Commissioner's Annual Report FY 2014

Norfolk, Virginia

Commissioner of the Revenue

Norfolk
All-America City

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Commissioner of Revenue

"Providing Superior Service and Quality to the Citizens of Norfolk"

Mission Statement

We are the chief tax assessor for the City of Norfolk.

We provide superior service and quality in the:

- Assessment of individual and business personal property;
- Issuance and renewal of business licenses;
- Administration of all fiduciary taxes;
- Provider of DMV Select services:
- Evaluation of customer tax compliance;
- Assistance and processing of Virginia State Income Taxes;
- Investigation of inquiries and delinquent accounts;
- Assistance with Yard Sales and Residential Parking Permits.

We provide these services for the Citizens of Norfolk to aid in the continued economic growth of our city.

Commissioner of Revenue

"Providing Superior Service and Quality to the Citizens of Norfolk"

History of the Office

The primary responsibility of this office is the assessment of City and State taxes. The Commissioner of Revenue holds office as an agent for the state, as well as the local government, and is the assessing officer on the local level for those taxes as prescribed by State law and City Ordinance.

The office of the Commissioner of Revenue was provided for in Virginia's Constitution in 1869. By 1906, the Virginia General Assembly had made it an appointive office, to be appointed by the local court. A Constitutional Amendment in 1910, changed the appointive method to elective for a four year term. In 1926, the General Assembly reduced the number of county Commissioners to one per county, conforming to the cities, making a total of one hundred and thirty four. In 1932, the General Assembly set up the basis of compensation for Commissioners, with both the State and City participating.

Your Commissioner of Revenue Office provides service and assistance to citizens and businesses on tax-related issues. Norfolk citizens use this office and depend on it to assist them with both State and City tax-related concerns. As a bridge between our City Council members and our State Legislators, this office serves to protect the City and the taxpayers. A key responsibility of your Commissioner of Revenue is to keep abreast of, and to lobby for, or against, legislative issues as they impact our city's revenues and funding of the Commissioner's office.

Duties of the Office

The Commissioner of Revenue is the Assessor of all City taxes, except Real Estate, and of certain State Taxes as outlined in Sections 58.1-3100 through 58.1-3122 of the *Virginia Code* .

Commissioner's duties as specified by Virginia State and Norfolk City Code:

- Assess all Business and Personal Property
- Classify and issue Business Licenses
- Process State Income Tax Returns
- Assess all Local Fiduciary Taxes

Commissioner's additional duties:

1) Administrator of Food and Beverage, Lodging, Room Tax, Admission, Short-Term Rental and Cigarette taxes
2) Administrator of Personal Property Tax Relief Compliance Program
3) Provider of DMV Select services
4) Administrator of Residential Parking and Yard Sale Permits
5) Provider of State Income Tax Assistance
6) Administrator of an audit program which, on a regular basis, evaluates, appraises, and compares all Business Licenses, ad valorem and excise taxes, and their level of compliance to State and City code
7) Administrator of Utility, Franchise (Bank and Telephone) and Public Service Corporation taxes
8) Collector of Contractor Workers Compensation certifications with responsibility to forward them to the State Workers Compensation Board
9) Provider of tax-related statistical data to the City Council, the City Manager, and other City Offices and Departments
10) Provider of revenue forecasts to the City Manager and City Budget office in conjunction with the development of the City's annual operating budget
11) Watchdog of all tax-related legislation introduced into the General Assembly in order to ascertain potential impact on local tax revenues
12) Advisor to Norfolk legislators to the General Assembly and Norfolk City Council concerning revenue issues
13) Administrator of a program to conduct Manufacturer determination visits
14) Participant in State Sales Tax Partnership Program - Assist the Virginia Department of Taxation in identifying unreported revenues
15) Verify and Issue Enterprise Zone Tax refunds
16) Administrator of Charitable Solicitation Permits

Personal Property Department

Brian Casey, Supervisor

Phone: 664-7858 email: brian.casey@norfolk.gov

Personal Property Department Duties

- **Individual/Business Vehicle Personal Property** - Autos, trucks, motorcycles and utility trailers are assessed on a *prorated* basis. Proration is calculated on the actual number of months the vehicle is present in the City of Norfolk. Assessment is calculated using the National Automobile Dealers Association (NADA) "Loan" Value and taxed at the rate of $4.33 per hundred. Personal Property Tax is payable annually on, or before, June 5th.
- **PPTRA Personal Property Tax Relief** - provides tax relief for passenger cars, motorcycles, and pickup or panel trucks having a registered gross weight of less than 7,501 pounds. In 2014 the relief percentage, paid by the State, was 55%.
- **Recreational Vehicles** - Recreational Vehicles are assessed on a *prorated* basis using the NADA Recreational Vehicle Guide "Used" Value and taxed at the rate of $1.50 per hundred. Recreational Vehicle property tax is payable annually on, or before, June 5th.
- **Aircraft*** - Aircraft are assessed at 20% of the wholesale value in the Aircraft Blue Book and taxed at the rate of $2.40 per $100. Aircraft taxes are due on, or before, June 5th.
- **Mobile Homes*** - Mobile Homes are assessed using the Virginia Mobile Home Appraisal Guide and taxed at the rate of $1.11 per $100. All Mobile Home taxes are due on, or before, June 5th.
- **Rental Tax on Daily Rental Passenger Cars** - These taxes are remitted by the business to the Department of Motor Vehicles on a monthly basis. Taxes are assessed at *8%* of the Gross Rental Proceeds for vehicles with a *gross vehicle weight of 26,000 pounds or less* . The DMV then forwards half of that amount to the City of Norfolk. Taxes are assessed at *4%* of the Gross Rental Proceeds for vehicles with a *gross vehicle weight of 26,001 pounds or more* . The entire 4% is forwarded to the City of Norfolk. The Commissioner's Office has the responsibility of verifying receipt and accuracy of all remittances.

***Personal Property Taxes in this classification are NOT prorated.**

Personal Property Department Duties

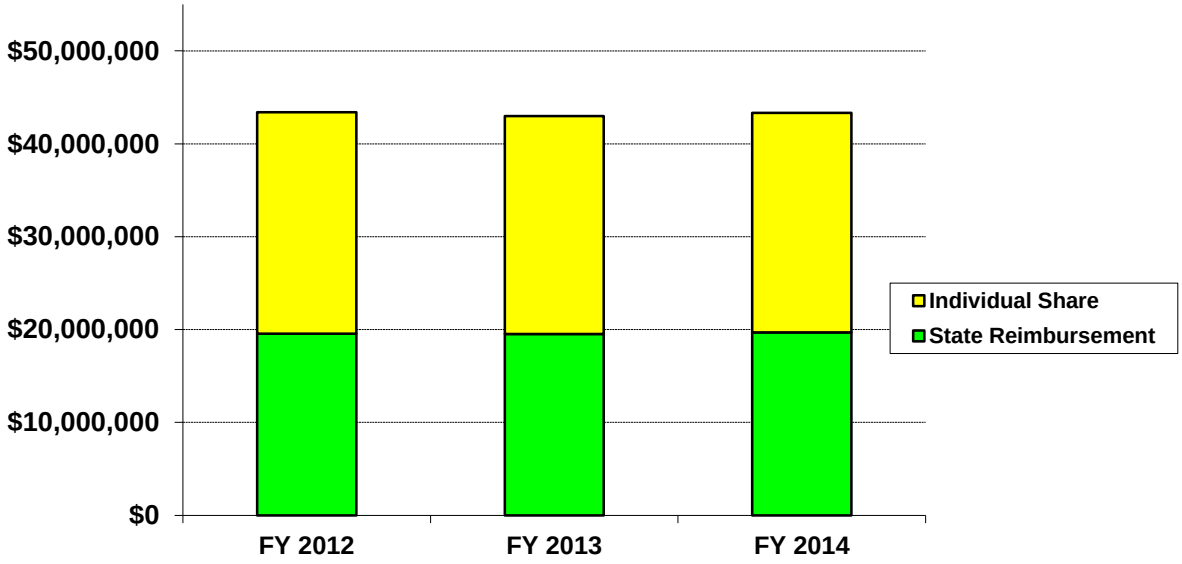
- **Residential Parking Permits** - $10.00 per vehicle, per year; for vehicles in certain areas of the city, *prorated* semi-annually. **One free** visitor pass per address is issued **annually**. In addition, 30-day visitor passes are available for $2.00 with a maximum of 2 being issued simultaneously. As of June 30 2013, there were 21 Residential Parking Permit Zones in the city.

- **Yard/Garage Sale Permits** - $5.00 Yard Sale permit fee and limited to two permits per calendar year in accordance with Norfolk City Code.

- **DMV Select -** services include Vehicle Titling, Vehicle Registration, Special & Personalized License Plates, Dealer Title & Registration Services & Voter Registration enabling one-stop processing for most DMV transactions. The Commissioner's Office receives compensation from the Department of Motor Vehicles of 4.5% of gross receipts of DMV transactions up to $499,999, and 5% of DMV transactions $500,000 and up.

