

Commissioner of the Revenue

**Annual Report
FY 2019**

July 2019

Table of Contents

Mission Statement.....	2
History of the Office.....	2
Duties of the Office.....	3
Personal Property Revenue Department.....	4
Tangible Personal Property - Vehicles.....	6
DMV Select.....	7
Tax on Daily Rental Passenger Cars.....	8
Mobile Homes & Aircraft.....	9
Omitted Assessments - Vehicles.....	10
Personal Watercraft.....	11
Commercial Vessels.....	12
Business Tax Department.....	13
Business Personal Property.....	14
Business License-Activity By Classification.....	15
Business License-Revenue By Classification.....	16
Lodging Tax & Room Tax.....	17
Food & Beverage Tax and Admission Tax.....	18
Cigarette Tax.....	19
Short Term Rental Tax.....	20
Tax Compliance Department.....	21
Tax Compliance Department Summary.....	22
Audit Department.....	23
In - Depth Assessments.....	24
Special Taxes - State & City.....	25
Franchise and Utility Tax.....	26
Public Service Corporation Tax.....	27
	28
Taxpayer Assistance Department Duties.....	29
State Income Tax.....	30
Assessment Recap by Classification.....	31

Commissioner of the Revenue

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

Mission Statement

The Commissioner of the Revenue assesses various taxes pursuant to state and local law and strives to fairly and efficiently assist Norfolk residents and business owners.

History of the Office

The primary responsibility of this office is the assessment of City and State taxes. The Commissioner of the 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 the 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.

The Commissioner of the 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 the 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 the 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:

- Administrator of Food and Beverage, Lodging, Room Tax, Admission, Short-Term Rental and Cigarette taxes
- Administrator of Personal Property Tax Relief Compliance Program
- Provider of DMV Select services
- Provider of State Income Tax Assistance
- Administrator of an audit program which, on a regular basis, evaluates, appraises,
- Administrator of Utility, Franchise (Bank and Telephone) and Public Service Corporation taxes
- Collector of Contractor Workers' Compensation certifications with responsibility to forward them to the State Workers' Compensation Board
- Provider of tax-related statistical data to the City Council, the City Manager, and other City Offices and Departments
- Provider of revenue forecasts to the City Manager and City Budget office in conjunction with the development of the City's annual operating budget
- Watchdog of all tax-related legislation introduced into the General Assembly in order to ascertain potential impact on local tax revenues
- Advisor to Norfolk legislators to the General Assembly and Norfolk City Council concerning revenue issues
- Administrator of a program to conduct manufacturer determination visits
- Participant in State Sales Tax Partnership Program - Assist the Virginia Department of Taxation in identifying unreported revenues
- Verify and Issue Enterprise Zone Tax refunds
- Administrator of Charitable Solicitation Permits

Personal Property Department

Sylvie Smith, Supervising Deputy

Phone: (757) 664-7864 email: sylvie.smith@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 2016 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 \$1.15 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.

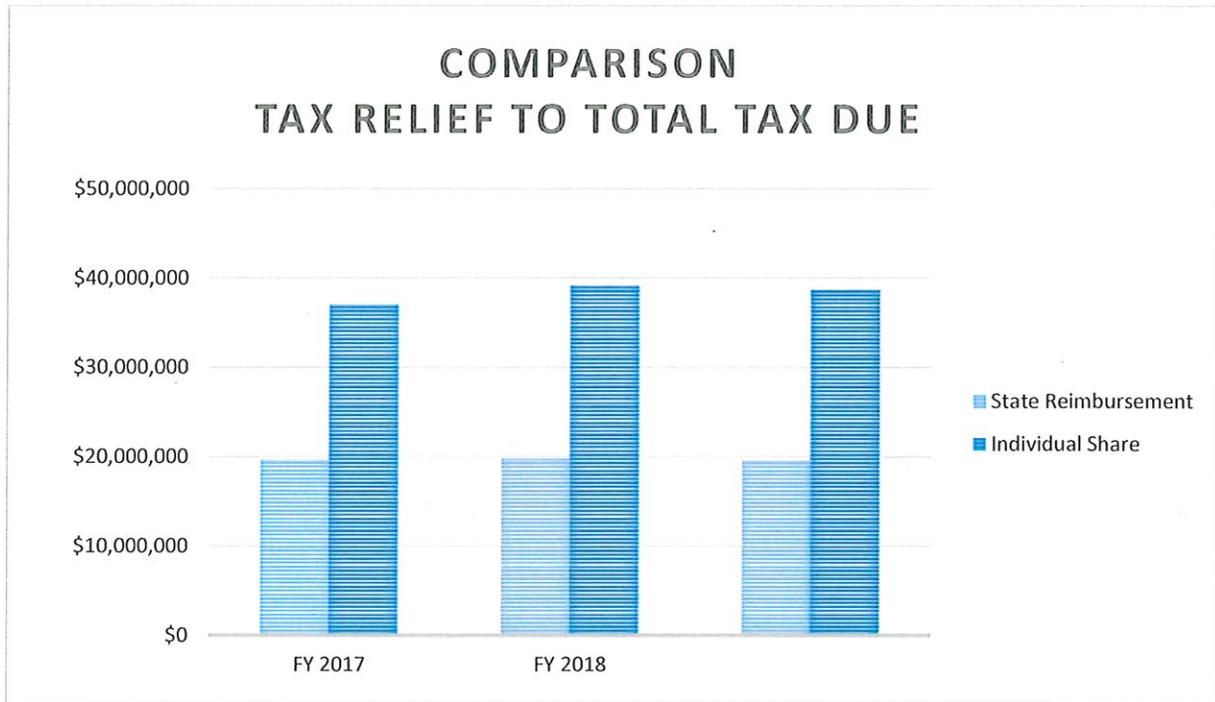
Personal Property Department Duties

- ◆ **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.

Boats:

- ◆ **Personal Watercraft** are assessed annually using the Anderson, Bugg Pricing Guide for Outdoor Service Professionals (ABOS) Marine Blue Book "Retail 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 "Retail 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.

