                     | 4.91%  |
| Roanoke City   | 2,095,457                                     | 1.84%  |
| <b>Core Cities Total</b>   | <b>\$22,104,040</b>                           | <b>19.43%</b>  |
| <b>All Localities</b>  | <b>\$113,742,688</b>                          | <b>100%</b>  |
| These Core Cities constitute in number 17.5% of Virginia's 40 cities.                                    |   |  |
| Source: Data provided by administering state agencies.   |   |  |

Table 4.  
State Assumption of Select Social Services

| Core Cities Local Contributions as a Percentage of Total Local Health Department Contributions for All Localities |  |   |
|---|--|---|
| Core Cities   | Local Health<br>Departments<br>FY00 Local<br>Contributions | Health Contributions<br>as a Percentage<br>of Total Locality<br>Contributions |
| Charlottesville   | \$372,558  | 0.73%   |
| Hopewell  | 142,207  | 0.28%   |
| Newport News  | 1,886,321  | 3.71%   |
| Norfolk   | 2,979,758  | 5.87%   |
| Portsmouth  | 983,994  | 1.94%   |
| Richmond City   | 2,394,581  | 4.72%   |
| Roanoke City  | 984,857  | 1.94%   |
| Core City Total   | \$9,744,276  | 19.19%  |
| All Localities  | \$50,782,692   | 100%  |
| These Core Cities constitute in number 17.5% of Virginia's 40 cities.   |  |   |
| Source: Data provided by administering state agencies   |  |   |

Table 4.  
State Assumption of Select Social Services

| Core Cities Local Contributions as a Percentage of Total Local and Regional Jails Contributions for All Localities |   |  |
|--|---|--|
| Core Cities  | Local and Regional Jails<br>FY 1998 Local Contributions | Jail Local Contributions as<br>a Percentage of Total<br>Locality Contributions |
| Charlottesville  | \$440,549   | 0.30%  |
| Hopewell   | 1,436,526   | 0.97%  |
| Newport News   | 4,856,845   | 3.29%  |
| Norfolk  | 6,679,553   | 4.52%  |
| Portsmouth   | 1,558,740   | 1.05%  |
| Richmond City  | 4,724,764   | 3.20%  |
| Roanoke City   | 960,197   | 0.65%  |
| <b>Core Cities Total</b>   | <b>\$20,657,174</b>                                     | <b>13.98%</b>  |
| <b>All Localities</b>  | <b>\$147,751,935</b>                                    | <b>100%</b>  |
| These Core Cities constitute in number 17.5% of Virginia's 40 cities.  |   |  |
| Source: Data provided by administering state agencies.   |   |  |



# APPENDIX N

Virginia's Fiscal Future: A Long-Term Perspective

Table of Contents

November 4, 1998

Mr. Henry H. Harrell  
Chairman & Chief Executive Officer  
Universal Corporation  
P.O. Box 25009  
Richmond, VA 23260

Dear Henry:

Thank you for providing me a copy of the draft report, "Virginia's Fiscal Future: A Long-Term Perspective" being prepared by consultants for review by the Virginia Business Council. At your request, my staff has reviewed and prepared an analysis of the report and the technical data submitted to us, and I am enclosing that document.

There are serious technical flaws my staff has identified in revenue projections, demographic projections and the identification of needs. Much of the data contained in the report's conclusion is outdated, erroneous or misleading. Unfortunately, because this report came to the public's attention without adequate professional review, it created a distinctly wrong impression, and will have little credibility after these errors are revealed.

In addition to the use of wrong data, which leads to wrong conclusions, the report also begins with wrong assumptions relating to government taxing and spending.

Analysis of government taxing and spending, like the analysis of a household budget, is a highly subjective enterprise. We prioritize between what is and what is not truly a "need" based in large part on the fiscal constraints that exist even in the best of economic times. As every family in Virginia knows, no matter how large the stream of income at one's disposal, or how fast its rate of growth, there will always be more arguably worthwhile things to buy than there is money with which to buy them.

The draft report fails to make a serious effort to distinguish "needs" from proposed expenditures of less importance. The report then argues that the potential inability of those combined expenditures to be contained within projected future fiscal constraints suggests that the Commonwealth may have insufficient revenues within the next ten years.

As a technical point, the report substantially understates future revenues. More fundamental, however, is its failure to adequately analyze the Commonwealth's future "needs." The report assumes that all expenditures currently in the budget will continue to be "needs" which will continue to grow. This assumption is unsound. The budget contains many one-time expenditures that need not be repeated. More importantly, over time, public needs will change and current programs will be abandoned as no longer responsive to current problems.

The report also attempts to assess "unmet needs" by in part reviewing "budget hearing data, reports and studies, as well as topics that have been the subject of debate and discussion by Virginia officials." Of course, the annals of government are filled with proposed programs that, though seriously discussed and debated, were never adopted and have not been missed. Indeed, it is in the nature of the political process to present the voters with choices in programs and expenditures to reject and accept.

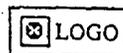
For example, had this ten year assessment been completed five years ago, it would have failed to take into account both the abolition of parole and the abolition of the car tax, as well as the significant reduction in the size of government that occurred during those years. Such omissions, however, call into question both the method by which future "unmet needs" are identified as well as the assumption that current spending patterns will continue into the future.

The report also tacitly assumes that services offered by Virginia government cannot be more efficiently provided in the future at lower cost. Virginia is currently in the midst of a technological revolution. Today, it can proudly claim to be the Internet capital of the nation and the world. Within Virginia's borders are a large and growing number of technology firms that everyday develop new breakthroughs that change the way we live and do business.

Like private businesses and individuals, over the next ten years state government will dramatically change the way it does everything, from education to procurement. The technological progress ushering in the new century promises to provide unprecedented opportunities to make government more efficient, more responsive, and less costly. Yet with government, more so than with private businesses and individuals, change does not come easy. Unless we plan today for a less costly, more efficient state government, we will not have one tomorrow.

I am looking forward to speaking to the Council on Friday and further discussing the future of Virginia's government.

Very truly yours,



James S. Gilmore, III

JSGIII/m

enclosure

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*Analysis of the Draft Report*

"Virginia's Fiscal Future: A Long-Term Perspective"

Summary

The draft report entitled "*Virginia's Fiscal Future: A Long-Term Perspective*" suffers from numerous technical flaws. These include the use of misleading and incorrect demographic data, the use of outdated or incorrect numbers relating to revenue, and invalid assumptions of need.

Attached is a detailed analysis of the draft report's problems. The draft report:

- understates projected tax revenue by more than \$3.5 billion over ten years,
- Had the report based its revenue projections on actual 1998 revenue collections, it would have shown estimates ranging from a \$3 billion dollar surplus to a \$400 million shortfall in 2008 (depending upon the various spending scenarios in Appendices A through D),
- does not use official growth rates (although it purports to do so) and ignores large budget surpluses in 1998 which change the baseline,
- overstates essential "needs" by including hundreds of millions of one-time expenditures such as capital outlay, the Revenue Stabilization Fund, and contributions to non-state agencies,
- uses unaudited reports from school superintendents as the definition of unmet school construction needs, and ignores the hundreds of millions in state aid in loans, grants, and Virginia Public School Authority Bonds, which localities currently use for school construction,
- cites inaccurate and misleading demographics of the elderly in projecting future needs,
- incorrectly claims the elderly are responsible for 70% of Medicaid expenditures, when actual expenses are just over 30%,
- ignores the over \$570 million rainy day fund balance and the over \$5 billion debt capacity for capital projects,
- underestimates by \$71 million per year on average the additional federal highway money being received over the next six years,
- incorrectly adjusts program allocations (revenues) for secondary and urban roads, and
- misleads by using the term "balance to complete" for road construction projects without including 1997-98 six year funding allocations.

*Data On Which The Report Is Based Is Flawed*

Economic analysis is only as good as the data underlying it. A review of this report reveals numerous flaws in the data on which its conclusions are based. In some cases the data are out-dated. In other cases the data provided are misleading, suspect or erroneous.

*Tax Revenue Projections are Erroneous*

The report significantly understates the Commonwealth's projected tax revenue by more than \$3.5 billion for the ten-year period (1998-2008). The understatement appears to result from some very rudimentary errors.

First, the report's tax revenue projections are inconsistent with the Commonwealth's official tax revenue forecasts. The Commonwealth's official revenue forecasts are for tax collections to increase 5.5 percent in FY 2001 and 5.8 percent in FY 2002, but the report appears to assume growth rates of 5.1 percent and 5.9 percent for those years. The loss of .4 percent in FY 2001 increases to over \$300 million when compounded through FY 2008.

Second, the report fails to account for large surpluses in the actual tax collections for FY 1998. The current Appropriation Act includes \$168.2 million for FY 1999 and this will increase by an additional \$156 million in the budget amendments for the 1999 Session of the General Assembly based on higher than expected tax collections in FY 1998. By omitting these figures from its revenue growth calculations, the report reduces the effective revenue growth over the next ten years.

The report also fails to recognize that, because actual tax collections for FY 1998 exceeded official forecasts by about 2 percentage points, a smaller growth rate is needed to meet official revenue projections in future years. Virginia's strong fiscal year-to-date tax collections for FY 1999 support an upward revision of official forecasts this upcoming December. If that occurs, accounting for the surpluses noted above in the base budget, then the report's projections will be understated by more than \$3.5 billion over the ten-year period when compared to official revenue forecasts.

The report also uses conservative revenue growth rates (the report calls them "positive" growth rates and sources them to the official estimates of the Secretary of Finance). The report claims (at 26) to base its projections on a growth rate of "approximately 6 percent annually." In fact,

the report's revenue projections reflected in Appendices A-D) reflect growth rates significantly below 6 percent, and they do not match the official estimates of Virginia's Secretary of Finance. Had the report used actual 1998 tax collections and then grown revenues by 6 percent through FY 2008, the surplus would have been \$300 million higher in FY 2001 and increased to over \$800 million by FY 2008.

Additionally, the report commits a critical accounting error (see Appendices A-D) by comparing only projected revenues to all "resources available for appropriation" in the base budget for FY 2000. Also, had the report used actual 1998 tax collections and then grown revenues by 6 percent annually thereafter, the surplus would have been almost \$400 million higher in FY 2001 and increased over \$900 million in FY 2008.

#### *Projections of Future Spending "Needs" Are Highly Subjective, Misleading and Overstated*

At the outset the report admits (at 13) that "it was not possible to conduct a definitive, all encompassing needs assessment for the Commonwealth." Instead of engaging in any kind of rigorous analysis of true programmatic necessities in government, the report engages in a highly subjective process of culling public documents and examining "topics that have been the subject of debate and discussion by Virginia officials" (at 27). From that process the report projects substantial "unmet needs" requiring new government spending.

The report assumes that Virginia's current state budget contains nothing but the most essential "needs" that must continue to be funded at increasing rates year after year. The spending projections of the report include capital outlay even though it is generally considered a one-time expenditure. This implicitly means that the out-year projections fully fund an ever-increasing capital budget. There is nothing wrong with this methodology per se, except that certain capital outlay amounts for higher education are added again to the equation and extra "unmet needs." The inclusion of capital, once in the baseline projections and again in the unmet higher education "needs," seems to double count at least some portion of capital outlay projects over the next decade and presumes that government will continue to build more and more government buildings.

There are other one-time expenditures in the FY 2000 baseline budget that are not taken out of the report's spending projections for the future. For example, the Appropriation Act contains \$115 million for the Revenue Stabilization Fund in FY 2000 and there is another \$17.7 million for non-state agencies. The report appears to continue funding these kinds of spending items year after year at accelerating rates of increase, thereby artificially inflating the spending requirements by more than \$1 billion.

In one scenario, the report proposes that there is an "unmet need" of \$2.2 billion to construct or renovate local schools. The report suggests that the state should increase spending to cover the entire \$2.2 billion over the next five years. However, the survey cited by the Department of Education contains data reported by local school superintendents, not local governing bodies. The "needs" reported have never been audited for accuracy. Nor has anyone ever attempted to determine which dollar requests are for "desirable" renovations as opposed to those that are "necessary" for the safety of children or for effective education. A detailed survey requesting objective data on school buildings, square footage and student populations was recently mailed to all local school divisions by the Commission on Infrastructure in an effort to objectify claims of actual "need" through quantifiable measures of space, enrollment, and health and safety violations.

Moreover, the report assumes that state government will assume full responsibility for the claimed "need." This assumption does not take into account the growth in local government tax revenues which have been increasing approximately 6.4 percent annually statewide over the last five years (that's double the rate of inflation and it exceeds inflation plus population growth). Nor does it take into account hundreds of millions of dollars in state aid for school facility maintenance, Literary Fund loans, technology grants, and Virginia Public School Authority bonds which localities use every year to finance local school construction projects.

The report asserts (at 30) that "[l]arge tuition hikes have been enacted to partially fill the void left by the cuts" during the recession of the early 1990s. According to analysis by Virginia's Department of Planning and Budget, reductions in state tax spending on colleges and universities totaled \$101 million, while college and university administrators raised student tuition and fees by a total of \$210 million over the same period of time. The chart on college funding (at 31) is highly misleading. Its timeline stops in 1998 at \$4,299 in per student general fund support. However, general fund appropriations through FY 2000 show general fund spending per student rising to \$5,122 when counting both in-state and out-of-state students. That chart also fails to reflect a policy change in 1993 in which state tax dollars stopped subsidizing out-of-state students. If you account for that policy change, state tax support for in-state students is at an all-time high of \$6,701 per in-state student in FY 2000.

Additionally, the report hardly justifies an additional \$160.6 million in additional tax spending on colleges and universities. The report cites a recommendation of the State Council of Higher Education (SCHEV) last year to the General Assembly. However, as the report notes, the General Assembly saw fit to fund only 70 percent of that recommendation in the 1998-2000 biennium. So why would we now assume that all SCHEV recommendations are absolute "needs"?

#### *Demographic Trends and Conclusions are Overstated*

The report points to the aging of Virginia's "baby boom" generation as an indicator of greater "need" for government spending over the next decade. The fact is that the "baby boom" generation will be between 51 and 79 years of age by 2015. It is inappropriate to place disproportionate attention on this issue over the next decade since this generation cohort will be at their peak earning years over the next ten years and will consume relatively less government services.

The report's attention to a demographic measure called the dependency ratio is also misplaced. While Virginia will experience an increase in that measure beginning in 2025, the report fails to mention that the U.S. Bureau of Census is projecting Virginia's dependency ratio as the most favorable in the nation. The report also fails to note that the projected dependency ratio in 2025 still will be dramatically lower than its 1962 high of 1.64. Moreover, the implicit assumption when using this measure alone is that the majority of those over age 65 will be "dependent" on those who are younger. This assumption ignores the current trend toward longer careers owing largely to medical and technological advances. A more balanced approach would have been to contrast the projected dependency ratio with the projected working age

population.

Even so, the report overestimates the impact of Virginia's elderly on the state's Medicaid program. The report incorrectly claims that the elderly are responsible for 70 percent of all Medicaid expenditures. Not so. In fact, the elderly were responsible for just over 33 percent of Medicaid's expenses in 1998. The report ignores the fact that Medicare subsidizes much of the elderly generation's health care costs.

The report further claims that Medicaid expenses are especially sensitive to the business cycle. It quotes unnamed experts as having said that a one-percent decrease in unemployment causes a six percent increase in Medicaid expenditures. To evaluate such a statement one has to first realize that only one of the three generally recognized Medicaid populations, those eligible for TANF benefits, are susceptible to the risks from economic downturns. This group hardly accounts for one-third of the program's costs. Even if this were not the case, since elasticities are constant for increases as well as decreases in the independent variable, we should have experienced much larger decreases in Medicaid expenditures than we have experienced today, were this assertion true, given our current period of low unemployment. In other words, if Medicaid expenditures to those eligible for TANF benefits are as sensitive to the business cycle as the report suggests, the Commonwealth should have experienced greater Medicaid savings than it in fact has in these economic good times.

The report projects (at 21) an enrollment increase in Virginia's public schools of about 25,000 children statewide over the next five years and then projects that K-12 enrollment will remain the same at about 1,130,000 children. The report concludes (at 20) that "[a]lthough this growth will level out over the next 10 years, there will be on-going costs to educate this large demographic group." That projection is inconsistent with the Virginia Department of Education's projections which show student enrollment beginning to decline 38,706 students between 2002 and 2009. Declining enrollments mean less need, not more.

#### *Highway Construction Analysis Based on Outdated Information and Unexplained Extrapolation*

The Highway Construction chapter of this report does attempt to address the fact that past so-called needs assessments are a combination of true needs, and other items that, while arguably desirable, are of lower priority. However, the data relied upon is nonetheless outdated and incomplete and appears to be accompanied by incorrect application in at least two instances. The analysis relies upon an assumption of federal funds to be received by the Commonwealth from the Transportation Equity Act for the 21st Century, known as TEA-21, that is \$71 million per year on average less than what Virginia will receive (at 40); the report does not account for the upward adjustment of Virginia's official state revenue estimates in December; and the numbers relied upon from the Commonwealth Transportation Board's (CTB) Six Year Improvement Program (SYIP) are less than the funding included in the CTB budget.

It is not a generous underestimate of transportation "needs" to rely upon the "moderate," as opposed to "aggressive" scenario. This report notes that there are two modes of analysis for highway construction, the "aggressive" scenario and the "moderate" scenario. These two scenarios are national standards for purposes of analysis and comparison; each provides different triggers for when construction planning may be necessary, such as the number of cars that may travel through a given intersection per day before additional construction is deemed necessary. It is understood that the "aggressive" scenario incorporates true needs together with items of lower priority, while the "moderate" scenario is a more realistic assessment of true need. The SYIP, also known as the Six Year Plan, is the "moderate" scenario.

Based on current funding and projects in the CTB Six Year Plan, and adopting the approach taken in this Report, total need for the moderate scenario is equal to total available revenue, as explained below. Using the same material upon which this Report is supposed to be based and following the same logic espoused in the Reports, i.e., relying on the Commission on the Future of Transportation's Interim Report (HD12) and incorporating the revenue adjustments - such as including all construction funding sources - recommended by former Secretary of Transportation Robert Martinez, the \$26 billion dollars of unfunded need (Figure 29 at 40) identified in this Report and in COFT's Interim Report (HD12 at 14 and 15) is actually funded over twenty years as follows:

#### Needs Estimates:

|  |                |
|--|----------------|
| Category I needs (HD12 at 14 and 15):                                      | \$6.5 billion  |
| Category II needs (HD12 at 14 and 15):<br>(funded for feasibility studies) | \$19.5 billion |
| Total Need for Category I and II projects:                                 | \$26.0 billion |

#### Revenue Estimates:

|  |                    |
|--|--------------------|
| -Revenue estimates in the COFT Interim Report, HD12, for the 20 year period totaled: | \$20,786.9 billion |
| -Add \$2 billion in State debt proceeds (at 41-42)                                   | \$2,000.0 billion  |
| - Local debt proceeds (at 41-42)   | \$1,700.0 billion  |
| - Private financing through the Public Private Transportation Act (PPTA)             | \$2,000.0 billion  |
| Total for Revenue for Category I and II projects:                                    | \$26.0 billion     |

Furthermore, the impacts of TEA-21 revenues and additional State revenues have not been incorporated into this Report. An important point about TEA-21 is that the federal revenues flowing to highway construction in the Commonwealth grow each year in the bill — from a low of \$576 million in FY98 to a high of \$714.9 million in FY03. Extrapolated over the twenty year period designated in the report, a steady annual increase in funding is significant.

The chart found in Figure 31 of the report (at 42), and the conclusions based thereon are fundamentally wrong because the chart is drawn

using the numbers derived from the two misleading calculations explained above: (1) the 25% funding reduction for urban and secondary programs; and (2) the "balance to complete" figures that do not include 1997-1998 funding allocations from the SYIP. Furthermore, as in other parts of Chapter V, Figure 31 does not include the increased federal transportation funds Virginia receives under TEA-21.

- The 25% adjustment purported to be used to allow for any overestimate in "needs" in the urban and secondary programs category is actually used to reduce funding allocations for the programs, not "needs". According to the Technical Appendix, the Report makes a "Twenty-five percent reduction in the funding allocation for urban/secondary roads to reflect possible overestimates of future need in the secondary system." (Appendix at 11) The adjustment reducing program allocations, which are revenues, for secondary and urban systems is incorrect. The funding allocations for secondary and urban systems are dictated by statute — even if a need did not exist, the revenue would continue to be allocated as required by statute. Hence, instead of reducing the need estimate for funding of urban and secondary systems, the analysis in this report assumes a 25% reduction in funding that will not occur.
- The "balance to complete" numbers for construction projects do not include funding allocated to the programs in the 1997-1998 SYIP. The right column in Table 1 of the Technical Appendix at page 12 refers to the "balance to complete," indicating that the number in the column is the balance of funds required to be allocated to complete construction of a project. However, the number used is not the balance to complete as defined in the Commonwealth Transportation Board's Six Year Improvement Program (SYIP); instead the number used is the total additional funding required, which means that the figure used in the Technical Appendix does not credit to each project funds allocated in the 1997-1998 SYIP. For example, in the Bristol District listing, the Technical Appendix at page 12 lists a "balance to complete" of \$163.7 million. The actual balance to complete after the funding allocations in the 1997-1998 Six Year Improvement Program total \$89.9 million. At a minimum, at least one year of funding, FY 98, is completely ignored.

Uncertainties in the methodology used to develop the report include: (1) it cannot be determined how the revenue/allocation level was forecasted beyond fiscal year 2003; (2) the Report relies on an unexplained estimate for which no details are provided as its twenty year projected revenues instead of using data from the Commission on the Future of Transportation's Interim Report (HD12 at 11, Table B), which corresponds to the "State Needs" number of \$57.8 billion (adjusted for inflation to \$74.6 billion) being used on page 39 of the Report; and (3) the Report was commissioned "to look 10 years into the future" (Preface), and it is unclear why a twenty year forecast is used to examine a ten year period.

*The report ignores the Commonwealth's rainy day fund balance and \$5 billion debt capacity for capital projects*

Although the report alludes to the possibility of an economic downturn, it omits any discussion of the Commonwealth's Revenue Stabilization Fund (or "rainy day" fund). By the end of FY 2000, the state's rainy day fund will hold over \$570 million. Those tax dollars will be available to fund programs in the event of a revenue downturn during a recession.

The report omits any calculation of Virginia's debt capacity to fund various capital projects over the next decade. The most recent report of Virginia's Debt Capacity Advisory Committee indicates that Virginia's debt capacity is at its highest level in two decades. With more than \$500 million of additional debt capacity available each year for the next ten years currently projected, this omission from the report is significant because it fails to recognize the ability of the Commonwealth to utilize its total financial resources responsibly in addressing capital requirements over a long period of time.

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Next Topic: Response to Governor's Office Comments Virginia's Fiscal Future: A Long-Term Perspective

Table of Contents**Response to Governor's Office Comments  
Virginia's Fiscal Fixture: A Long-Term Perspective****Revenue Projections**

**FY 1998 Data.** A concern repeatedly noted in the comments from the Governor's Office is that actual FY 1998 revenue data was not used in the study. This is true. However, this data was not available when the study was conducted. As you know, the study was conducted early in 1998, and the study findings were presented to the Virginia Business Council on May 8, 1998. Our written report was provided to the Council on June 30, 1998 when our consulting engagement concluded. Actual FY 1998 data was not available until August 1998.

Similarly, regarding such areas as projected surpluses, unspent balances, additions to the balance, and transfers, the study included data provided by the Department of Planning and Budget that was available at the time the study was conducted. The figures and projections contained in the report are accurate and appropriate, but are subject to updating, as is any study, as new data and financial figures become available each year.