Tangible Personal Property - Vehicles

Chart 8 - Comparison - Tax Relief to Total Tax Due



Personal Property Tax Relief State Reimbursement:
Tax Relief 2012 - 2013 55%

Table 8 - Summary of Tangible Personal Property Tax on vehicles

		Year			Inc/Dec	% Change
		FY 2012	FY 2013	FY 2014		
All Vehicles	Number Accts	184,671	182,699	184,562	1,863	1.02%
	Assessed	$1,041,387,809	$1,033,769,492	$1,038,507,108	$4,737,616	0.46%
	Tax Due*	$43,406,178	$42,991,235	$43,346,701	$355,466	0.83%
Average Tax Due per Vehicle		$235.05	$235.31	$234.86		
Vehicles qualifying for Tax Relief	Number Accts	160,551	158,358	160,207	1,849	1.17%
	Assessed	$889,433,858	$879,015,927	$884,069,968	$5,054,041	0.57%
	State Reimbursement	$19,557,019	$19,526,818	$19,686,979	$160,161	0.82%
	State Reimbursement %	55%	55%	55%		

*** Annual Tax Due after proration**

DMV Select

Chart 9 - DMV Select Revenue

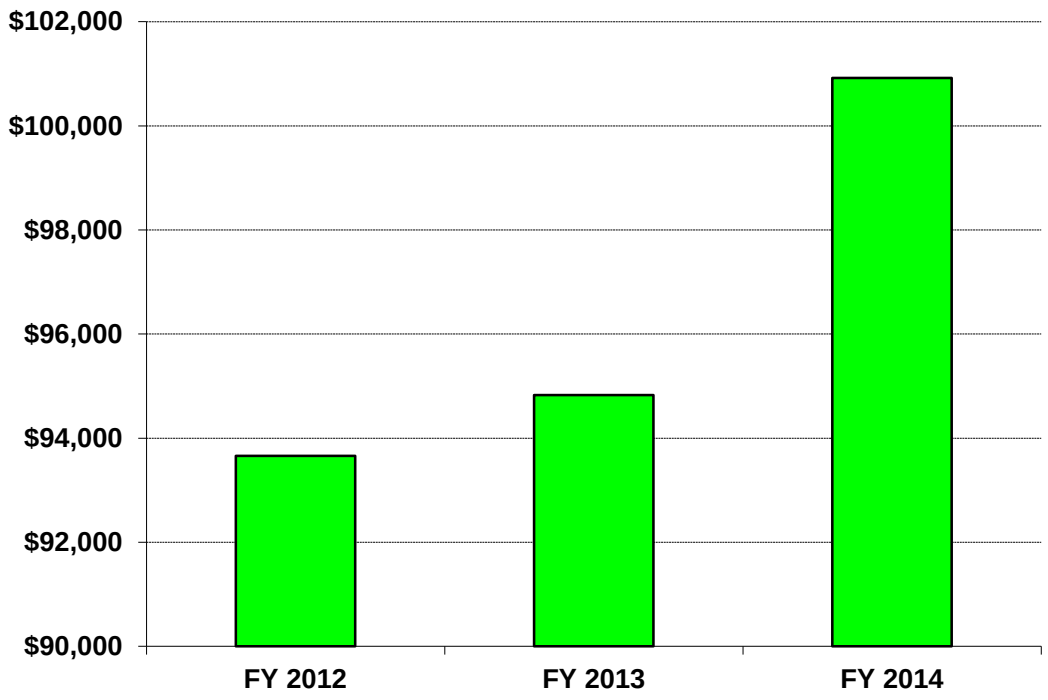


Table 9 - Revenue from DMV Select *

	Year		
	FY 2012	FY 2013	FY 2014
# of Transactions	48,312	54,787	47,500
Revenue*	$93,659	$94,829	$100,920

*The City of Norfolk is compensated by the Commonwealth of Virginia for offering DMV Select Services. These funds go directly to the City's General Fund and do not come back to the Commissioner of Revenue Budget. The compensation for DMV Select Service is based on a percentage of gross sales as follows:

$0 - $499,999 in gross sales = 4.5% compensation
$500,000 & Up = 5% compensation

Tax on Daily Rental Passenger Cars

Chart 10 - Daily Rental Passenger Car Tax

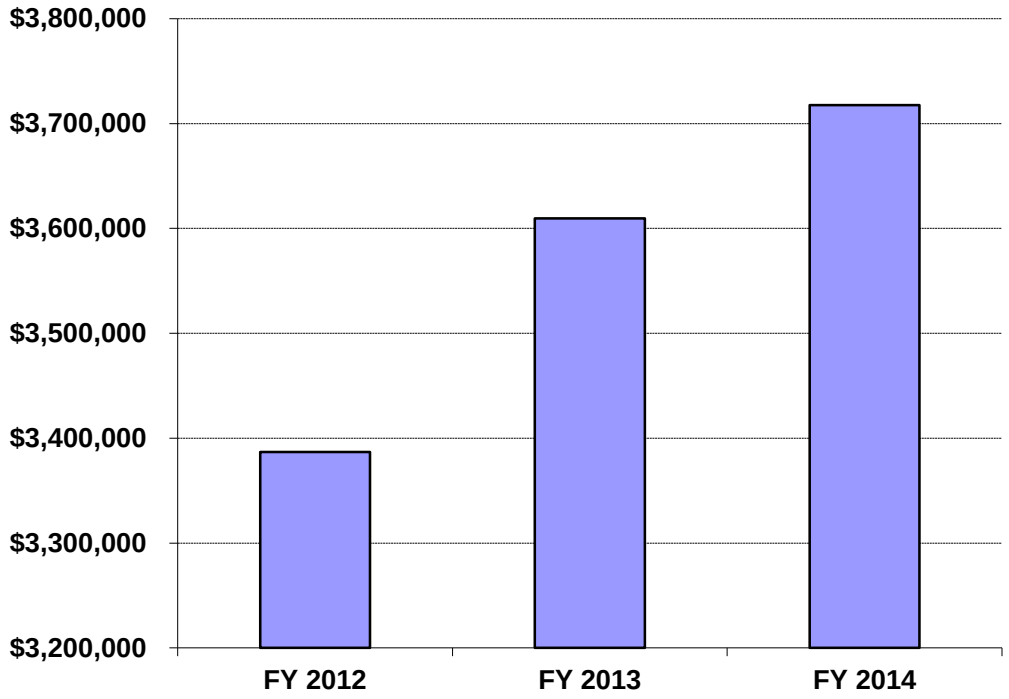


Table 10 - Revenue from tax on daily rental of passenger cars

Period	FY 2012	FY 2013	FY 2014	Inc/ Dec	%Change
Jul - Sep	$988,410	$910,255	$984,706	$74,451	8%
Oct - Dec	974,292	0	771,839	771,839	#DIV/0!
Jan - Mar	747,152	1,947,995	940,542	(1,007,453)	-52%
Apr - Jun	676,900	751,328	1,020,381	269,053	36%
Totals	**$ 3,386,754**	**$ 3,609,578**	**$ 3,717,468**	**$ 107,890**	3.0%

Residential Parking Permit Sales

Chart 11 - Residential Parking Permit Fees

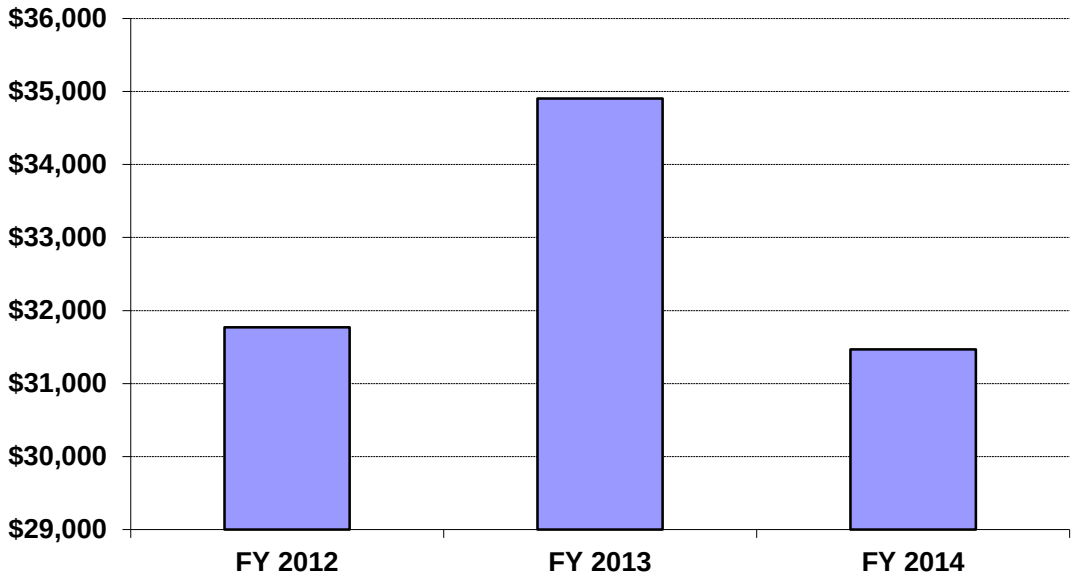


Table 11 - Residential Parking Permits Sold

	FY 2012	FY 2013	FY 2014	Inc/Dec	%Change
Number of Zones	21	21	21	0	0%
Permits Issued	3,583	4,046	3,555	(491)	-12%
Fees Collected	$31,771	$34,906	$31,469	$ (3,437)	-10%

Mobile Homes & Aircraft

Chart 12a - Annual Tax on Mobile Homes

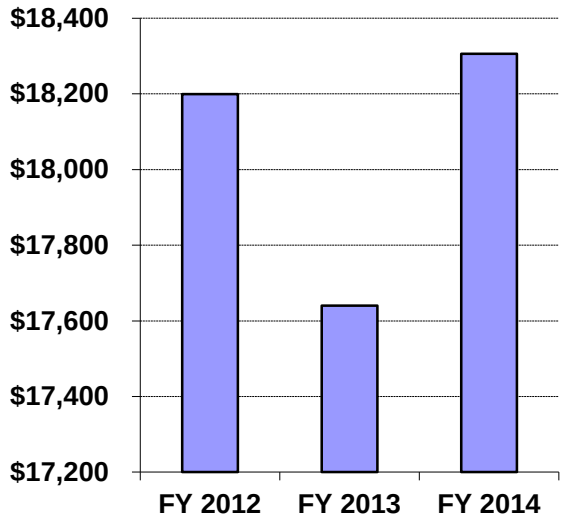


Chart 12b - Annual Tax on Aircraft

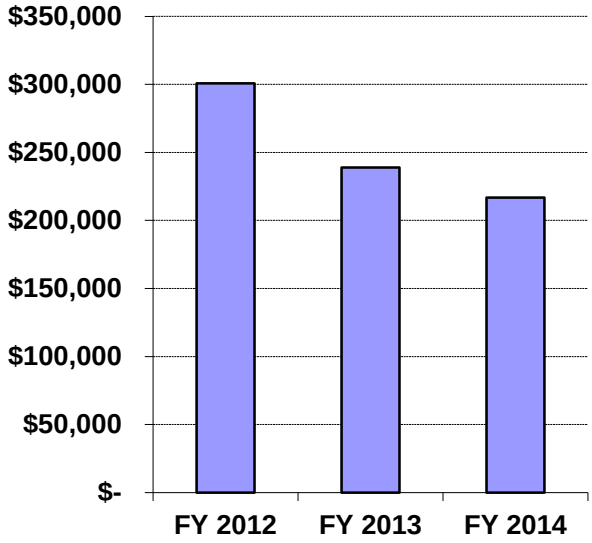


Table 12a - Annual Tax on Mobile Homes

Mobile Homes					
	FY 2012	FY 2013	FY 2014	Inc/ Dec	%Change
Units	469	461	482	21	5%
Assessed Value	$ 1,617,662	$ 1,586,530	$ 1,646,634	$60,104	4%
Annual Tax	$ 18,199	$ 17,640	$ 18,306	$666	4%
Average Tax Due per Mobile Home	$ 38.80	$ 38.26	$ 37.98		