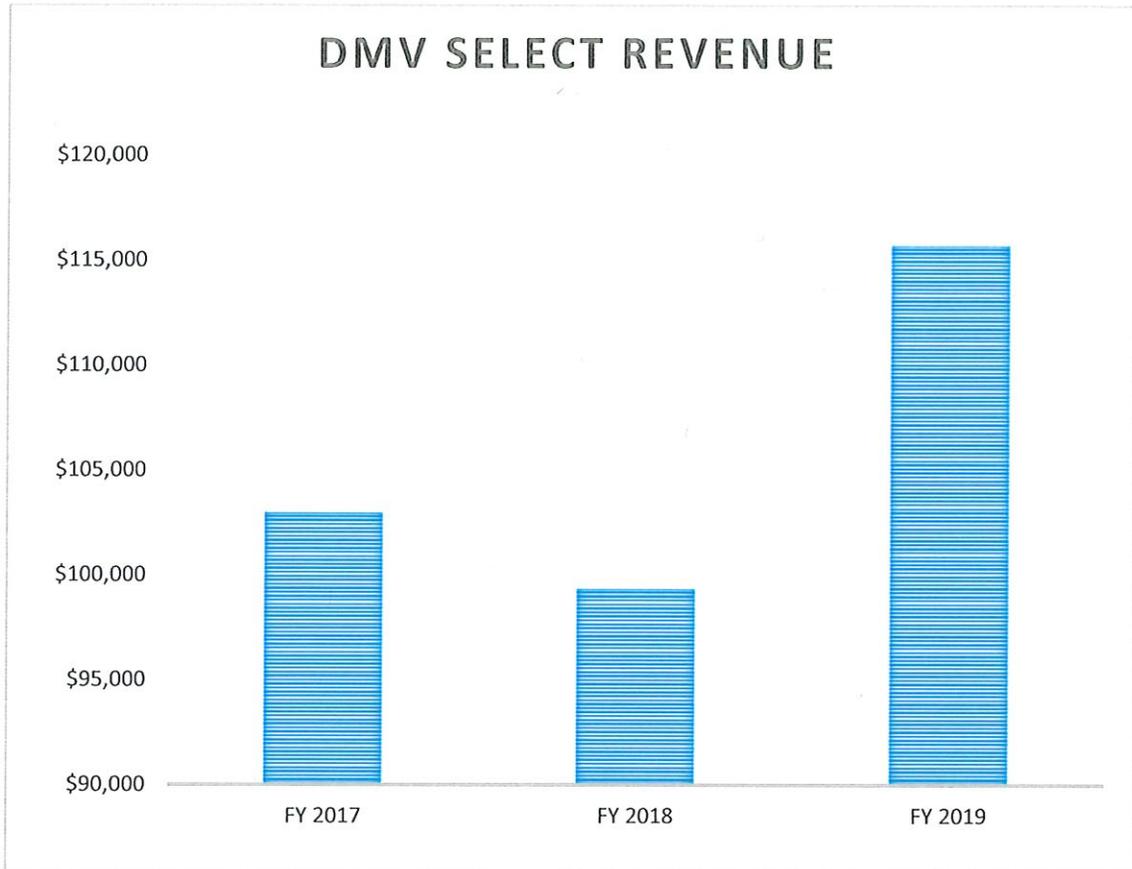
Tangible Personal Property - Vehicles



**Personal Property Tax Relief State Reimbursement:
Tax Relief 2015 - 2017 55%**

Summary of Tangible Personal Property Tax on Vehicles						
		Year			Inc/Dec	% Change
		FY 2017	FY 2018	FY 2019		
All Vehicles	Number Accts	223,678	221,188	234,246	-2,490	-1.11%
	Assessed	\$1,741,524,652	\$1,443,094,255	\$1,512,696,228	\$ (298,430,397)	-17.14%
	Tax Due*	\$59,017,821	\$58,236,779	\$60,713,941	\$ (781,042)	-1.32%
Average Tax Due per Vehicle		\$263.85	\$263.29	\$259.19		
Vehicles qualifying for Tax Relief	Number Accts	156,755	156,404	159,193	-351	-0.22%
	Assessed	\$903,522,712	\$891,842,889	\$925,420,397	\$ (11,679,823)	-1.29%
	State Reimbursement	\$19,782,010	\$19,572,013	\$20,193,423.00	\$ (209,997)	-1.06%
	State Reimbursement %	55%	55%	55%	55%	

* Annual Tax Due after proration

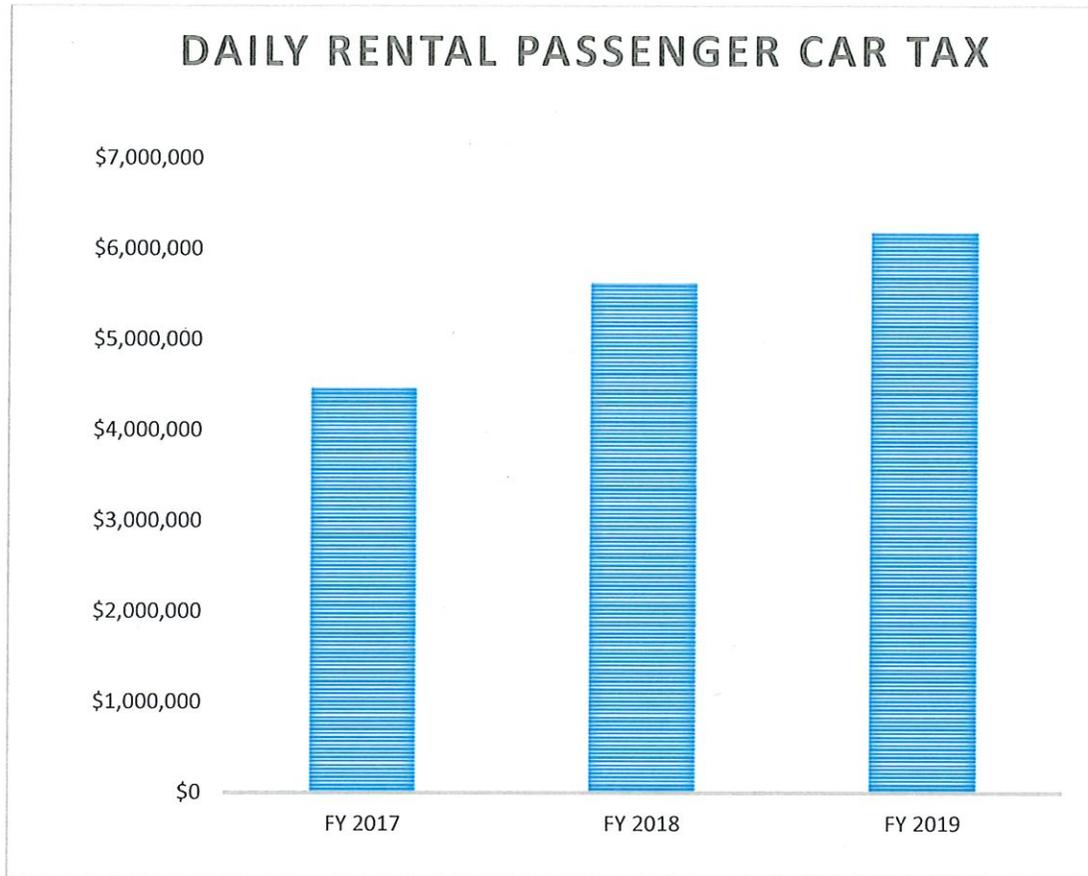


Revenue from DMV Select *					
	Year			Inc/Dec	% Change
	FY 2017	FY 2018	FY 2019		
# of Transactions	45,368	43,174	46,952	3,778	8.8%
Revenue*	\$102,952	\$99,320	\$115,694	\$16,374	16.5%

*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 the 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

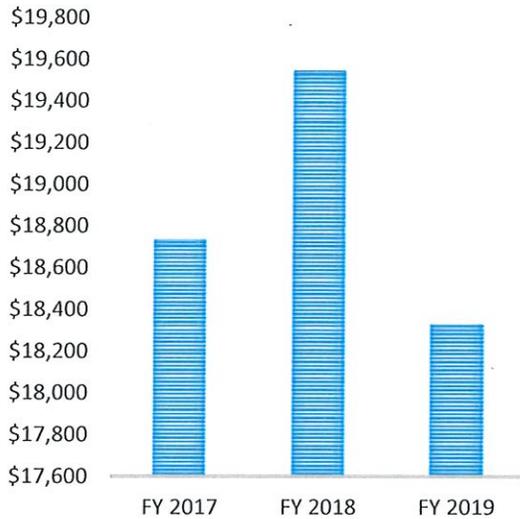
Tax on Daily Rental Passenger Cars



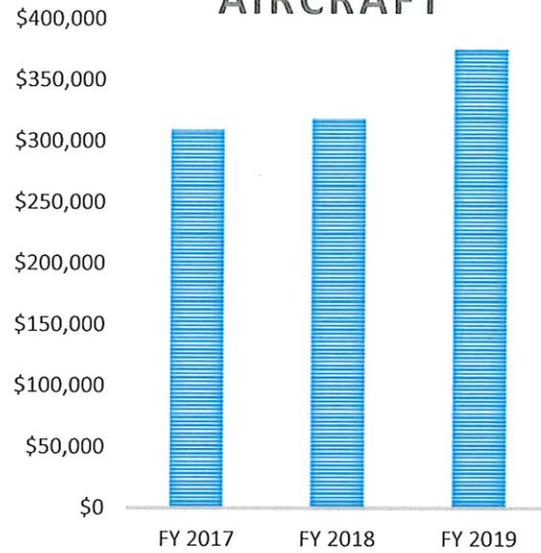
Revenue from Tax on Daily Rental of Passenger Cars					
Period	FY 2017	FY 2018	FY 2019	Inc/Dec	% Change
Totals	\$4,464,692	\$5,621,403	\$6,181,735	\$1,156,711	25.9%