**Official Revenue Growth Figures.** The comments question whether we use official revenue growth figures, especially for FY 2001 and FY 2002. Official projected revenue growth rates, as reported in *The December Standard General Fund Forecast for FY 2001- 2004* (December 19, 1997), were used in making the report's projections.

**Use of the Term "Approximately 6 Percent Annually."** The Governor's Office questions the phrase "approximately 6 percent annually" used in the report to describe revenue growth rates. The phrase was used in reference to official growth rates ranging from 5.5 percent through 6.1 percent, and is appropriate. As previously noted, the Commonwealth's official revenue growth rates were used for all projections and this is stated repeatedly in the report.

**Projections of Future Spending Needs**

**Treatment of Capital and Nonstate Agencies.** Assumptions were made for this study that the Commonwealth will continue to address infrastructure and nonstate agency needs, but at a fixed level, not at an accelerating rate of increase as claimed in the comments. For study projections, capital and nonstate agency expenditures were explicitly excluded from the expenditure base before growth rates were applied. They were not compounded in any way. This is explained on page three of the technical appendix to the report.

Further, as explained in the report, significant reductions to higher education capital figures were made to minimize duplication between the higher education estimate of unmet need and the capital budget figures.

**Local School Needs.** The Governor's Office comments are critical of the use of the Department of Education's survey of local school needs. (DOE's survey report estimated that unmet needs could exceed \$8.2 billion.) This survey represents the best available data at the time of the study. Because it was unaudited, the lowest estimate of need cited in the report (\$2.2 billion) was used for the fiscal future analysis. The survey currently being conducted by the Commission on Infrastructure will hopefully bring new and helpful data to the table for upcoming important discussions on this issue.

The comments also criticize our study for not taking into account various sources of revenue available to fund school maintenance and construction. The study did take these sources into consideration. This consideration was factored into the Department of Education's survey instrument itself. In the instrument, school officials were directed to estimate their anticipated budget for the period addressed by the survey, and to consider such items as Literary Loans, Virginia Public School Authority Bonds, and local bonds. This was noted on page 29 of our report. These considerations were therefore factored into the Department of Education's unmet need calculation. For us to again factor these considerations in would have resulted in an inappropriate duplicated calculation.

**Higher Education.** The Governor's Office makes several comments regarding the higher education figures in the report. Three items should be noted in response. First, our study factors in \$77 million per year in unmet higher education need, not \$160 million as stated in the comments from the Governor's Office.

Second, the comments question why the State Council of Higher Education's (SCHEV) recommendations should be viewed as needs. The need estimate was based on these recommendations because SCHEV is defined by statute as the body to determine needs in higher education and make finding recommendations for Virginia's public colleges and universities. Further, the 1996 General Assembly, reaffirmed by the 1997 General Assembly, gave SCHEV specific guidance as to how to arrive at needs:

*"It is the objective of the General Assembly that funding for Virginia's colleges and universities shall be based primarily on criteria such as staffing comparisons to similar institutions nationally, as adjusted to reflect restructuring objectives; average faculty salaries that seek the 60th percentile of similar institutions nationally; student financial aid that meets 50 percent of the student need after all other sources of aid have been considered; and such other criteria as may be recommended by the State Council of Higher Education. It is also the objective of the General Assembly that Virginia establish a tuition and fee policy whereby Virginia undergraduate students pay not more than one-third of the cost of their education in senior institutions and one-fourth of such cost in the community colleges." (1997 Virginia Acts of Assembly, Chapter 924, Section 4-2.00b)*

Third, the higher education need number is more of a proxy than some of the other numbers in this report. Several considerations that help account for this are noted on Page 33 of the report.

## Demographic Trends

Regarding the Governor's Office comments that demographic trends and conclusions are overstated, we note that demographic trend information is provided from a variety of experts and state and national sources. This information is **not** factored into any of the fiscal projections in the report.

**The Elderly Population.** Regarding the demographics on the elderly population, most of these data are projections obtained from federal government sources. The Governor's Office appears to question the validity or importance of these data. Again, it should be noted that this information was provided as general background for the Virginia Business Council members, and was not used in any projection or analysis. Further, Medicaid was not included as a need area addressed in the report (Page 27).

**Dependency Ratio.** Contrary to the comment that we failed to mention that Virginia's dependency ratio is projected to remain as the most favorable in the nation, the report acknowledges that Virginia has among the most favorable demographic characteristics in the nation, and will likely maintain this position in the future (Page 20).

**Omission Regarding Medicaid.** The comments from the Governor's Office have helped us identify an omission in our report text in this area. Where the report notes that 70 percent of Medicaid spending is driven by the costs of serving the frail elderly, it should state that 70 percent of Medicaid spending is driven by the elderly, blind and disabled. We appreciate this being brought to our attention. However, it was not a factor in our projections.

**School Enrollment.** Finally, regarding demographic data on school enrollment, this projection was obtained from the Center for Public Service at the University of Virginia, a frequently used and quoted source for Virginia demographic data. This school enrollment data was not a factor in the fiscal projections.

## Highway Construction Analysis

**TEA-21.** The Governor's Office makes several comments regarding the highway construction analysis. First, the study is faulted because it does not account for the full amount of federal TEA-21 funding that has been appropriated to Virginia. Final federal decisions regarding Virginia's TEA-21 funding were not made until the fall of this year, after the study was completed. As noted by the Governor's Office, if this study is replicated in the future, this new information should be incorporated.

**Different Approaches to Measuring Need.** Second, in questioning the estimate of shortfall to meet priority needs, it appears that the Governor's Office has assumed that the report relied primarily on HD 12 to estimate highway needs and revenues. The analysis in the report was based on a number of documents including the *Report of the Advisory Committee to the Commission on the Future of Transportation* and the *Six-Year Improvement Plan of the Commonwealth Transportation Board*. As a result, the numbers and the outcomes of the Governor's analysis and that contained in the report are different.

Differences will arise because of varying assumptions about needs and revenue. Variables like time horizons for meeting needs, revenue forecast horizons, and methods for determining priorities are the crux of the transportation debate and can come together in a variety of ways to present policy options. There could be more conservative or aggressive scenarios. For example, HD 12 presents shortfalls that range from \$37 billion to \$54 billion. The scenario presented in the report, which suggests \$9.5 billion in unmet needs, is a reasonable approach for thinking about reducing costs and addressing priority needs.

## Virginia's Rainy Day Fund and Debt Capacity

**Rainy Day Fund.** The comments from the Governor's Office are critical of the fact that the report does not address the Commonwealth's Rainy Day Fund. The Rainy Day Fund has constitutional and statutory restrictions which limit its use to periods of unexpected revenue downturn. This study assumes that the Commonwealth will experience annual revenue growth, no downturns, over the next 10 years. The report therefore does not refer to the Fund.

**Debt Capacity.** Regarding debt capacity, substantial levels of debt are factored into the report's transportation funding scenarios, based on the history of debt issuance in that program area.

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## Growth in Selected Transportation Revenue Sources (in millions)

| Fiscal Year                      | Motor Fuel Tax |          | Vehicle Sales & Use Tax |          | Registration Fees (incl. IRP) /1 |          | State Retail Sales Tax (1/2 cent) |          |
|----------------------------------|----------------|----------|-------------------------|----------|----------------------------------|----------|-----------------------------------|----------|
|                                  | Revenues       | % change | Revenues                | % change |                                  | % change |                                   | % change |
| 1988                             | \$605.907      |          | \$272.792               |          | \$138.043                        |          | \$200.386                         |          |
| 1989                             | 619.512        | 2.2%     | 267.655                 | -1.9%    | 152.903                          | 10.6%    | 216.668                           | 8.1%     |
| 1990                             | 623.206        | 0.6%     | 259.189                 | -3.2%    | 148.606                          | -2.8%    | 226.813                           | 4.7%     |
| 1991                             | 616.722        | -1.0%    | 230.381                 | -11.1%   | 144.156                          | -3.0%    | 223.392                           | -1.5%    |
| 1992                             | 625.196        | 1.4%     | 238.379                 | 3.5%     | 151.343                          | 5.0%     | 225.407                           | 0.9%     |
| 1993                             | 642.643        | 2.8%     | 266.577                 | 11.8%    | 150.386                          | -0.6%    | 238.326                           | 5.7%     |
| 1994                             | 678.197        | 5.5%     | 324.599                 | 21.8%    | 159.092                          | 5.8%     | 256.086                           | 7.5%     |
| 1995                             | 671.484        | -1.0%    | 357.875                 | 10.3%    | 161.052                          | 1.2%     | 277.538                           | 8.4%     |
| 1996                             | 706.083        | 5.2%     | 375.043                 | 4.8%     | 166.721                          | 3.5%     | 288.437                           | 3.9%     |
| 1997                             | 713.939        | 1.1%     | 383.876                 | 2.4%     | 167.903                          | 0.7%     | 307.186                           | 6.5%     |
| 1998                             | 746.981        | 4.6%     | 399.269                 | 4.0%     | 186.013                          | 10.8%    | 320.958                           | 4.5%     |
| 1999                             | 771.571        | 3.3%     | 441.586                 | 10.6%    | 188.025                          | 1.1%     | 345.101                           | 7.5%     |
| 2000                             | 779.534        | 1.0%     | 498.098                 | 12.8%    | 199.604                          | 6.2%     | 372.400                           | 7.9%     |
| 2001*                            | 796.678        | 2.2%     | 457.267                 | -8.2%    | 188.642                          | -5.5%    | 395.500                           | 6.2%     |
| Average Annual Change, 1988-2000 |                | 2.1%     | 5.5%                    |          | 3.2%                             |          | 5.3%                              |          |

\*Forecast of FY 2001 approved November 1999.

Growth in Highway Maintenance and Operating  
Fund (HMOF) and Transportation  
Trust Fund (TTF)  
Fiscal Year 1988 – Fiscal Year 2002

(Nominal – Actual Dollars)  
(millions of \$)

| FY     | <u>Total Revenues</u> |         | Total     | Growth |
|--------|-----------------------|---------|-----------|--------|
|        | HMOF                  | TTF     |           |        |
| 88     | \$808.2               | \$426.1 | \$1,234.3 |        |
| 89     | \$855.4               | \$429.7 | \$1,285.1 | 4.1%   |
| 90     | \$843.6               | \$443.9 | \$1,287.6 | 0.2%   |
| 91     | \$818.0               | \$420.2 | \$1,238.2 | -3.8%  |
| 92     | \$835.3               | \$425.4 | \$1,260.7 | 1.8%   |
| 93     | \$868.0               | \$450.7 | \$1,319.8 | 4.7%   |
| 94     | \$948.4               | \$494.3 | \$1,442.7 | 9.3%   |
| 95     | \$963.8               | \$546.5 | \$1,510.1 | 4.7%   |
| 96     | \$1,008.9             | \$561.8 | \$1,570.7 | 4.0%   |
| 97     | \$1,020.1             | \$588.9 | \$1,609.0 | 2.4%   |
| 98     | \$1,078.8             | \$603.0 | \$1,681.8 | 4.5%   |
| 99     | \$1,127.6             | \$643.8 | \$1,771.4 | 5.3%   |
| 2000*  | \$1,193.1             | \$689.7 | \$1,882.8 | 6.3%   |
| 2001** | \$1,136.8             | \$663.5 | \$1,800.3 | 3.3%   |
| 2002** | \$1,170.7             | \$693.0 | \$1,863.7 | 3.5%   |

\* Actual

\*\* December 1999 Forecast.

## State Individual Income Tax Rates

Tax rate for tax year 2000 -- as of January 1, 2000

| State              | ---Tax Rates---  |             | # of Brackets | --Income Brackets-- |               | ---Personal Exemption--- |            |           | Federal Tax Ded. |
|--------------------|--|-------------|---------------|---------------------|---------------|--------------------------|------------|-----------|------------------|
|                    | Low  | High        |               | Low                 | High          | Single                   | Married    | Child.    |                  |
| ALABAMA            | 2.0  | - 5.0       | 3             | 500 (b)             | - 3,000 (b)   | 1,500                    | 3,000      | 300       |                  |
| ALASKA             | No State Income Tax  |             |               |                     |               |                          |            |           |                  |
| ARIZONA            | 2.87   | - 5.04      | 5             | 10,000 (b)          | - 150,000 (b) | 2,100                    | 4,200      | 2,300     |                  |
| ARKANSAS           | 1.0  | - 7.0 (e)   | 6             | 2,999               | - 25,000      | 20 (c)                   | 40 (c)     | 20 (c)    |                  |
| CALIFORNIA (a)     | 1.0  | - 9.3       | 6             | 5,264 (b)           | - 34,548 (b)  | 72 (c)                   | 142 (c)    | 227 (c)   |                  |
| COLORADO           | 4.75   |             | 1             | ---Flat rate---     |               | -----None-----           |            |           |                  |
| CONNECTICUT        | 3.0  | - 4.5       | 2             | 10,000 (b)          | - 10,000 (b)  | 12,000 (f)               | 24,000 (f) | 0         |                  |
| DELAWARE           | 2.2  | - 5.95      | 7             | 5,000               | - 60,000      | 110 (c)                  | 220 (c)    | 110 (c)   |                  |
| FLORIDA            | No State Income Tax  |             |               |                     |               |                          |            |           |                  |
| GEORGIA            | 1.0  | - 6.0       | 6             | 750 (g)             | - 7,000 (g)   | 2,700                    | 5,400      | 2,700     |                  |
| HAWAII (h)         | 1.6  | - 8.75      | 8             | 2,000 (b)           | - 40,000 (b)  | 1,040                    | 2,080      | 1,040     |                  |
| IDAHO              | 2.0  | - 8.2       | 8             | 1,000 (i)           | - 20,000 (i)  | 2,750 (d)                | 5,500 (d)  | 2,750 (d) |                  |
| ILLINOIS           | 3.0  |             | 1             | ---Flat rate---     |               | 2,000                    | 4,000      | 2,000     |                  |
| INDIANA            | 3.4  |             | 1             | ---Flat rate---     |               | 1,000                    | 2,000      | 1,000     |                  |
| IOWA (a)           | 0.36   | - 8.98      | 9             | 1,162               | - 52,290      | 40 (c)                   | 80 (c)     | 40 (c)    |                  |
| KANSAS             | 3.5  | - 6.45      | 3             | 15,000 (b)          | - 30,000 (b)  | 2,250                    | 4,500      | 2,250     |                  |
| KENTUCKY           | 2.0  | - 6.0       | 5             | 3,000               | - 8,000       | 20 (c)                   | 40 (c)     | 20 (c)    |                  |
| LOUISIANA          | 2.0  | - 6.0       | 3             | 10,000 (b)          | - 50,000 (b)  | 4,500 (j)                | 9,000 (j)  | 1,000 (j) |                  |
| MAINE (a)          | 2.0  | - 8.5       | 4             | 4,150 (b)           | - 16,500 (b)  | 2,850                    | 5,600      | 2,850     |                  |
| MARYLAND (k)       | 2.0  | - 4.8       | 4             | 1,000               | - 3,000       | 1,850                    | 3,700      | 1,850     |                  |
| MASSACHUSETTS      | 5.95   |             | 1             | ---Flat rate---     |               | 4,400                    | 8,800      | 1,000     |                  |
| MICHIGAN (a)       | 4.3 (l)  |             | 1             | ---Flat rate---     |               | 2,800                    | 5,600      | 2,800     |                  |
| MINNESOTA (a)      | 5.5  | - 8.0       | 3             | 17,250 (b)          | - 56,680 (b)  | 2,750 (d)                | 5,500 (d)  | 2,750 (d) |                  |
| MISSISSIPPI        | 3.0  | - 5.0       | 3             | 5,000               | - 10,000      | 6,000                    | 9,500      | 1,500     |                  |
| MISSOURI           | 1.5  | - 6.0       | 10            | 1,000               | - 9,000       | 2,100                    | 4,200      | 2,100     | (m)              |
| MONTANA (a)        | 2.0  | - 11.0      | 10            | 2,000               | - 70,400      | 1,610                    | 3,220      | 1,610     |                  |
| NEBRASKA (a)       | 2.51   | - 6.68      | 4             | 2,400 (n)           | - 26,500 (n)  | 91 (c)                   | 182 (c)    | 91 (c)    |                  |
| NEVADA             | No State Income Tax  |             |               |                     |               |                          |            |           |                  |
| NEW HAMPSHIRE      | State Income Tax is Limited to Dividends and Interest Income Only. |             |               |                     |               |                          |            |           |                  |
| NEW JERSEY         | 1.4  | - 6.37      | 6             | 20,000 (o)          | - 75,000 (o)  | 1,000                    | 2,000      | 1,500     |                  |
| NEW MEXICO         | 1.7  | - 8.2       | 7             | 5,500 (p)           | - 65,000 (p)  | 2,750 (d)                | 5,500 (d)  | 2,750 (d) |                  |
| NEW YORK           | 4.0  | - 6.85      | 5             | 8,000 (b)           | - 20,000 (b)  | 0                        | 0          | 1,000     |                  |
| NORTH CAROLINA     | 6.0  | - 7.75      | 3             | 12,750 (q)          | - 60,000 (q)  | 2,500 (q)                | 5,000 (q)  | 2,500 (q) |                  |
| NORTH DAKOTA       | 2.67   | - 12.0 (r)  | 8             | 3,000               | - 50,000      | 2,750 (d)                | 5,500 (d)  | 2,750 (d) | (r)              |
| OHIO (a)           | 0.716  | - 7.228 (s) | 9             | 5,000               | - 200,000     | 1,050 (s)                | 2,100 (s)  | 1,050 (s) |                  |
| OKLAHOMA           | 0.5  | - 6.75 (t)  | 8             | 1,000               | - 10,000      | 1,000                    | 2,000      | 1,000     | (t)              |
| OREGON (a)         | 5.0  | - 9.0       | 3             | 2,350 (b)           | - 5,850 (b)   | 132 (c)                  | 264 (c)    | 132 (c)   | (u)              |
| PENNSYLVANIA       | 2.8  |             | 1             | ---Flat rate---     |               | -----None-----           |            |           |                  |
| RHODE ISLAND       | 26.0% Federal tax liability (v)                                    |             |               |                     |               |                          |            |           |                  |
| SOUTH CAROLINA (a) | 2.5  | - 7.0       | 6             | 2,310               | - 11,550      | 2,750 (d)                | 5,500 (d)  | 2,750 (d) |                  |

|                   |  |   |          |   |         |   |           |           |           |           |      |
|-------------------|--|---|----------|---|---------|---|-----------|-----------|-----------|-----------|------|
| SOUTH DAKOTA      | No State Income Tax  |   |          |   |         |   |           |           |           |           |      |
| TENNESSEE         | State Income Tax is Limited to Dividends and Interest Income Only. |   |          |   |         |   |           |           |           |           |      |
| TEXAS             | No State Income Tax  |   |          |   |         |   |           |           |           |           |      |
| UTAH              | 2.30   | - | 7.0      | 6 | 750 (b) | - | 3,750 (b) | 2,063 (d) | 4,125 (d) | 2,063 (d) | *(w) |
| VERMONT           | 24.0% Federal tax liability (x)                                    |   |          |   |         |   |           |           |           |           |      |
| VIRGINIA          | 2.0  | - | 5.75     | 4 | 3,000   | - | 17,000    | 800       | 1,600     | 800       |      |
| WASHINGTON        | No State Income Tax  |   |          |   |         |   |           |           |           |           |      |
| WEST VIRGINIA     | 3.0  | - | 6.5      | 5 | 10,000  | - | 60,000    | 2,000     | 4,000     | 2,000     |      |
| WISCONSIN (a)     | 4.73   | - | 6.75 (y) | 4 | 7,790   | - | 116,890   | 600       | 1,200     | 600       |      |
| WYOMING           | No State Income Tax  |   |          |   |         |   |           |           |           |           |      |
| DIST. OF COLUMBIA | 5.0  | - | 9.5 (z)  | 3 | 10,000  | - | 20,000    | 1,370     | 2,740     | 1,370     |      |

Source: The Federation of Tax Administrators from various sources.

- (a) Seven states have statutory provision for automatic adjustment of tax brackets, personal exemption or standard deductions to the rate of inflation. Nebraska indexes the personal exemption amounts only.
- (b) For joint returns, the taxes are twice the tax imposed on half the income.
- (c) tax credits.
- (d) These states allow personal exemption or standard deductions as provided in the IRC. Utah allows a personal exemption equal to three-fourths the federal exemptions.
- (e) A special tax table is available for low income taxpayers reducing their tax payments.
- (f) Combined personal exemptions and standard deduction. An additional tax credit is allowed ranging from 75% to 0% based on state adjusted gross income. Exemption amounts are phased out for higher income taxpayers until they are eliminated for households earning over \$52,500.
- (g) The tax brackets reported are for single individuals. For married households filing separately, the same rates apply to income brackets ranging from \$500 to \$5,000; and the income brackets range from \$1,000 to \$10,000 for joint filers.
- (h) For tax years beginning after 2000, the tax rates range from 1.5% to 8.5% for the same tax brackets.
- (i) For joint returns, the tax is twice the tax imposed on half the income. A \$10 filing tax is charge for each return and a \$15 credit is allowed for each exemption.
- (j) Combined personal exemption and standard deduction.
- (k) Top rate is scheduled to decrease to 4.75% for tax years beginning after 2001.
- (l) Tax rate scheduled to decrease to 4.2% for tax year 2001.
- (m) Limited to \$10,000 for joint returns and \$5,000 for individuals.
- (n) The tax brackets reported are for single individual. For married couples filing jointly, the same rates apply for income under \$4,000 to over \$46,750.
- (o) The tax brackets reported are for single individuals. A separate schedule is provided for married households filing jointly which ranges from 1.4% under \$20,000 to 6.37% for income over \$150,000.
- (p) The tax brackets reported are for single individuals. For married individuals filing jointly, the rate ranges from 1.7% under \$8,000 to 8.2% over \$100,000. Married households filing separately pay the tax imposed on half the income.
- (q) The tax brackets reported are for single individuals. For married taxpayers, the same rates apply to income brackets ranging from \$21,250 to \$100,000. Lower exemption amounts allowed for high income taxpayers.
- (r) Taxpayers have the option of paying 14% of the adjusted federal income tax liability, without a deduction of federal taxes. And additional \$300 personal exemption is allowed for joint returns or unmarried head of households.
- (s) Plus an additional \$20 per exemption tax credit. Rate reported are for tax year 1999, the 2000 rates will not be determined until July, 2000.
- (t) The rate range reported is for single persons not deducting federal income tax. For married persons filing jointly, the same rates apply to income brackets ranging from \$2,000 to \$21,000. Separate schedules, with rates ranging from 0.5% to 10%, apply to taxpayers deducting federal income taxes.
- (u) Limited to \$3,000.
- (v) Tax rate scheduled to decrease to 25.5% of Federal tax liability for tax years 2001.
- (w) One half of the federal income taxes are deductible.
- (x) If Vermont tax liability for any taxable year exceeds the tax liability determinable under federal tax law in effect on December 31, 1998, the taxpayer will be entitled to a credit of 106% of the excess tax.
- (y) The tax brackets reported are for single individuals. For married taxpayers, the same rates apply to income brackets ranging from \$10,390 to \$155,850. Tax rates scheduled to decrease for tax years 2001 and beyond (ranging from 4.6% to 6.75%). Personal exemption amounts scheduled to increase to \$700 for tax year 2001.
- (z) Tax rate decreases are scheduled for tax years 2001 and 2002.