Table 12b - Annual Tax on Aircraft

Aircraft					
	FY 2012	FY 2013	FY 2014	Inc/ Dec	%Change
Units	83	77	78	1	1%
Assessed Value	$ 12,529,331	$ 9,951,530	$ 9,033,878	-$917,652	-9%
Annual Tax	$ 300,704	$ 238,848	$ 216,849	-$21,999	-9%
Average Tax Due per Plane	$ 3,622.94	$ 3,101.92	$ 2,780.12		

Yard / Garage Sale Permits

Chart 13 - Yard Sale Permit Fees

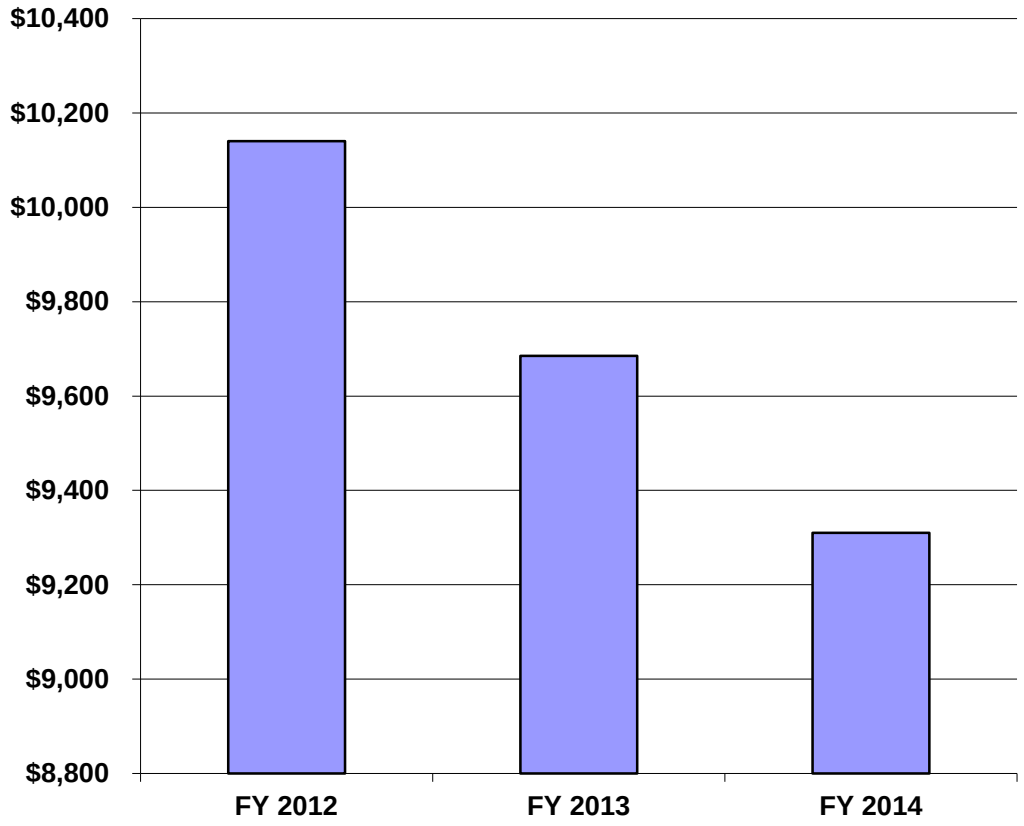


Table 13 - Yard/Garage Sale Permits issued and fees collected

	FY 2012	FY 2013	FY 2014	Inc/Dec	%Change
Permits Issued	2,028	1,937	1,862	(75)	-4%
Fees Collected	$10,140	$9,685	$9,310	$ (375)	-4%

Omitted Assessments - Vehicles

Chart 14 - Omitted Assessments

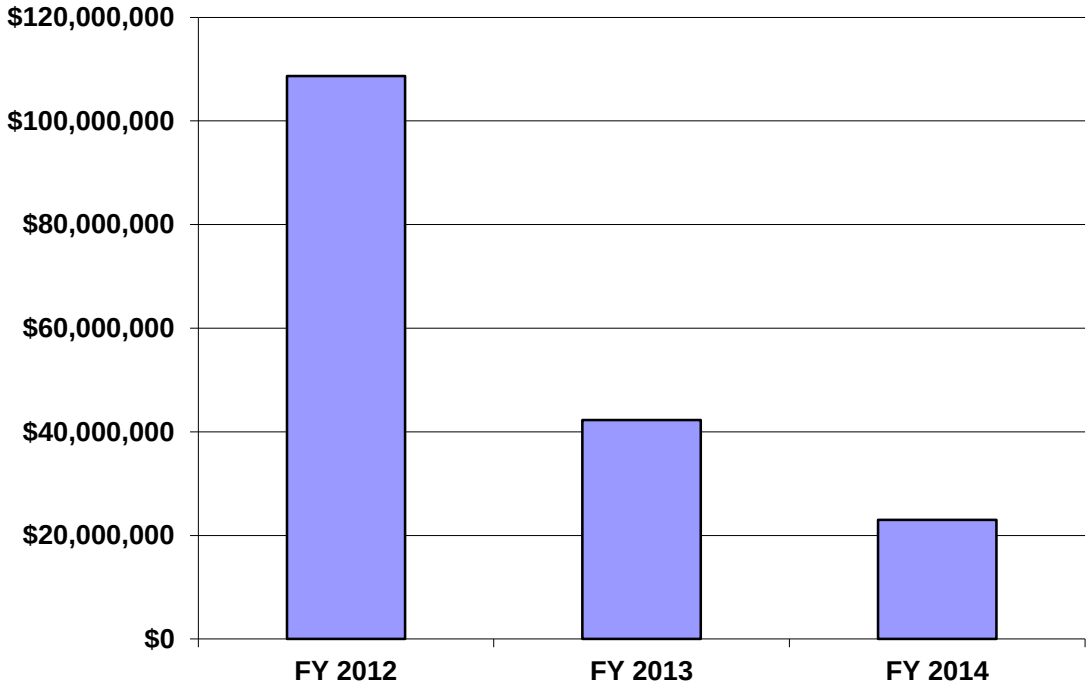


Table 14 - Tax due from Omitted Assessments*

	Year			Inc/Dec	% Change
	FY 2012	FY 2013	FY 2014		
Assessment	$108,656,896	$42,287,031	$23,002,842	-19,284,189	-46%
Tax	$2,126,819	$1,029,987	$513,731	-516,256	-50%

*Omitted Assessments are created when property subject to taxation is discovered by COR staff and added to the tax rolls for current and/or prior years as applicable.

Business Revenue Department

William E. Parker, Supervisor

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Business Revenue Department Duties

- **Business Personal Property** - Includes all business furniture, fixtures, equipment, machinery and tools located in the City of Norfolk on January 1st. Business property is assessed at 40% of the original capitalized cost and taxed at the rate of $4.33 per hundred. Machinery and Tools for manufacturers are assessed at 40% of the original capitalized cost and taxed at the rate of $4.25 per hundred. Business Personal Property tax is payable annually on, or before, June 5th.
- **City Business License** - Required of all businesses operating within the City of Norfolk. If annual gross receipts are less than, or equal to, $100,000 then a flat fee of $50 is due. If annual gross receipts exceed $100,000 then the following taxation rates apply: Contactors $0.16 per $100; Retailers and Restaurants $0.20 per $100; Service and Repair $0.36 per $100; Professional and Real Estate $0.58 per $100; Telecommunications $0.50 per $100 and Wholesalers $0.15 per $100 of Gross Purchases plus $50. Business License taxes are due on, or before, March 1st.
- **Food and Beverage Tax** - Food and Beverage taxes are 6 1/2% of a prepared meal, including alcoholic beverages. This tax is collected by the business and remitted monthly to the Commissioner of Revenue by the 20th of each month. 1% of this tax is dedicated to the City's Public Amenities Fund.
- **Lodging Tax** - Lodging taxes are 8% of the hotel/motel bill and are collected by the business. They are remitted monthly to the Commissioner of Revenue by the 20th of each month. 1% of this tax is dedicated to the City's Public Amenities Fund.
- **Room Tax -** Room tax is $2 per room for each night of lodging at any hotel. This tax is collected by the business and remitted monthly to the Commissioner of Revenue by the 20th of each month. 50% of the monthly receipts are distributed to the Norfolk Convention and Visitors Bureau, and 50% provides grants to the Norfolk Consortium.
- **Admissions Tax** - These taxes are 10% on all events held within the city that charge an admission. This tax is collected by the business and remitted to the Commissioner of Revenue by the 20th of the month following the event.
- **Cigarette Tax** - This tax is assessed by the Commissioner of the Revenue on cigarettes purchased in the City of Norfolk. A stamp must be affixed to each package of cigarettes sold in the City. The taxation rates, are $.80 on a package containing 20 cigarettes, and $1.00 on a package containing 25 cigarettes.

Business Revenue Department Duties

- **Boats:**
  Personal Watercraft are assessed annually using the Anderson and Bugg Outboard Service Professionals (ABOS) Marine Blue Book "Low Estimated Trade-In" value and taxed at the rate of $.50 per $100; plus an additional License Tax of $15 for boats under 16 feet and $25 for boats 16 feet and greater.

  Commercial Vessels weighing less than 5 tons are assessed using the ABOS Marine Blue Book "Low Estimated Trade-In" Value and taxed at the rate of $1.50 per $100.