Mobile Homes & Aircraft

ANNUAL TAX ON MOBILE HOMES



ANNUAL TAX ON AIRCRAFT



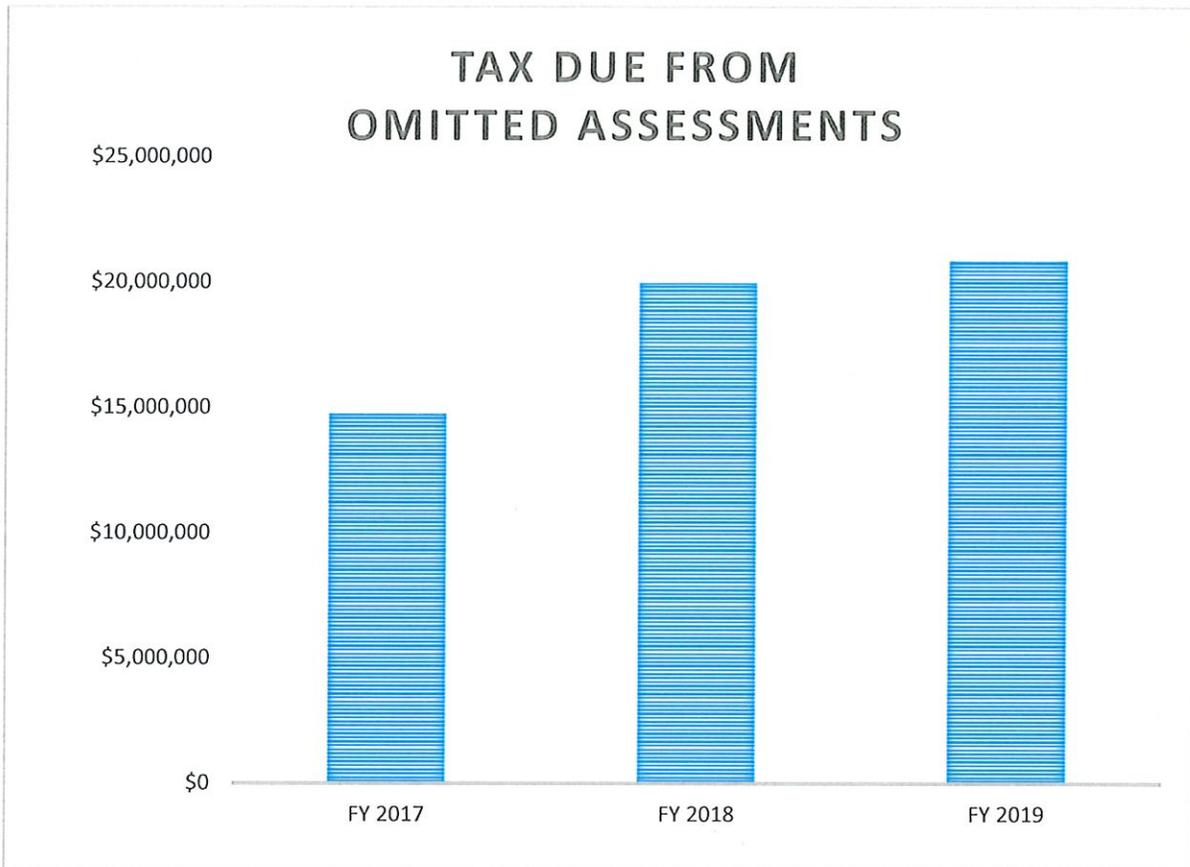
Annual Tax on Mobile Homes

	FY 2017	FY 2018	FY 2019	Inc/Dec	%Change
Units	465	474	445	29	2%
Assessed Value	\$1,626,718	\$1,695,789	\$1,439,882	\$69,071	4%
Annual Tax	\$18,737	\$19,545	\$18,329	\$808	4%
Average Tax Due per Mobile Home	\$40	\$41	\$41	\$28	

Annual Tax on Aircraft

Aircraft					
	FY 2017	FY 2018	FY 2019	Inc/Dec	%Change
Units	99	90	84	-6	-7%
Assessed Value	\$12,872,920	\$13,011,458	\$15,530,832	\$2,519,374	19%
Annual Tax	\$308,962	\$318,025	\$374,564	\$56,539	18%
Average Tax Due per Plane	\$3,121	\$3,534	\$4,459		

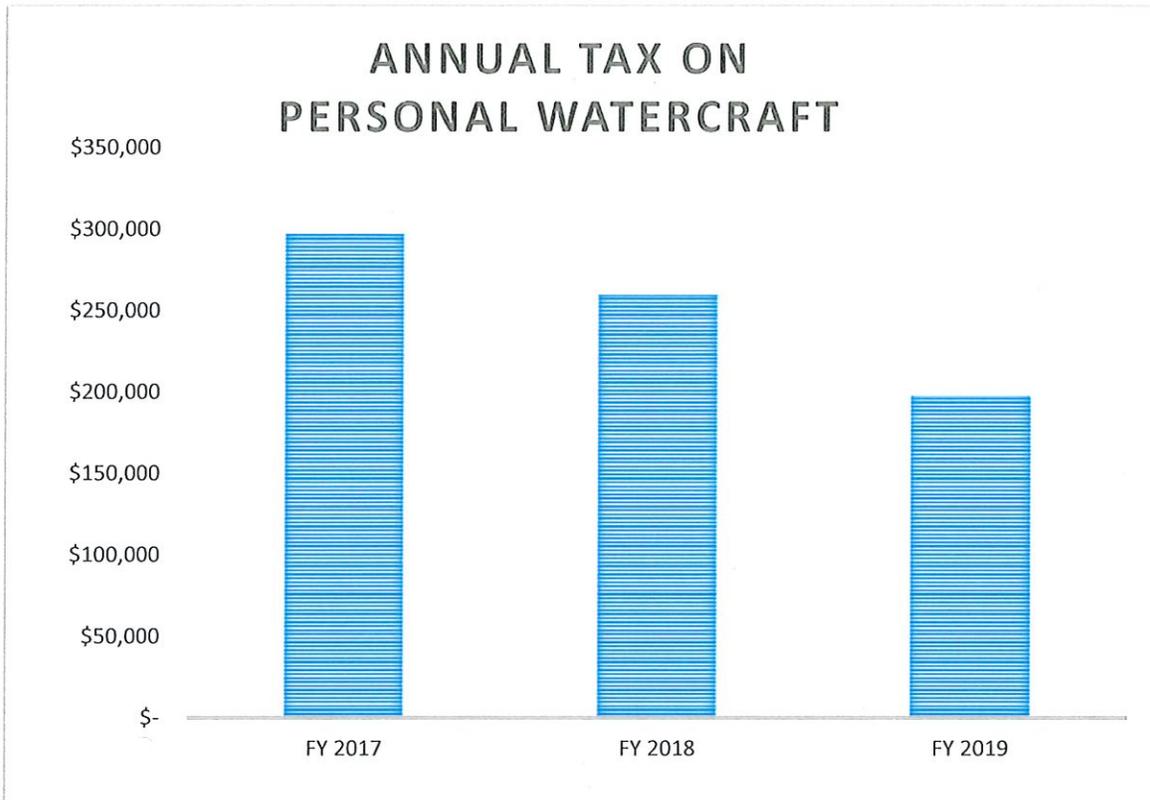
Omitted Assessments - Vehicles



Tax Due from Omitted Assessments*					
	Year			58519118 Inc/Dec	% Change
	FY 2017	FY 2018	FY 2019		
Assessment	\$14,741,112	\$19,949,963	\$20,865,696	\$915,733	5%
Tax	\$412,109	\$538,299	\$605,242	\$66,943	12%

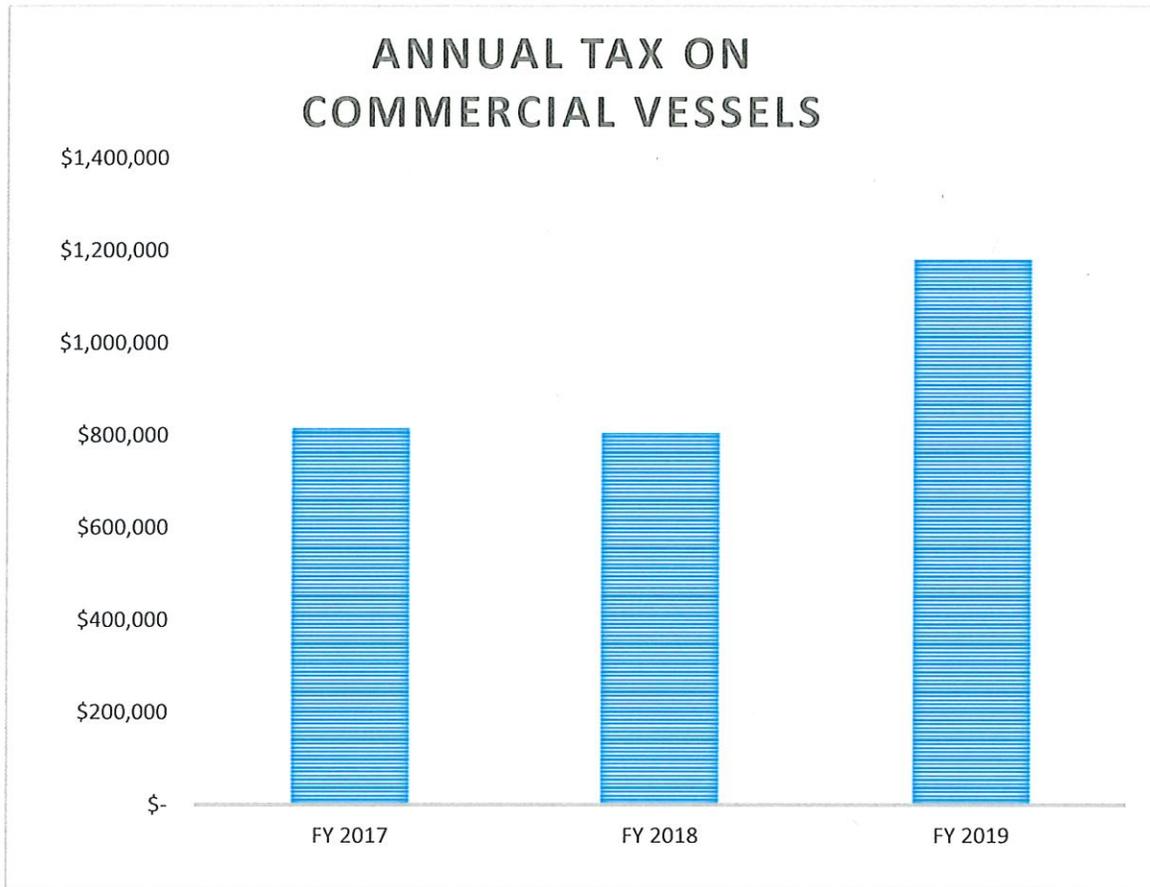
*Omitted Assessments are created when property subject to taxation is discovered by COR staff and added to the tax rolls for current and/or prior years as applicable.