# State Sales Tax Rates

January 1, 2000

| State          | Tax Rates | -----Exemptions----- |                       |                           |
|----------------|-----------|----------------------|-----------------------|---------------------------|
|                |           | Food                 | Prescription<br>Drugs | Non-prescription<br>Drugs |
| ALABAMA        | 4         |                      | *                     |                           |
| ALASKA         | none      |                      |                       |                           |
| ARIZONA        | 5         | *                    | *                     |                           |
| ARKANSAS       | 4.625     |                      | *                     |                           |
| CALIFORNIA     | 6         | *                    | *                     |                           |
| COLORADO       | 3         | *                    | *                     |                           |
| CONNECTICUT    | 6         | *                    | *                     |                           |
| DELAWARE       | none      |                      |                       |                           |
| FLORIDA        | 6         | *                    | *                     | *                         |
| GEORGIA        | 4         | *                    | *                     |                           |
| HAWAII         | 4         |                      | *                     |                           |
| IDAHO          | 5         |                      | *                     |                           |
| ILLINOIS (2)   | 6.25      | 1%                   | 1%                    | 1%                        |
| INDIANA        | 5         | *                    | *                     |                           |
| IOWA           | 5         | *                    | *                     |                           |
| KANSAS         | 4.9       |                      | *                     |                           |
| KENTUCKY       | 6         | *                    | *                     |                           |
| LOUISIANA      | 4         | 3.0% (5)             | *                     |                           |
| MAINE (4)      | 5.5       | *                    | *                     |                           |
| MARYLAND       | 5         | *                    | *                     | *                         |
| MASSACHUSETTS  | 5         | *                    | *                     |                           |
| MICHIGAN       | 6         | *                    | *                     |                           |
| MINNESOTA      | 6.5       | *                    | *                     | *                         |
| MISSISSIPPI    | 7         |                      | *                     |                           |
| MISSOURI       | 4.225     |                      | *                     |                           |
| MONTANA        | none      |                      |                       |                           |
| NEBRASKA       | 5         | *                    | *                     |                           |
| NEVADA         | 6.5       | *                    | *                     |                           |
| NEW HAMPSHIRE  | none      |                      |                       |                           |
| NEW JERSEY     | 6         | *                    | *                     | *                         |
| NEW MEXICO     | 5         |                      | *                     |                           |
| NEW YORK       | 4         | *                    | *                     | *                         |
| NORTH CAROLINA | 4         | *(5)                 | *                     |                           |
| NORTH DAKOTA   | 5         | *                    | *                     |                           |
| OHIO           | 5         | *                    | *                     |                           |
| OKLAHOMA       | 4.5       |                      | *                     |                           |
| OREGON         | none      |                      |                       |                           |
| PENNSYLVANIA   | 6         | *                    | *                     | *                         |

|                   |      |          |   |   |
|-------------------|------|----------|---|---|
| RHODE ISLAND      | 7    | .        | . | . |
| SOUTH CAROLINA    | 5    | .        | . | . |
| SOUTH DAKOTA      | 4    | .        | . | . |
| TENNESSEE         | 6    | .        | . | . |
| TEXAS             | 6.25 | .        | . | . |
| UTAH              | 4.75 | .        | . | . |
| VERMONT           | 5    | .        | . | . |
| VIRGINIA          | 3.5  | 3.0% (6) | . | . |
| WASHINGTON        | 6.5  | .        | . | . |
| WEST VIRGINIA     | 6    | .        | . | . |
| WISCONSIN         | 5    | .        | . | . |
| WYOMING (3)       | 4    | .        | . | . |
| <hr/>             |      |          |   |   |
| DIST. OF COLUMBIA | 5.75 | .        | . | . |

Source: Compiled by FTA from various sources.

(1) Some state tax food, but allow an (income) tax credit to compensate poor households. They are: ID, KS, SD, VT, and WY.

(2) 1.25% of the tax in IL.

(3) Tax rate may be adjusted annually according to a formula based on balances in the unappropriated general fund and the school foundation fund.

(4) Tax rate scheduled to decrease to 5.0% on 7/1/00.

(5) Food sales are subject to local sales taxes. In LA, food sales scheduled to be exempt on 7/1/00.

(6) Tax rate on food is scheduled to decrease to 2.5% on 4/1/01.

# State Corporate Income Tax Rates

Tax rate for tax year 2000 -- as of January 1, 2000

| State          | Tax Rates      | Tax Brackets      | # of Brackets | Bank Tax Rates | Federal Tax Deductible |
|----------------|----------------|-------------------|---------------|----------------|------------------------|
| ALABAMA        | 5.0            | ---Flat Rate---   | 1             | 6.0            |                        |
| ALASKA         | 1.0 - 9.4      | 10,000 90,000     | 10            | 1.0 - 9.4      |                        |
| ARIZONA        | 8 (z)          | ---Flat Rate---   | 1             | 8 (z)          |                        |
| ARKANSAS       | 1.0 - 6.5      | 3,000 100,000     | 6             | 1.0 - 6.5      |                        |
| CALIFORNIA     | 8.84 (c)       | ---Flat Rate---   | 1             | 10.84 (c)      |                        |
| COLORADO       | 4.75           | ---Flat Rate---   | 1             | 4.75           |                        |
| CONNECTICUT    | 7.5 (d)        | ---Flat Rate---   | 1             | 7.5 (d)        |                        |
| DELAWARE       | 8.7            | ---Flat Rate---   | 1             | 8.7-1.7 (e)    |                        |
| FLORIDA        | 5.5 (f)        | ---Flat Rate---   | 1             | 5.5 (f)        |                        |
| GEORGIA        | 6.0            | ---Flat Rate---   | 1             | 6.0            |                        |
| HAWAII         | 4.4 - 6.4 (g)  | 25,000 100,000    | 3             | 7.92 (g)       |                        |
| IDAHO          | 8.0 (h)        | ---Flat Rate---   | 1             | 8.0 (h)        |                        |
| ILLINOIS       | 7.3 (i)        | ---Flat Rate---   | 1             | 7.3 (i)        |                        |
| INDIANA        | 7.9 (j)        | ---Flat Rate---   | 1             | 8.5            |                        |
| IOWA           | 6.0 - 12.0     | 25,000 250,000    | 4             | 5.0            | * (k)                  |
| KANSAS         | 4.0 (l)        | ---Flat Rate---   | 1             | 2.25 (l)       |                        |
| KENTUCKY       | 4.0 - 8.25     | 25,000 250,000    | 5             | --- (a)        |                        |
| LOUISIANA      | 4.0 - 8.0      | 25,000 200,000    | 5             | --- (a)        |                        |
| MAINE          | 3.5 - 8.93 (m) | 25,000 250,000    | 4             | 1.0            |                        |
| MARYLAND       | 7.0            | ---Flat Rate---   | 1             | 7.0            |                        |
| MASSACHUSETTS  | 9.5 (n)        | ---Flat Rate---   | 1             | 10.5 (n)       |                        |
| MINNESOTA      | 9.8 (o)        | ---Flat Rate---   | 1             | 9.8 (o)        |                        |
| MISSISSIPPI    | 3.0 - 5.0      | 5,000 10,000      | 3             | 3.0 - 5.0      |                        |
| MISSOURI       | 6.25           | ---Flat Rate---   | 1             | 7.0            | * (k)                  |
| MONTANA        | 6.75 (p)       | ---Flat Rate---   | 1             | 6.75 (p)       |                        |
| NEBRASKA       | 5.58 - 7.81    | 50,000            | 2             | --- (a)        |                        |
| NEW HAMPSHIRE  | 8.0 (q)        | ---Flat Rate---   | 1             | 8.0 (q)        |                        |
| NEW JERSEY     | 9.0 (r)        | ---Flat Rate---   | 1             | 9 (r)          |                        |
| NEW MEXICO     | 4.8 - 7.6      | 500,000 1 million | 3             | 4.8 - 7.6      |                        |
| NEW YORK       | 8.5 (s)        | ---Flat Rate---   | 1             | 8.5 (s)        |                        |
| NORTH CAROLINA | 6.9 (t)        | ---Flat Rate---   | 1             | 6.9 (t)        |                        |
| NORTH DAKOTA   | 3.0 - 10.5     | 3,000 50,000      | 6             | 7 (b)          |                        |
| OHIO           | 5.1 - 8.5 (u)  | 50,000            | 2             | --- (u)        |                        |
| OKLAHOMA       | 6.0            | ---Flat Rate---   | 1             | 6.0            |                        |
| OREGON         | 6.6 (b)        | ---Flat Rate---   | 1             | 6.6 (b)        |                        |
| PENNSYLVANIA   | 9.99           | ---Flat Rate---   | 1             | --- (a)        |                        |
| RHODE ISLAND   | 9.0            | ---Flat Rate---   | 1             | 9.0 (v)        |                        |
| SOUTH CAROLINA | 5.0            | ---Flat Rate---   | 1             | 4.5 (w)        |                        |
| SOUTH DAKOTA   | ---            |                   |               | 6.0-1.0% (b)   |                        |
| TENNESSEE      | 6.0            | ---Flat Rate---   | 1             | 6.0            |                        |

|                   |                |                |                  |
|-------------------|----------------|----------------|------------------|
| UTAH              | 5.0 (b)        | —Flat Rate—    | 5.0 (b)          |
| VERMONT           | 7.0 - 9.75 (b) | 10,000 250,000 | 4 7.0 - 9.75 (b) |
| VIRGINIA          | 6.0            | —Flat Rate—    | 1 6.0 (x)        |
| WEST VIRGINIA     | 9.0            | —Flat Rate—    | 1 9.0            |
| WISCONSIN         | 7.9            | —Flat Rate—    | 1 7.9            |
| DIST. OF COLUMBIA | 9.975 (y)      | —Flat Rate—    | 9.975 (y)        |

Source: Compiled by FTA from various sources.

Note: Michigan imposes a single business tax (sometimes described as a business activities tax or value added tax) of 2.2% on the sum of federal taxable income of the business, compensation paid to employees, dividends, interest, royalties paid and other items. Similarly, Texas imposes a franchise tax of 4.5% of earned surplus. Nevada, Washington, and Wyoming do not have state corporate income taxes.

- (a) Rates listed include the corporate tax rate applied to financial institutions or excise taxes based on income. Some states have other taxes based upon the value of deposits or shares.
- (b) Minimum tax is \$50 in North Dakota (banks), \$10 in Oregon, \$250 in Rhode Island, \$500 per location in South Dakota (banks), \$100 in Utah, \$250 in Vermont.
- (c) Minimum tax is \$800. The tax rate on S-Corporations is 1.5% (3.5% for banks).
- (d) Or 3.1 mills per dollar of capital stock and surplus (maximum tax \$1 million) or \$250.
- (e) The marginal rate decreases over 4 brackets ranging from \$20 to \$650 million in taxable income. Building and loan associations are taxed at a flat 8.7%.
- (f) Or 3.3% Alternative Minimum Tax. An exemption of \$5,000 is allowed.
- (g) Capital gains are taxed at 4%. There is also an alternative tax of 0.5% of gross annual sales.
- (h) Minimum tax is \$20. An additional tax of \$10 is imposed on each return.
- (i) Includes a 2.5% personal property replacement tax.
- (j) Consists of 3.4% on income from sources within the state plus a 4.5% supplemental income tax.
- (k) Fifty percent of the federal income tax is deductible.
- (l) Plus a surtax of 3.35% (2.125% for banks) taxable income in excess of \$50,000 (\$25,000).
- (m) Or a 27% tax on Federal Alternative Minimum Taxable Income.
- (n) Rate includes a 14% surtax, as does the following: an additional tax of \$7.00 per \$1,000 on taxable tangible property (or net worth allocable to state, for intangible property corporations); minimum tax of \$456.
- (o) Plus a 5.8% tax on any Alternative Minimum Taxable Income over the base tax.
- (p) A 7% tax on taxpayers using water's edge combination. Minimum tax is \$50.
- (q) Plus a 0.50 percent tax on the enterprise base (total compensation, interest and dividends paid). Business profits tax imposed on both corporations and unincorporated associations.
- (r) The rate reported in the table is the business franchise tax rate. The minimum tax is \$200. Corporations not subject to the franchise tax are subject to a 7.25% income tax. Banks other than savings institutions are subject to the franchise tax. S-Corporation are subject to an entity level tax of 2.0%. Corporations with net income under \$100,000 are taxed at 7.5%.
- (s) Or 1.78 (0.1 for banks) mills per dollar of capital (up to \$350,000; or 3.0% of the minimum taxable income; or a minimum of \$1,500 to \$100 depending on payroll size (\$250 plus 2.5% surtax for banks); if any of these is greater than the tax computed on net income. An addition tax of 0.9 mills per dollar of subsidiary capital is imposed on corporations. Small corporations with income under \$200,000 pay a 7.5% tax on all income.
- (t) Financial institutions are also subject to a tax equal to \$30 per one million in assets.
- (u) Or 4.0 mills time the value of the taxpayer's issued and outstanding share of stock with a maximum payment of \$150,000. An additional litter tax is imposed equal to 0.11% on the first \$50,000 of taxable income, 0.22% on income over \$50,000; or 0.14 mills on net worth.
- (v) For banks, the alternative tax is \$2.50 per \$10,000 of capital stock (\$100 minimum).
- (w) Savings and Loans are taxed at a 6% rate.
- (x) State and national banks subject to the state's franchise tax on net capital is exempt from the income tax.
- (y) Minimum tax is \$100. Includes surtax. Tax rate scheduled to decrease to 9.0% for tax years beginning after 2002.
- (z) Minimum tax of \$50. Tax rate scheduled to fall for tax years 2001 and beyond, if revenue meets certain targeted levels.

# Motor Fuel Excise Tax Rates

January 1, 2000

Note: The tax rates listed are fuel excise taxes collected by distributor/supplier/retailers in each state. Additional taxes may apply to motor carriers. For information of carrier taxes, see the [IFTA, Inc. Home Page](#).

| State           | ---Gasoline--- |           |           | ---Diesel Fuel--- |           |           | ---Gasohol--- |           |           | Notes                        |
|-----------------|----------------|-----------|-----------|-------------------|-----------|-----------|---------------|-----------|-----------|------------------------------|
|                 | Excise Tax     | Add'l Tax | Total Tax | Excise Tax        | Add'l Tax | Total Tax | Excise Tax    | Add'l Tax | Total Tax |                              |
| Alabama         | 16.0           | 2.0       | 18.0      | 17.0              | 2.0       | 19.0      | 16.0          | 2.0       | 18.0      | Inspection fee               |
| Alaska          | 8.0            |           | 8.0       | 8.0               |           | 8.0       |               |           | 0.0       |                              |
| Arizona         | 18.0           |           | 18.0      | 18.0              |           | 18.0      | 18.0          |           | 18.0      | /3                           |
| Arkansas /8     | 19.5           | 0.2       | 19.7      | 20.5              | 0.2       | 20.7      | 19.5          | 0.2       | 19.7      | Environment surcharge        |
| California      | 18.0           |           | 18.0      | 18.0              |           | 18.0      | 18.0          |           | 18.0      | Sales tax applicable         |
| Colorado        | 22.0           |           | 22.0      | 20.5              |           | 20.5      | 22.0          |           | 22.0      |                              |
| Connecticut     | 32.0           |           | 32.0      | 18.0              |           | 18.0      | 31.0          |           | 31.0      |                              |
| Delaware        | 23.0           |           | 23.0      | 22.0              |           | 22.0      | 23.0          |           | 23.0      | Plus 0.5% GRT /5             |
| Florida /2      | 4.0            | 9.3       | 13.3      | 16.1              | 9.3       | 25.4      | 4.0           | 9.3       | 13.3      | Sales tax added to excise /2 |
| Georgia         | 7.5            |           | 7.5       | 7.5               |           | 7.5       | 7.5           |           | 7.5       | Sales tax applicable (3%)    |
| Hawaii /1       | 16.0           |           | 16.0      | 16.0              |           | 16.0      | 16.0          |           | 16.0      | Sales tax applicable         |
| Idaho           | 25.0           | 1         | 26.0      | 25.0              | 1         | 26.0      | 22.5          | 1         | 23.5      | Clean water tax /7           |
| Illinois /1     | 19.0           | 0.3       | 19.3      | 21.5              |           | 21.5      | 19.0          |           | 19.0      | Sales tax appl., env. fee /3 |
| Indiana         | 15.0           |           | 15.0      | 16.0              |           | 16.0      | 15.0          |           | 15.0      | Sales tax applicable /3      |
| Iowa            | 20.0           |           | 20.0      | 22.5              |           | 22.5      | 19.0          |           | 19.0      |                              |
| Kansas          | 20.0           |           | 20.0      | 22.0              |           | 22.0      | 20.0          |           | 20.0      | /8                           |
| Kentucky        | 15.0           | 1.4       | 16.4      | 12.0              | 1.4       | 13.4      | 15.0          | 1.4       | 16.4      | Environmental fee /4 /3      |
| Louisiana       | 20.0           |           | 20.0      | 20.0              |           | 20.0      | 20.0          |           | 20.0      |                              |
| Maine           | 22.0           |           | 22.0      | 23.0              |           | 23.0      | 22.0          |           | 22.0      |                              |
| Maryland        | 23.5           |           | 23.5      | 24.25             |           | 24.3      | 23.5          |           | 23.5      |                              |
| Massachusetts   | 21.0           |           | 21.0      | 21.0              |           | 21.0      | 21.0          |           | 21.0      | /4                           |
| Michigan        | 19.0           |           | 19.0      | 15.0              |           | 15.0      | 19.0          |           | 19.0      | Sales tax applicable         |
| Minnesota       | 20.0           |           | 20.0      | 20.0              |           | 20.0      | 20.0          |           | 20.0      |                              |
| Mississippi     | 18.0           | 0.4       | 18.4      | 18.0              | 0.4       | 18.4      | 18.0          | 0.4       | 18.4      | Environmental fee            |
| Missouri        | 17.0           | 0.05      | 17.05     | 17.0              | 0.05      | 17.05     | 15.0          | 0.05      | 15.05     | Inspection fee               |
| Montana         | 27.0           |           | 27.0      | 27.75             |           | 27.75     | 27.0          |           | 27.0      |                              |
| Nebraska        | 23.9           | 0.9       | 24.8      | 23.9              | 0.9       | 24.8      | 23.9          | 0.9       | 24.8      | Petroleum fee /5             |
| Nevada /1       | 24.0           |           | 24.00     | 27.0              |           | 27.0      | 24.0          |           | 24.00     |                              |
| New Hampshire   | 18.0           | 0.7       | 18.7      | 18.0              | 0.7       | 18.7      | 18.0          | 0.7       | 18.7      | Oil discharge cleanup fee    |
| New Jersey      | 10.5           |           | 10.5      | 13.5              |           | 13.5      | 10.5          |           | 10.5      | Plus a 2.75% GRT             |
| New Mexico      | 17.0           | 1.0       | 18.0      | 18.0              | 1.0       | 19.0      | 17.0          | 1.0       | 18.0      | Petroleum loading fee        |
| New York        | 8.0            |           | 8.0       | 8.0               |           | 8.0       | 8.0           |           | 8.0       | Sales tax applicable /3, /4  |
| North Carolina  | 22.0           | 0.25      | 22.25     | 22.0              | 0.25      | 22.25     | 22.0          | 0.25      | 22.25     | /4 Inspection tax            |
| North Dakota    | 21.0           |           | 21.0      | 21.0              |           | 21.0      | 21.0          |           | 21.0      |                              |
| Ohio            | 22.0           |           | 22.0      | 22.0              |           | 22.0      | 22.0          |           | 22.0      | Plus 3 cents commercial      |
| Oklahoma        | 16.0           | 1.0       | 17.0      | 13.0              | 1.0       | 14.0      | 16.0          | 1.0       | 17.0      | Environmental fee            |
| Oregon /1       | 29.0           |           | 29.0      | 29.0              |           | 29.0      | 29.0          |           | 29.0      |                              |
| Pennsylvania    | 12.0           | 13.9      | 25.9      | 12.0              | 18.8      | 30.8      | 12.0          | 16.9      | 25.9      | Oil franchise tax            |
| Rhode Island    | 28.0           | 1         | 29.0      | 28.0              | 1         | 29.0      | 28.0          | 1         | 29.0      | LUST tax                     |
| South Carolina  | 16.0           |           | 16.0      | 16.0              |           | 16.0      | 16.0          |           | 16.0      |                              |
| South Dakota /1 | 22.0           |           | 22.0      | 22.0              |           | 22.0      | 20.0          |           | 20.0      |                              |
| Tennessee /1    | 20.0           | 1.4       | 21.4      | 17.0              | 1.4       | 18.4      | 20.0          | 1.4       | 21.4      | Petroleum Tax & Envir. Fee   |
| Texas           | 20.0           |           | 20.0      | 20.0              |           | 20.0      | 20.0          |           | 20.0      |                              |
| Utah            | 24.5           | 0.25      | 24.75     | 24.5              | 0.25      | 24.75     | 24.5          | 0.25      | 24.75     |                              |
| Vermont         | 19.0           | 1.0       | 20.0      | 16.0              | 1.0       | 17.0      | 19.0          | 1.0       | 20.0      | Petroleum cleanup fee /6     |
| Virginia /1     | 17.5           |           | 17.5      | 16.0              |           | 16.0      | 17.5          |           | 17.5      | /6                           |
| Washington      | 23.0           |           | 23.0      | 23.0              |           | 23.0      | 23.0          |           | 23.0      | 0.5% privilege tax           |
| West Virginia   | 20.5           | 4.85      | 25.35     | 20.5              | 4.85      | 25.35     | 20.5          | 4.85      | 25.35     | Sales tax added to excise    |
| Wisconsin /5    | 25.8           |           | 25.8      | 25.8              |           | 25.8      | 25.8          |           | 25.8      | /5                           |

Most tax policy is not made in single sweeping reform packages. Tax systems most frequently evolve incrementally through tax-cuts and tax-increases. Each coinciding with political or economic circumstances that push the tax system one way or the other.

Whether the accumulation of these changes moves the state towards a better tax system or a worse one depends on whether there's any consideration, as each piece of legislation is adopted, as to what it does in the context of the state's overall tax objectives.

This Commission may prove more successful than those in other states in seeing its specific recommendations adopted. Even then, however, those reforms will not stop the year-in, year-out changes that legislatures make in the tax code. Thus, I would suggest that as important as any specific recommendations for changes in the tax code, is the guidance the Commission offers future Governors and Legislatures on the criteria those institutions should apply when considering tax legislation. States should have a guiding vision for where they want to proceed in tax policy and all tax legislation should be measured against that vision. Providing a vision, and emphasizing the need to judge each piece of tax legislation by it, can be important contributions of this Commission.

## **Virginia Tax System**

Virginia is a low tax state. The best measure of overall tax level, in my view, is taxes as a share of personal income. By that measure Virginia ranked 48<sup>th</sup> in state and local taxes in 1996. As a share of Gross State Product, Virginia ranks 41<sup>st</sup>. In per-capita terms, probably the least generally informative of the commonly used measures, Virginia ranks 28<sup>th</sup>.

Virginia is a low tax state, but is it a fair tax state? Fairness is, of course, in the eyes of the beholder.

Virginia has a regressive tax structure—middle- and low-income families pay a greater share of their income in Virginia state and local taxes than do the wealthy. The following table shows the distribution, by income level of Virginia taxes in 2000 but with recently enacted legislation fully phased-in. This assumes that the first \$20,000 of automobile value is not subject to car tax. It also assumes that the grocery tax

reduction is fully phased in. This analysis was produced using the ITEP Microsimulation Tax Model.

The table shows that low-income families will pay 10.4 percent of their income in Virginia state and local taxes. Middle-income families will pay 8.6 percent and the best-off one-percent will pay 6.9 percent. This puts Virginia in the wide middle band of state tax structures in regressivity. The fact that Virginia has a lot of company in having regressive taxes, doesn't, of course, make it an attractive feature.