  Commercial Vessels weighing 5 tons or more are assessed at 60% of original cost, with a depreciation of 5% each year until reaching a minimum depreciated value of 10% of original cost. They are taxed at the rate of $1.50 per $100. Boat taxes are due on or before June 5th of each year and boats are not pro-rated. A boat in Norfolk on January 1st is considered to be in Norfolk for the entire calendar year.
- **Short Term Rental Tax Personal Property** - there is a 1% levy on rental items that are "short term" in nature (92 days or less). These items include, but are not limited to, bowling shoes, DVDs, and tuxedos, party supplies, and bounce houses. The retailer remits this tax to the Commissioner of Revenue on a quarterly basis. There is a 1 1/2% levy on heavy equipment rentals that are in use less than 270 days of a calendar year. These items include; but are not limited to, graders, forklifts, and tractors.

Business Personal Property

Chart 17a - Business Property - Furniture, Fixtures, & Equipment

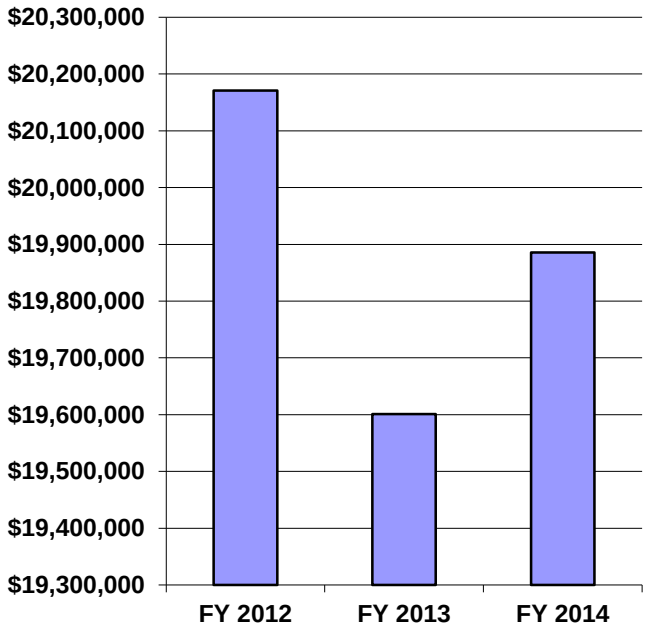

Chart 17b - Business Property - Machinery and Tools

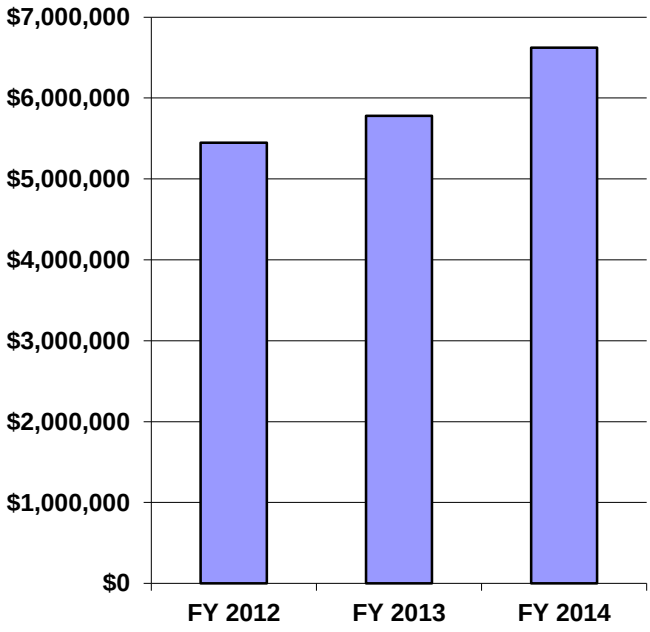

Table 17 - Annual Business Personal Property Tax

Classification		Fiscal Year			Inc/ Dec	% Change
		FY 2012	FY 2013	FY 2014		
Furniture, Fixtures & Equipment	Accounts	9,901	9,758	9,574	-184	-1.9%
	Assessments	$461,275,999	$453,685,879	$448,277,642	-$5,408,237	-1%
	Tax	$20,171,082	$19,601,305	$19,885,662	$284,357	1%
Average Tax Due per Account		$2,037	$2,009	$2,077		
Machinery & Tools	Accounts	130	203	181	-22	-11%
	Assessments	$126,961,796	$136,012,746	$150,641,771	$14,629,025	11%
	Tax	$5,448,686	$5,780,541	$6,621,950	$841,409	15%
Average Tax Due per Account		$41,913	$28,476	$36,585		
Combined Total	Accounts	10,031	9,961	9,755	-206	-2.1%
	Assessments	$588,237,795	$589,698,625	$598,919,413	$9,220,788	2%
	Tax	$25,619,768	$25,381,846	$26,507,612	$1,125,766	4%

Business License - Activity by Classification

Table 18a - Business License Summary

Summary of Business License Activity	FY 2012	FY 2013	FY 2014
# of New Businesses Opened	1,964	1,782	1,642
# of Businesses Closed	2,148	2,469	2,790
Net Increase/Decrease	**-184**	**-687**	**-1,148**
Total # Active Businesses	**14,155**	**13,760**	**13,246**

Chart 18 - Business License Terminations

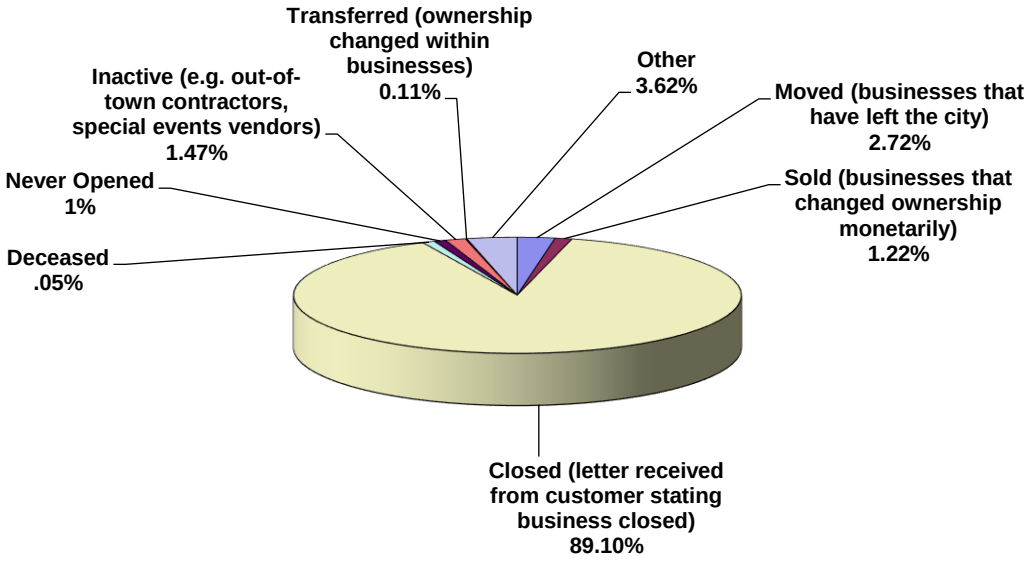

Table 18b - Business License Terminations

Business License Termination Criteria	FY 2012	FY 2013	FY 2014
Moved (businesses that have left the city)	91	61	76
Sold (businesses that changed ownership monetarily)	45	30	34
Closed (letter received from customer stating business closed)	1842	2268	2486
Deceased (owner of business has died)	14	22	25
Never Opened (license obtained, but business operations never began)	35	29	24
Inactive (e.g. out-of-town contractors, special events vendors)	121	42	41
Transferred (ownership changed within businesses)	0	6	3
Other	0	11	101
Total	**2148**	**2469**	**2790**

Business License - Revenue by Classification

Chart 19 - Business License by Classification

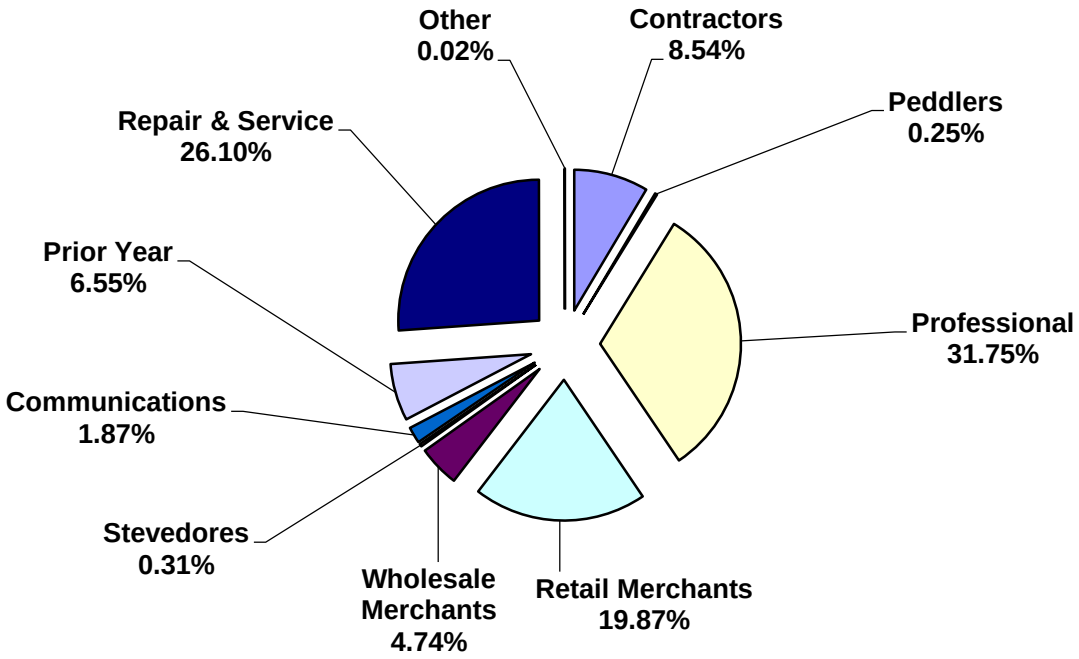

Table 19 - Business License by classification

Classification	FY 2012		FY 2013		FY 2014		Amount	Amount
	Number	$Amount	Number	$Amount	Number	$Amount	Inc/ Dec	%Change
Contractors	2,565	$ 2,271,316	2,496	$ 2,051,205	2,572	$ 2,652,606	$ 601,401	29%
Peddlers	382	16,750	354	17,580	379	76,900	59,320	337%
Professional	1,182	9,861,476	1,187	9,237,614	1,138	9,861,103	623,489	7%
Retail Merchants	3,013	6,060,058	3,060	6,104,839	3,040	6,171,189	66,350	1%
Wholesale Merchants	356	1,979,173	346	1,586,038	331	1,472,879	(113,159)	-7%
Stevedores	44	82,464	44	90,987	44	94,939	3,952	4%
Communications	26	538,393	24	415,301	26	581,028	165,727	40%
Prior Year	911	3,401,582	920	3,120,230	861	2,033,498	(1,086,732)	-35%
Repair & Service	4,682	7,760,741	4,788	8,370,209	4,500	8,104,893	(265,316)	-3%
Other	28	10,299	27	11,667	22	7,682	(3,985)	-34%
Total	13,189	$ 31,982,252	13,246	$ 31,005,670	12,913	$ 31,056,717	$ 51,047	0%