Personal Watercraft



Annual Tax on Personal Watercraft					
	FY 2017	FY 2018	FY 2019	Inc/Dec	%Change
Units	4,427	4,085	5,566	1,481	36.3%
Assessed Value	\$51,936,403	\$39,434,801	\$73,631,279	\$34,196,478	86.7%
Annual Tax	\$259,303	\$197,506	\$366,502	\$168,996	85.6%
Decal Fee	\$89,715	\$80,780	\$112,578	\$31,798	39.4%
Total Revenue	\$349,018	\$278,286	\$479,080	\$200,794	72.2%
Average Tax Due & Fee per Boat	\$ 78.84	\$ 68.12	\$ 86.07		

Commercial Vessels



Annual Tax on Commercial Vessels					
	FY 2017	FY 2018	FY 2019	Inc/Dec	%Change
Units	340	348	349	1	0%
Assessed Value	\$53,654,436	\$78,783,458	\$71,342,598	-\$7,440,860	-9%
Annual Tax	\$804,957	\$1,181,840	\$1,070,286	-\$111,554	-9%
Average Tax Due per Boat	\$ 2,367.52	\$ 3,396.09	\$ 3,066.72	-\$111,554	

Business Tax Department

Kathy Jernigan, Supervising Deputy

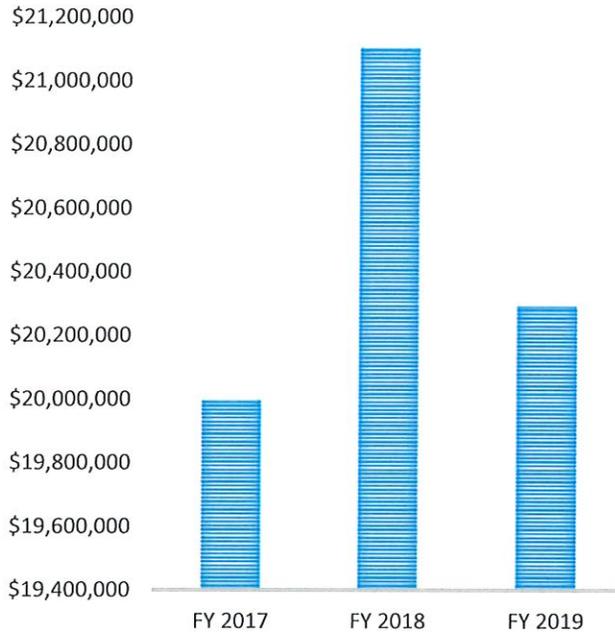
Phone: (757) 664-7881 email: kathy.jernigan@norfolk.gov

Business Tax Department Duties

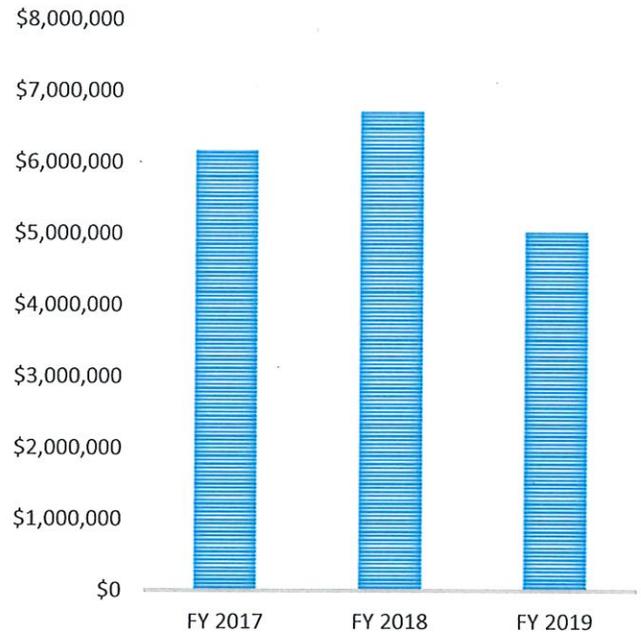
- ◆ **Business Personal Property** - Includes all business furniture, fixtures, equipment, machinery and tools located in the City of Norfolk on January 1st. Business property is assessed at 40% of the original capitalized cost and taxed at the rate of \$4.33 per hundred. Machinery and Tools for manufacturers 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 the 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 \$3 per room for each night of lodging at any hotel. This tax is collected by the business and remitted monthly to the Commissioner of the 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 the 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 \$.95 on a package containing 20 cigarettes, and \$1.1875 on a package containing 25 cigarettes.
- ◆ **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 the 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

**BUSINESS PROPERTY
FURNITURE, FIXTURES,
& EQUIPMENT**



**BUSINESS PROPERTY
MACHINERY AND TOOLS**



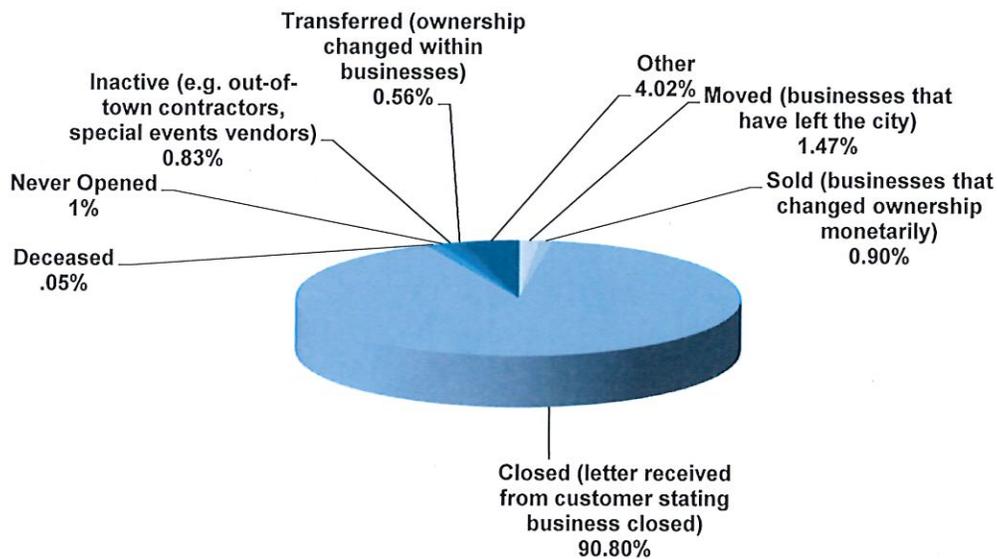
Annual Business Personal Property Tax

Classification		Fiscal Year			Inc/Dec	% Change
		FY 2017	FY 2018	FY 2019		
Furniture, Fixtures & Equipment	Accounts	9,860	10,115	9,777	-338	-3.3%
	Assessments	\$462,564,429	\$484,254,258	\$472,422,862	-\$11,831,396	-2.4%
	Tax	\$19,996,127	\$21,104,611	\$20,291,966	-\$812,645	-3.9%
Average Tax Due per Account		\$2,028	\$2,086	\$2,075	-\$11	-1%
Machinery & Tools	Accounts	162	166	153	-13	-8%
	Assessments	\$145,058,993	\$155,128,973	\$119,300,494	-\$35,828,479	-23%
	Tax	\$6,165,010	\$6,703,564	\$5,023,970	-\$1,679,594	-25%
Average Tax Due per Account		\$38,056	\$40,383	\$32,836	\$129,200	-19%
Combined Total	Accounts	10,022	10,281	9,930	-351	-3.4%
	Assessments	\$607,623,422	\$639,383,231	\$591,723,356	-\$47,659,875	-7%
	Tax	\$26,161,137	\$27,808,175	\$25,315,936	-\$2,492,239	-9%

Business License - Activity by Classification

Business License Summary Table 18a			
	FY 2017	FY 2018	FY 2019
# of New Businesses Opened	1,836	1,902	1,610
# of Businesses Closed	2,205	1,965	2,864
Net Increase/Decrease	-369	-63	-1,254
Total # Active Businesses	13,023	12,896	