## Virginia Taxes at 2000 Levels \*

### As Shares of Family Income for All Taxpayers

| Income Group                                    | Lowest 20%         | Second 20%          | Middle 20%          | Fourth 20%          | Top 20%              |                       |                     |
|---|--------------------|---------------------|---------------------|---------------------|----------------------|-----------------------|---------------------|
|   |                    |                     |                     |                     | Next 15%             | Next 4%               | Top 1%              |
| Average Income in Group                         | \$8,500            | \$19,300            | \$33,300            | \$55,100            | \$94,200             | \$191,600             | \$997,000           |
| Income Range                                    | Less than \$15,000 | \$15,000 – \$26,000 | \$26,000 – \$43,000 | \$43,000 – \$71,000 | \$71,000 – \$142,000 | \$142,000 – \$295,000 | \$295,000 – or more |
| <b>Taxes, excise &amp; gross receipts taxes</b> | <b>6.2%</b>        | <b>4.7%</b>         | <b>3.8%</b>         | <b>3.0%</b>         | <b>2.2%</b>          | <b>1.4%</b>           | <b>0.6%</b>         |
| General sales tax, individuals                  | 2.4%               | 1.9%                | 1.5%                | 1.3%                | 0.9%                 | 0.6%                  | 0.3%                |
| Excise & gross receipts taxes, individuals      | 2.7%               | 2.0%                | 1.5%                | 1.2%                | 0.9%                 | 0.5%                  | 0.2%                |
| Sales, excise & gross receipts taxes, busin     | 1.1%               | 0.9%                | 0.7%                | 0.5%                | 0.4%                 | 0.2%                  | 0.1%                |
| <b>Property taxes</b>                           | <b>3.4%</b>        | <b>2.3%</b>         | <b>2.1%</b>         | <b>2.1%</b>         | <b>2.3%</b>          | <b>2.5%</b>           | <b>1.4%</b>         |
| Property taxes on families                      | 3.3%               | 2.2%                | 1.9%                | 1.9%                | 2.1%                 | 2.2%                  | 0.6%                |
| Business property taxes                         | 0.1%               | 0.2%                | 0.2%                | 0.2%                | 0.3%                 | 0.4%                  | 0.8%                |
| <b>Income taxes</b>                             | <b>0.8%</b>        | <b>2.2%</b>         | <b>2.8%</b>         | <b>3.1%</b>         | <b>3.6%</b>          | <b>4.1%</b>           | <b>4.8%</b>         |
| Personal income tax                             | 0.8%               | 2.2%                | 2.8%                | 3.0%                | 3.5%                 | 4.0%                  | 4.7%                |
| Corporate income tax                            | 0.0%               | 0.0%                | 0.0%                | 0.0%                | 0.0%                 | 0.1%                  | 0.1%                |
| <b>Total before Federal Itemized Offset</b>     | <b>10.4%</b>       | <b>9.2%</b>         | <b>8.6%</b>         | <b>8.2%</b>         | <b>8.1%</b>          | <b>8.0%</b>           | <b>6.9%</b>         |
| Federal Itemized Deduction Offset               | 0.0%               | 0.0%                | -0.1%               | -0.4%               | -1.1%                | -1.7%                 | -2.0%               |
| <b>Net Taxes after Federal Offset</b>           | <b>10.4%</b>       | <b>9.2%</b>         | <b>8.5%</b>         | <b>7.8%</b>         | <b>7.0%</b>          | <b>6.3%</b>           | <b>4.9%</b>         |

Source: Institute on Taxation and Economic Policy Microsimulation Tax Model, July 5, 2000.

\* Assumes fully phased-in car tax relief and grocery tax reduction

In general, tax systems are regressive or progressive because of two factors. The relative reliance on different taxes and the regressivity or progressivity of the component taxes. Consumption taxes, such as the general sales tax, gas tax and tobacco tax, are typically the most regressive taxes. Income taxes are usually progressive. Property taxes are in between and usually somewhat regressive.

Virginia relies more heavily on income taxes than most states—ranking 12<sup>th</sup> in 1996 in the percentage of state and local tax revenue coming from income taxes. This doesn't mean that Virginia has a high personal income tax. Virginia's taxes overall are low so the Virginia personal income tax is merely a big piece of a small pie. Heavy reliance on a personal income tax is typically a feature of a progressive tax system. But Virginia's personal income tax isn't very progressive.

Reliance on regressive consumption taxes is relatively low in Virginia—ranking 35<sup>th</sup> in 1996. But the taxation of groceries makes the tax somewhat more regressive than many other states.

Virginia has about an average reliance on property taxes relative to other states.

These components: a heavy reliance on a not very progressive income tax, regressive consumption taxes and moderate property taxes, add up to form Virginia's somewhat regressive tax system.

## **Tax Reform Thoughts**

There are obviously many issues one can discuss regarding Virginia tax reform. Time is limited, however, and I would like to highlight just a few quick points.

**Taxes on the Poor.** Virginia has taken several measures in recent years that have reduced taxes on the poor. Nevertheless, low-income families in Virginia still pay a higher percentage of their income in state and local taxes than do other groups. A good further step would be adoption of a refundable state Earned Income Tax Credit.

**Taxes on the Rich.** The well-off have the lowest overall tax burden in Virginia. Adding a higher top marginal tax rate in the personal income tax to pay for tax relief at lower income levels would make the tax system less regressive. Claims of negative economic impacts of personal income taxes are vastly overstated. Also, because the state personal income tax is deductible on the federal tax return, much of the burden of this tax

increase would be offset by reduced federal taxes. For those in the top federal tax bracket, every dollar of additional state tax would lower their federal tax by 40 cents. In other words, for every additional dollar received by the state, it would cost Virginians only 60 cents and the rest would come from the federal government.

**Simplicity.** Simplicity in a personal income tax is a virtue that almost everyone agrees on. So why is it so hard to accomplish? There's a saying that may explain it: "No simplification makes a tax simple enough if it raises your taxes and no complication is too complicated if it lowers your taxes." In other words, people want simplification, but not so much that they're personally willing to pay for it.

Nevertheless, simplicity is a worthy objective. The best way for a state to achieve greater simplicity is to make the state income tax form conform closely to the federal form. Requiring Virginia married couples to file under the same status as on their federal returns and creating a Virginia rate schedule for married couples that would ensure that there was no marriage penalty would be a big step in that direction.

Recent changes in Virginia tax law have clearly been taking the state towards greater complication, not simplicity. This is a prime example where some guidelines for tax reform could, over the long-run, produce a better tax system.

**Interaction with Federal Taxes.** An often underappreciated consideration in the making of state and local tax policy is the interaction with federal taxes. Personal income and property taxes are deductible from the federal personal income tax. Consumption taxes are not. This is an important difference. Every dollar of consumption tax paid by Virginians comes directly from their pockets with no offsetting reduction in federal income tax. For those who itemize on their federal tax returns, however, between 15 and 40 percent of their state and local income and property tax is, in effect, paid for by reduced federal income tax payments. This not only has a taxpayer-by-taxpayer impact, but an impact on Virginia's economy as a whole. The less money leaving Virginia in federal tax payments, relative to other states, the better it is for the state's economy.

## **Conclusion**

The Commission on Virginia's State and Local Tax Structure for the 21<sup>st</sup> Century has an opportunity to offer a vision for equitable and sensible reform. Equity, simplicity and the interaction of the state's tax system with the federal tax system should be critical components of this vision.

## *About ITEP*

The Institute on Taxation and Economic Policy (ITEP) is one of the leading research and education organizations in the country working on government taxation and spending policies. Since its founding in 1980, ITEP's work has played a key role in educating the public and informing federal and state tax reform debates.

For the first 15 years of its existence, ITEP worked extensively with Citizens for Tax Justice (CTJ), providing much of the research for important studies released by that organization. CTJ's studies of federal corporate income taxation in the early 1980s are widely credited with fomenting an intense public debate over the wisdom of tax-based corporate subsidies. This debate eventually helped lead to a bipartisan consensus that many of these tax provisions were unwise public policy, and to their demise in the Tax Reform Act of 1986.

ITEP and CTJ reports, such as *Inequality & the Federal Budget Deficit* (1991), helped inspire new thinking about tax policy that informed the debate that eventually led to the federal tax reforms of 1993.

The development of the ITEP Microsimulation Tax Model, completed in 1996, marked the beginning of a new era for ITEP. This model is capable of calculating the impact of current tax law and tax change proposals on taxpayers by income level. The model can also project potential revenue yields of tax law changes. The ITEP model is unique in its ability to produce analysis at the federal *and* state levels and to analyze income, consumption and property based taxes.

ITEP has continued to work with CTJ, primarily on federal tax issues. In particular, in May of 1996, CTJ and ITEP published *The Hidden Entitlements*, a detailed analysis and critique of the hundreds of billions of dollars in hidden spending programs buried in the federal tax code. ITEP tax model analyses have also been used by CTJ to show the likely impacts of various flat tax and national sales tax proposals on the federal budget and the direct tax consequences for families at different income levels. ITEP is also frequently called upon to analyze many federal tax proposals and to look at the impact of current tax policies on issues of public concern.

Over the years, ITEP has also played a key role in tax reform debates in the states. In June 1996, ITEP published *Who Pays? A Distributional Analysis of the Tax Systems in All 50 States*. This report analyzed the distributional effects of all major state and local taxes, on a state-by-state, tax-by-tax basis. The report found that all but a handful of states have regressive tax systems that impose higher effective tax rates on lower- and middle-income families than on the well off. It also outlined possible reforms that state and local government could adopt to make their tax laws more equitable.

*Who Pays?* received extensive media coverage and is currently being used by public and private sector analysts. Recently, ITEP has completed detailed studies of the Iowa, Minnesota and Arkansas tax systems. CTJ, using ITEP research, has done major tax studies in Rhode Island, Massachusetts, Indiana, Florida and several other states.

In addition to studies, ITEP is frequently called on to do analyses of state tax proposals and to testify before state legislatures.

In 1998, ITEP began a new project called *Good Jobs First* (GJF). The GJF project is already a national leader on the issue of state and local government subsidies for corporations. GJF analyzes corporate subsidies and is working to catalog corporate accountability “best practices” for state and local governments. GJF’s first major study was released in January 1999. This report, *Economic Development in Minnesota: High Subsidies, Low Wages, Absent Standards*, found that many companies receiving substantial government subsidies in Minnesota pay extremely low wages.

ITEP works with a broad spectrum of local organizations on tax, corporate subsidy, and other issues relating to government taxation and spending policy. Tax and budget advocates, unions, community organizations, religious groups, living wage campaigns, environmentalists, and economic development networks consult with ITEP regularly.

ITEP’s work is relied upon by officials at all levels of government and their professional staffs as a source of high quality, accurate analysis of issues directly affecting economic well-being. ITEP’s studies and reports are also used by economists, professors in classrooms, and research institutions around the country.

ITEP efforts to educate the public are augmented by the widespread media coverage that ITEP receives. In addition to the flurry of attention that occurs when a major study is issued, ITEP receives many calls daily from media outlets needing information and comment on a variety of issues. ITEP’s staff members are frequently quoted in newspapers, write articles and op-ed pieces in numerous papers and magazines, and have appeared on hundreds of radio and television shows (including all of the national network news shows) to explain to the public the effects of current and proposed tax and corporate subsidy laws.





# CENTER ON BUDGET AND POLICY PRIORITIES

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September 29, 2000

## VIRGINIA HAS IMPROVED THE TAX TREATMENT OF LOW-INCOME FAMILIES, AND AN EITC MODELED ON THE FEDERAL EITC WOULD GO FURTHER

by Bob Zahradnik

### Introduction

Each year the Center on Budget and Policy Priorities releases a report that assesses the state income tax burden on low-income families. Virginia annually ranks among the states that imposes one of the highest income tax burdens on low-income families. However, during the most recent legislative session, Virginia enacted a low-income credit that provides significant tax relief to families with below poverty incomes. As a result of this change, in tax year 2000 Virginia will rank among the many states that exempt most of the income of poor families from the income tax. Virginia could further improve its tax treatment of low-income families by adopting a refundable state Earned Income Tax Credit (EITC) modeled on the federal EITC.

### Virginia Income Tax Burdens on Low-Income Families

In our report released this year entitled *State Income Tax Burdens on Low-Income Families in 1999: Assessing the Burden and Opportunities for Relief*, we reported that Virginia had the 4<sup>th</sup> lowest income tax threshold for both single-parent families of three and two-parent families of four. An income tax threshold is the lowest income level at which a family has state income tax liability. In 1999, Virginia imposed income taxes on single-parent families of three with incomes above \$5,400 and two-parent families of four with incomes above \$8,200. Both of these income tax thresholds fall significantly below the poverty line for a family of three of \$13,290 and a family of four of \$17,029. Essentially, Virginia has been taxing low-income families deeper into poverty.

Earlier this year Virginia enacted a low-income credit effective in tax year 2000.<sup>1</sup> The

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<sup>1</sup> The legislation enacted in Virginia this year has been referred to as an Earned Income Tax Credit (EITC) as well as an income tax credit for low-income taxpayers. Virginia's credit is not an EITC because the amount of the credit is not based on the federal EITC and thus the value of the credit does not change as earnings change. To avoid confusion with the Federal EITC and state EITCs that are based on the federal EITC, Virginia's credit is  
(continued...)

new law provides a non-refundable credit against state income taxes of \$300 for each member of the family. Families whose income does not exceed the federal poverty guidelines are eligible for the credit. The law effectively eliminates most state income tax for families with incomes below the federal poverty guidelines.

If Virginia's new low-income credit had been in effect in tax year 1999, then Virginia's tax threshold would have moved from 4<sup>th</sup> lowest to 19<sup>th</sup> lowest for both families of three and families of four (See Tables VA-1 and VA-2 which are attached).<sup>2</sup> Utilizing the new low-income credit, a single-parent family of three would begin owing income tax at about \$13,900, just above the poverty line of \$13,290. A two-parent family of four would begin owing income tax at about \$16,700, just below the poverty line of \$17,029.<sup>3</sup>

### **Problems with Virginia's Recently Enacted Low-income Credit**

While Virginia's low-income credit is a significant improvement in the tax treatment of low-income families, several problems still remain. First, even with the low-income credit, Virginia places a high tax income tax burden on near-poor families. Many families with children who have incomes just above the poverty line continue to struggle to make ends meet due to the high cost of child care, health care, housing and transportation. Federal and state governments recognize the challenges faced by low-income families with incomes slightly above the poverty line and have set the eligibility levels for many low-income assistance programs at amounts above the poverty threshold.<sup>4</sup>

In our report on state income tax burdens, we also looked at state income taxes on families with incomes at 125 percent of poverty. Virginia levies the 5<sup>th</sup> highest income tax on single-parent families of three at 125 percent of the poverty line and the 6<sup>th</sup> highest on two-parent families of four; these families pay income taxes of \$431 and \$525, respectively. Virginia's newly enacted low-income credit will provide no tax relief to these families because the new

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<sup>1</sup>(...continued)  
referred to as a low-income credit throughout this document.

<sup>2</sup> In tax year 2000, when the credit is effective, Virginia's ranking will be different as a result of changes in other states.

<sup>3</sup> The official poverty threshold produced by the Census Bureau differs somewhat from the "poverty guideline" set by the United States Department of Health and Human Services. For instance, in 1999 the poverty threshold for a family of four was \$17,029 compared with the poverty guideline of \$16,700. The poverty thresholds are used for statistical purposes while the poverty guidelines are used for administrative purposes such as determining eligibility for benefits in federal means-tested programs.

<sup>4</sup> For example, the income guidelines for food stamps and school lunch eligibility are both set at 130 percent of poverty. In addition, 38 states set the eligibility guidelines for the Low Income Home Energy Assistance Program (LIHEAP) at 125 percent of poverty or higher. Similarly, states must cover under Medicaid children age 1-5 in families with incomes below 133 percent of poverty.

credit only provides relief to families with incomes below the federal poverty guidelines.

A second weakness of the low-income credit is that it creates an income tax “cliff” whereby when a family’s income exceeds the federal poverty guidelines by a single dollar they owe the full amount of Virginia income tax. As the table below shows, if the Virginia’s low-income credit had been effect in tax year 1999 a two-parent family of four with income at the federal poverty guideline of \$16,700 would have received a non-refundable credit of \$1,200, which is enough to fully offset the usual tax liability at that income level. By contrast, if such a family earned \$16,701 — one dollar above the poverty guideline — it would no longer be eligible for the tax credit and would face tax liability of \$295. One additional dollar of income increases tax liability by \$295.

| 1999 Virginia Tax Liability<br>(Assuming the low-income credit is effective in tax year 1999) |               |
|---|---------------|
| Income  | Tax Liability |
| \$16,700  | \$0           |
| \$16,701  | \$295         |

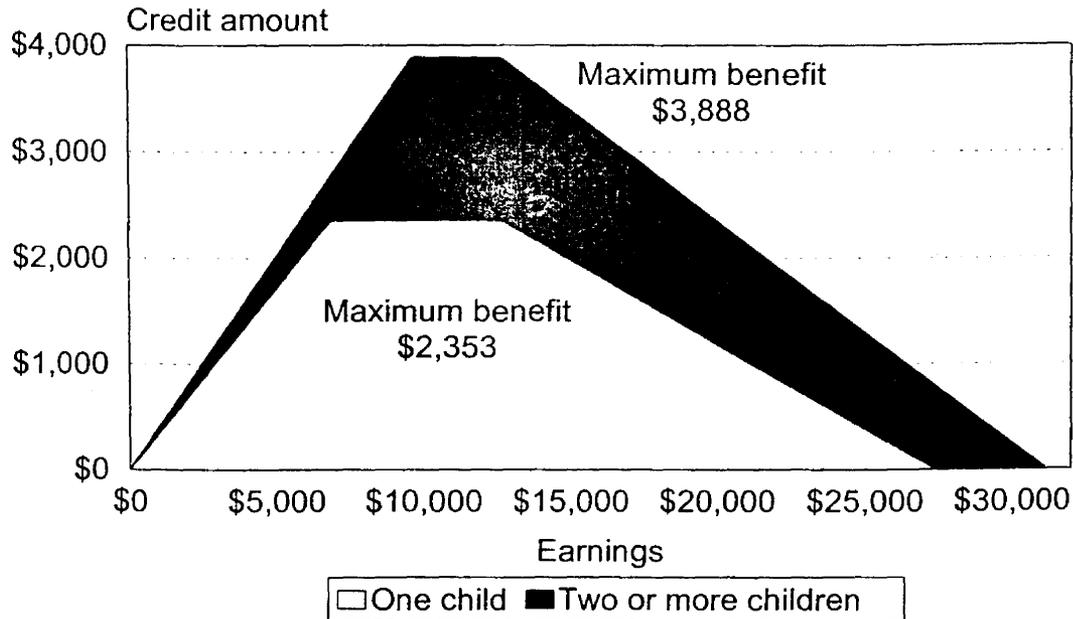
A third weakness of Virginia’s newly enacted low-income credit is that it is non-refundable. The distinction between refundable and non-refundable credits is important. Under a refundable credit, a family receives a refund check if the size of the credit exceeds its tax bill. A non-refundable credit, such as Virginia’s, does not supplement a family’s income above its earnings and thus does not lift any families with poverty-level wages out of poverty. A refundable credit, by contrast, can be used to boost the incomes of low-income working families, including those making the transition from welfare to work, and serves to offset other state and local taxes.

### **A Virginia EITC that Piggy-backs on the Federal EITC Would be an Improvement**

A Virginia Earned Income Tax Credit (EITC) set at 25 percent of the federal EITC would go much further. It would address each of the weaknesses of Virginia’s newly enacted low-income credit. The federal EITC is a tax credit for low- and moderate-income workers, primarily those with children, designed to offset the burden of Social Security taxes, supplement earnings, and complement efforts to help families make the transition from welfare to work. The EITC has been widely praised for its success in supporting work and reducing poverty. Nationally, some 4.8 million people, including 2.6 million children, are removed from poverty as a result of the federal EITC. The federal EITC lifts more children out of poverty than any other federal program.

The success of the federal EITC has led a number of states to enact state Earned Income Tax Credits that supplement the federal credit. Altogether, 15 states — including Maryland and

# The Federal Earned Income Tax Credit in Tax Year 2000



Center on Budget and Policy Priorities

the District of Columbia — now offer state EITCs based on the federal credit. In addition, one local government — Montgomery County, Maryland — offers a local EITC. State EITCs have gained support across the political spectrum. EITCs have been enacted in states led by Republicans, states led by Democrats, and states with bipartisan leadership. The credits are supported by business groups as well as social service advocates.

State EITCs generally are set as a percentage of the federal EITC and thus share its structure. The federal EITC benefit that an eligible family receives depends on the family's income. For families with very low earnings, the value of the federal EITC *increases* as earnings rise. Families with two or more children receive a federal EITC equal to 40 cents for each dollar up to \$9,720 earned in 2000, for a maximum benefit of \$3,888. Families with one child receive a federal EITC equal to 34 cents for each dollar earned up to \$6,920 of earnings, for a maximum benefit of \$2,353. Both types of families continue to be eligible for the maximum credit until income reaches \$12,690. For families with incomes above \$12,690, the federal EITC phases out as earnings rise. Families with two or more children are eligible for some federal EITC benefit until income exceeds \$31,152, while families with one child remain eligible for some EITC benefit until income exceeds \$27,413.

The EITC benefit structure solves the problem of the income tax “cliff” created by the low-income credit because the benefits gradually phase-out as opposed to abruptly ending at a specified income level. The benefit structure is also an improvement over the low-income credit in the tax treatment of families as they work their way out of poverty. The EITC provides benefits to families with incomes up to about \$30,000. Thus, as families move out of poverty they continue to receive benefits from the EITC.

A Virginia EITC would be a further improvement over the low-income credit if it were refundable. The federal EITC, ten of the fifteen state EITCs, and the Montgomery County EITC are refundable. Under a refundable credit, a family receives a refund check if the size of the credit exceeds its tax bill. Thus the EITC provides both tax relief and lifts families out of poverty by providing a wage supplement. Low-income working families frequently struggle with the additional costs associated with making the transition from welfare to work such as health care, transportation and child care. A refundable EITC can provide an income supplement and assist in meeting these expenses.

As noted above, a single-parent family of three in Virginia with income at 125 percent of poverty owes \$431 in state income taxes — more than in all but 4 other states. Virginia’s low-income credit provides no tax relief to this family. If a Virginia EITC set at 25 percent of the federal EITC had been in effect in 1999, a two-parent family of three with income at 125 percent of poverty would have received a refund of \$304 improving Virginia’s ranking to 38<sup>th</sup> in the country.

### **Cost of a Virginia EITC**

The projected net cost of a 25 percent refundable Virginia EITC to replace the low-income credit in fiscal year 2001 is \$126 million. This estimate is based on three data sources. The first data source is Internal Revenue Service data on the amount of federal EITC claims filed by residents of each state. The second data source is the U.S. Department of Treasury’s projections of the cost of the federal EITC in future years. Based on this data, the estimated cost of the federal EITC going to Virginia residents in FY 2001 is \$685 million. The third data source is the cost estimate of the low-income credit enacted this year of \$20 million.<sup>5</sup> A refundable EITC set at 25 percent of the federal EITC would replace the current low-income credit. The savings that result from replacing the low-income credit of \$20 million can be applied to the cost of the EITC, thus lowering the net cost.

