

# **Commissioner of the Revenue**

## **Annual Report FY 2021**

*No business has been spared from the effects of COVID-19. The data contained in this report for FY2021 reflects the impact it has had on the local economy.*

### **July 2021**



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# 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

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## 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.



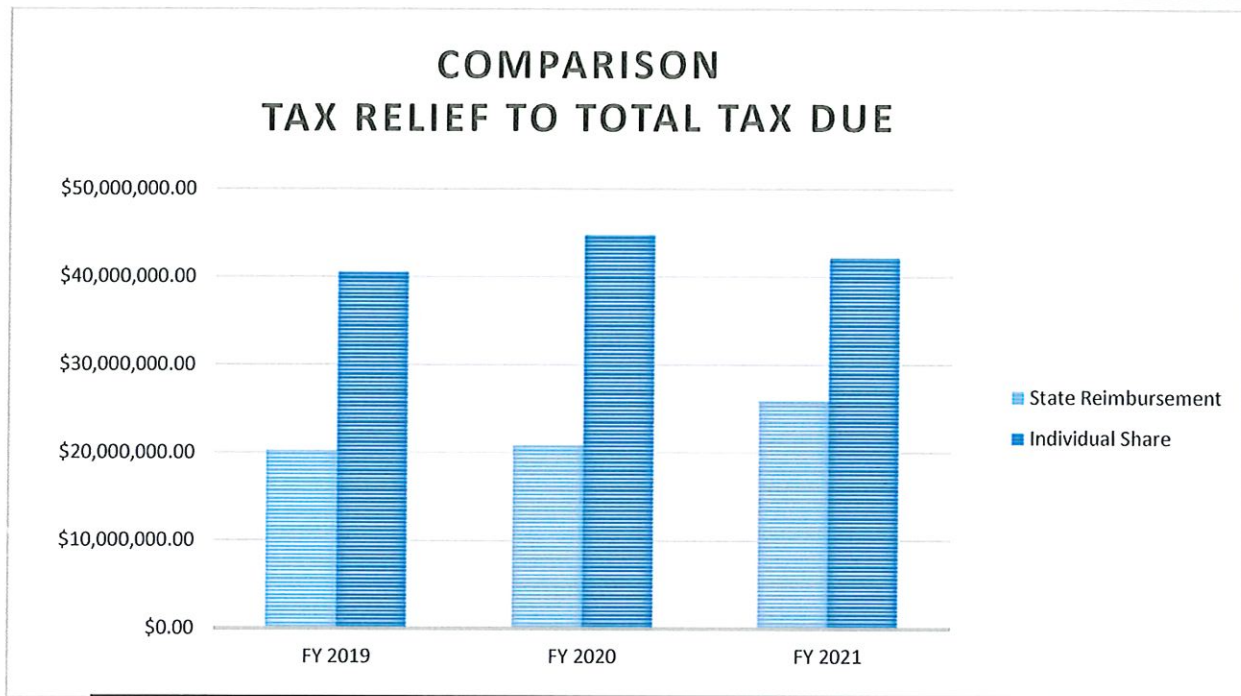
## Personal Property Department Duties

- ◆ **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

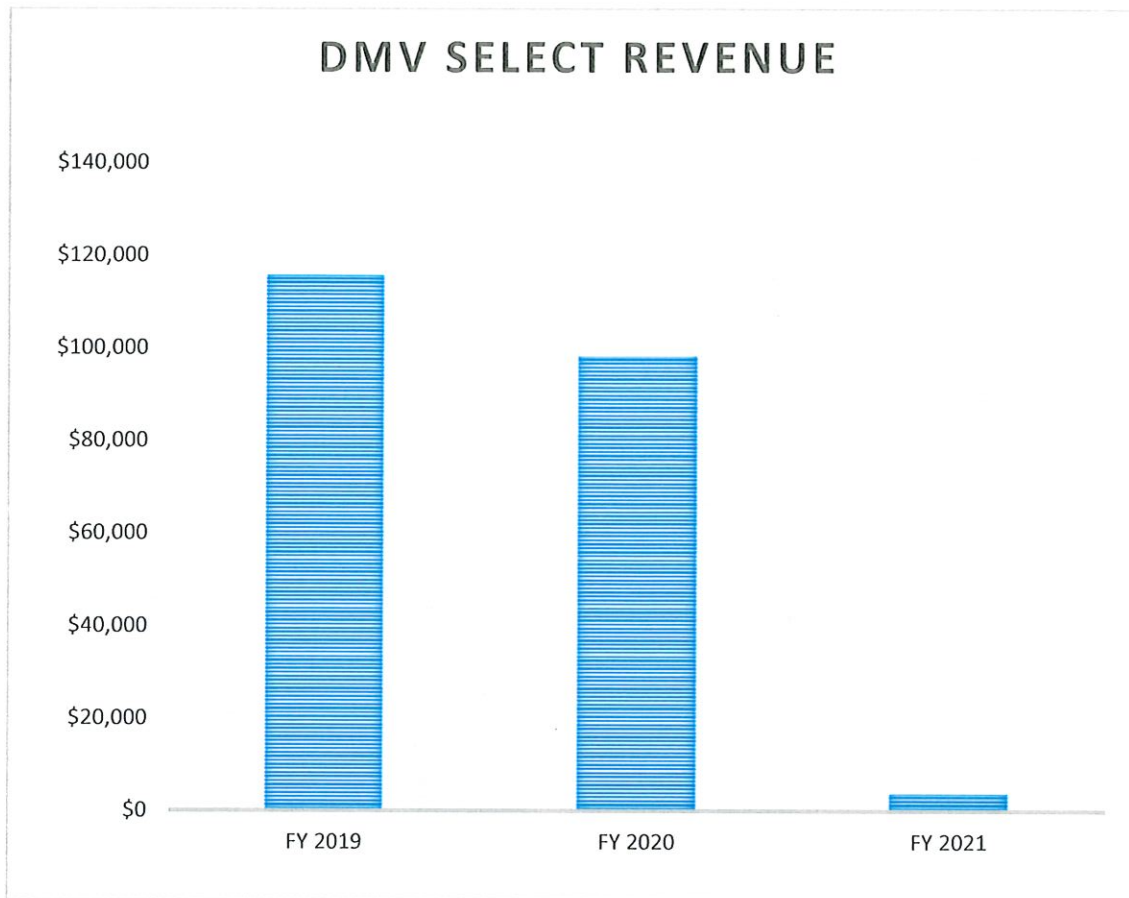


Personal Property Tax Relief State Reimbursement:

| Summary of Tangible Personal Property Tax on Vehicles |                       |                 |                 |                 |               |          |
|---|-----------------------|-----------------|-----------------|-----------------|---------------|----------|
|   |                       | Year            |                 |                 | Inc/Dec       | % Change |
|   |                       | FY 2019         | FY 2020         | FY 2021         |               |          |
| All Vehicles  | Number Accts          | 234,246         | 230,168         | 223,073         | -4,078        | -1.74%   |
|   | Assessed              | \$1,512,696,228 | \$1,600,540,225 | \$1,708,053,344 | \$ 87,843,997 | 5.81%    |
|   | Tax Due*              | \$60,713,941    | \$65,570,458    | \$68,067,411    | \$ 4,856,517  | 8.00%    |
| Average Tax Due per Vehicle                           |                       | \$259.19        | \$284.88        | \$305.14        |               |          |
| Vehicles qualifying for Tax Relief                    | Number Accts          | 159,193         | 156,416         | 188,679         | -2,777        | -1.74%   |
|   | Assessed              | \$925,420,397   | \$961,586,618   | \$1,434,459,835 | \$ 36,166,221 | 3.91%    |
|   | State Reimbursement   | \$20,193,423.00 | \$20,802,989.00 | \$25,945,129.81 | \$ 609,566    | 3.02%    |
|   | State Reimbursement % | 55%             | 55%             | 55%             | 55%           |          |