Lodging Tax & Room Tax

Chart 20 - Lodging Tax

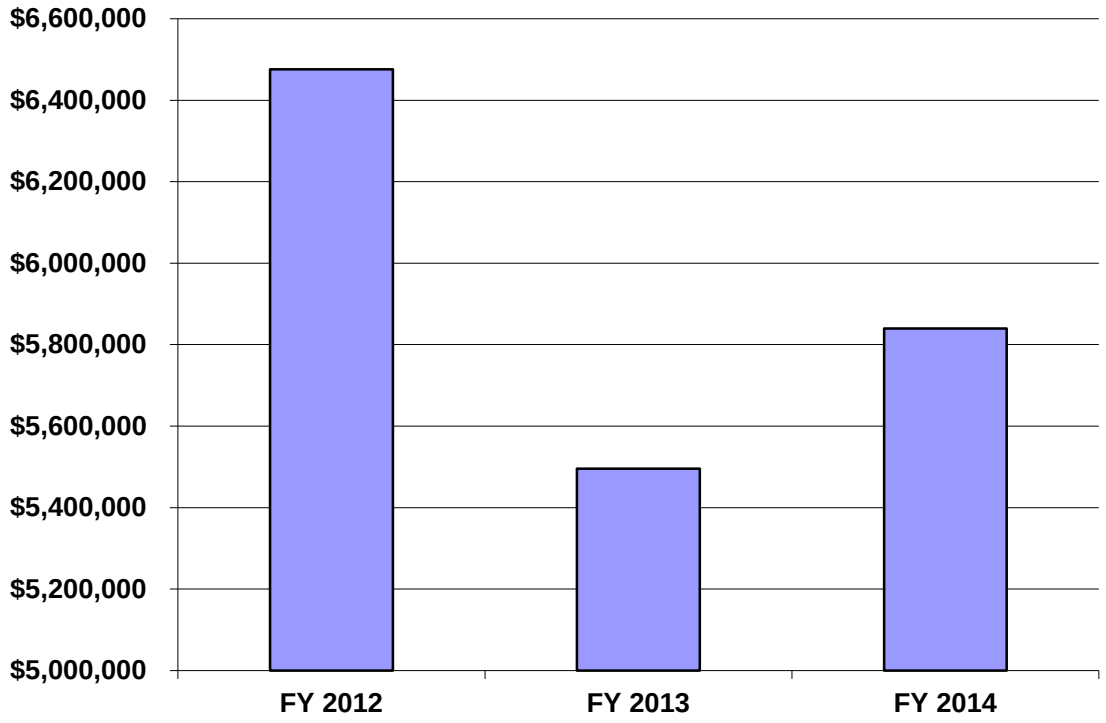

Table 20a - Revenue from Lodging Tax

	FY 2012	FY 2013	FY 2014	Dollars Inc/ Dec	% Change
# of accounts	45	46	41		
Tax Remitted	$ 6,476,199	$ 5,495,494	$ 5,839,247	$ 343,753	6%
Avg Tax per Month	$ 539,683	$ 457,958	$ 486,604		

Table 20b - Revenue from Room Tax

	FY 2012	FY 2013	FY 2014	Dollars Inc/ Dec	% Change
Tax Remitted	$ 1,871,766	$ 1,835,936	$ 1,769,962	$ (65,974)	-4%
Average Tax per month	$ 155,981	$ 152,995	$ 147,497		

Food & Beverage Tax & Admissions Tax

Chart 221a - Food and Beverage Tax

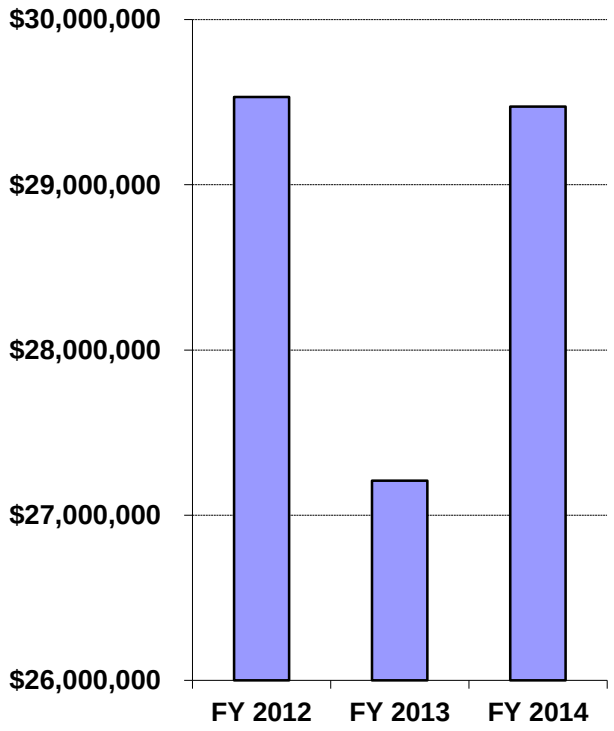

Chart 21b - Admission Tax from Scope, Nauticus, Harbor Park, and all other sources

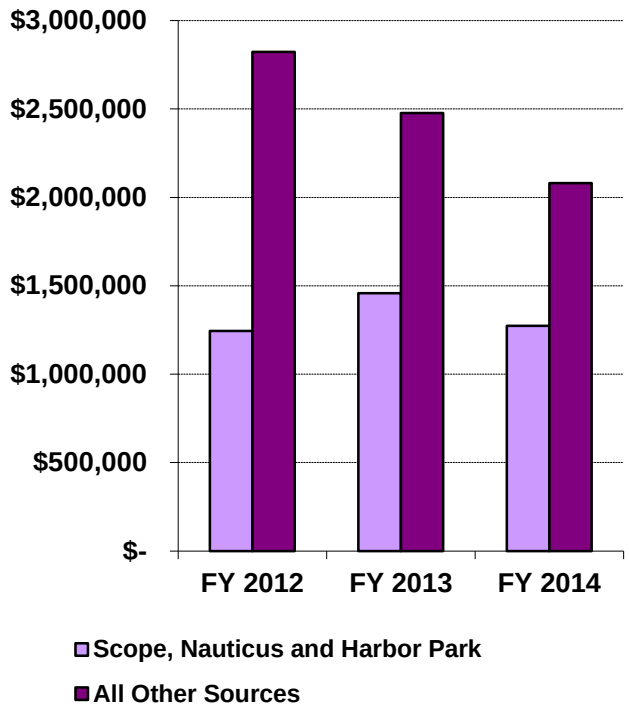

Table 21a - Revenue from Food and Beverage Tax

	FY 2012	FY 2013	FY 2014	Dollars Inc/ Dec	% Change
# of accounts	1006	1059	1003		
Tax Remitted	$ 29,531,700	$ 27,210,164	$ 29,472,999	$ 2,262,835	8%

Table 21b - Admissions tax from Scope, Nauticus, Harbor Park, and all other sources

	FY 2012	FY 2013	FY 2014	Dollars Inc/ Dec	% Change
Scope, Nauticus and Harbor Park	$ 1,244,827	$ 1,457,925	$ 1,273,836	$ (184,089)	-13%
All Other Sources	2,822,240	2,477,843	2,081,301	$ (396,542)	-16.0%
# of accounts - All other Sources	79	79	83		
Total	**$ 4,067,067**	**$ 3,935,768**	**$ 3,355,137**	**$ (580,631)**	**-15%**

Personal WaterCraft

Chart 22 - Annual Tax on Personal WaterCraft

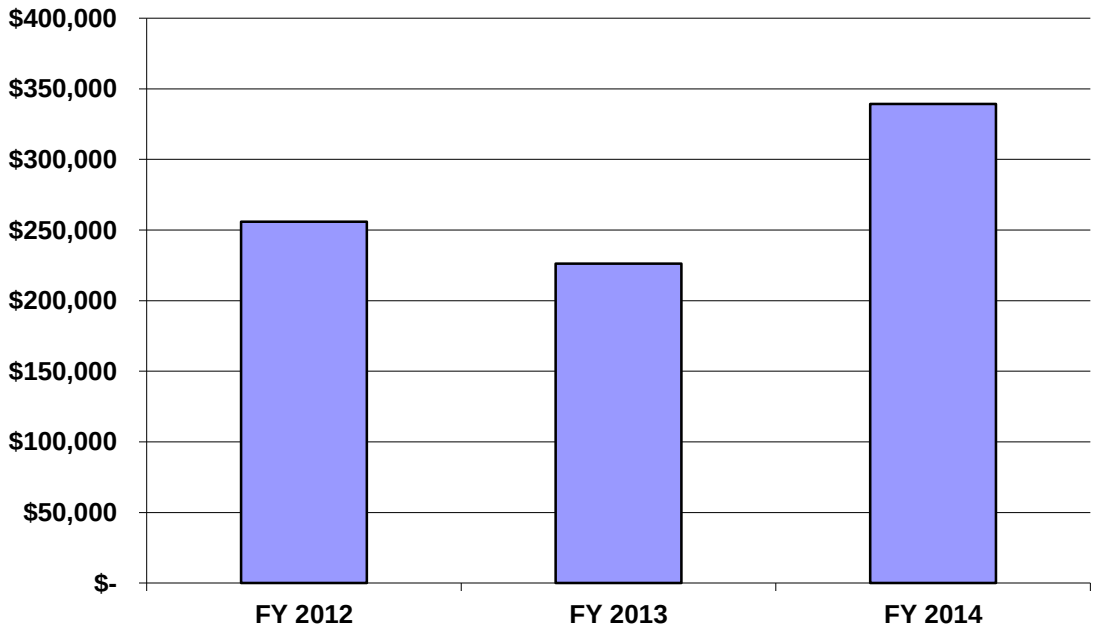

Table 22 - Annual Tax on Personal WaterCraft

Personal WaterCraft					
	FY 2012	FY 2013	FY 2014	Inc/ Dec	%Change
Units	5,051	4,671	4,663	-8	-0.2%
Assessed Value	$51,184,364	$45,250,288	$48,765,255	$3,514,967	8%
Annual Tax	$255,884	$226,260	$339,344	$113,084	50%
Decal Fee	$102,275	$94,605	$95,755		
Total Revenue	$358,159	$320,865	$435,099		
Average Tax Due & Fee per Boat	$ 70.91	$ 68.69	$ 93.31		