The cost estimate of the Virginia EITC reflects the 25 percent rate for the Virginia credit, and an assumption that approximately 85 percent of Virginia residents who claim the federal credit would also claim the Virginia credit ( $\$685 \text{ million} \times 25\% \times 85\% = \$146 \text{ million}$ ). Other states that have enacted EITCs, including New York, Wisconsin, and Vermont, have found that

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<sup>5</sup> Senate Finance Committee, Virginia General Assembly, “Special Report on Tax Policy (Senate Bill 30, As Introduced),” February 20, 2000.

the participation rate for a state EITC in the first year after enactment was 80 to 85 percent of participation in the federal credit by state residents.<sup>6</sup> Finally, the savings associated with replacing the current low-income credit of \$20 million are applied to the gross cost estimate resulting in a net cost estimate of \$126 million.

### Examples of How a Virginia EITC Would Affect Families

As shown below, families with incomes below 200 percent of poverty would be better off under a 25 percent EITC compared to the low-income credit:

**Comparison of Virginia Tax Liability, 1999**  
Assuming Low-Income Credit Enacted in 2000  
Had Been Effective in Tax Year 1999

|  | Gross Earnings | Tax Liability Before Credits | Virginia Tax Liability with Low-Income Credit | Virginia Tax Liability Under Virginia EITC Set at 25% of Federal Credit* |
|--|----------------|------------------------------|---|--|
| <b>Family of four with two children</b>  |                |                              |   |  |
| No earnings                              | \$0            | \$0                          | \$0   | \$0  |
| Half-time minimum wage                   | \$5,356        | \$0                          | \$0   | (\$536)  |
| Full-time minimum wage                   | \$10,712       | \$50                         | \$0   | (\$904)  |
| Wages equal federal poverty line         | \$17,029       | \$311                        | \$311   | (\$402)  |
| Wages equal 125% of poverty line         | \$21,286       | \$525                        | \$525   | \$36   |
| Wages equal 200% of poverty line         | \$34,058       | \$1,229                      | \$1,229                                       | \$1,229  |
| <b>Family of three with two children</b> |                |                              |   |  |
| No earnings                              | \$0            | \$0                          | \$0   | \$0  |
| Half-time minimum wage                   | \$5,356        | \$0                          | \$0   | (\$536)  |
| Full-time minimum wage                   | \$10,712       | \$135                        | \$0   | (\$819)  |
| Wages equal federal poverty line         | \$13,290       | \$265                        | \$0   | (\$645)  |
| Wages equal 125% of poverty line         | \$16,613       | \$431                        | \$431   | (\$304)  |
| Wages equal 200% of poverty line         | \$26,580       | \$959                        | \$959   | \$749  |
| <b>Family of three with one child</b>    |                |                              |   |  |
| No earnings                              | \$0            | \$0                          | \$0   | \$0  |
| Half-time minimum wage                   | \$5,356        | \$0                          | \$0   | (\$455)  |
| Full-time minimum wage                   | \$10,712       | \$69                         | \$0   | (\$509)  |
| Wages equal federal poverty line         | \$13,290       | \$165                        | \$0   | (\$380)  |
| Wages equal 125% of poverty line         | \$16,613       | \$331                        | \$331   | (\$81)   |
| Wages equal 200% of poverty line         | \$26,580       | \$845                        | \$845   | \$832  |

\*These estimates are the tax liability without the newly enacted low-income credit.

<sup>6</sup>For more information on state EITC cost estimates, see Nicholas Johnson, *How Much Would a State Earned Income Tax Credit Cost*, Center on Budget and Policy Priorities, September, 2000.

**Table VA-1**  
**State Income Tax Thresholds for Single-Parent Families of Three, 1999**  
**Assuming Virginia's Low Income Credit Was Effective in 1999**

Poverty line: \$13,290

| Rank                          | State         | Threshold      | Rank                          | State                | Threshold       |
|-------------------------------|---------------|----------------|-------------------------------|----------------------|-----------------|
| 1                             | Alabama       | \$4,600        | 18                            | Delaware             | \$13,400        |
| 2                             | Illinois      | 5,000          | 19                            | North Carolina       | 13,900          |
| 2                             | Kentucky      | 5,000          | <b>19</b>                     | <b>Virginia</b>      | <b>13,900</b>   |
| 4                             | Montana       | 7,500          | 21                            | Mississippi          | 14,400          |
| 5                             | Indiana       | 9,000          | 22                            | District of Columbia | 14,600          |
| 5                             | Michigan      | 9,000          | 22                            | Idaho                | 14,600          |
| 7                             | Oklahoma      | 9,100          | 22                            | South Carolina       | 14,600          |
| 8                             | Hawaii        | 9,200          | 25                            | Nebraska             | 15,100          |
| 9                             | New Jersey    | 10,000         | 25                            | North Dakota         | 15,100          |
| 9                             | Ohio          | 10,000         | 27                            | Wisconsin            | 15,700          |
| 9                             | West Virginia | 10,000         | 28                            | Maine                | 16,600          |
| 12                            | Louisiana     | 11,800         | 29                            | Iowa                 | 17,300          |
| 13                            | Georgia       | 12,100         | 30                            | New Mexico           | 18,000          |
| 14                            | Missouri      | 12,400         | 31                            | Massachusetts        | 18,900          |
| 14                            | Oregon        | 12,400         | 32                            | Connecticut          | 19,100          |
| 16                            | Utah          | 12,600         | 33                            | Pennsylvania         | 19,500          |
| 17                            | Arkansas      | 13,000         | 34                            | Kansas               | 19,900          |
|                               |               |                | 35                            | Arizona              | 20,100          |
|                               |               |                | 36                            | New York             | 21,800          |
|                               |               |                | 37                            | Colorado             | 22,000          |
|                               |               |                | 38                            | Rhode Island         | 23,900          |
|                               |               |                | 38                            | Vermont              | 23,900          |
|                               |               |                | 40                            | Maryland             | 24,200          |
|                               |               |                | 41                            | Minnesota            | 24,700          |
|                               |               |                | 42                            | California           | \$33,700        |
| <b>Average Threshold 1999</b> |               | <b>\$9,571</b> | <b>Average Threshold 1999</b> |                      | <b>\$18,756</b> |
| <b>Amount Below Poverty</b>   |               | <b>\$3,719</b> | <b>Amount Above Poverty</b>   |                      | <b>\$5,466</b>  |

Note: A threshold is the lowest income level at which a family has state income tax liability. In this table thresholds are rounded to the nearest \$100. The 1999 poverty line is a Census Bureau estimate based on the actual 1998 line adjusted for inflation. The threshold calculations include earned income tax credits, other general tax credits, exemptions, and standard deductions. Credits that are intended to offset the effects of taxes other than the income tax or that are not available to all low-income families are not taken into account.

Source: Center on Budget and Policy Priorities

**Table VA-2**  
**State Income Tax Thresholds for Two-Parent Families of Four, 1999**  
**Assuming Virginia's Low Income Credit Was Effective in 1999**

Poverty line: \$17,029

| Rank                          | State           | Threshold       | Rank                          | State                | Threshold       |
|-------------------------------|-----------------|-----------------|-------------------------------|----------------------|-----------------|
| 1                             | Alabama         | \$4,600         | 21                            | Iowa                 | \$17,300        |
| 2                             | Kentucky        | 5,200           | 22                            | District of Columbia | 18,200          |
| 3                             | Illinois        | 6,600           | 22                            | South Carolina       | 18,200          |
| 4                             | Montana         | 9,100           | 24                            | Idaho                | 18,400          |
| 5                             | Indiana         | 9,500           | 25                            | Mississippi          | 18,600          |
| 6                             | New Jersey      | 10,000          | 25                            | Nebraska             | 18,600          |
| 6                             | West Virginia   | 10,000          | 27                            | North Dakota         | 18,700          |
| 8                             | Hawaii          | 11,000          | 28                            | Wisconsin            | 18,800          |
| 9                             | Michigan        | 11,800          | 29                            | Maine                | 20,200          |
| 10                            | Ohio            | 12,300          | 30                            | Massachusetts        | 20,500          |
| 11                            | Louisiana       | 12,700          | 31                            | New Mexico           | 20,600          |
| 12                            | Oklahoma        | 12,700          | 32                            | Kansas               | 20,900          |
| 13                            | Missouri        | 13,900          | 33                            | New York             | 23,000          |
| 14                            | Oregon          | 14,400          | 34                            | Arizona              | 23,600          |
| 15                            | Georgia         | 15,300          | 35                            | Connecticut          | 24,100          |
| 16                            | Utah            | 15,500          | 36                            | Colorado             | 24,600          |
| 17                            | Arkansas        | 15,600          | 37                            | Maryland             | 24,800          |
| 18                            | Delaware        | 16,100          | 38                            | Rhode Island         | 25,400          |
| 19                            | <b>Virginia</b> | <b>16,700</b>   | 38                            | Vermont              | 25,400          |
| 20                            | North Carolina  | 17,000          | 40                            | Minnesota            | 26,000          |
|                               |                 |                 | 40                            | Pennsylvania         | 26,000          |
|                               |                 |                 | 42                            | California           | 35,500          |
| <b>Average Threshold 1999</b> |                 | <b>\$12,000</b> | <b>Average Threshold 1999</b> |                      | <b>\$22,155</b> |
| <b>Amount Below Poverty</b>   |                 | <b>\$5,028</b>  | <b>Amount Above Poverty</b>   |                      | <b>\$5,127</b>  |

Note: A threshold is the lowest income level at which a family has state income tax liability. In this table thresholds are rounded to the nearest \$100. The 1999 poverty line is a Census Bureau estimate based on the actual 1998 line adjusted for inflation. The threshold calculations include earned income tax credits, other general tax credits, exemptions, and standard deductions. Credits that are intended to offset the effects of taxes other than the income tax or that are not available to all low-income families are not taken into account.

Source: Center on Budget and Policy Priorities

## VIRGINIA PERSONAL INCOME TAX: CURRENT TAX AND POLICY OPTIONS

Report to

### Commission on Virginia's State and Local Tax Structure for the 21<sup>st</sup> Century

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November 2000

It is important for the Commission on Virginia's State and Local Tax Structure for the 21<sup>st</sup> Century to examine the state's personal income tax, for several reasons.

- It is the state's major tax source;
- It is the only major tax for which Virginia's tax effort is higher than the national average for state and local governments;
- Even greater reliance upon the income tax is likely for several reasons, including the relatively high natural growth of the income tax; threats to the strength of the general sales tax from out-of-state vendors, including sales via the Internet; and unpopularity of property taxes, including the "car tax" now being phased out with state replacement of the lost local revenue;
- Key elements of the graduated-rate structure of the income tax remain essentially unchanged since the 1920s, and personal exemptions and other aspects of the structure were last changed too long ago to be appropriate in the 21<sup>st</sup> century; and
- Income levels and the percentage of families with both spouses earning income both have increased dramatically, with important implications for the income tax structure.

For these reasons, it is important that the Virginia personal income tax be given a fresh look, for the purpose of considering comprehensive revision.

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<sup>1</sup> This report is the basis for presentations to the Commission on Virginia's State and Local Tax Structure for the 21<sup>st</sup> Century at its meetings August 22, October 31, and November 30, 2000. Consideration of alternatives would not have been possible without the expert and generous efforts of Edward P. Harper, Senior Economist in the Office of Fiscal Research of the Virginia Department of Taxation, who provided simulations of many reform alternatives using computerized tax return data. Sincere thanks go to him for this vital work, and to Danny M. Payne, Tax Commissioner, and Dr. Robert T. Benton, Assistant Commissioner and head of the Office of Fiscal Research, for their support of the effort.

The essential features of the Virginia personal income tax – discussed at length below – are sketched here. The tax base starts from federal adjusted gross income, which is adjusted in certain respects to arrive at Virginia AGI. Taxable income – the statutory base of the Virginia tax – is determined by subtracting personal exemptions and certain deductions (e.g., standard deductions, itemized deductions for mortgage interest) from AGI. Then four different marginal rates are applied to taxable income amounts within certain ranges, or brackets. The first \$3,000 of taxable income is taxed at 2.0 percent, the next \$2,000 at 3.0 percent, the next \$12,000 at 5.0 percent, and amounts in excess of \$17,000 at 5.75 percent. Every taxpayer gets the first \$3,000 taxed at 2.0 percent, and so on through the brackets, regardless of the total amount of taxable income the taxpayer has. Thus, contrary to a durable but erroneous impression, a pay increase that puts a person in a higher tax bracket does not cause that person's tax liability to increase by more than the increase in pay.

This report considers the logic of income taxation, the financing role of the income tax in Virginia over time, and in comparison with other states; examines key aspects of tax rate structure and tax base definition of the current tax; presents a range of possible alternative structural features; and compares the current tax with those alternatives in terms of horizontal and vertical equity and other standard criteria, such as economic efficiency.

Options presented in this report have been constructed to raise essentially the same revenue as the current tax in the base, or reference, period – tax year 1998, the latest year for which computerized tax return information was available to support simulations of tax revision alternatives, provided by the Department of Taxation. Looking at revenue-neutral alternatives focuses attention on structural features of the tax, rather than on the amount of revenue generated by it. The amount of revenue to be raised is a separate decision from that of the basic structure of the tax. Whatever structure the state's elected decision makers adopt, rates can be adjusted to raise any amount of revenue they are likely to deem appropriate.

### **Logic of Taxing Income**

Taxes are imposed to pay for publicly provided services, many of which cannot be provided effectively through private markets. In many instances it is not feasible to exclude from benefits people not making a direct, quid pro quo payment (e.g., mosquito abatement, snow removal from streets and roads), and in other instances it is not desirable to do so (e.g., public education, parks, income maintenance). In such cases, taxes are imposed, mandatory payments for collectively provided services. If it is appropriate to place the cost of such services on the beneficiaries of a given service through a tax likely to be paid principally by that group, taxation is said to be benefits-based; financing of highways from the motor fuel tax and other taxes paid primarily by highway users is an example. If it is not feasible or not desirable to tax in such manner, then ability-based taxation is the alternative.<sup>2</sup>

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<sup>2</sup> These and related matters are discussed in Bowman to the Commission's report..

The income tax is an ability-based tax. Although some argue that people with the highest incomes receive the greatest benefits from public services (e.g., such people have more to lose from failure to provide police protection), the standard rationale for income taxation is ability to pay, rather than benefits received. If the income tax base is to be indicative of taxpayers' relative taxpaying abilities, it must be defined comprehensively; leaving out some sources of income creates inequities. Suppose, for example, that the Smiths and the Joneses are two couples with the same total money income – say, \$25,000 – but that the Smiths receive all their income from taxable sources while the Joneses receive \$15,000 from non-taxable sources. Although the two couples have the same spending power and are in every meaningful sense equally situated, the tax system – by creating non-taxable categories of income – pretends that they are not. By ignoring 60 percent of the Joneses' income, the tax system imposes quite different tax burdens on the two couples, creating horizontal inequity. Preferences based on proxies for ability, rather than ability measured by income, similarly create horizontal inequity. When the base of the tax is income, there is no convincing rationale for resorting to proxies for need, such as age or disability, in determining tax liabilities.

### **Financing Role of the Personal Income Tax**

One measure of the importance, or level, of a tax is the percentage of total taxes (or some broader revenue measure) contributed by the tax. By this measure, the Virginia personal income tax is very important, indeed.

#### **Income Tax Share of All Taxes**

Census data show that the largest single source of state government tax revenue now is the personal income tax (Table 1). It accounted for 34.5 percent of all state tax revenue in fiscal 1999, compared to 33.2 percent from the general sales tax (52.7 percent and 20.7 percent, respectively, for Virginia). Through fiscal 1997, the general sales tax was number one among state taxes,<sup>3</sup> but the economic boom of the late 1990s propelled the income tax past the sales tax, even though more states use the general sales tax than use the personal income tax.<sup>4</sup> At 52.7 percent in 1999, Virginia generated a larger share of state tax dollars from the personal income tax than all but three other states: Oregon (69.4 percent), Massachusetts (54.6 percent), and New York (53.2 percent). The Oregon figure is higher than the others in part because it is one of five states with no general sales tax. Two of Virginia's neighboring states, Maryland and North Carolina, also had above-average state government reliance on the income tax, each at about 45 percent, and thus substantially below the Virginia figure.

<sup>3</sup> Census Bureau, various years, *State Government Tax Collections*.

<sup>4</sup> A broad-based personal income tax is in place in 41 states (and the District of Columbia – which is not counted as a state in the Census data on state taxes), while taxes on only dividend and interest income are found in New Hampshire and Tennessee. The general sales tax is levied at the state level in 45 states (and the District); Alaska is unique in that there is a local sales tax but no state-level tax.

Virginia's state income tax reliance is high enough to give the state above-average income tax reliance for the combined state-local sector, even though there are no Virginia local income taxes (Table 1). Nationwide, the personal income tax contributes a smaller percentage of total state-local taxes than either of the other two major taxes, general sales and property, in part because property taxes are levied in all states and the District of Columbia, and local general sales taxes are more common than local income taxes. In fiscal 1996, the latest year for which Census Bureau data are available state-by-state for local government, the average share of state-local taxes from the personal income tax was 21.3%, and the Virginia figure was 27.5 percent. Thus, the income tax contributed a larger share of state-local taxes in Virginia than did the general sales tax, even though all counties and cities levy a local sales tax and there is no local income tax. Ten states and the District of Columbia had higher state-local income tax reliance than Virginia, with the highest again being Oregon, at 39.0 percent. Among Virginia's neighbors, the two states with local income taxes both had higher state-local reliance on income taxes than Virginia did – Maryland (37.4 percent) and Kentucky (30.3 percent) – but so did North Carolina and the District of Columbia, although not by much (29.9 percent and 27.8 percent, respectively).

**National Trends.** Over time, the role of the personal income tax has grown significantly (Table 2). In the quarter century between 1942 and 1967, the personal income tax share of state-local tax revenues grew from 3.2 percent to 9.5 percent; for state governments alone, the growth was strong, but somewhat less in relative terms – from 6.4 percent in 1942 to 15.4 percent in 1967. In the next quarter century, to 1992, the financing role of the personal income tax roughly doubled, for both state governments and the state-local sector as a whole, and for each there was some additional growth into the late 1990s, the period just considered for Virginia and its neighbors (Table 1). Nationally, the pace of growth has moderated since the 1970s. In part, this is because there have been no new state income tax adoptions since New Jersey in 1976, while in the 1961-76 period, 10 other states – including Michigan, Ohio, New Jersey, and Pennsylvania – adopted state-level personal income taxes; moreover, Alaska repealed its income tax in 1979, following the boom in oil revenues there.<sup>5</sup> Despite the lack of recent adoptions, however, the income tax portion of state taxes has continued to rise because the personal income tax is what economists call an *elastic* tax source. Simply put, this means income tax revenue rises more than one percent for each one percent increase in underlying income.

**Virginia Trends.** The elasticity of the tax is a large part of the reason for the increasing role of the personal income tax in Virginia (Table 2). In 1967, it already accounted for 30.4 percent of state tax revenue, nearly double the national average; by 1999, the income tax share was 52.7 percent. Although still well above the national average, the Virginia income tax share of state taxes is only about 1.5 times the national figure, rather than double it. Over the 1967-99 interval, there were changes in Virginia income tax provisions (discussed below) that altered its revenue productivity. In addition, though, the income tax share was affected by other taxes. In the late 1960s the general sales tax was adopted, and this helps account for the virtually stable income tax

<sup>5</sup> U.S. Advisory Commission on Intergovernmental Relations, Table 13.

share of state taxes between 1967 and 1972. Similarly, in the late 1980s, the state added another half percentage point to the state sales tax, which affected the relative performance of the income tax in that period. Also in the late 1980s, though, changes to the income tax were made to reduce revenue yield, to avert large revenue windfalls following broadening of the federal income tax base (generally followed by Virginia) by the Tax Reform Act of 1986.

### **Tax Yield Relative to Personal Income**

Another measure of the level of the personal income tax in Virginia is its revenue expressed as a percentage of state personal income. While Virginia is a low-tax state overall, its personal income tax is not low. In fiscal 1999, all state taxes amounted to 6.0 percent of state personal income in Virginia and 6.0 percent nationwide; thus, Virginia state taxes were just 88 percent as high relative to personal income as the national average. For the personal income tax, however, the Virginia figure was one-third higher than the national average (3.2 percent of personal income in Virginia and 2.3 percent nationwide). Per capita numbers paint a similar picture, although Virginia's relative income tax level is somewhat higher on this basis than as a percentage of personal income. Nationwide in 1999, state taxes averaged \$1,835 per capita and personal income taxes averages \$633, while for Virginia the figures were \$1,682 and \$886.<sup>6</sup>

Given the high level of the Virginia personal income tax, it is especially important that the tax be structured and administered equitably and efficiently. This need is even greater if, as some have suggested, the financing role of the Virginia state income tax will grow relative to other taxes during at least the early part of the 21<sup>st</sup> century.

### **Brief History of the Virginia Income Tax**

Before considering possible changes to the Virginia personal income tax, it is appropriate to consider its development to this point. The summary presented here is based on a thorough review of the evolution of the tax, into the early 1980s, in a study by Knapp, Bonventre, and Smith.<sup>7</sup>

The rate structure has been remarkably constant over several decades. Multiple rates have been in use since 1919, when a two-bracket structure was adopted. The three-bracket structure that is the core of the current tax was adopted in 1926, and the fourth bracket was added in 1972. More specifically, major steps in the evolution of the current tax system have been the following:

- 1919, two brackets established: first \$3,000 taxed at 1.0 percent, amounts above \$3,000 taxed at 2.0 percent;
- 1926, three brackets defined: up to \$3,000 taxed at 1.5 percent, next \$2,000 taxed at 2.5 percent, and amounts of \$5,000 and above taxed at 3.0 percent;

<sup>6</sup> Calculated from Federation of Tax Administrators, 2000c and 2000d.

<sup>7</sup> A careful review of the evolution of the current Virginia income tax into the early 1980s is provided by Knapp, Bonventre, and Smith, pp. 22-40. This section is based upon that portion of their report.

- 1948, same three brackets retained, but marginal rates increased to 2.0 percent, 3.0 percent, and 5.0 percent;
- 1972, fourth bracket added to otherwise unchanged rate structure: amounts over \$12,000 taxed at 5.75 percent; and
- 1987, starting point for 5.75 percent rate raised in stages from \$12,000 to \$17,000.<sup>8</sup>

Thus, the current rate structure has been unchanged in over a decade, but its basic structure has been in place much longer. The widths of the first three brackets have not been changed since 1926, and the rates applied to them have not changed since 1948. The fourth bracket was added over a quarter century ago, in 1972, and the rate for the top bracket then still is in place.

Personal exemptions have been much less stable over the years. The 1926 law that created the first three brackets of the current system established personal exemptions of \$1,000 for a single person, \$2,000 for a married couple, and \$400 per dependent. In 1930, the exemptions were increased to \$1,250 for a single person and \$2,800 for a married couple, while dependent exemptions were left unchanged. Later in the Great Depression, in 1934, exemptions were cut to raise additional state revenue; the new amounts were \$1,000 (single), \$2,000 (married), and \$200 (dependent). By 1967, the dependent exemption was \$600, while the other two figures remained as in 1934; additional \$600 exemptions were provided for those 65 and older, and for the blind. In 1972, as part of a major package centered on conformity to federal to the federal tax – including starting from federal adjusted gross income – all personal exemptions were set at \$600, even though this level was less than the federal exemption amount and less than the previous state exemption amount for taxpayers and their spouses. This reduction, however, coincided with increases in the standard deduction, which for a few years was set at the federal level; revenue loss that would result from matching rising federal standard deductions led to ending this aspect of state-federal conformity.