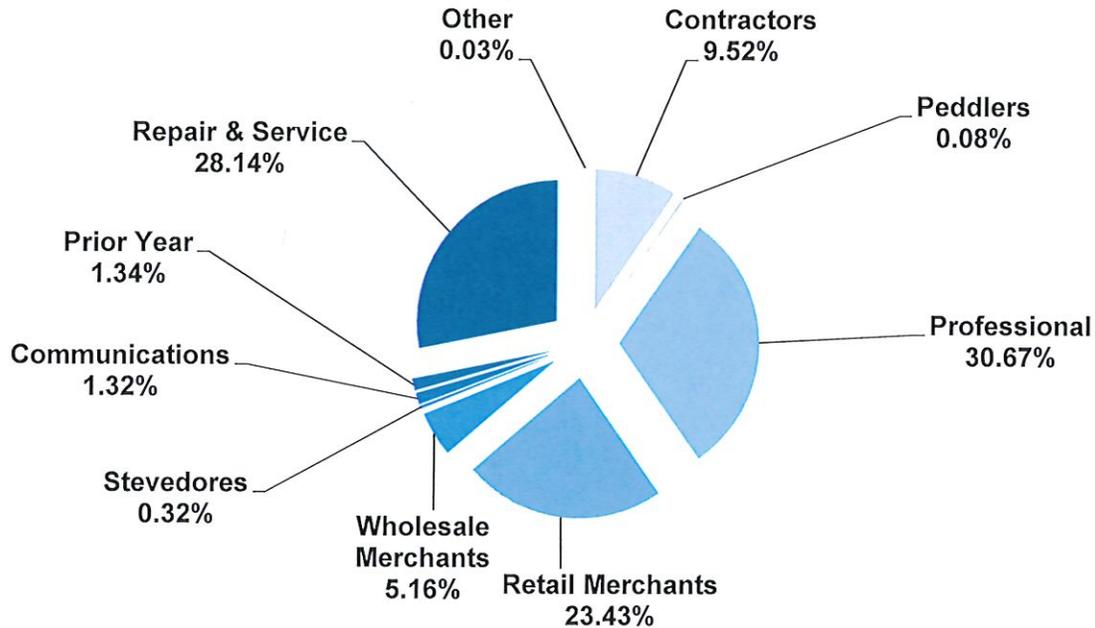
Chart 18 - Business License Terminations



Business License Terminations			
Business License Termination Criteria	FY 2017	FY 2018	FY 2019
Moved (businesses that have left the city)	61	53	39
Sold (businesses that changed ownership monetarily)	49	23	24
Closed (letter received from customer stating business closed)	1,750	1,563	2,417
Deceased (owner of business has died)	11	15	28
Never Opened (license obtained, but business operations never began)	26	42	10
Inactive (e.g. out-of-town contractors, special events vendors)	71	20	22
Transferred (ownership changed within businesses)	6	16	15
Other	85	129	107
Total	2,059	1,861	2,662

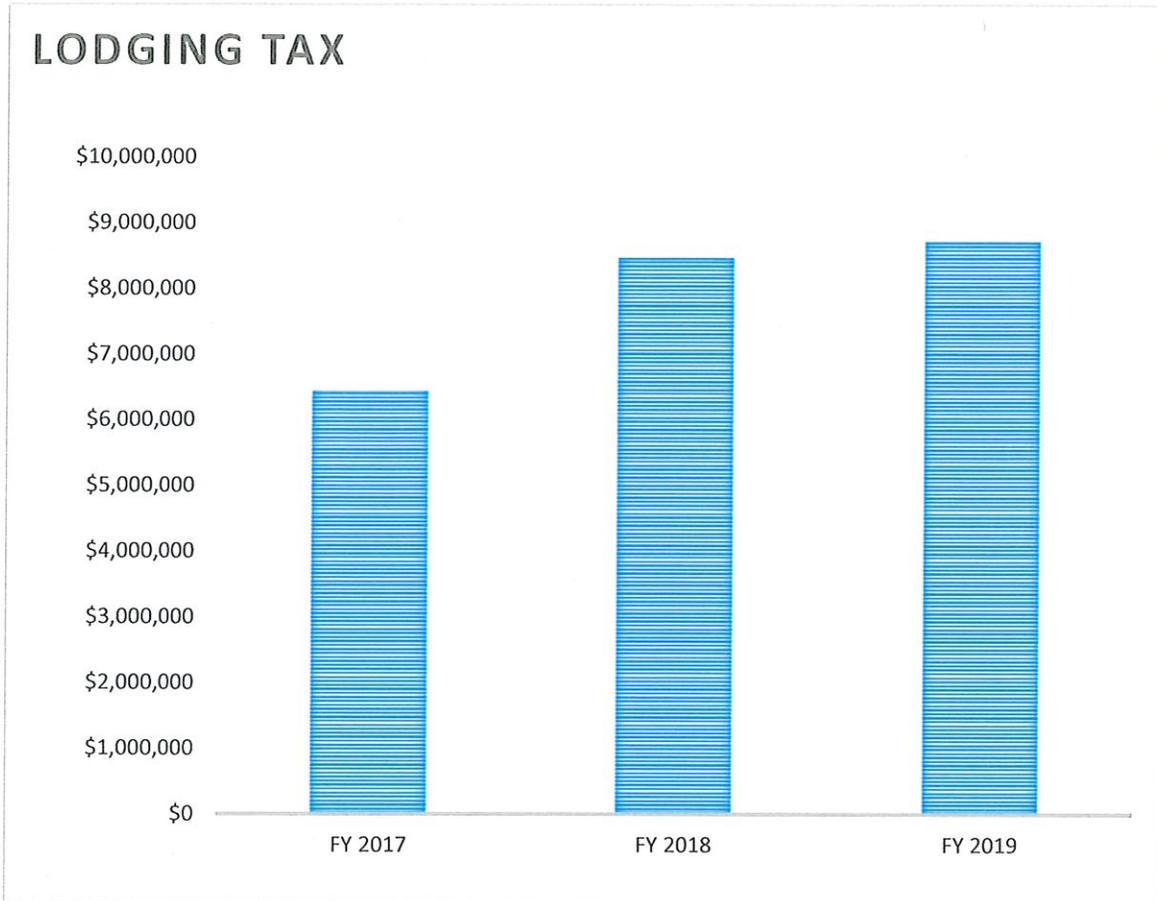
Business License - Revenue by Classification

Business License by Classification



Classification	FY 2017		FY 2018		FY 2019		Amount Inc/Dec	Amount %Change
	Number	\$Amount	Number	\$Amount	Number	\$Amount		
Contractors	2,666	\$ 3,040,947	2,711	\$ 3,223,926	2,781	\$ 2,817,589	\$ (406,337)	-13%
Peddlers	380	18,950	562	28,100	498	24,900	(3,200)	-11%
Professional	1,141	8,932,732	1,118	9,276,049	1,109	9,077,846	(198,203)	-2%
Retail Merchants	2,790	7,405,454	2,938	6,536,022	2,947	6,935,524	399,502	6%
Wholesale Merchants	299	1,413,501	289	1,438,322	286	1,527,994	89,672	6%
Stevedores	38	84,551	42	88,441	44	93,368	4,927	6%
Communications	33	416,822	36	440,151	37	391,960	(48,191)	-11%
Prior Year	915	2,687,763	476	614,949	608	395,568	(219,381)	-36%
Repair & Service	4,664	7,562,842	4,709	7,852,746	4,679	8,329,384	476,638	6%
Other	16	9,550	15	10,100	11	7,701	(2,399)	-24%
Total	12,942	\$ 31,573,112	12,896	\$ 29,508,806	13,000	\$ 29,601,834	\$ 93,028	0%

Lodging Tax & Room Tax

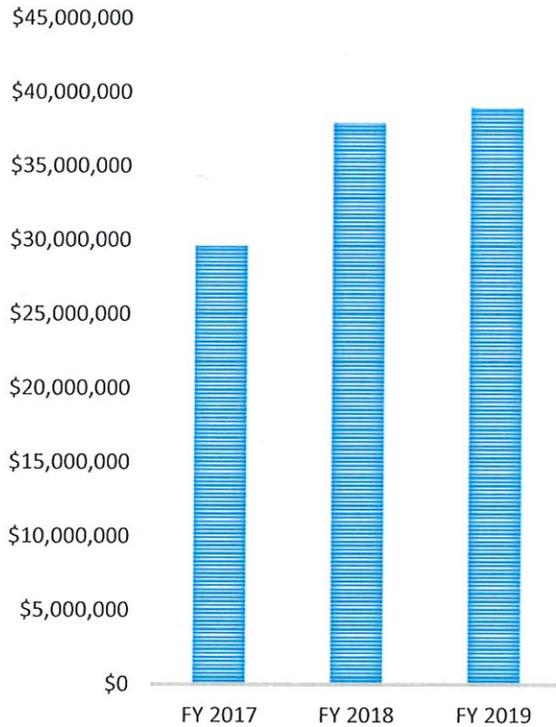


Revenue from Lodging Tax					
	FY 2017	FY 2018	FY 2019	Dollars Inc/Dec	% Change
# of accounts	47	46	52		
Tax Remitted	\$6,439,295	\$8,466,673	\$8,724,297	\$257,624	3%
Avg Tax per Month	\$ 536,608	\$ 705,556	\$ 727,025	\$21,469	3%