Commercial Vessels

Chart 23 - Annual Tax on Commercial Vessels

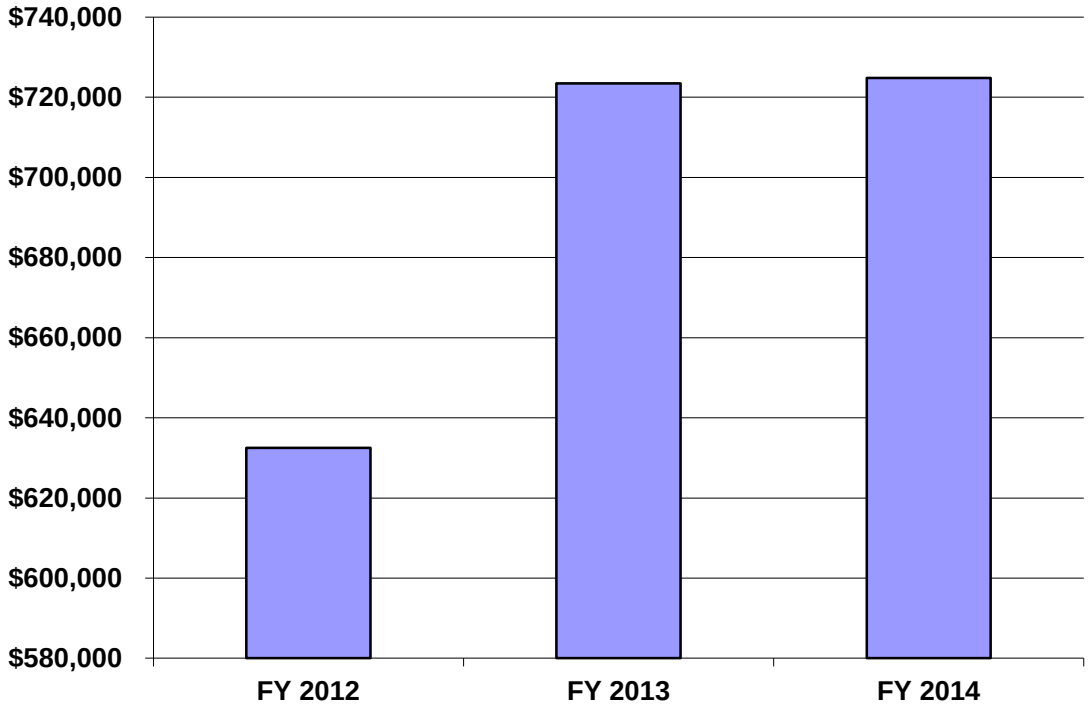

Table 23 - Annual Tax on Commercial Vessels

Commercial Vessels					
	FY 2012	FY 2013	FY 2014	Inc/ Dec	%Change
Units	297	312	322	10	3%
Assessed Value	$41,457,414	$48,222,787	$48,217,654	-$5,133	0%
Annual Tax	$632,506	$723,480	$724,824	$1,344	0%
Average Tax Due per Boat	$ 2,129.65	$ 2,318.85	$ 2,251.01		

Cigarette Tax

Chart 24 - Revenue from Cigarette Tax

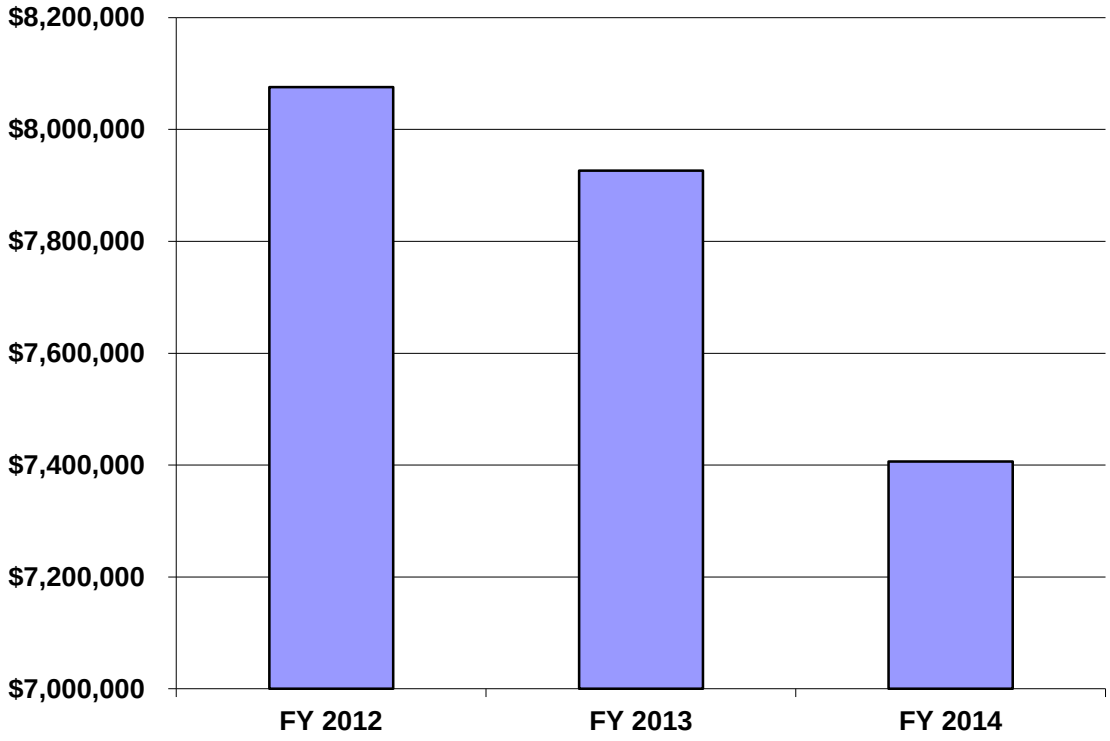

Table 24 - Revenue from Cigarette Tax

	FY 2012	FY 2013	FY 2014	Dollars Inc/ Dec	% Change
Revenue	$ 8,075,578	$ 7,926,366	$ 7,406,183	$ (520,183)	-7%
# of Accounts	20	20	20		

Short Term Rental Tax

Chart 25 - Short Term Rental Tax - Daily Rental

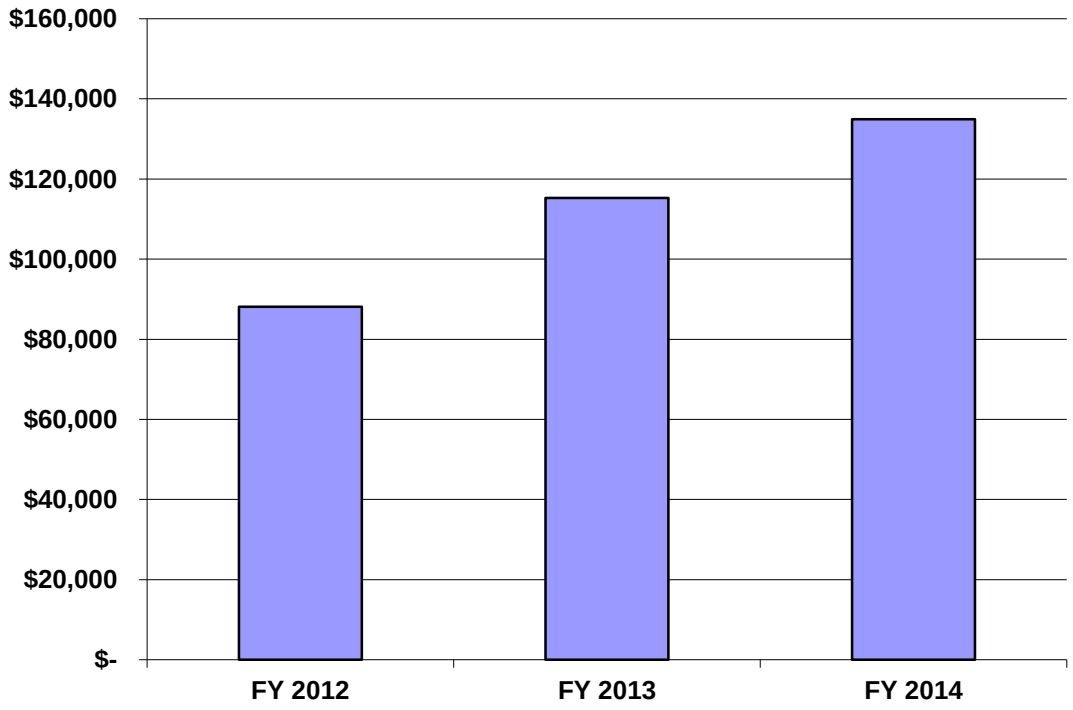

Table 25a - Short Term Rental Tax - Daily Rental

	FY 2012	FY 2013	FY 2014	Dollars Inc/ Dec	% Change
Revenue	$ 88,150	$ 115,267	$ 134,891	$ 19,624	17.0%
# of Accounts	30	30	30		

Table 25b - Short Term Rental Tax - Machinery

	FY 2012	FY 2013	FY 2014	Dollars Inc/ Dec	% Change
Revenue	$ 64,794	$ 48,439	$ 34,150	$ (14,289)	-29.5%
# of Accounts	11	11	10		

Special Taxes - State & City

Joe Van Landingham, Business Manager & Special Tax Coordinator

Phone: 664-7894 email: joe.vanlandingham@norfolk.gov

Special Taxes - State & City

- **Bank Franchise Tax** - This tax is imposed on banks with offices in Norfolk. The rate is based on the percentage of deposits through the principal office and/ or branches located in Norfolk as of January 1. The tax is 80% of the state rate of taxation ($1 per $100 of net capital) on each $100 of the net capital of each bank located in the city. The tax is due annually on, or before, June 1st.