The federal Tax Reform Act of 1986 increased personal exemptions and standard deductions substantially. Personal exemptions were to rise from \$1,080 in 1986 to \$2,000 by 1989, and standard deductions were increased to \$3,000 for single people and \$5,000 for married couples as of 1988.<sup>9</sup> As with the 1972 initial move to state-federal conformity, 1987 Virginia legislation adopted (effective in 1989) federal standard deductions of \$3,000 and \$5,000; state personal exemptions, already much smaller than those for the federal tax, were increased to \$700 in 1987 and \$800 the next year, where they remain.<sup>10</sup> Conformity to federal standard deductions was short-lived, however, because the federal amounts – for standard deductions and for personal exemptions – were indexed to inflation by the 1986 law. Virginia has neither indexed, nor made discretionary adjustments. As a result, the Virginia levels are far below the federal levels for both standard deductions and personal exemptions. In comparison to the state values

<sup>8</sup> Virginia Code, Sec. 58.1-320. This breaking point went to \$14,000 in 1987 and then rose \$1,000 per year, reaching the current \$17,000 in 1990.

<sup>9</sup> Pechman, pp. 65 and 314.

<sup>10</sup> Virginia Code, Sec. 58.1-322, 2.a.

just noted, the 1999 federal amounts were \$4,300 and \$7,200 for standard deductions, and \$2,750 for personal exemptions.<sup>11</sup>

### **Comparison of the Virginia Tax to Other State Income Taxes**

How do the features of the state's income tax, just described, compare to those of other states' income taxes? That question is addressed in this section, which compares the income taxes as of January 1, 2000, based on information compiled by the Federation of Tax Administrators.<sup>12</sup> Consideration is given to rate structures and to various aspects of the tax base. The latter include use of a figure from the federal income tax as a starting point, personal exemption amounts, and standard deduction amounts.

A caveat is in order in making these comparisons. For any tax, the amount of tax liability (T) is equal to statutory tax base (B) times the statutory tax rate (R) less tax credits (C); i.e.,  $T = (B * R) - C$ . Because of this, looking at rate structure provides an incomplete measure of how high or low a state's tax is. Gross tax liability depends, as well, upon the legal definition of the tax base, which includes such matters as personal exemptions and standard deductions, as well as inclusion or exclusion of specific elements of income, such as Social Security benefits and state-local bond interest.

As an example, note that both Illinois and Pennsylvania have single-rate personal income taxes, with rates of 3.0 percent and 2.8 percent, respectively. On the face of it, then, Illinois appears to impose a higher tax burden. However, Illinois provides for personal exemptions of \$2,000 per person while Pennsylvania does not allow such exemptions. Thus, a single person with \$20,000 income before personal exemptions would owe \$540 tax in Illinois  $((20,000 - 2,000) * 0.03)$ , but would owe \$560 in Pennsylvania  $(20,000 * 0.028)$ . The state with the higher rate imposes a lower tax liability in this case. The larger the family, the greater the amount of income offset by the Illinois personal exemptions, and the lower its tax will be relative to Pennsylvania's. For example, consider a family of 4 with \$20,000 income. In Pennsylvania, the larger family size will have no effect on tax liability, which still is \$560. But in Illinois, taxable income will be only \$12,000, so tax liability will be only \$360.

Personal exemptions and standard deductions create a tax-free amount of income because they are subtracted from the broad definition of income (typically adjusted gross income, or AGI) in arriving at the statutory tax base (taxable income, or TI). Even with a single-rate (flat) tax, therefore, the effective tax rate – the tax as a percentage of a measure of income broader than taxable income<sup>13</sup> – rises as income rises because the personal exemption and standard deduction amounts, constant for any given family size, represent a larger portion of low incomes than of high incomes. In short, effective tax rates are progressive even if the statutory rate is flat, if there is a tax-free amount whose size is not dependent upon income.

<sup>11</sup> Federal standard deduction and personal exemption amounts for 1999 are from Form 1040 for that year.

<sup>12</sup> Federation of Tax Administrators, 2000a and 2000b.

<sup>13</sup> For a discussion, see Bowman, Appendix D.

## Rate Structures

Although multiple statutory marginal rates applied to specified brackets, or bands, of income are not necessary for establishing a progressive pattern of effective tax rates, most states with broad-based income taxes have adopted the multiple-rate approach. This approach can, of course, provide a greater degree of progressivity than is available from a single rate, but most state income taxes do not establish greater progressivity – in spite of their multiple-rate structures – than can be gotten from a single rate with an appropriately large tax-free amount.<sup>14</sup> That is because many of the states define narrow income brackets that top out at relatively low levels of income. Virginia, as already seen is a case in point. When the first three brackets of the Virginia income tax were established in 1926, the lowest – up to \$3,000 of taxable income – would have covered most income of most families. By 1998, the poverty threshold for even one person was nearly three times that level. Even the \$17,000 starting point for the top bracket is low, less than half of median family income.

As of January 1, 2000, 33 states and the District of Columbia had multiple-rate personal income taxes, six states had single-rate taxes, and two imposed taxes at a flat rate of federal tax liability, thus picking up the federal rate graduation.<sup>15</sup> The states with a tax equal to a specified percentage of federal tax liability are Rhode Island (26 percent) and Vermont (24 percent). Single-rate states are Colorado (4.75 percent), Illinois (3.0 percent), Indiana (3.4 percent), Massachusetts (5.95 percent), Michigan (4.3 percent), and Pennsylvania (2.8 percent).

Among graduated-rate states, the number of brackets ranges from two (Connecticut) to 10 (Missouri and Montana). More states specify three brackets (eight) than any other number, followed by six brackets (six states) and four brackets (five states). In keeping with the earlier observation that rate graduation is not very meaningful in many states, because it tops out at relatively low income levels, only two states have a top-bracket threshold at 100,000 or higher (Arizona, \$150,000; Ohio, \$200,000), and that threshold is as high as \$50,000 in only another 11 states. At the other extreme, seven states' threshold for the top bracket is at \$10,000 or below, and in three of those, it is at \$5,000 or below. Thus, while Virginia's rate graduation stops at a modest level of income, its top-bracket threshold is by no means the lowest among the states. Top-bracket rates range from 4.5 percent (Connecticut) to 12 percent (North Dakota). A total of 15 states have top rates of 7 percent or higher, but only three are as high as 10 percent. Eleven states' top rates are 6 percent or less.

It is important to remember that tax rates by themselves tell little about the level of the tax. Base definition also is important. After this consideration of rates, several aspects of tax base definition are discussed. Before that, however, Table 3 compares the Virginia tax for married couples to the taxes in neighboring states, including the District

<sup>14</sup> Bowman and Mikesell.

<sup>15</sup> This summary is based on Federation of Tax Administrators, 2000b. As noted in the next section, on conformity to federal base definition, also offers the option of paying a percentage of tax liability.

of Columbia but excluding Tennessee, where the tax applies to dividends and interest only. Table 3 includes information on federal starting point, standard deduction, personal exemptions, and rate structure. These points are discussed further below, so for now it is simply noted that

- Virginia and all its neighbors start from federal AGI, except North Carolina, which starts from taxable income;
- All use multiple rate brackets, with anywhere from three to five brackets (two each with three, four, and five brackets);
- Top brackets start at very different levels, from \$3,000 (Maryland) to \$100,000 (North Carolina -- \$60,000 for single filers);
- Personal exemptions vary, but generally are significantly higher than in Virginia;
- Virginia's standard deduction is second highest in the group.

### **Tax Base: Linkage to Federal Tax**

All but five of the 42 broad-based state personal income taxes<sup>16</sup> use a figure from the federal income tax form as the starting point for the state tax. Most common is adjusted gross income (AGI), used by 26 states as of January 1, 2000. This is followed by taxable income (TI) in eight states, and by federal tax liability in three states.<sup>17</sup> Virginia is one of the states starting with federal AGI. Among Virginia's neighboring states and the District of Columbia with broad-based taxes, all start from AGI except North Carolina, which starts from federal taxable income (Table 3).

A principal advantage of tying into the federal definition of income is easier compliance; Virginia taxpayers who have completed their federal tax returns can arrive at their Virginia tax base quickly by taking a few numbers from their federal returns. This also helps simplify administration by the Virginia Department of Taxation, which can relate state tax returns more directly to information on federal tax returns – information available to the states under federal-state information exchange programs. Of the three points at which states tie their taxes to the federal tax, AGI provides the broadest base and encompasses the smallest number of features determined by the national government. Taxable income – the intermediate tie-in point – is AGI less personal exemptions and deductions, both standard and itemized. For 1995, federal taxable income was less than 60 percent of federal AGI, including AGI on returns with no tax liability (about 70 percent of AGI on taxable returns).<sup>18</sup>

Starting from AGI provides the greatest latitude for states to set their own policies with regard to deductions, exemptions, and rate structure – at least in principle. In practice, states generally make several adjustments to the federal starting point, thus preserving more flexibility in their actions than the federal tie-in suggests at first blush.<sup>19</sup>

<sup>16</sup> The count of 42 excludes the New Hampshire and Tennessee taxes on dividend and interest income only, and includes the District of Columbia.

<sup>17</sup> Federation of Tax Administrators, 2000a. North Dakota offers taxpayers a choice between 14 percent of federal tax liability and 2.67-12 percent of federal taxable income.

<sup>18</sup> Slemrod and Bakija, p. 39.

<sup>19</sup> For example, Virginia requires some adjustments to federal AGI, such as the subtraction of federal bond interest and the addition of bond interest on state-local bonds issued by governments outside Virginia.

Related to this, a number of states tie their taxes to the federal definitions as of some date other than the present. As of January 1, 2000, 15 of the 37 states tying their taxes to a federal starting point specified a prior date (up to four years earlier) and a few others said to have adopted “current” federal provisions did so less than completely.<sup>20</sup>

States fail to adopt current federal provisions for two basic reasons. Some cannot adopt federal provisions prospectively, because this would be considered inappropriate delegation of legislative power; such states must explicitly adopt federal provisions once they are in place, and this entails some lags. If a state decides it does not wish to adopt federal changes, however, it will decline to do so, thus leaving its tax tied to federal provisions as of an earlier date. Obviously, failure to adopt current federal provisions weakens the extent of true conformity and diminishes the compliance and administrative advantages of conformity – more seriously in some instances than others, depending upon the nature and of federal changes not endorsed.

### **Tax Base: Personal Exemptions and Standard Deductions**

States’ policies on personal exemptions and standard deductions vary substantially. Provisions of Virginia and its neighboring states are summarized in the last two columns of Table 3. Among this group, Virginia has the smallest personal exemptions, at \$800 each, while North Carolina has the largest, at \$2,500. Kentucky provides a \$20 per personal credit, rather than an exemption. At the bottom-bracket tax rate of 2.0 percent, this credit is equivalent to a \$1,000 personal exemption. However, the 2.0 percent rate applies to only \$3,000 of income (as in Virginia), so additional personal credits are equivalent to smaller exempt amounts that – because the next two brackets are each only \$1,000 wide – effectively straddle two different marginal rate brackets. The very narrow bracket widths undermine the logic of the credit.

**Establishing Tax-free Amounts.** Personal exemptions and standard deductions are considered together for two reasons. First, both are subtractions from adjusted gross income in arriving at taxable income. In addition, each is available to all filers at specific dollar amounts per person (personal exemptions) or per return for a given filer type (standard deduction, often different for single filers and for married couples). The sum of these subtractions from AGI is a tax-free amount, sometimes referred to as a zero-bracket amount. States can set the values of personal exemptions and standard deductions to remove from taxation amounts they believe do not represent taxpaying ability.

The income tax rests upon the ability-to-pay rationale of taxation, and the logic of establishing tax-free amounts is that the first dollars of income do not represent taxpaying ability. The number of dollars in this category might reasonably be set equal to the poverty threshold – i.e., a policy objective of not taxing poverty-level incomes. By this logic, the tax-free amounts should rise with family size, but not linearly, because the cost

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Virginia also subtracts the portion of Social Security benefits included in the federal tax base. North Carolina starts from federal taxable income, but adjusts such things as personal exemptions and standard deductions, as noted in Table 3.

<sup>20</sup> Federation of Tax Administrators, 2000a.

of living does not rise proportionately with increases in family size. Poverty thresholds determined by the federal government for 1998 (Table 4, panel 1) show this. For example, the poverty threshold for a single person (\$8,316) is 78 percent of that for a two people (\$10,634), and the threshold for six people is but 205 percent of the level for two.

The federal government adopted, as part of the Tax Reform Act of 1986, the policy of removing poverty-level income from the tax base.<sup>21</sup> Because poverty thresholds do not vary linearly with family size, a uniform exemption per person will not remove the appropriate amount of income from the tax base, but the personal exemption in concert with the standard deduction can accomplish the task reasonably well. To keep inflation from eroding the real value of exemption and standard deduction amounts – i.e., from causing poverty income from coming back into the tax base – the federal government has indexed the dollar amounts of these two subtractions, increasing them year-to-year in line with increases in the consumer price index.

Virginia's standard deductions were set equal to the federal amounts following adoption of the Tax Reform Act of 1986. However, Virginia does not index its tax, and there have been no discretionary adjustments in the intervening years, so they remain at their mid-1980s level, \$3,000 for a single person and \$5,000 for a married couple. The personal exemptions have not been changed for an even longer period, and equal just \$800 each.

The combination of these standard deductions and personal exemptions falls far short of removing poverty income from the Virginia income tax base (Table 4, panel 3). Considering family sizes of one through six, the tax-free amounts generally are half or less of the poverty threshold, ranging from range from 62 percent for two people to 45 percent for six people. If the personal exemption were increased to \$2,500 and standard deductions were increased to \$3,500 for a single person and \$7,000 for a married couple, the tax-free amounts would equal at least poverty income for all but a single person (Table 4, panel 2). The extremes are 72 percent for a single person and 113 percent for two people.

This disparity results from three things, the combination of which poses a tradeoff among objectives. First is the fact that the poverty threshold for a single person is nearly four-fifths as high as for a married couple. In combination with personal exemptions of \$2,500 each, the standard deduction for a single person would have to be \$5,816 if the sum of the two were to remove poverty income from the tax base. For a married couple, with \$5,000 removed by their two personal exemptions, the standard deduction have to be \$5,634 – less than for the single person. This combination would result in a substantial “marriage tax” because two unmarried people would be able remove \$16,632 from the tax base – an amount more than 55 percent above the poverty threshold for two people. To avoid the marriage penalty while keeping the tax-free amount for two people reasonably close to the poverty line necessarily means allowing a single person a tax-free amount less than less than the poverty threshold.

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<sup>21</sup> Pechman, p. 81.

It is a matter of judgment how this dilemma should be resolved, but clearly it is not possible to achieve simultaneously what seems right in all cases. Virginia allows married couples to file combined returns that permit each spouse's income to be considered separately, giving each the first \$3,000 at 2.0 percent, and so on, through the brackets. This policy suggests a strong aversion to the marriage penalty. A standard deduction for a married couple equal to twice that for a single person, set low enough to keep the tax-free amount close to the poverty level for most filers, is consistent with this policy.<sup>22</sup>

**Exemptions or Credits?** The logic of establishing tax-free amounts, as noted, is that the *first* dollars of income do not represent taxpaying ability. However, in a tax structure with multiple brackets subject to rising marginal tax rate, subtractions from AGI, such as personal exemptions, have the effect of removing the *last* dollars from the tax base.<sup>23</sup> The amount of taxable income in the taxpayer's highest marginal tax bracket is reduced. Thus, uniform personal exemptions produce different tax savings for taxpayers in different marginal tax brackets, with the largest reductions going to those in the highest rate brackets. In the current Virginia tax, an \$800 exemption reduces the tax bill by \$46 for someone in the 5.75 percent bracket, but the reduction for someone in the 2.0 percent bracket is only \$16.

To illustrate this, consider a taxpayer with \$60,000 of taxable income in 2000. Tax liability is \$60 on the first \$3,000 ( $3,000 * 0.02$ ), \$60 for the next \$2,000 ( $2,000 * 0.03$ ), \$600 on the next \$12,000 ( $12,000 * 0.05$ ), and \$2,742.50 on the amount of taxable income above \$17,000 ( $43,000 * 0.0575$ );  $\$60 + \$60 + \$600 + \$2,472.50 = \$3,192.50$  in total income tax liability. Now suppose that a new child is born to the family on December 31. The extra personal exemption reduces the amount on income subject to the 5.75 percent rate by \$800, to \$42,200; this reduces this last "slice" of tax liability to \$2,426.50, or \$46 less than before ( $2,472.50 - 2,426.50 = 46$ ), which is 5.75 percent times the added \$800 personal exemption. By similar calculation, the tax reduction from another personal exemption for a taxpayer in the 2.0 percent bracket is just \$16.

Converting the exemption to a credit could reduce tax liability by the same amount per person, regardless of the marginal tax rate of the taxpayer.<sup>24</sup> A credit of \$16 for all would have the effect of taking \$800 off the bottom of each taxpayer's income, consistent with the logic of the exemption. Because the widths of the lowest tax brackets have not been changed since 1926, they are very narrow relative to personal exemption amounts. A family of four has personal exemptions equal to \$3,200 currently, which is more than the amount of income subject to the 2.0 percent rate. One exemption at the proposed \$2,500 level would nearly equal to the first bracket. This makes setting personal credits equivalent to a given personal exemption at the first-bracket tax rate less appropriate, as suggested by the earlier discussion of the Kentucky credit.

<sup>22</sup> Data provided by the Department of Taxation as part of the simulation exercise show single filers accounted for 47 percent of all taxable returns but just 26 percent of tax liability for 1998, while married-combined returns represented 32 percent of returns and 53 percent of tax liability.

<sup>23</sup> The same is true of the standard deduction.

<sup>24</sup> Pechman, p. 84.

### **Tax Base: Itemized Deductions**

Not all taxpayers take the standard deduction, because the state offers the alternative of itemizing deductions in certain categories. About 30 percent of taxpayers itemize on their federal returns,<sup>25</sup> and Virginia requires that taxpayers take deductions for the state tax in the same manner tax as for the federal tax. Itemized deductions will be taken only if the taxpayer's total outlays in the authorized itemization categories exceed the standard deduction; itemization is more common at higher income levels. Even though the majority of taxpayers take the standard deduction, the total value of itemized deductions in Virginia is more than double the value of standard deductions. For tax year 1997, Virginia itemized deductions totaled \$14 billion, compared to \$6 billion taken as standard deductions.<sup>26</sup> Virginia conforms to federal tax law on itemized deductions, except that the Virginia income tax, deductible at the federal level, is not deductible at the state level. For federal filers, three categories of itemized deductions account for nearly 90 percent of total itemized deductions:<sup>27</sup> interest, principally on mortgages, 39 percent; state and local income and property taxes, 34 percent; and charitable contributions, 15 percent.

### **Tax Base: Other Exclusions and Deductions**

Other reductions of the income tax base include preferences based on age, income source, and the like. The Virginia income tax includes several examples. Virginia is not alone in granting such preferences. Possible explanations for such provisions include the political influence of those benefiting from the preferences, and possibly incomplete understanding of the broader implications of the preferences. With regard to the latter, it may not be fully appreciated that such preferences are contrary to the logic of the income tax and produce horizontal inequities.

### **Preferences Based on Age**

The elderly (variously defined) in Virginia receive several forms of tax preferences. First, those 65 and over may take an additional \$800 personal exemption. Further, those 62-64 years old may deduct \$6,000 of otherwise taxable income from their state income tax base, and at age 65 the deduction is doubled, to \$12,000. These preferences are based on age, without regard to either level or source of income. A third preference is Virginia's full exclusion of Social Security benefits, failing to tax them even to the extent that the federal government does. This preference, nominally based on source of income, also is an age-based preference, because of the age group receiving Social Security retirement benefits.

In a tax based on income, there can be little justification for excluding some sources of income; regardless of source, all income spends, and its receipt makes one better off

<sup>25</sup> Slemrod and Bakija, p. 42.

<sup>26</sup> Virginia Department of Taxation 2000, Table 1.2. Nearly half the itemized deductions for 1997 were on returns with at least \$75,000 AGI. This group's share of total AGI was the same (48 percent), and its share of tax liability was higher (55 percent).

<sup>27</sup> Slemrod and Bakija, p. 42; data are for 1995.

than not having the income. A qualification is in order, however. If the income received in a given tax year is simply the return of income received earlier, upon which income tax already has been paid, it should not be taxed again. For example, if a person placed 10 percent of his income in a savings account each year, using income already subject to income taxation, and each year paid income tax on accrued interest, then withdrawing that money in a later year – to pay for a vacation, a house, education, or whatever – should not, and does not, create income tax liability in the year of withdrawal. Social Security and contributory pension plans, public and private, have an element of such income in the benefits paid. For the private and public pension programs other than Social Security and Railroad Retirement, the federal approach employs rules intended to exclude from taxation in the period of receipt payments that represent the amount of previous contributions from taxed income, while taxing benefit payments beyond that amount.<sup>28</sup> Ideally, for horizontal equity, Social Security benefits would be treated the same way. But taxability of Social Security benefits is determined differently (as explained below), in part because of the redistributive nature of the program. Those with lower incomes pay smaller payroll taxes while employed, and receive, in retirement, benefits that replace higher percentages of pre-retirement income. This makes it difficult to apply standard rules – although political constraints seem more important than practical administrative ones in perpetuating the difference. States often set their own courses with regard to taxation of Social Security and other retirement income.

Social Security legislation adopted in 1983 brought Social Security benefits into the income tax base for the first time. Up to 50 percent of benefits were taxable effective in 1984 for taxpayers with incomes above specified thresholds;<sup>29</sup> 1993 budget legislation added a second tier of taxable benefits, raising to 85 percent the taxable share of benefits for those with income in excess of higher thresholds.<sup>30</sup> As of 1993, about 22 percent of Social Security recipients had to pay federal income taxes on a part of their benefits, and the higher tier brought a larger percentage of benefits into the tax base for nearly 60 percent of that group; in 1996, 15 states made Social Security benefits taxable to the same extent as in the federal tax,<sup>31</sup> but Virginia requires that these benefits be subtracted from federal AGI in arriving at Virginia AGI.<sup>32</sup>

For a few years, Virginia income tax law was more even-handed in the taxation various sources of income received by those of retirement age, but the current approach is more favorable to Social Security.<sup>33</sup> After a 1989 U.S. Supreme Court ruling that several states, including Virginia, illegally taxed federal employee pensions while exempting

<sup>28</sup> Pechman, p. 108.

<sup>29</sup> Baer, p. 1. Note that the discussion of Social Security applies as well to Tier I benefits under the Railroad Retirement Act. From 1984 to 1993, federal taxpayers were to include the lesser of (1) 50 percent of Social Security benefits and (2) half the amount by which “provisional income” – federal AGI plus tax-exempt interest income plus half of Social Security benefits – exceeded a threshold of \$25,000 (if single) or \$32,000 (if married).

<sup>30</sup> Baer, p. 1. The first tier of taxability was unchanged. For those with “provisional income” above \$34,000 (if single) or \$44,000 (if married), the taxable share of benefits was increased to 85 percent. Although other aspects of federal income tax brackets are indexed, these thresholds are not.

<sup>31</sup> Baer, p. 1.

<sup>32</sup> Virginia Code, Sec. 58.1-322, C4 and D5.

<sup>33</sup> Virginia Code, Sec. 58.1-322, D5.

state employee pensions,<sup>34</sup> Virginia provided the current \$6,000 and \$12,000 deductions from taxable income for people aged 62-64 and over 65, respectively, beginning in 1990. Social Security (and Railroad Retirement) benefits already were exempt under state law, however, so Virginia required that benefits from these sources be offset against the \$6,000 or \$12,000 general age-based deduction. But effective in 1995, the offset of Social Security and Railroad Retirement benefits was ended, so recipients of income from these sources get these benefits completely tax free, and also get to remove \$6,000 or \$12,000 (depending on age) of other income from the tax base.