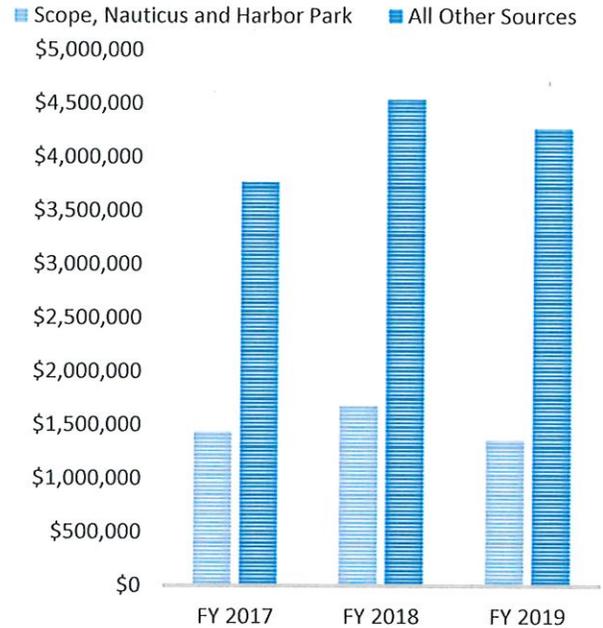
Revenue from Room Tax					
	FY 2017	FY 2018	FY 2019	Dollars Inc/Dec	% Change
Tax Remitted	\$2,016,501	\$2,120,964	\$3,028,814	\$907,850	43%
Average Tax per month	\$ 168,042	\$ 176,747	\$ 252,401	\$75,654	43%

Food & Beverage Tax & Admissions Tax

FOOD AND BEVERAGE TAX



ADMISSIONS TAX FROM SCOPE, NAUTICUS, HARBOR PARK, AND ALL OTHER SOURCES



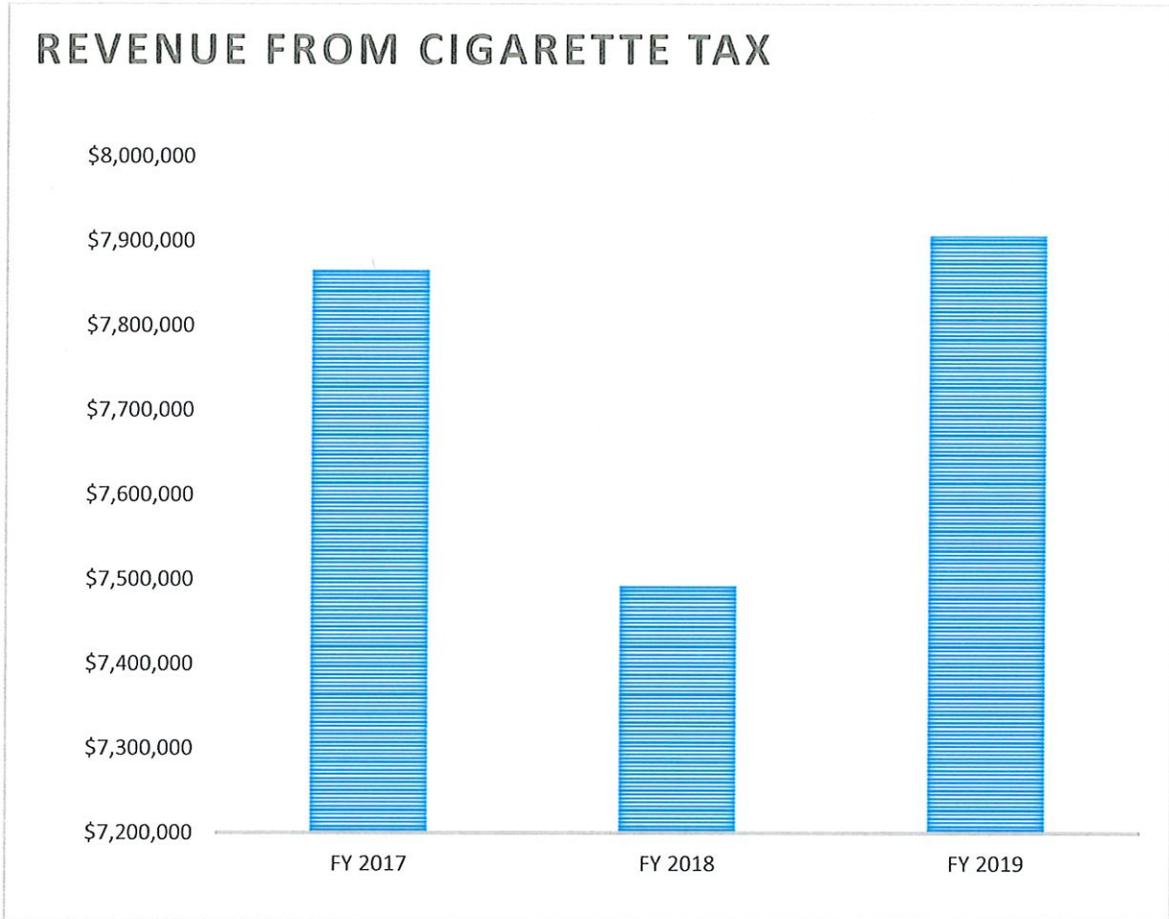
Revenue from Food and Beverage Tax

	FY 2017	FY 2018	FY 2019	Dollars Inc/Dec	% Change
# of Accounts	988	924	861		
Tax Remitted	\$29,589,759	\$37,892,494	\$38,972,746	\$1,080,252	3%

Admissions tax from Scope, Nauticus, Harbor Park, and All Other Sources

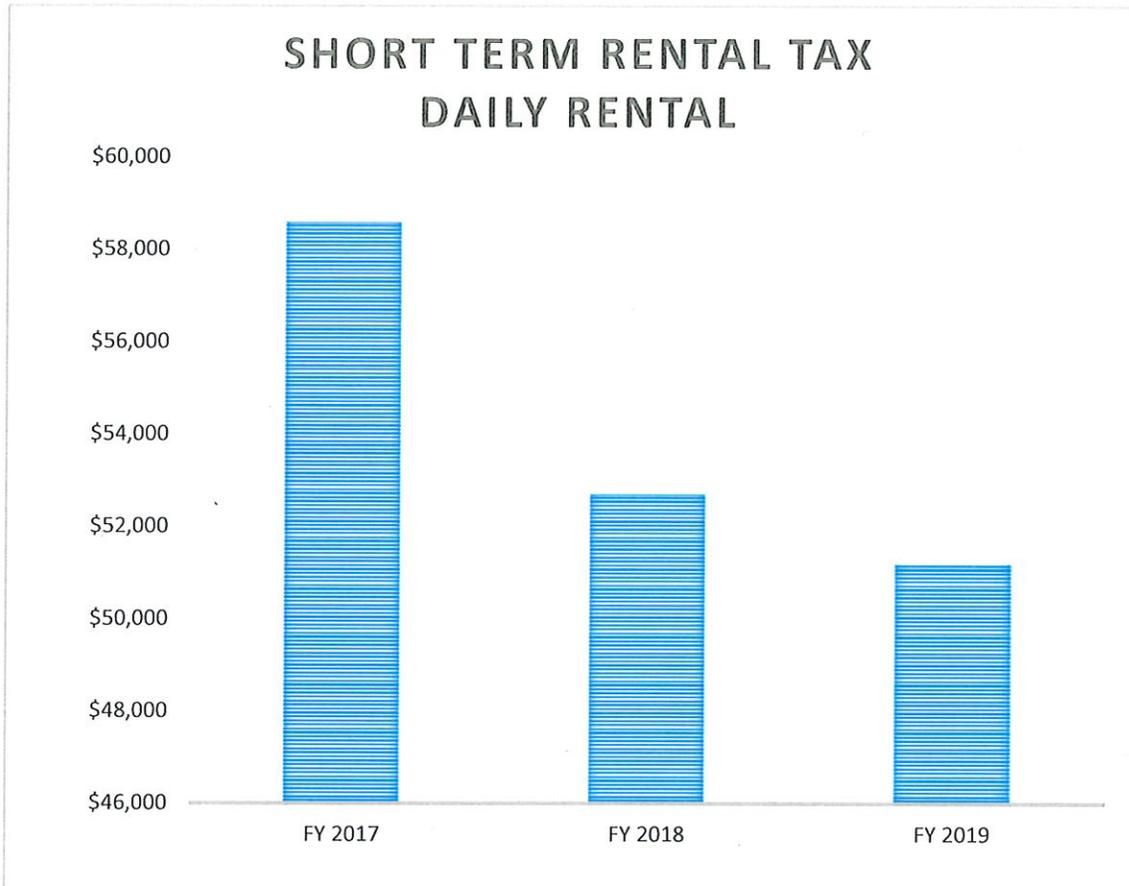
	FY 2017	FY 2018	FY 2019	Dollars Inc/Dec	% Change
Scope, Nauticus and Harbor Park	\$1,433,732	\$1,679,933	\$1,361,338	-\$318,595	-19%
All Other Sources	\$3,763,595	\$4,533,469	\$4,266,096	-\$267,373	-6%
# of accounts - All other Sources	99	91	97		
Total	\$ 5,197,327	\$ 6,213,402	\$ 5,627,434	-\$585,968	-9%