- **Franchise Fee** - A franchise fee, in the amount of 3% of gross receipts, is collected annually from public service telephone companies. Payment of the tax allows the telephone company to use the localities' rights of way for the placement of their telephone equipment.

- **Utilities -** Utility taxes collected during each calendar month are reported, and paid, by each utility company on, or before, the 27th day of the second month following collection. Electric and gas companies base the amount of the utility tax on kilowatts per hour of electricity (kWh) and cubic feet of natural gas (CCF) consumed, as applicable. The schedule of taxation rates for utility companies is as follows:

Utilities - Residential

Electric - $1.75 + .016891 per kWh not to exceed $3.75 per month
Natural Gas - $1.50 per month
Water - 25% of the first $22.50

Utilities - Business

Electric - $1.75 + .017933 on first 537 kWhs monthly + .006330 on remaining kWhs
Natural Gas - $3.225 + .167821 on first 70 CCF + .161552 on CCF in excess of 70 CCF and up to 430 CCF + .15363 on all remaining CCF not to exceed $500
Water - 25% of the first $75 plus 15% of bill in excess of $75

Special Taxes - State & City Duties

Utilities - Commercial and Industrial

Electric - $2.87 + .017933 on first 537 kWhs and .006330 on all remaining kWhs

Utilities - Manufacturer

Electric - $1.38 + .004965 on first 3,625,100 kWhs + .004014 on all remaining kWhs not to exceed $53,000 per month. Manufacturers located in an Urban Enterprise Zone shall be taxed at the rate of $1.38 + .006192 on kWhs delivered monthly, not to exceed $10,440 per month. Commercial and Industrial - $2.87 + .017933 on first 537 kWhs and .006330 on all remaining kWhs.

Natural Gas - $3.225 + .167821 on first 70 CCF + .161552 on CCF in excess of 70 CCF and up to 430 CCF delivered monthly not to exceed $500

Water - 25% of the first $75 plus 15% of bill in excess of $75

- **Communications Sales Tax** - Beginning in January 2007, the Department of Taxation assumed control of the charging and collection of State Communication Sales and Use Tax. This action replaced localities' ability to charge Utility Tax on Landline Telephone services, Wireless Telephone services, Cable Television services along with the Franchise Fee charged to the Cable Television industry, and the 911 fee.

- **Consumption Tax** - Beginning January 2001, as part of the deregulation of the electric and gas industries in Virginia, three existing taxes; the Local Utility License Tax, the State License Tax, and the State Regulatory Tax, were replaced with just one tax, The Consumption Tax. This tax is applied on the number kilowatt hours of electricity or the number of cubic feet of natural gas actually used by the customer. Consumers are taxed now strictly on usage rather than the fluctuating price of energy.

- **Public Service Corporation** - Personal & Real Property taxes are imposed on public service corporations such as utility and railroad companies. These rates are set by the Virginia General Assembly and valued by the State Corporation Commission. The Commissioner of Revenue is responsible for verification of taxable assets and for classifying those assets in accordance with the asset type. The real property taxation rate is $1.11 per $100 and the personal property taxation rate is $4.33 per $100.

Franchise Tax and Utility Tax

Table 30a - Franchise Tax

Franchisee	FY 2012	FY 2013	FY 2014	Revenue Inc/Dec	% Change
Bank Franchise	$ 2,307,475	$ 2,973,646	$ 2,381,817	$ (591,829)	-20%
Verizon	973,524	876,118	689,016	(187,102)	-21.4%
TOTAL	**$ 3,280,999**	**$ 3,849,764**	**$ 3,070,833**	**$ (778,931)**	**-20%**

Table 30b - Utility Tax Revenue

Utility Companies	FY 2012	FY 2013	FY 2014	Inc/ Dec	% Change
Dominion Virginia Power	11,918,895	12,539,259	11,482,629	(1,056,630)	-8.4%
Public Utilities (Water)	4,875,936	4,983,990	5,287,786	303,796	6%
Virginia Natural Gas	2,550,554	2,935,489	2,862,485	(73,004)	-2%
Communication Sales Tax	22,005,465	22,545,061	21,857,486	(687,575)	-3%
Total	**$ 41,350,850**	**$ 43,003,799**	**$ 41,490,386**	**$ (1,513,413)**	**-4%**

Table 30c - Consumption Tax

Utility	FY 2012	FY 2013	FY 2014	Inc/ Dec	% Change
Dominion Virginia Power	$ 665,073	$ 638,345	$ 604,355	$ (33,990)	-5%
Virginia Natural Gas	98,367	121,204	127,543	$ 6,339	5%
Total	**$ 763,440**	**$ 759,549**	**$ 731,898**	**$ (27,651)**	**-4%**

Public Service Corporation Tax

Chart 30 - Public Service Corporation Taxes

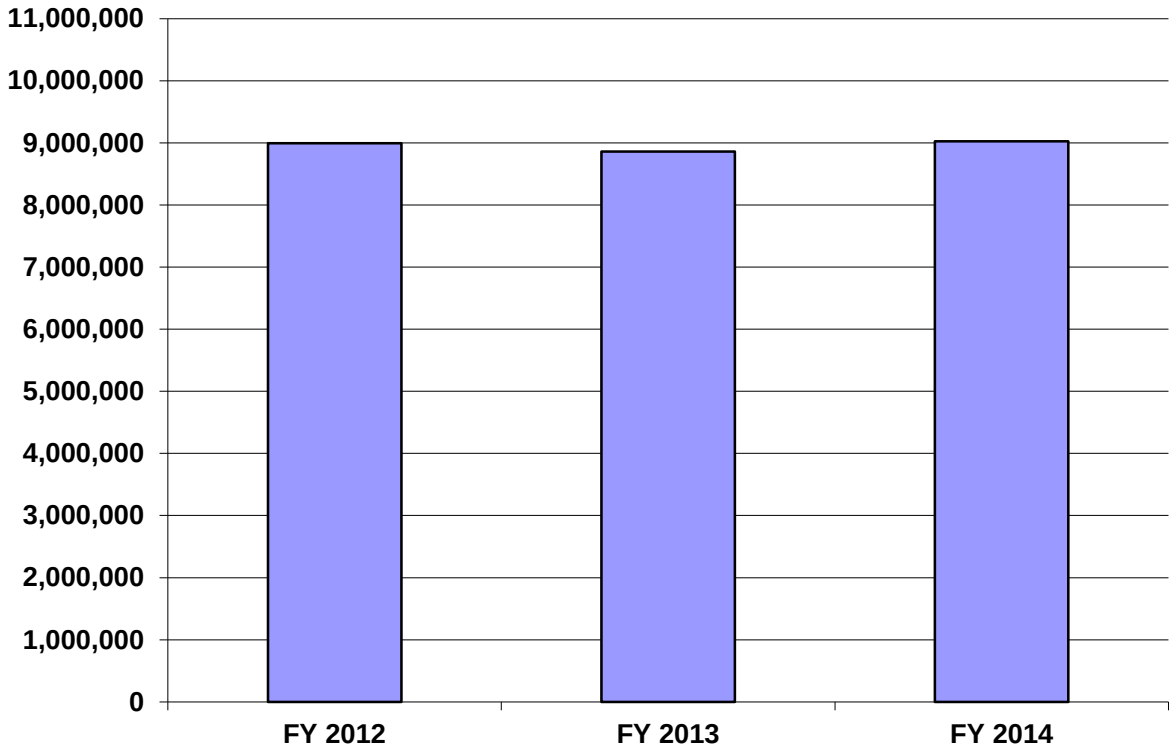

Table 31 - Public Service Corporation Real Property and Personal Property Taxes

		Year			Inc/Dec	% Change
		FY 2012	FY 2013	FY 2014		
Real Property	Assessments	800,467,030	787,868,078	775,310,621	-12,557,457	-2%
	Tax	8,885,184	8,745,336	8,916,072	170,736	2%
Personal Property	Assessments	2,476,121	2,595,611	2,544,474	-51,137	-2%
	Tax	107,216	112,390	110,176	-2,214	-2%
Total	Assessments	802,943,151	790,463,689	777,855,095	-12,608,594	-2%
	Tax	8,992,400	8,857,726	9,026,248	168,522	2%

Audit Team

Jennifer Ward, Supervisor

Phone: 664-7874 email: jennifer.ward@norfolk.gov

Audit Team Duties

- Ensure compliance with state and city taxes, laws, ordinances and fees
- Evaluate, appraise, and compare businesses' license and other business tax revenues to their level of compliance
- Conduct classification determination visits
- Research, evaluate and prepare amendments to legislative proposals impacting localities' ability to generate tax revenues.
- Provide renderings for statewide uniformity in the application of Business License tax matters