\* Annual Tax Due after proration



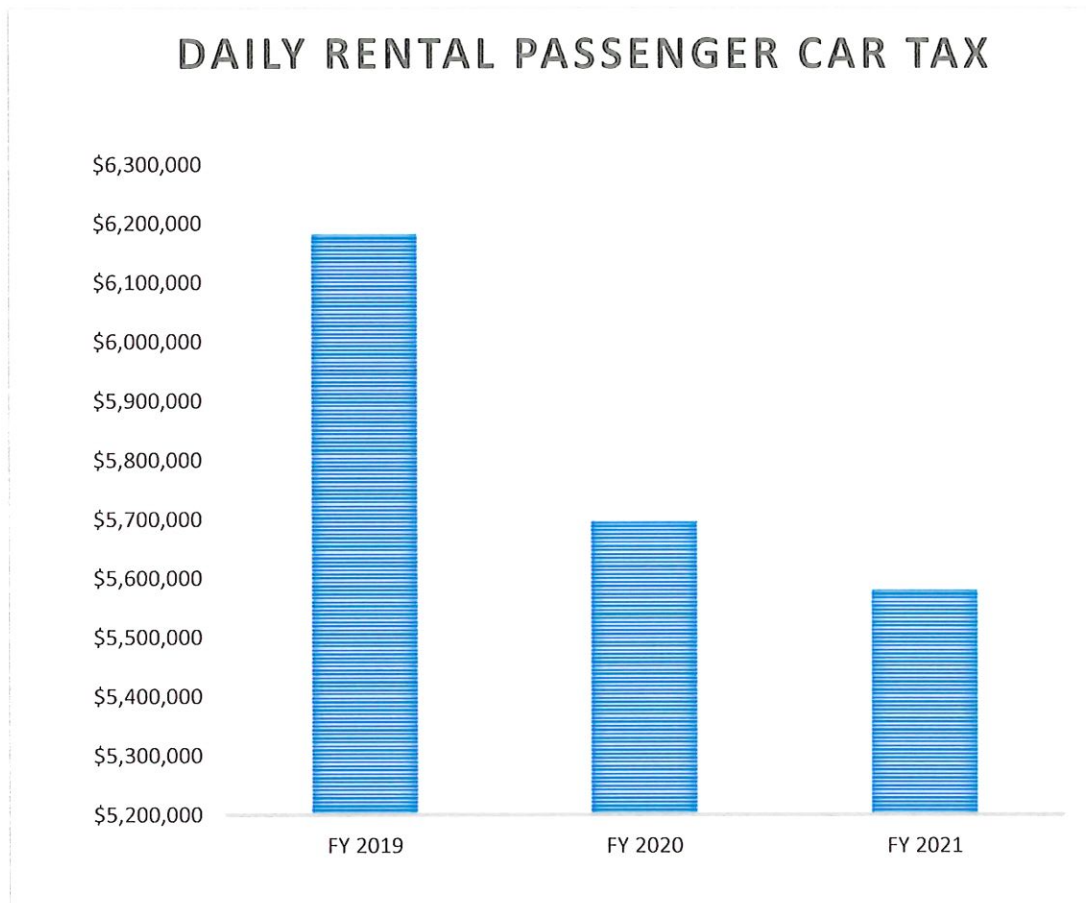


| Revenue from DMV Select * |           |          |         |           |          |
|---------------------------|-----------|----------|---------|-----------|----------|
|                           | Year      |          |         | Inc/Dec   | % Change |
|                           | FY 2019   | FY 2020  | FY 2021 |           |          |
| # Transactions            | 46,952    | 31,882   | 2,367   | -29,515   | -92.6%   |
| Revenue*                  | \$115,694 | \$98,154 | \$3,767 | -\$94,387 | -96.2%   |