### **Preferences Based on Other Characteristics**

Besides age-based preferences, other preferences are based on income source or taxpayer characteristics. An example is the additional personal exemption for blindness. At first, it may seem logical to grant the blind an additional personal exemption because their situation is less favorable than that of individual who have their sight, all else equal. However, blindness is but one of many disabilities that people may suffer, not all of which are – or can be – identified precisely and written into the tax code. Any attempt to do so would require substantial additions to the tax code, and would add to compliance and administrative costs as attempts were made to determine which, if any, of the provisions a particular taxpayer qualified for.

More importantly, though, it is not possible to identify and write into the tax code all the many conditions that make some worse off than others and affect ability to pay taxes, and to establish appropriate relative tax breaks for them. For example, should a person be considered blind for tax exemption purposes only if there is total loss of vision in both eyes, or is a lesser standard appropriate, such as 20/200 vision? If one eye is 20/20 and the other is 20/400, is the person's ability impaired to some extent? If so, how much – absolutely, and relative to a person with 20/200 vision in each eye? If qualification for the tax break is all or nothing, and everyone falling short of the legislative standard gets nothing, is this fair? It should be, if the purpose of the special exemption is to enhance fairness. If there is a threshold that must be crossed to get any tax relief, there is an incentive to find a doctor who will certify that degree of disability. Is the state able to enforce the legislative standard – and, if so, at what cost? Virginia accepts federal definition of blindness, but that does not put to rest these equity issues.

Of course, there is no logic to support giving tax relief to only those disabled by blindness. Surely a person crippled by arthritis experiences some suffering, and may suffer reduced physical mobility and, with that, diminished ability to earn income and pay taxes. Of course, “crippled” is too imprecise a term. No doubt it would be necessary to specify the number of joints affected, and the extent of loss of movement in them, to qualify for tax relief. Consideration also should be given to whether an arthritic hip is equivalent to an arthritic hand and, if not, the relative loss of ability in each case. And how does the impairment of a person with severe arthritis in both legs compare to that of a person paralyzed in both legs – or in one leg and one arm? Of course, for equity, other physical disabilities also should be taken into account. Further, why should only physical

<sup>34</sup> *Davis v. Michigan*, 489 U.S. 803.

disability be the basis for tax relief? Surely mental disability affects quality of life and ability to earn income and pay taxes – but to what extent, both in absolute terms and relative to each of the myriad other maladies that afflict people? Attempting to answer all these questions, to provide appropriate relative tax relief, and to enforce the decisions fairly, would require commitment of substantial resources, not only by the state but by taxpayers, as well.

Fortunately, with an income tax, there is no need for such effort. To the extent ability to earn income is reduced – for whatever reason – it shows up as reduced income, the base of the tax.<sup>35</sup> And to the extent additional outlays are necessitated, itemized deductions provide relief. Reliance upon proxies – definitions of specific disabilities, and the level of affliction needed to qualify for tax relief – is not necessary. Moreover, resort to such proxies is unfair, on two counts. First, not all relevant disabilities are given special tax preference, so the state favors those with one form of disability over those with other disabilities, even though many of the latter may be at least as damaging to earnings, ability to pay taxes, and quality of life. Second, the tax reduction given those who qualify is a perverse subsidy, providing the greatest tax reduction to those with the highest incomes – i.e., those whose disability apparently has the least effect on earnings and taxpaying ability. The added exemption reduces taxes by the exempt amount times the individual's highest marginal tax rate; under current Virginia law, that is \$46 (5.75 percent of \$800), while those at the lower end get a smaller reduction – \$16 for those in the 2.0 percent bracket, and zero for those with no taxable income.

### **Tax Burdens Under the Current Tax**

The current Virginia personal income tax, as suggested by earlier sections of this report, departs from equity criteria in several respects. Vertical equity is compromised by the small standard deductions and personal exemptions, which combine to create tax-free amounts that are well below poverty thresholds for families of different sizes (Table 4, panels 1 and 3). Horizontal equity also is violated, and even more substantially, by the various age-based preferences (ignoring, for now, the complete exclusion of Social Security benefits from the Virginia tax base because the amount of such income varies among taxpayers from zero to several thousand dollars). The additional personal exemption for those aged 65 and over is one source of horizontal inequity, albeit a relatively small one, given the \$800 exemption size. Of much greater importance are the additional deductions of up to \$6,000 (ages 62-64) and \$12,000 (65 and over), which add to the tax-free amounts for families with qualifying members. These deductions are available to each person of qualifying age who has sufficient income to use them, so the tax-free amounts vary significantly from family to family, depending upon the ages of the spouses and whether each has income equal to at least the tax-free potential.

Defining tax-free amounts to include all the income that can be offset under current Virginia income tax law by personal exemptions, standard deductions, and additional deductions for those aged 62 and over – but ignoring preferences based upon source of

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<sup>35</sup> Pechman, p. 108.

income, such as Social Security – Table 4 shows the total tax-free amounts, both in dollars and as percentages of 1998 poverty thresholds. Reflecting the tax provisions, three taxpayer age groups are considered – under 62 years (panel 3), 62-64 years (panels 4 and 5), and 65 years and over (panels 6 and 7). For each, tax-free amounts are presented for families varying in size from one to six members. To hold down the number of permutations, the examples assume that families of two or more include two spouses, and that both spouses are in the same age group.

Table 4 makes clear that the elderly fare much better than the non-elderly, principally as a result of the additional deductions of \$6,000 and \$12,000. No family in the under-62 age group has a tax-free amount greater than 62 percent of the poverty threshold (this for a family of two), and the tax-free amounts for this age group are as low as 45 percent of the poverty level (panel 3). By contrast, the tax-free amount is as high as 303 percent of the poverty threshold for a family of two if each spouse is 65 or older and has sufficient income to use up the allowable deduction (panel 7); this is a tax-free level five times as great as that for the same family size in the non-elderly group.

Considering just the two-person family size, and taking the cases in the order of panels 4-7 in Table 4, the tax-free amounts in dollars (and as a percentage of the poverty threshold) are \$12,600 (118 percent), \$18,600 (175 percent), \$20,200 (190 percent), and \$32,200 (303 percent). Similar relative differences within the elderly groups (panels 4-7), and in relation to the non-elderly (panel 3), exist for other family sizes. The other family sizes, however, get smaller percentages of their respective poverty thresholds tax-free, because the \$800 exemptions for additional family members are substantially less than the additional cost of achieving the poverty level of living as a result of the additional family member. But in all the cases for the elderly shown in Table 4 – except for families of four, five, or six in the 62-64 age group (panel 4) – at least the poverty level of income is removed from the tax base by the current Virginia tax provisions. By contrast, no younger family of any size is able to take its poverty level of income out of the tax base. Such differences defy reason. The disparity is compounded if the elderly taxpayers receive Social Security benefits, which Virginia fully exempts, and which are not reflected in the Table 4 examples.

Differences in tax-free amounts, of course, translate into differences in effective tax rates – defined here as tax liability as a percentage of AGI – as shown in Table 5. Because Table 5 considers only taxpayers under 62 and 65 or over, and only cases in which one spouse has no income (equivalent to panels 3 and 6 in Table 4), the differences in effective tax rates are less than if dual-income elderly families were included. Even so, the differences are substantial, especially at lower income levels. (Note that these examples assume no itemized deductions and no income from sources that are not taxable, so as to focus on the effects of the different tax-free amounts as defined above.) For example, a single person with \$15,000 AGI pays an effective tax rate of 2.87 percent if under 62, but zero if over 65. For any family size, the differences become smaller at higher income levels, because the tax-free amount becomes a smaller percentage of AGI. Thus, by the time AGI reaches \$500,000, effective tax rates for single persons under 62 and 65 or over are nearly the same – 5.65 percent and 5.51 percent, respectively.

The effect of increasing family size is a bit more complex, as Table 5 shows. Married couples at all income levels get an additional \$800 personal exemption and \$2,000 more as a standard deduction, and the four-person family gets two more personal exemptions. For any age group, therefore, the effective tax rate is less for a larger family than for a smaller one. Staying with the \$15,000 AGI level and the under 62 age group, the effective tax rates for families of one, two, and four are, respectively, 2.87 percent, 1.93 percent, and 1.10 percent. For this AGI level, the tax for those 65 and over is zero for all family sizes. The additional deduction of \$12,000 for the elderly taxpayers does not change with family size; these examples assume only one spouse has income, so each family gets only one \$12,000 deduction. The additional \$12,000 of tax-free income keeps effective tax rates close to zero higher up the AGI scale. Up to \$80,000, the effect is enough to reduce effective tax rates for the elderly at least one percentage point below those for the non-elderly. At lower levels, of course, the difference is greater. At the \$25,000 AGI level, the effective tax rate for a single person under 62 is 3.85 percent, while that for an elderly taxpayer is 1.16 percent – a difference of about three to one. The difference is even greater for a married couple at this AGI level – effective rates for non-elderly and elderly, respectively, of 3.20 percent and 0.46 percent.

Again, such differences seem indefensible. Therefore, a different definition of the tax base is suggested, and it underlies all the options considered in the balance of this report. The next section describes the changes.

### **Proposed New Tax Base Definition for Improved Equity**

The preceding section demonstrates that the current Virginia personal income tax imposes vastly different effective tax rates on families of the same size and with the same income, based on the ages of taxpayers and spouses. Further, it shows that non-elderly taxpayers, regardless of family size, are taxed on a significant portion of income below the poverty line.<sup>36</sup> Because differences of the magnitude involved seem unreasonable, different definition of key aspects of the tax base is proposed.

First, the standard deduction would be increased from \$3,000 and \$5,000 to \$3,500 and \$7,000. As discussed earlier, setting the standard deduction for a married couple at twice its value for a single person eliminates one component of the so-called marriage tax. In addition, personal exemptions would be increased to from \$800 to \$2,500 each for taxpayers, their spouses, and any dependents, while additional exemptions based on age and blindness would be eliminated. Ending additional exemptions based on proxies for need is in line with the discussion earlier in this report, to improve horizontal equity. Taking these changes together produces tax-free amounts that are at or slightly above the poverty level for families of two or more (Table 4, panel 2). For a single person, however, the tax-free amount is less than the poverty level.

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<sup>36</sup> It should be noted that many families have income – both cash and in-kind – from transfers that are not taxable. These include, but are not limited to, Social Security benefits. This is particularly the case at low levels of income.

As noted earlier, important and difficult tradeoffs are involved. The standard deduction could be increased for single people to come closer to removing poverty-level income. If a marriage penalty is to be avoided, however, the standard deduction for a married couple needs to be double that for a single person. However, because the cost of achieving a given level of living, such as the poverty level, is far less than twice as high for two as for one, a higher standard deduction level would remove much more than poverty income for the married couple.

Finally, to remove another aspect of non-uniform treatment of taxpayers based upon age, Social Security would be made taxable to the same extent as under the federal income tax, as discussed earlier.

This set of proposed changes is summarized in Table 6. Department of Taxation simulation of the effect of these changes, described in the next section, indicates that these base changes would reduce revenue about 4.1 percent in the aggregate. This is based on data for tax year 1998, when the aggregate net liability was \$5,319 million. Leaving the current rate structure unchanged while making these changes to the base would have reduced revenues by \$217.

Because the current rate structure is quite dated and in need of change, however, this estimate serves only as a means of getting at the revenue implications of the base changes, independent of whatever rate changes might be made.

### **Simulating Effects of Changes**

This section moves to consideration of specific alternative income tax rate structures. To focus on the policy aspects of tax reform, however, it is important to hold revenue yield constant. This means that reasonably reliable estimates of tax liabilities under the alternatives are needed. In this endeavor, the assistance of the Office of Fiscal Research in the Virginia Department of Taxation was indispensable. The services of Edward P. Harper, Senior Economist in the Fiscal Research Office, were made available to me, working on behalf of the Commission on the Structure of Virginia's State and Local Tax Structure for the 21<sup>st</sup> Century. Mr. Harper used Taxation's computer database of tax returns for 1998, the most recent available. He programmed in statutory changes applicable in 2000 that are new since 1998, so that current tax law was reflected in the database. He then programmed the changes called for in each of the specific options to estimate the revenue consequences in the aggregate, and by type of filer. The objective in each case was essential aggregate revenue neutrality – i.e., tax liability essentially equal to that of the current tax for tax year 1998 (\$5.3 billion).

To facilitate this, I was provided with spreadsheet data on the amount of taxable income (reflecting the base changes described above, and summarized in Table 6) bands of taxable income \$5,000 wide except for the first (up to \$10,000) and last (above \$175,000). This information was used to determine breaking points between tax brackets

for each of the several multiple-rate structures considered. Once details of an option were determined in this manner, Mr. Harper did the full computer simulation.

### **Policy Alternatives: Consideration of Specific Options**

At the outset, the intent was to lay out some broad policy alternatives, encompassing the extremes. The number of possible alternatives truly is limitless, in part because much of the concern is with equity, and there can be no scientific determination of what is most equitable. This comes down to judgment.

Although precise notions of equity may vary considerably, there often is broad agreement on general principles and the approximate range of tax differences that seems appropriate across a variety of circumstances. After the presentation of early findings in August, Commission responses helped to focus future inquiry on options that seemed most likely to gain its support.

Initial policy options – both revenue neutral – were a single rate of 5.55 percent at one extreme, and an 11-bracket tax with marginal rates ranging from 2.0 percent to 12.0 percent.<sup>37</sup> For the latter, each of the first 10 brackets was \$10,000 wide; rates started at 2.0 percent and rose in one percentage-point steps to 12.0 percent on amounts in excess of \$100,000. The next round of options still included very different tax structures, but the graduated-rate options were less steeply graduated, to avoid giving Virginia the distinction of tying North Dakota for the highest marginal tax rate. Five basic structures were considered. Each employed all base changes summarized in Table 6, but for some a second version substituted personal credits for personal exemptions. After first describing each of the options, some of their implications are discussed.

#### **Five Basic Options and Some Variants**

Five options, A through E, are presented here. Their designations reflect the order in which they were developed; thus, option E, with two brackets, follows several options with more brackets. This is done for consistency with PowerPoint presentations of the material, posted to the Commission's Web site.<sup>38</sup> Features of the options are summarized in Table 7, including alternatives that substitute personal credits for the \$2,500 personal exemptions shown in Table 6. The credits are equivalent to the exemption times the tax rate in the initial bracket, as explained earlier in this report, and thus have the effect of taking that portion of tax-free income off the bottom, rather than off the top. For the single-rate option, there is no difference, but for the multiple-rate options, the credit increases revenue yield for a given set of tax brackets. In keeping with essential revenue neutrality, changes are made in the credit variants to maintain tax yield. The options are:

<sup>37</sup> These options did not end the age-based deductions and the full exemption of Social Security, and thus employed a base somewhat narrower from that set forth in Table 6.

<sup>38</sup> The PowerPoint presentations, on October 31 and November 30, include several graphs depicting effective tax rates at various income levels for individuals and families of different sizes. [<http://www2.institute.Virginia.edu/taxstudy>]

- Option A – Single rate: 5.3 percent, using either \$2,500 personal exemptions or \$132.50 personal credits;
- Option B – Modest graduation, with three rates: 5.0 percent, 5.5 percent, and 6.0 percent, the last commencing at \$65,000 of taxable income;
- Option B2 – Same marginal rates, but using \$125 personal credits, which permits stretching the brackets so that top rate commences at \$125,000 of taxable income;
- Option C – Increased graduation, but still with only three rates: 4.0 percent, 6.0 percent, and 8.0 percent, the last commencing at \$70,000;
- Option D – Steeper graduations, using five rates: 3.0 percent, 5.0 percent, 6.5 percent, 8.0 percent, and 9.5 percent, the last commencing at \$80,000;
- Option E – Two rates: 5.0 percent and 6.0 percent, with the break between them at \$50,000; and
- Option E2 – Same two brackets, but with \$125 personal credits in place of \$2,500 personal exemptions, which permits the second rate to be reduced to 5.75 percent.

### Assessing the Options

Because all options would raise essentially the same revenue, consideration of them can focus on their other attributes. As discussed earlier in this report, there are some tradeoffs to be weighed, perhaps principally between vertical equity and horizontal equity. Vertical equity concerns include the desirability of taking poverty-level income out of the tax base to the maximum extent possible, and this notion guided the proposed changes in personal exemption and standard deduction amounts on which all the options are based. Horizontal equity concerns the relative tax burdens of equally situated taxpayers. This criterion prompted removing age-based preferences from the proposed tax based used in estimating all the options presented here. It also is a concern in the treatment of married couples with different portions of income contributed by the two spouses, as discussed more fully below. In this sense, horizontal equity overlaps to some extent with neutrality concerns. Another aspect of neutrality relates to location, and this has been expressed as an economic development concern. Always present, this concern is thought by some to be of greater validity in the future as increased application of modern technology makes it possible for many people – and probably larger percentages of those at high income levels – to live and work essentially where they choose, with work being less tied to traditional workplaces. This prospect works against tax structures incorporating very high marginal tax rates. Additionally, large shifts in tax responsibility among groups of taxpayers are of potential concern, and may be a negative aspect of certain options.

**Effective Rates by Family Size.** Effective tax rates in Table 8 provide some insight into similarities and differences of the options. The eight income tax structures included there include options A-E and E2 (see Table 7); for purposes of comparison, the current tax is included. Rounding out the eight is a structure using the tax brackets and rates of the current Virginia personal income tax, but applying them to the proposed alternative definition of the tax base (see Table 6). For each of the eight structures, effective rates are shown for three family sizes (one, two, and four members) at seven levels of AGI, for a total of 168 effective rates.

Effective rates express tax liability as a percentage of AGI. The comparisons in Table 8 can help in understanding the various tax revision options, but some caveats are in order, reflecting the nature of the assumptions made in constructing example to help highlight the effects of the different rate structures as they interact with family size and income level to determine tax liability:

- These are illustrative, hypothetical cases, and are not intended to be a representative cross-section of Virginia taxpayers.
- Figures for the current tax apply only to taxpayers under age 62, an assumption that removes age preferences from consideration; the distinction is not relevant for the alternatives, which do not include the preferences.
- Itemized deductions are ignored; because they vary substantially across taxpayers, their use here would not provide a uniform tax base. Therefore, only standard deductions are reflected in Table 8.
- For families of two or four, it is assumed that two members are husband and wife, an assumption that is important for the current tax due to the sizes of its standard deductions.
- For married couples, it is assumed that only one spouse has income, to eliminate the effects of Virginia's married-combined filing option for spouses when both have income.

Table 8 reveals some strong similarities among the various options, but also identifies some important difference. Increased tax-free amounts resulting from increased personal exemptions and standard deductions produce lower effective tax rates in most cells for the various options, compared to the current tax, with a few exceptions:

- Applying the current rate structure to the reduced base for non-elderly taxpayers, not surprisingly, reduces effective tax rates for all 21 income/family-size combinations shown in Table 8. This case is included simply to show the effect of the base changes, separate from the rate changes.
- For single taxpayers, effective tax rates rise slightly at \$15,000 of AGI in options A, B, E, and E2 (from 2.87 percent to 3.00 percent in all but B); they also rise slightly for single taxpayers at \$25,000 of AGI in option B, but only this single-rate option.
- For families of two or more, all options produce lower tax liabilities at the lowest levels of AGI, and most do so through most of the income levels shown. The fall in effective rates generally is quite large at the lowest income levels – e.g., from 1.93 percent for a family of two at \$15,000 under the current tax to 1.0 percent or less in most options, and from 1.4 percent under the current tax to zero in most options for families of four at this income level. The drop remains significant through \$80,000 of AGI for most options.
- At the upper end of the income scale (\$500,000 AGI is the highest in Table 8) four of the six options produce higher tax liabilities than the current tax; the exceptions are options B and E2.
- Options B and E differ very little, despite the different number of brackets; top and bottom rates are the same in both, and they differ by just one percentage point.
- For all family sizes shown in Table 8, options C and D provide substantially more progressivity than the current tax or any of the other options. These options reduce

effective tax rates even for single taxpayers at \$15,000 of AGI, and they increase effective tax rates for all family sizes in the last three rows (AGI of \$120,000 and higher) in Table 8.

The patterns are logical. Option A imposes a single rate of 5.3, which is higher than the current tax's rate under taxable income – not AGI, but taxable income – reaches \$17,000. While the personal exemption for is more than trebled in this and the other options, the standard deduction for singles does not rise very much. The net effect is dominance of the higher starting rate for single people at the very lowest income levels. For larger families, being able to take more of the increased personal exemptions and also having a larger increase in the standard deduction offsets the influence of the higher initial tax rate, producing net tax reductions. The influence of both tax rates and tax-free amounts is diluted at higher income levels. With regard to the latter, the enhanced tax-free amounts – even the \$17,000 amount for a family of four – become a very small percentage of income when income is \$200,000 or more. And the highest rates in four of the six options, compared to the current top rate, are either lower (option B), the same (option E2), or only slightly higher (options B and E).

The different pattern of effective rates for options C and D, and the changes those represent in comparison with the current tax, also is easily understood. For these options, initial rates are lower than in the other options, and apply over a wider range of income than the lowest rates of the current tax; further, the highest rates in these options well are above the current top rate of 5.75 percent.

**Removing Tax Preferences.** Less easily understood is the revenue neutrality of some of the options, given their generally lower effective tax rates compared to the current tax. This underscores the importance of the caveats stated regarding the examples in Table 8. As noted, elderly taxpayers are not represented by the examples for the current tax in Table 8, but those over 65 are shown in Table 5. Ending age preferences would move the elderly to the effective rates shown for the non-elderly in Tables 5 and 8; for those in the 62-64 age range, the change would be less because they enjoy lesser preferences now than those 65 and over. Removing the \$6,000 and \$12,000 deductions and making Social Security taxable to the extent it is taxed by the federal income tax would increase the tax base by about 4 percent overall, according to figures from Department of Taxation simulations. This would increase tax liabilities for those with enough taxable-source income to use up the deduction amounts.

Although political resistance to such changes can be expected, changes represented by the proposed alternative tax base definition would place the tax more squarely and firmly on its supposed ability-based foundation and improve overall equity. Tax increases resulting from such changes are a measure of the degree of preference now enjoyed. *“In the tax game, . . . [w]hat is a privilege to some group of people is a penalty to everyone else because it forces up tax rates.”*<sup>39</sup>

<sup>39</sup> Slemrod and Bakija, p. 77; emphasis added.

Another part of the puzzle concerning revenue neutrality, in the face of the Table 8 numbers, is resolved by aggregate data by type of filer provided by the Department of Taxation simulations. These data show that for the current tax and all options considered, married-combined returns account for 52 percent to 53 percent of all Virginia personal income tax liability, married-separate returns account for 18 percent to 20 percent, married-separate filings represent another 2 percent to 3 percent, and single taxpayers account for 24 percent to 27 percent.

Thus, there are some shifts among filer categories that the examples in Table 8 cannot show. For the more steeply graduated options, C and D, some of the changes are large – several above 5 percent, and a few over 10 percent. For options A, B, and E, with less rate graduation, the shifts are smaller; all are under 5 percent – the largest, a 3.5 percent increase for single taxpayers. Options B and E entail the smallest shifts in tax shares among the four groups of filers; single and married-joint filers would see about a 1 percent increase in their tax shares, while married-combined – which accounts for more tax liability than the others, combined – would see a decrease of about 1 percent.

**Marriage Penalty and Horizontal Equity Among Married Couples.** Mention of the “marriage tax” or marriage penalty has been made in consideration of the levels of standard deductions and, thus, tax-free amounts. As noted, by allowing married-combined filing, Virginia already goes far in preventing tax liabilities of two people from higher if married than if single. Another element of this much-publicized penalty is a standard deduction for a single person that is more than half that for a married couple, and the proposed base changes would rectify that. But this does not mean there are no marriage-related concerns with the tax system.