In - Depth Assessments

Chart 33 - Comparison of In-Depth Assessments and Amount Collected by year

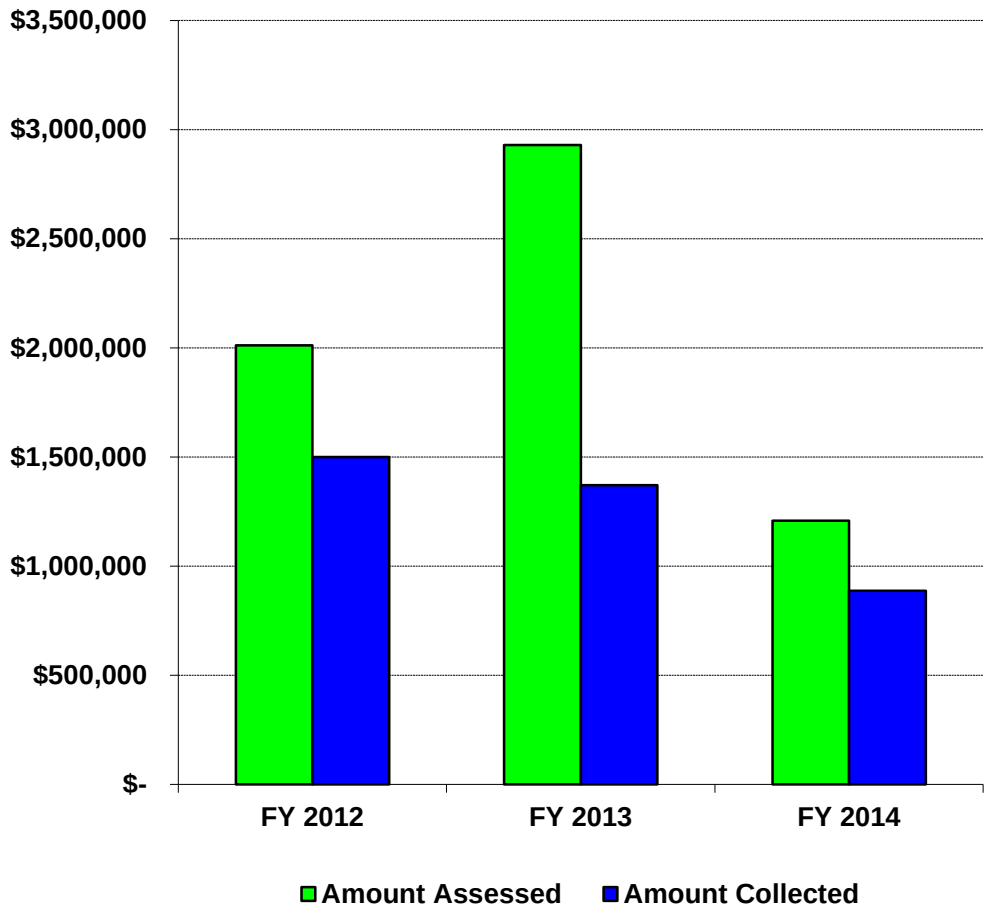

Table 33 - Revenue collected from in-depth assessments

	FY 2012	FY 2013	FY 2014
Amount Assessed	$2,011,084	$2,928,624	$1,208,547
Amount Collected	$1,500,057	$1,371,052	$887,360

Note: Annual fluctuations between "Amount Assessed" & "Amount Collected" reflect timing differences between the audit completion and the collection of taxes assessed. Payment arrangements, Circuit Court judgments, and/or seizure and/or collection of Business Property Taxes by the City Treasurer are reasons for these timing differences.

Tax Compliance Department

Kathy Jernigan, Supervisor

Phone: 664-7881 email: kathy.jernigan@norfolk.gov

Tax Compliance Department Duties

- Enforce compliance for business license, business personal property taxes, food and beverage tax, lodging tax, admissions tax and cigarette tax
- Ensure proper compliance of taxpayers relating to yard sales and permits
- Conduct taxpayer inquiry investigations
- Serve as ambassadors for the office of the Commissioner of Revenue throughout the city while performing daily job functions, as well as serving on community committees and attending community meetings as the liaison between the citizens and this office
- Answering questions, addressing citizen/taxpayer concerns and assisting with interdepartmental referrals regarding a variety of issues
- Represent Commissioner as a member of the City's Bar Task Force and the Convenience Store Task Force.

Tax Compliance Team Summary

Table 35a - Tax Compliance activities by category

Activities	FY 2012	FY 2013	FY 2014	Inc/ Dec	% Change
Telephone Contacts	3,034	2,116	1,944	(172)	-8%
Cases Completed	376	252	196	(56)	-22%
New Cases Generated	324	145	127	(18)	-12%
Paid Delinquent Business Licenses	1,215	4,127	3,421	(706)	-17%
Paid Meal Tax	1,174	1,212	935	(277)	-23%
Total Investigative Activities	**6,123**	**7,852**	**6,623**	**(1,229)**	**-16%**

* New Category in FY '13

Table 35b - Tax Compliance activities by amount

Activities	FY 2012	FY 2013	FY 2014	Inc/ Dec	% Change
Delinquent Business Licenses - Paid	$ 4,157,453	$ 6,760,144	$ ~~419,894~~	$ (6,340,250)	-94%
Inquiry Visits	249,105	48,848	~~215,627~~	166,779	341%
Paid Meal Tax	1,208,165	1,123,457	~~1,040,780~~	(82,677)	-7%
Total	**$ 5,614,723**	**$ 7,932,449**	**$ ~~1,676,301~~**	**$ (6,256,148)**	**-79%**

Brief Description of Activities

Visits/Contacts - contact made by us to taxpayers in person

Inquiries -includes input from taxpayers, other agencies, and in - house discovery, which could result in establishing new business license accounts

Telephone Contacts - incoming and outgoing calls to/from taxpayers

Case Completed - all cases finalized, including cases where investigations have been completed and proper business license accounts have been established if required

New Cases - includes new cases generated for that period from citizen calls, in-house inquiries or other means resulting in an investigator initiating a call or visit

Taxpayer Assistance Department

Cheryl Spencer, Supervisor

Phone: 823-1134 email: cheryl.spencer@norfolk.gov

Taxpayer Assistance Department Duties

- Process Individual Income Tax Returns including
  - Accelerated Refund Returns
  - Refund, Tax Due, and Fiduciary Returns
  - Estimated Tax Declarations and Payments
  - Prior Year and Amended Tax Returns

- Provide State Tax Return Filing Assistance including
  - Return Preparation and Filing Assistance
  - Furnishing Instructional Speakers for Tax Seminars and Meetings
  - Resolution of Taxpayer Conflicts with the Department of Taxation

- State income taxes must be filed with the local Commissioner of Revenue, on or before, May 1st of each year

State Income Tax

Table 37a - State Income Tax Processing by Category

	FY 2012	FY 2013	FY 2014	Number Inc/ Dec	% Change
Regular Refunds	3,734	3,432	3,117	(315)	-9%
Accelerated Refunds	4,184	3,625	3,240	(385)	-11%
Tax Due	2,002	1,725	1,750	25	1%
Estimated Taxes	2,028	1,956	1,973	17	1%
Amended & Prior Year Returns	2,512	2,197	2,002	(195)	-9%
Totals	**14,460**	**12,935**	**12,082**	**(853)**	**-7%**

Table 37b - Taxpayer assistance statistics

	FY 2012	FY 2013	FY 2014	Number Inc/ Dec	% Change
Customer Visits for Filing Assistance	3,357	3,346	3,084	(262)	-8%
Telephone Calls Seeking Assistance	8,499	8,877	8,024	(853)	-10%
Total Taxpayer Assistance	**11,856**	**12,223**	**11,108**	**(1,115)**	**-9%**

Table 37c - Taxpayer dollar amounts processed

	FY 2012	FY 2013	FY 2014	Number Inc/ Dec	% Change
Individual Income Tax Due Assessed	$ 1,414,671	$ 1,554,013	$ 1,323,976	$ (230,037)	-15%
Estimated Income Tax Assessed	$ 2,816,908	$ 2,992,280	$ 2,783,208	$ (209,072)	-7%
Total Dollars Processed	**$ 4,231,579**	**$ 4,546,293**	**$ 4,107,184**	**$ (439,109)**	**-10%**

Assessment Recap by Classification

Table 38 - Recapitulation of assessments by classification

CLASSIFICATION	FY 2012	FY 2013	FY 2014	INC/ DEC	% CHNGE
Admissions	$ 4,067,067	$ 3,935,768	$ 3,355,137	$ (580,631)	-15%
Aircraft	300,704	238,848	216,849	(21,999)	-9%
Boats - Personal WaterCraft & Fee	358,159	320,865	435,099	114,234	36%
Boats - Commercial Vessels	632,506	723,480	724,824	1,344	0%
Business License	31,982,252	31,005,670	31,056,717	51,047	0%
Cigarette Taxes	8,075,578	7,926,366	7,406,183	(520,183)	-7%
Consumption Tax	763,440	759,549	731,898	(27,651)	-4%
DMV Select	93,659	94,829	100,920	6,091	6%
Food and Beverage	29,531,700	27,210,164	29,472,999	2,262,835	8%
Franchise Taxes	3,280,999	3,849,764	3,070,833	(778,931)	-20%
Furniture & Fixtures	20,171,082	19,601,305	19,885,662	284,357	1%
In-Depth Assessments	2,011,084	2,928,624	887,360	(2,041,264)	-70%
Lodging Taxes	6,476,199	5,495,494	5,839,247	343,753	6%
Machinery & Tools	5,448,686	5,780,541	6,621,950	841,409	15%
Mobile Homes	18,199	17,640	18,305	665	4%
Omitted Assessments	2,126,819	1,029,987	513,731	(516,256)	-50%
Passenger Car Daily Rental	3,386,754	3,609,578	3,717,468	107,890	3.0%
Public Service Corporation	8,992,400	8,857,726	9,026,248	168,522	2%
Residential Parking Decals	31,771	34,906	31,469	(3,437)	-10%
Room Tax	1,871,766	1,835,935	1,769,962	(65,973)	-4%
Short Term Rental	149,200	158,257	169,041	10,784	7%
Tangible Personal Property	43,406,178	42,991,235	43,346,701	355,466	0.8%
Utility Taxes	41,350,850	43,003,799	41,490,386	(1,513,413)	-4%
Yard/ Garage Sale Permits	10,140	9,685	9,310	(375)	-4%
Total	$ 214,537,192	$ 211,420,015	$ 209,898,299	$ (1,521,716)	-0.7%