Cigarette Tax



Revenue from Cigarette Tax					
	FY 2017	FY 2018	FY 2019	Dollars Inc/Dec	% Change
Revenue	\$7,865,037	\$7,491,838	\$7,906,093	\$414,255	6%
# of Accounts	16	16	16		

Short Term Rental Tax



Short Term Rental Tax - Daily Rental					
	FY 2017	FY 2018	FY 2019	Dollars Inc/Dec	% Change
Revenue	\$58,573	\$52,695	\$51,184	-\$1,511	-2.9%
# of Accounts	33	29	30		

Short Term Rental Tax - Machinery					
	FY 2017	FY 2018	FY 2019	Dollars Inc/Dec	% Change
Revenue	\$50,862	\$51,566	\$56,556	\$4,990	9.7%
# of Accounts	8	7	8		

Tax Compliance Department

Kathy Jernigan, Supervising Deputy

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 the 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 Department Summary

Tax Compliance Activities By Category					
Activities	FY 2017	FY 2018	FY 2019	Inc/Dec	% Change
Telephone Contacts	3,535	2,276	3,442	1,166	51%
Inquiry Visits	1,560	780	649	(131)	-17%
Discovery	346	292	216	(76)	-26%
Paid Delinquent Business Licenses	3,151	2,135	3,479	1,344	63%
Paid Delinquent Meal Taxes	1,131	1,141	658	(483)	-42%
Total Investigative Activities	9,723	6,624	8,444	1,820	27%

Tax Compliance Activities By Amount					
Activities	FY 2017	FY 2018	FY 2019	Inc/Dec	% Change
Paid Delinquent Business Licenses	\$907,372	\$510,047	\$824,548	\$314,501	62%
Inquiry Visits	\$ 439,703	\$ 454,367	\$ 621,832	\$167,465	37%
Paid Delinquent Meal Taxes	\$1,074,283	\$913,334	\$1,466,411	\$553,077	61%
Total	\$2,421,358	\$1,877,748	\$2,912,791	\$1,035,043	55%

Brief Description of Activities

Telephone Contacts - All incoming and outgoing calls to/from taxpayers by Tax Compliance.

Delinquent Business Licenses - Includes paid delinquent licenses collected by Tax Compliance.

Delinquent Meal Taxes - Includes paid delinquent meal taxes collected by Tax Compliance.

Inquiry Visits - Includes contact made by Tax Compliance in person and via mail for collections of lodging taxes, yard sales, business property, complaints, bonds and court.

Discovery - Includes businesses without business licenses discovered by Tax Compliance. Tax Compliance ensures businesses properly establish accounts, if required.

Note: There was a reorganization of teams during this fiscal year. The reorganization allowed additional team members to assist with some of the collection actions. Although some of the individual categories decreased, the overall totals increased due to the additional help.

Paid Delinquent Business Licenses:

The delinquent business license process was revamped. The process was changed to an automatic assessment from manual intervention. This change increased the amount of money collected and decreased the total number of delinquent accounts for collection.

Audit Department

Jennifer Ward, Supervising Deputy

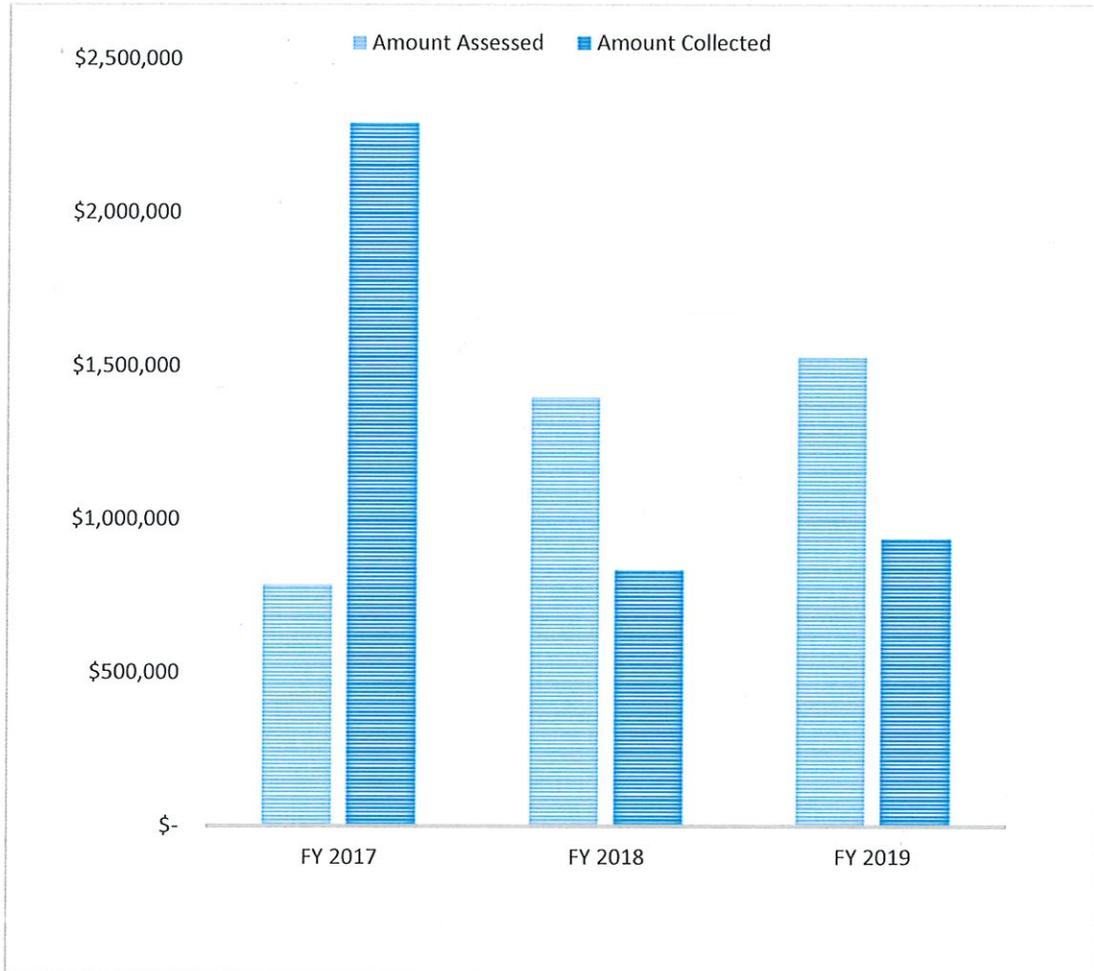
Phone: (757) 664-7874 email: jennifer.ward@norfolk.gov

Audit Department 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 tax matters.

In - Depth Assessments

Comparison of In-Depth Assessments and Amount Collected by Year



Revenue Collected from In-Depth Assessments			
	FY 2017	FY 2018	FY 2019
Amount Assessed	\$785,599	\$1,395,259	\$1,526,225
Amount Collected	\$2,290,851	\$834,522	\$935,532

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.

Special Taxes - State & City

Chris Sural, Business Manager & Special Tax Coordinator

Phone: (757) 664-7867 email: christine.sural@norfolk.gov

Business Manager Department Duties

- ◆ **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

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

Special Taxes - State & City Duties

- ◆ **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.