\*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



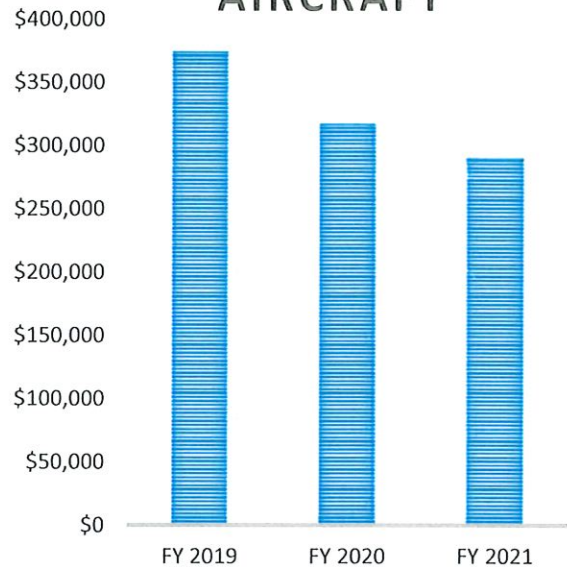
| Revenue from Tax on Daily Rental of Passenger Cars |             |             |             |            |          |
|--|-------------|-------------|-------------|------------|----------|
| Period   | FY 2019     | FY 2020     | FY 2021     | Inc/Dec    | % Change |
| Totals   | \$6,181,735 | \$5,696,586 | \$5,580,169 | -\$485,149 | -7.8%    |

## Mobile Homes & Aircraft

### ANNUAL TAX ON MOBILE HOMES



### ANNUAL TAX ON AIRCRAFT



#### Annual Tax on Mobile Homes

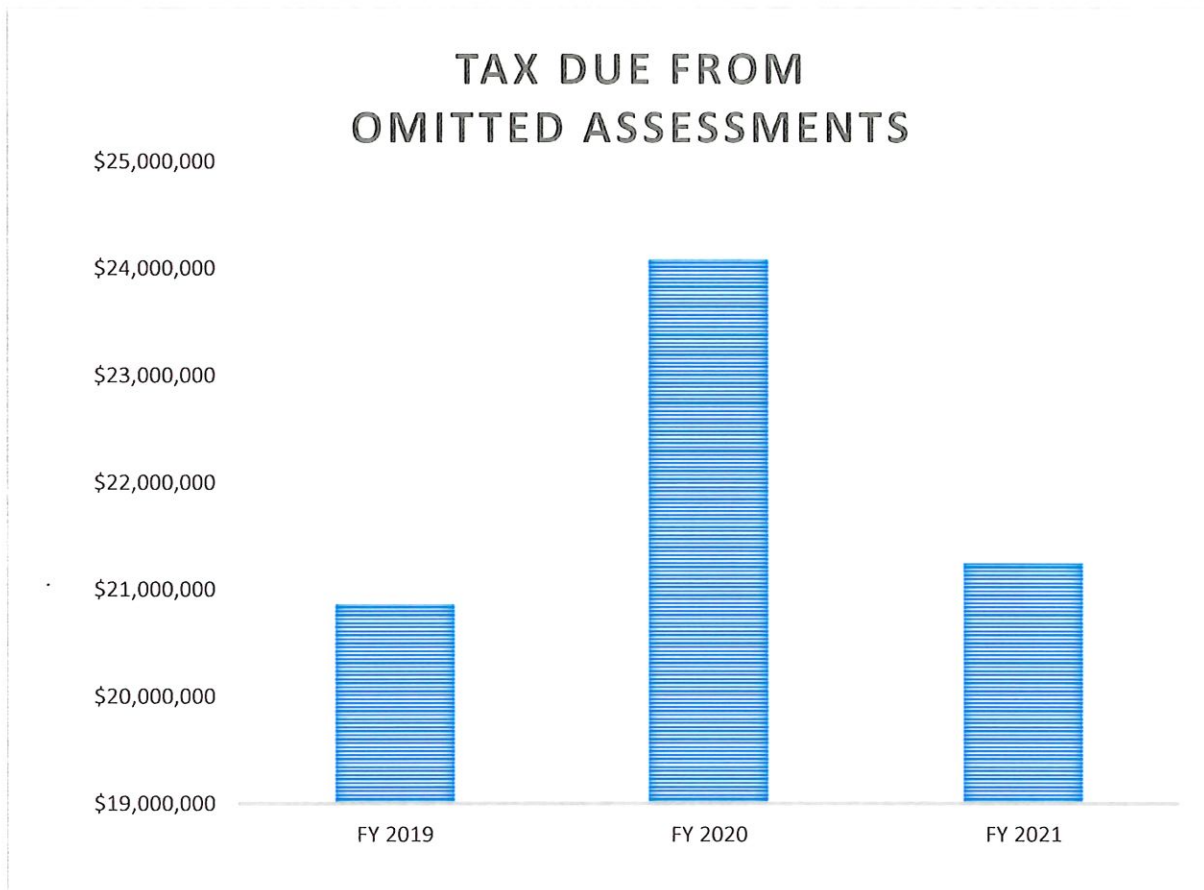
|                                 | FY 2019     | FY 2020     | FY 2021     | Inc/Dec   | %Change |
|---------------------------------|-------------|-------------|-------------|-----------|---------|
| Units                           | 445         | 450         | 433         | 17        | 1%      |
| Assessed Value                  | \$1,439,882 | \$1,356,779 | \$1,330,741 | -\$83,103 | -6%     |
| Annual Tax                      | \$18,329    | \$17,353    | \$17,035    | -\$976    | -5%     |
| Average Tax Due per Mobile Home | \$41        | \$39        | \$39        | -\$57     |         |