Consider the observation of one tax authority concerning a system such as Virginia’s: “[N]ote that under this system, *a family’s tax liability depends upon who earns what; a family in which total income is divided fairly evenly will owe less than another family with exactly the same total income, but one primary earner.* It also gives rise to incentives to shift income from the higher-earning member to lower-earning members. Couples can manipulate which spouse receives capital income and incurs deductible expenses. This is difficult . . . to monitor.”<sup>40</sup>

Under the current Virginia income tax, a couple with \$25,000 of AGI has an effective tax rate of 2.4 percent if the income is split evenly between the spouses, but one-third more – 3.2 percent – if all the income is contributed by one spouse. Similarly, at \$50,000, the effective tax rate is 3.9 percent if income is split evenly between the spouses, compared to 4.5 percent if one spouse accounts for all the income. Such differences diminish at higher income levels, because the lower marginal rates apply to relatively small amounts of income. However, wider brackets, such as those featured in all the multiple-rate options in this report, move the problem up higher into the income range while removing it at the low end. For example, if the first \$50,000 is taxable at 5 percent, then a couple with \$50,000 divided evenly between them will pay the same tax as a couple with \$50,000 total income, all from one spouse. But while the disparity is

<sup>40</sup> Slemrod and Bakija, p. 83; emphasis added.

greatly diminished at \$200,000 under the current tax, it becomes relatively wide at that level of total AGI under some of the options. The difference in marginal tax rates across brackets clearly is a material variable. Option E2, with rates of 5 percent and 5.75 percent would not present a large disparity.

A single-rate tax, of course, would engender no disparity in effective tax rates based on the division of income between spouses (provided the standard deduction is taken, and that the deduction for a couple is just twice that for an individual). Nor would it present a marriage penalty, of the sort discussed earlier. Thus, the single-rate approach is the most neutral with regard to all aspects of marital status – married versus single, one- versus two-income couples. The tradeoff for this neutrality and horizontal equity gain, of course, is less progressivity than can be accomplished through multiple-rate tax structures.

How important is the issue of equitable treatment of married couples, independent of their income split between spouses? Recall that married couples account for about 75 percent of all income tax liability. The biggest part of that is from married-combined filers; for this filing status, both spouses have income. Joint filers represent about one-fifth of tax liability, part of which is the “penalty” for having only one earner.

Some argue that we need not be concerned with the relatively higher tax burdens on couples with only one spouse contributing income, because that couple has – between the two spouses – more leisure (non-employment) time in the home. If this is true, and there are children present, this might be as worthy of subsidy as homeownership, which benefits from deductibility of mortgage interest and property taxes. But it may not be true. There are numerous cases of one person holding two or more jobs, so one working spouse may be working hours comparable to those of two earners in another family. More to the point, however, the income tax is a tax on income; time spent in generating that income is not considered. A semi-retired professional person might earn as much working on a consulting project for two months as another person makes in a year of full-time employment. The difference in hours worked is not considered in determining tax liability in such cases, and should not be in others.

In summary, a very strong case can be made that married couples with the same income and family size are situated equally, or at least very similarly, regardless of the shares of income contributed by each spouse. Horizontal equity requires greater comparability in their tax burdens than is produced in many instances under the current tax. Some of the options presented in this report rank higher from this perspective than others. The essential problem, however, is that we tend to have multiple objectives that cannot be satisfied simultaneously. A single-rate tax is best at providing horizontal equity and neutrality, and it also provides for vertical equity in the form of progressive effective tax rates, if there is a significant tax-free amount. But if a greater degree of progressivity is desired, some of the other objectives must be compromised.

**Dealing with the Lowest Incomes.** Vertical equity has been considered in various parts of this report, most recently with regard to tradeoffs between that and other

objectives. The effective tax rates in Table 8, as noted earlier, show that several of the alternative tax structures considered in this report would increase the effective tax rates on single filers at very low income levels; because income levels for singles are lower than those for married couples, on average, this translates into an increase in the share of taxes borne by single filers. This is the case for options A, B, E, and E2 – i.e., all but the rather steeply graduated options C and D. The greatest increase, about 3.5 percent, occurs with the single-rate alternative, option B; increases with the other three options producing increases in singles' tax share are about 1 percent.

This result is in spite of the state's low-income credit.<sup>41</sup> This credit, effective in 2000, is \$300 for each family member when income is at or below the poverty threshold. This credit would wipe out any tax liability below the poverty threshold, even under the current tax. For all the options, this would be relevant only for single filers, since the tax-free amount in the proposed tax base definition is at least equal to the poverty level for all other family sizes (Table 4). For a single individual, the poverty line in 1998 was \$8,316, and the tax-free amount for all options is \$6,000. This would leave \$2,316 taxable for an individual at the poverty line, and the \$300 credit is equal to a 13 percent tax on that amount. However, the credit is non-refundable, so the tax relief does not extend beyond the poverty level. All the examples in Table 8 are for incomes above the poverty level, except for families of four at \$15,000 of AGI, and all the options result in zero tax liability for these, because of the tax-free amount.

The fact of the low-income credit therefore does not alter the effective rates shown in Table 8. Nor does it alter the information on tax shares by type of filer, because the credit is programmed into the Department of Taxation's simulations, from which the tax shares were derived. The conclusions stated earlier stand.

Particularly if the Commission should recommend an income tax structure other than option C or D, some additional relief for low-income persons should receive serious consideration. A reasonable alternative to the current low-income credit is an earned-income credit patterned after the federal credit. Compared to the current low-income credit, it has two principal advantages. First, it is phased out as income rises, rather than terminating abruptly at the poverty line. Second, it is refundable, which would provide significant relief at the low end of the income spectrum to keep effective tax rates there from rising as part of the overall reform package. The cost of such a credit for Virginia, including the refundable feature, has been estimated to be about \$60 million for each 10 percent of the federal credit.<sup>42</sup> Because the current low-income credit costs about \$20 million, the net cost of replacing it with an earned-income tax credit equal to 20 percent of the federal credit would be about \$100 million. All of the tax-structure options presented in this report are estimated to produce essentially the same revenue as the current tax, based on 1998. Because the exact amounts often are as much as \$100 million above the 1998 aggregate liability for the current tax, such a credit would be within the goal of essential revenue neutrality.

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<sup>41</sup> For description and discussion, see Zahradnik, Appendix R.

<sup>42</sup> Johnson, p. 1241.

## Concluding Comments

The Virginia personal income tax is the workhorse of the state-local tax system now, and it is likely to become even dominant in the coming years. It is important, therefore, that the burdens imposed by the tax be as fair as possible, and that the tax be as neutral as possible with respect to taxpayers' decisions and actions.

The current tax structure is outdated and flawed. The basic rate structure is unchanged in nearly 75 years. Personal exemptions and standard deductions, although changed roughly a decade ago, are unrealistically low for today. The personal exemption was too low even after the latest increase, and the standard deductions have fallen below reasonable levels because they have not been changed in a decade. Together, these features determine the tax-free amount, and for all household or family sizes, this amount falls far short of the poverty threshold. As a result, most Virginians pay income tax on income within the poverty level. This is a serious flaw in a tax ostensibly based on ability to pay. Income below the poverty level does not constitute taxpaying ability.

Another weakness for the ability-based logic of the tax is that some taxpayers are provided vastly larger tax-free amounts than others, solely because of attributes such as age or selected disability. To some degree, these features offset the inadequacy of the tax-free amounts, but they do so quite haphazardly; too often, the problems are additive, rather than offsetting. Preferences bestowed on such bases violate horizontal equity. As shown in this report, effective tax rates – taxes relative to AGI – vary widely among taxpayers with at the same AGI level. Those numbers, although illuminating, understate the extent of inequity to the extent that AGI fails to include some sources of income. The income tax logically is based on income, taken as a measure of taxpaying ability. Disregarding large chunks of income on the basis of income source, age of recipient, or any other proxy for need or ability is inappropriate and inequitable. What is intended as a tax break for one group necessarily is a tax penalty for others; to raise a given amount of revenue from the diminished base requires higher rates. Alternatively, a lower level of public services can be funded.

To address these problems, revision of the tax base is proposed. The revisions would end preferences of the sort just noted, and would increase tax-free amounts to have them correspond better to poverty levels. The personal exemptions and standard deductions comprising the tax-free amounts should be indexed to increase with inflation; failing that, their levels should be reviewed and adjusted relatively often. Failure to do so in the past has created the inadequacies addressed here. Some of the base changes might be phased in over a few years, to reduce the shock to those losing preferences – although the large increases proposed for tax-free amounts have this effect, as well.

In addition to base changes, changes in the rate structure also are in order. The current structure starts with brackets that are very narrow in relation to today's incomes and living costs. The fourth and highest bracket starts at \$17,000, an amount still within the poverty level for families larger than three. And the combination of rate graduation

and small tax-free amounts gives an income tax whose pattern of effective tax rates is no more progressive than a single-rate tax with realistic tax-free amounts.

Several options for new rate structures are presented in this report. Some provide more rate graduation than others. A single-rate tax offers several advantages compared to graduated structures, including improved neutrality and horizontal equity among all types of filers at a given income level, and among married couples who differ only in the division of income between spouses. There is a tradeoff between such gains and the degree of progressivity. In general, however, states should not seek a high degree of progressivity because of the incentive effects created; the open borders of states make any significant redistribution inappropriate at this level of government.

Vertical equity can be improved at the same time that marginal tax rates are compressed, even to the point of uniformity. An earned-income tax credit set at a percentage of the federal credit, and made refundable, like the federal credit, is an appropriate tool for this purpose.

If economic downturn erodes state revenues, or for some other reason the state seeks to raise additional funds from the income tax, some approaches are better than others. In general, the best way to increase revenue yield is through rate increases. For short-term increases, tax surcharges might be used. More permanent rate increases should be designed with the logic of the overall structure in mind. If the state chooses a single- or compressed-rate structure for its horizontal equity and neutrality advantages, grafting on a new, higher rate bracket would be inappropriate. Alternatively, if the state chooses more steeply graduated rates, to achieve a given degree of progressivity, that structure should be reviewed periodically, to keep it from becoming as outdated as the current structure has become. Particularly for such a structure, short-term revenue enhancement might best be accomplished through a tax surcharge. If the tax base were changed, increases that rely on reducing personal exemptions and/or standard deductions should be avoided. Any preferences at odds with the ability-based logic of the tax that had not been ended earlier might well be ended in such circumstances.

Table 4. 1998 Poverty Thresholds and Virginia Tax-free Amounts for Families of Varying Sizes: Current and Proposed Tax Structures

|  | Family Size |          |          |          |          |          |
|--|-------------|----------|----------|----------|----------|----------|
|  | 1           | 2        | 3        | 4        | 5        | 6        |
| <i>Panel 1. Poverty Thresholds</i>   |             |          |          |          |          |          |
| Poverty threshold  | \$8,316     | \$10,634 | \$13,120 | \$16,530 | \$19,453 | \$21,780 |
| Index (2 people = 100)   | 78          | 100      | 123      | 155      | 183      | 205      |
| <i>Panel 2. Proposed Personal Exemptions and Standard Deductions<sup>a</sup></i>   |             |          |          |          |          |          |
| Tax-free amount  | \$6,000     | \$12,000 | \$14,500 | \$17,000 | \$19,500 | \$22,000 |
| Tax-free/poverty   | 72%         | 113%     | 111%     | 103%     | 100%     | 101%     |
| Current Tax Provisions, Differing by Age and Number of Income Earners  |             |          |          |          |          |          |
| <i>Panel 3. Current Personal Exemptions and Standard Deductions<sup>b</sup></i>  |             |          |          |          |          |          |
| Tax-free amount  | \$3,800     | \$6,600  | \$7,400  | \$8,200  | \$9,000  | \$9,800  |
| Tax-free/poverty   | 46%         | 62%      | 56%      | 50%      | 46%      | 45%      |
| <i>Panel 4. Current Tax-free Amounts for Taxpayers Aged 62-64, One Spouse with Income</i>  |             |          |          |          |          |          |
| Total tax-free <sup>c</sup>  | \$9,800     | \$12,600 | \$13,400 | \$14,200 | \$15,000 | \$15,800 |
| Tax-free/poverty   | 118%        | 118%     | 102%     | 86%      | 77%      | 73%      |
| <i>Panel 5. Current Tax-free Amounts for Taxpayers Aged 62-64, Both Spouses Have Income</i>  |             |          |          |          |          |          |
| Total tax-free <sup>d</sup>  | \$9,800     | \$18,600 | \$19,400 | \$20,200 | \$21,000 | \$21,800 |
| Tax-free/poverty   | 118%        | 175%     | 148%     | 122%     | 108%     | 100%     |
| <i>Panel 6. Current Tax-free Amounts for Taxpayers Aged 65 and over, One Spouse with Income</i>  |             |          |          |          |          |          |
| Total tax-free <sup>e</sup>  | \$16,600    | \$20,200 | \$21,000 | \$21,800 | \$22,600 | \$23,400 |
| Tax-free/poverty   | 200%        | 190%     | 160%     | 132%     | 116%     | 107%     |
| <i>Panel 7. Current Tax-free Amounts for Taxpayers Aged 65 and over, Both Spouses Have Income</i>  |             |          |          |          |          |          |
| Total tax-free <sup>f</sup>  | \$16,600    | \$32,200 | \$33,000 | \$33,800 | \$34,600 | \$35,400 |
| Tax-free/poverty   | 200%        | 303%     | 252%     | 200%     | 178%     | 163%     |
| <sup>a</sup> Personal exemptions = \$2,500 each; standard deductions = \$3,500 single, \$7,000 married; see Table 5.<br><sup>b</sup> Personal exemptions = \$800 each; standard deductions = \$3,000 single, \$5,000 married.<br><sup>c</sup> Adds deduction of up to \$6,000 to Panel 3 tax-free amounts.<br><sup>d</sup> Adds a second \$6,000 deduction to Panel 4 tax-free amounts for families of two or more.<br><sup>e</sup> Adds additional personal exemptions (\$800, single; \$1,600, two or more) to Panel 5 tax-free amounts.<br><sup>f</sup> Adds a second \$12,000 deduction to Panel 6 tax-free amounts for families of two or more.<br>Source: U.S. Bureau of the Census, undated/Internet, "Poverty Thresholds: 1998"; and author's calculations based on Virginia income tax provisions and proposed changes. |             |          |          |          |          |          |

| AGI Level | One Person |           | Married Couple |           | Couple & 2 Dependents |           |
|-----------|------------|-----------|----------------|-----------|-----------------------|-----------|
|           | Under 62   | 65 & Over | Under 62       | 65 & Over | Under 62              | 65 & Over |
| 15,000    | 2.87       | 0.00      | 1.93           | 0.00      | 1.10                  | 0.00      |
| 25,000    | 3.85       | 1.16      | 3.20           | 0.46      | 2.83                  | 0.26      |
| 50,000    | 4.80       | 3.33      | 4.48           | 2.91      | 4.29                  | 2.73      |
| 80,000    | 5.16       | 4.24      | 4.95           | 3.98      | 4.84                  | 3.86      |
| 120,000   | 5.35       | 4.74      | 5.22           | 4.57      | 5.14                  | 4.49      |
| 200,000   | 5.51       | 5.14      | 5.43           | 5.14      | 5.39                  | 4.99      |
| 500,000   | 5.65       | 5.51      | 5.62           | 5.47      | 5.60                  | 5.45      |

<sup>a</sup> Effective tax rate = tax liability as a percentage of AGI.  
Source: Author's calculations.

| Feature  | Current Tax Structure | Alternative Structures     |
|--|-----------------------|----------------------------|
| Standard deductions                                    |                       |                            |
| Single   | \$3,000               | \$3,500                    |
| Married  | \$5,000               | \$7,000                    |
| Personal Exemptions                                    |                       |                            |
| Natural persons  | \$800                 | \$2,500                    |
| Old age/blindness                                      | \$800                 | Zero                       |
| Other Age-based Preferences                            |                       |                            |
| Deduction, if age 62-64 years                          | \$6,000               | Zero                       |
| Deduction if age 65 and over                           | \$12,000              | Zero                       |
| Social Security benefits <sup>a</sup>                  | Fully excluded        | Taxable as for federal tax |
| Tax-free Amount (except Social Security <sup>a</sup> ) |                       |                            |
| One person, under 62 years                             | \$3,800               | \$6,000                    |
| One person, 62-64 years                                | \$9,800               | \$6,000                    |
| One person, 65 years and over                          | \$16,600              | \$6,000                    |
| Two people, under 62 years                             | \$6,600               | \$12,000                   |
| Two people, 62-64 years <sup>b</sup>                   | \$12,600              | \$12,000                   |
| Two people, 65 years and over <sup>b</sup>             | \$20,200              | \$12,000                   |
| Four people, under 62 years                            | \$8,200               | \$17,000                   |
| Four people, 62-64 years <sup>c</sup>                  | \$14,200              | \$17,000                   |
| Four people, two 65 and over <sup>c</sup>              | \$21,800              | \$17,000                   |

<sup>a</sup> Federal law treats pensions under Social Security Act and Railroad Retirement Act in the same manner, and current Virginia law removes both from federal AGI in arriving at Virginia AGI.  
<sup>b</sup> Figures for the current tax assume only one spouse has income, so the age-based deduction is \$6,000.  
<sup>c</sup> Figures for the current tax assume only one spouse has income, so the age-based deduction is \$12,000.  
Source: Virginia tax code and author's suggested alternatives.

| Table 7. Rate Structures for Five Policy Options Providing Essential Revenue Neutrality, Using Proposed Base with Increased Tax-free Amounts and No Age-based Preferences <sup>a</sup> |  |   |
|--|--|---|
| Option   | Taxable Income Brackets and Marginal Rates   |   |
|  | With \$2,500 Personal Exemptions   | With Equivalent Personal Credits <sup>b</sup>                           |
| A  | Single rate, 5.3%  | Single rate, 5.3%   |
| B  | 5.0% on first \$35,000<br>5.5% on next \$30,000<br>6.0% above \$65,000   | 5.0% on first \$75,000<br>5.5% on next \$50,000<br>6.0% above \$125,000 |
| C  | 4.0% on first \$30,000<br>6.0% on next \$40,000<br>8.0% on next \$70,000   | Not computed  |
| D  | 3.0% on first \$20,000<br>5.0% on next \$20,000<br>6.5% on next \$20,000<br>8.0% on next \$20,000<br>9.5% above \$80,000 | Not computed  |
| E  | 5.0% on first \$50,000<br>6.0% above \$50,000  | 5.0% on first \$50,000<br>5.75% above \$50,000                          |

<sup>a</sup> Revenue yields estimated to be within about 1.5% of 1998 aggregate liability. For modified base features, see Table 6 and text.

<sup>b</sup> Taxable income amounts are increased by adding the \$2,500 exemption back; the credit amount that is equivalent to a \$2,500 exemption varies with the initial tax rate – \$132.50 for the 5.3% rate of Option A ( $\$2,500 * 0.53 = \$132.50$ ), \$125 for the 5.0% starting rate of Options B and E, \$100 for the 4.0% rate of Option C, and \$75 for the 3.0% rate of Option D. Not all credit variants have been identified.

Source: Author's calculations, based on simulation data from Department of Taxation.

Table 8. Effective Tax Rates Under Current Tax,<sup>a</sup> Current Rates with New Base,<sup>b</sup> and Five Basic Options<sup>c</sup> with New Base: Selected AGI Levels for Different Family Sizes (Only One Spouse Assumed to Have Income)

|         | Family Size <sup>d</sup>                    |      |      | Family Size <sup>d</sup>                      |      |      |
|---------|---|------|------|---|------|------|
|         | One   | Two  | Four | One   | Two  | Four |
|         | <i>Current tax, rates 2.0-3.0-5.0-5.75%</i> |      |      | <i>Current rates (2-5.75%), new base</i>      |      |      |
| 15,000  | 2.87  | 1.93 | 1.4  | 2.13  | 0.40 | 0.00 |
| 25,000  | 3.85  | 3.20 | 2.83 | 3.34  | 2.08 | 1.08 |
| 50,000  | 4.80  | 4.48 | 4.29 | 4.55  | 3.86 | 3.28 |
| 80,000  | 5.16  | 4.95 | 4.84 | 5.00  | 4.57 | 4.21 |
| 120,000 | 5.35  | 5.22 | 5.14 | 5.25  | 4.96 | 4.72 |
| 200,000 | 5.51  | 5.43 | 5.39 | 5.45  | 5.28 | 5.13 |
| 500,000 | 5.65  | 5.62 | 5.60 | 5.63  | 5.56 | 5.50 |
|         | <i>Option A, rate: 5.3%</i>                 |      |      | <i>Option B, rates 5.0-5.5-6.0%</i>           |      |      |
| 15,000  | 3.18  | 1.06 | 0.00 | 3.00  | 1.00 | 0.00 |
| 25,000  | 4.03  | 2.76 | 1.70 | 3.80  | 2.60 | 1.60 |
| 50,000  | 4.66  | 4.03 | 3.50 | 4.49  | 3.83 | 3.30 |
| 80,000  | 4.90  | 4.51 | 4.17 | 4.93  | 4.48 | 4.11 |
| 120,000 | 5.04  | 4.77 | 4.55 | 5.28  | 4.98 | 4.73 |
| 200,000 | 5.14  | 4.98 | 4.85 | 5.57  | 5.39 | 5.24 |
| 500,000 | 5.24  | 5.17 | 5.12 | 5.83  | 5.76 | 5.70 |
|         | <i>Option C, rates 4.0-6.0-8.0%</i>         |      |      | <i>Option D, rates 3.0-5.0-6.5-8.0-9.5%</i>   |      |      |
| 15,000  | 2.40  | 0.80 | 0.00 | 1.80  | 0.60 | 0.0  |
| 25,000  | 3.04  | 2.08 | 1.28 | 2.28  | 1.56 | 0.96 |
| 50,000  | 4.08  | 3.36 | 2.76 | 3.72  | 3.00 | 2.50 |
| 80,000  | 4.90  | 4.35 | 3.98 | 5.03  | 4.43 | 3.93 |
| 120,000 | 5.93  | 5.53 | 5.20 | 6.44  | 5.97 | 5.57 |
| 200,000 | 6.76  | 6.52 | 6.32 | 7.67  | 7.38 | 7.14 |
| 500,000 | 7.50  | 7.41 | 7.33 | 8.77  | 8.65 | 8.56 |
|         | <i>Option E, rates 5.0-6.0%</i>             |      |      | <i>Option E2,<sup>c</sup> rates 5.0-5.75%</i> |      |      |
| 15,000  | 3.00  | 1.00 | 0.00 | 3.00  | 1.00 | 0.00 |
| 25,000  | 3.80  | 2.60 | 1.60 | 3.80  | 2.60 | 1.60 |
| 50,000  | 4.40  | 3.80 | 3.30 | 4.40  | 3.80 | 3.30 |
| 80,000  | 4.93  | 4.48 | 4.10 | 4.87  | 4.47 | 4.15 |
| 120,000 | 5.28  | 4.98 | 4.73 | 5.17  | 4.89 | 4.69 |
| 200,000 | 5.57  | 5.39 | 5.24 | 5.40  | 5.24 | 5.11 |
| 500,000 | 5.83  | 5.76 | 5.70 | 5.61  | 5.54 | 5.49 |

<sup>a</sup> Current tax is for non-elderly only, thus omitting age-based preferences.

<sup>b</sup> For new base features, see Table 6 and text.

<sup>c</sup> Basic options use \$2,500 personal exemptions; Option E2 uses credits (see Table 7).

<sup>d</sup> Families of two or four are assumed to include a married couple, with only one spouse having income.

Source: Author's calculations.

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