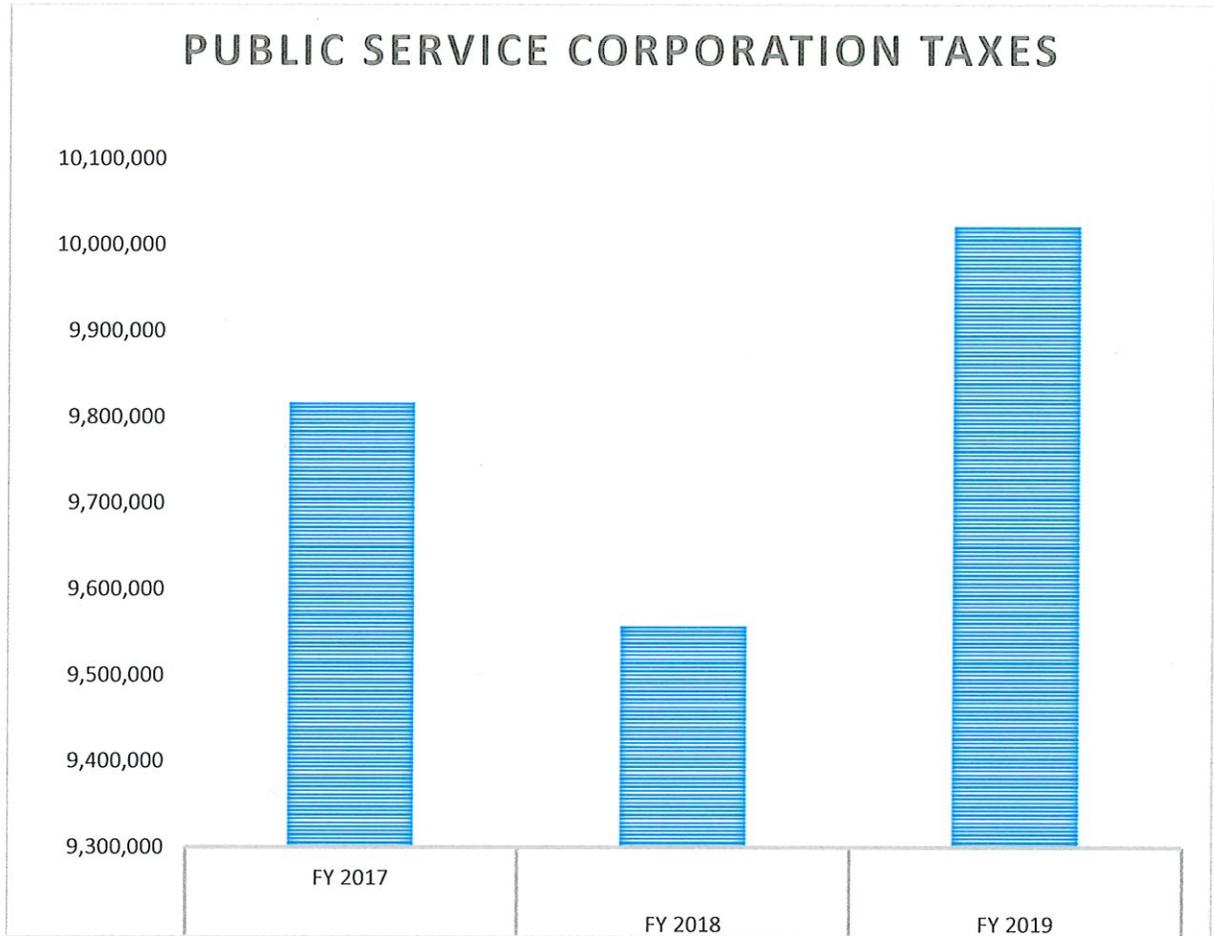
Franchise Tax and Utility Tax

Franchise Tax					
Franchisee	FY 2017	FY 2018	FY 2019	Revenue Inc/Dec	% Change
Bank Franchise	\$2,618,312	\$2,981,967	\$2,814,555	\$ (167,412)	-6%
Telcom Franchise	\$429,426	\$445,667	\$358,948	\$ (86,719)	-24.2%
TOTAL	\$ 3,047,738.38	\$ 3,427,634.00	\$ 3,173,503.00	\$ (254,131)	-8%

Utility Tax Revenue					
Utility Companies	FY 2017	FY 2018	FY 2019	Inc/Dec	% Change
Dominion Virginia Power	\$11,754,902	\$11,889,784	\$11,881,790	-\$7,994	-0.1%
Public Utilities (Water)	\$5,126,740	\$5,320,303	\$5,844,249	\$523,946	9.8%
Virginia Natural Gas	\$2,697,472	\$2,896,848	\$2,769,198	-\$127,650	-4.4%
Communication Sales Tax	\$20,729,914	\$20,203,269	\$18,823,793	-\$1,379,476	-6.8%
Total	\$40,309,028	\$40,310,204	\$39,319,030	-\$991,174	-2.5%

Consumption Tax					
Utility	FY 2017	FY 2018	FY 2019	Inc/ Dec	% Change
Dominion Virginia Power	\$625,147	\$638,209	\$643,167	\$4,958	1%
Virginia Natural Gas	\$107,144	\$138,263	\$110,898	-\$27,365	-20%
Total	\$732,291	\$776,473	\$754,065	-\$22,408	-3%

Public Service Corporation Tax



Public Service Corporation Real Property and Personal Property Taxes						
		FY 2017	FY 2018	FY 2019	Inc/Dec	% Change
Real Property	Assessments	850,453,718	828,228,068	798,764,783	-29,463,285	-4%
	Tax	9,780,217	9,524,623	9,984,560	459,937	5%
Personal Property	Assessments	831,563	754,849	853,595	98,746	13%
	Tax	36,006	32,684	36,961	4,277	13%
Total	Assessments	851,285,281	828,982,917	799,618,378	-29,364,539	-4%
	Tax	9,816,223	9,557,307	10,021,521	464,214	-3%

Taxpayer Assistance Department

STEPHANIE BRISTOW, DEPUTY III

Phone: (757) 664-7899 email: stephanie.bristow@norfolk.gov

Taxpayer Assistance Department Duties

- ◆ Process Individual Income Tax Returns including:
 - 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
 - Resolution of Taxpayer Conflicts with the Department of Taxation

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

State Income Tax

State Income Tax Processing by Category

	FY 2017	FY 2018	FY 2019	Number Inc/Dec	% Change
*Regular Refunds	4,510	4,015	2,545	(1,470)	-37%
**Accelerated Refunds	88	-	1,179	1,179	N/A
Tax Due	1,046	900	914	14	2%
Estimated Taxes	1,409	1,300	1,235	(65)	-5%
Amended & Prior Year Returns	1,357	1,512	1,445	(67)	-4%
Totals	8,410	7,727	7,318	(409)	-5%

*FY 2017 Increase due to Accelerated Refunds not being available after January 1, 2017

**Accelerated Refunds were not available in 2017 & 2018

Taxpayer Assistance Statistics

	FY 2017	FY 2018	FY 2019	Number Inc/Dec	% Change
Customer Visits for Filing Assistance	2,134	1,923	1,824	(99)	-5%
Telephone Calls Seeking Assistance	8,930	5,459	4,813	(646)	-12%
Total Taxpayer Assistance	11,064	7,382	6,637	(745)	-10%

Taxpayer Dollar Amounts Processed

	FY 2017	FY 2018	FY 2019	Number Inc/ Dec	% Change
Individual Income Tax Due Assessed	\$732,806	\$624,651	\$635,203	\$10,552	2%
Estimated Income Tax Assessed	\$1,978,924	\$1,934,988	\$1,583,908	-\$351,080	-18%
Total Dollars Processed	\$2,711,730	\$2,559,639	\$2,219,111	-\$340,528	-13%

Assessment Recapitulation by Classification

Recapitulation of Assessments by Classification

CLASSIFICATION	FY 2017	FY 2018	FY 2019	INC/DEC	% CHNGE
Admissions	\$ 5,197,327	\$ 6,213,402	\$ 5,226,402	\$ (987,000)	-16%
Aircraft	308,962	\$ 318,025	\$ 374,564	\$ 56,539	18%
Boats-Personal Watercraft & Fee	349,018	\$ 278,286	\$ 479,080	\$ 200,794	72%
Boats - Commercial Vessels	804,957	\$ 1,181,840	\$ 1,070,286	\$ (111,554)	-9%
Business License	31,573,112	\$ 29,508,806	\$ 29,601,824	\$ 93,018	0%
Cigarette Taxes	7,865,037	\$ 7,491,838	\$ 7,906,093	\$ 414,255	6%
Consumption Tax	732,291	\$ 776,473	\$ 754,065	\$ (22,408)	-3%
DMV Select	102,952	\$ 99,320	\$ 115,694	\$ 16,374	16%
Food and Beverage	29,589,759	\$ 37,892,494	\$ 38,972,746	\$ 1,080,252	3%
Franchise Taxes	3,047,738	\$ 3,427,634	\$ 2,814,555	\$ (613,079)	-18%
Furniture & Fixtures	19,996,127	\$ 21,104,611	\$ 20,291,966	\$ (812,645)	-4%
In-Depth Assessments	2,290,851	\$ 834,522	\$ 935,532	\$ 101,010	12%
Lodging Taxes	6,439,295	\$ 8,466,673	\$ 8,724,297	\$ 257,624	3%
Machinery & Tools	6,165,010	\$ 6,703,564	\$ 5,023,970	\$ (1,679,594)	-25%
Mobile Homes	18,737	\$ 19,545	\$ 18,329	\$ (1,216)	-6%
Omitted Assessments	412,109	\$ 538,299	\$ 605,242	\$ 66,943	12%
Passenger Car Daily Rental	4,464,692	\$ 5,621,403	\$ 6,181,735	\$ 560,332	10%
Public Service Corporation	9,816,223	\$ 9,557,307	\$ 10,021,521	\$ 464,214	5%
Room Tax	2,016,501	\$ 2,120,964	\$ 3,028,814	\$ 907,850	43%
Short Term Rental	109,435	\$ 104,261	\$ 107,740	\$ 3,479	3%
Tangible Personal Property	59,017,821	\$ 58,236,779	\$ 60,713,941	\$ 2,477,162	4%
Utility Taxes	40,309,027	\$ 40,310,204	\$ 39,319,030	\$ (991,174)	-2%
Total	\$ 230,626,981	\$ 240,806,250	\$ 242,287,426	\$ 1,481,176	0.6%