#### Annual Tax on Aircraft

| Aircraft                  |              |              |              |              |         |
|---------------------------|--------------|--------------|--------------|--------------|---------|
|                           | FY 2019      | FY 2020      | FY 2021      | Inc/Dec      | %Change |
| Units                     | 84           | 92           | 73           | -19          | -21%    |
| Assessed Value            | \$15,530,832 | \$13,218,349 | \$12,105,914 | -\$1,112,435 | -8%     |
| Annual Tax                | \$374,564    | \$317,265    | \$290,562    | -\$26,703    | -8%     |
| Average Tax Due per Plane | \$4,459      | \$3,449      | \$3,980      |              |         |



## Omitted Assessments - Vehicles

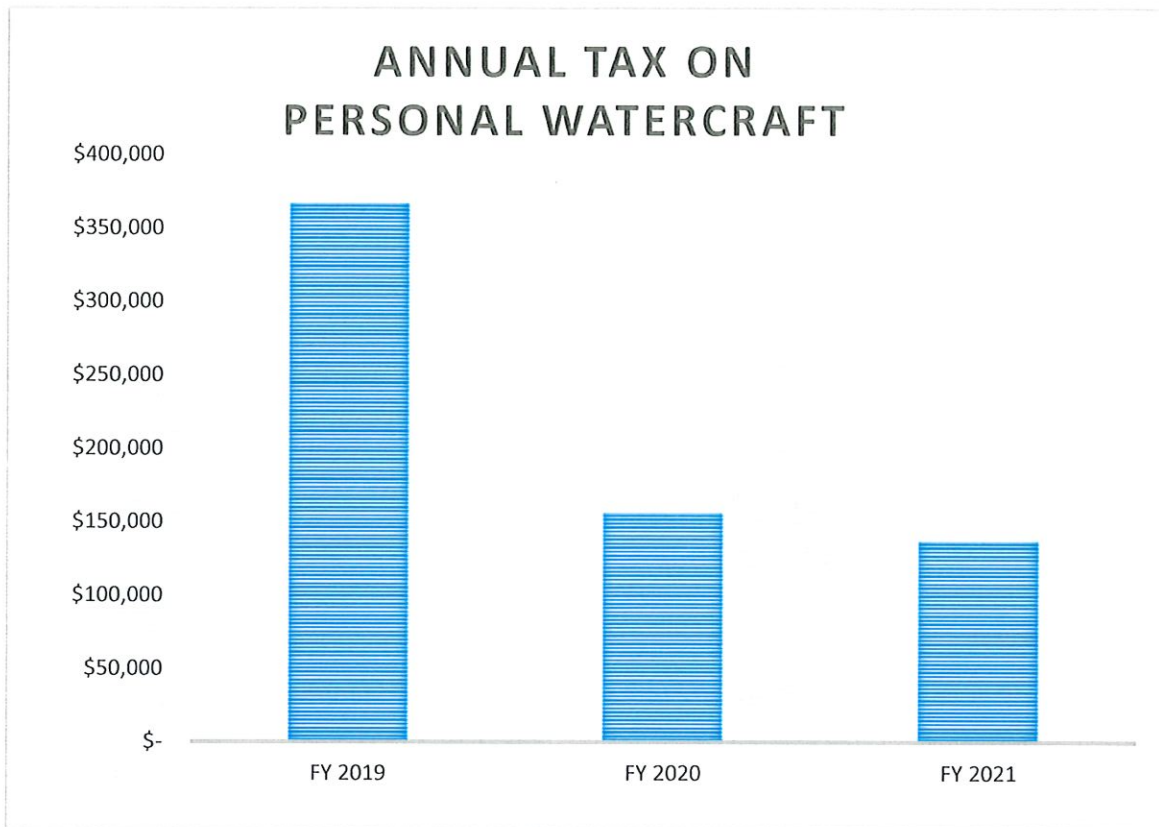


| Tax Due from Omitted Assessments* |              |              |              |              |          |
|-----------------------------------|--------------|--------------|--------------|--------------|----------|
|                                   | Year         |              |              | Inc/Dec      | % Change |
|                                   | FY 2019      | FY 2020      | FY 2021      |              |          |
| Assessment                        | \$20,865,696 | \$24,082,612 | \$21,249,644 | -\$2,832,968 | -12%     |
| Tax                               | \$605,242    | \$502,745    | \$382,377    | -\$120,368   | -24%     |

\*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.

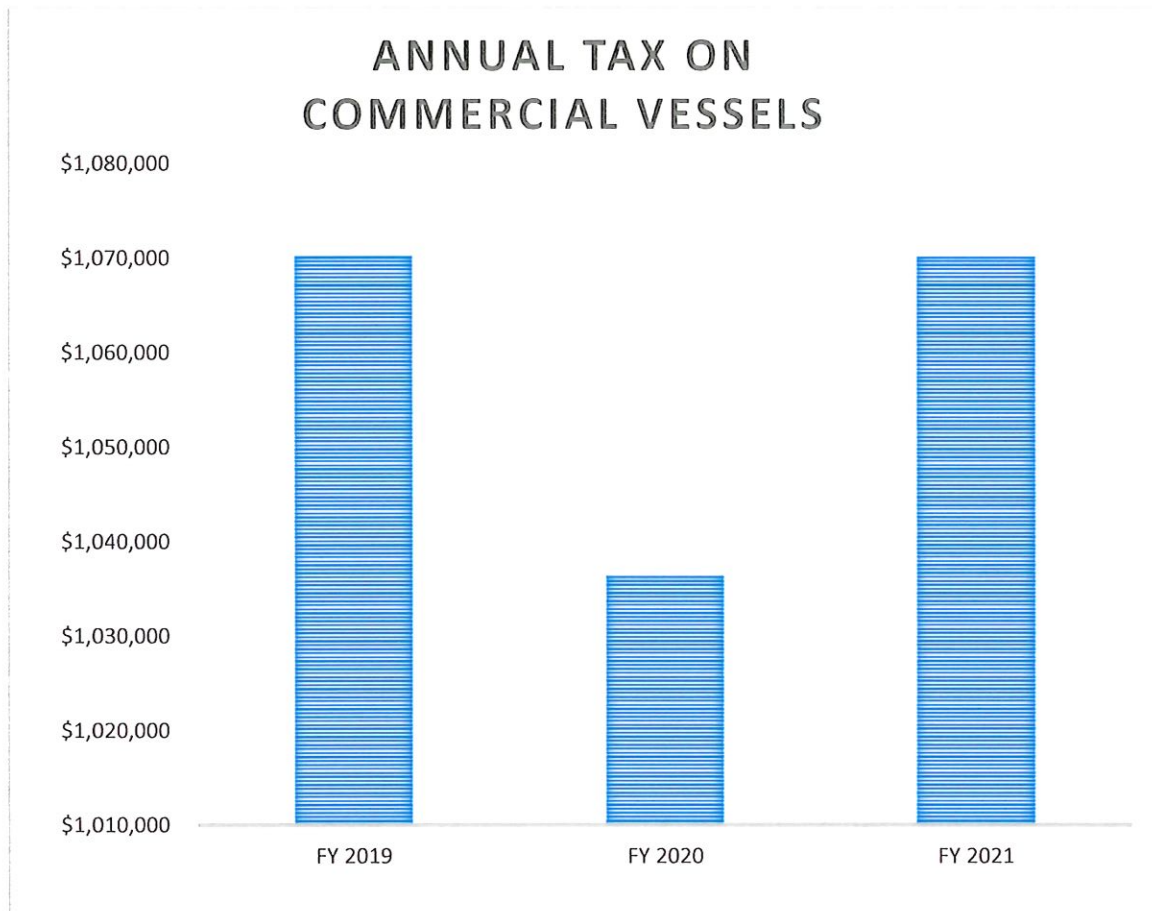


## Personal Watercraft



| Annual Tax on Personal Watercraft |              |              |              |              |         |
|-----------------------------------|--------------|--------------|--------------|--------------|---------|
|                                   | FY 2019      | FY 2020      | FY 2021      | Inc/Dec      | %Change |
| Units                             | 5,566        | 4,790        | 4,715        | -75          | -1.6%   |
| Assessed Value                    | \$73,631,279 | \$58,488,080 | \$54,893,971 | -\$3,594,109 | -6.1%   |
| Annual Tax                        | \$366,502    | \$155,950    | \$136,985    | -\$18,965    | -12.2%  |
| Decal Fee                         | \$112,578    | \$155,020    | \$149,540    | -\$5,480     | -3.5%   |
| Total Revenue                     | \$479,080    | \$310,970    | \$286,525    | -\$24,445    | -7.9%   |
| Average Tax Due<br>& Fee per Boat | \$ 86.07     | \$ 64.92     | \$ 60.77     |              |         |

## Commercial Vessels



| Annual Tax on Commercial Vessels |              |              |              |             |         |
|----------------------------------|--------------|--------------|--------------|-------------|---------|
|                                  | FY 2019      | FY 2020      | FY 2021      | Inc/Dec     | %Change |
| Units                            | 349          | 350          | 336          | -14         | -4%     |
| Assessed Value                   | \$71,342,598 | \$69,081,725 | \$71,333,204 | \$2,251,479 | 3%      |
| Annual Tax                       | \$1,070,286  | \$1,036,387  | \$1,070,123  | \$33,736    | 3%      |
| Average Tax Due per Boat         | \$ 3,066.72  | \$ 2,961.11  | \$ 3,184.89  | -\$2,410    |         |



## Business Tax Department

Kathy Jernigan, Supervising Deputy

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### Business Tax Department Duties

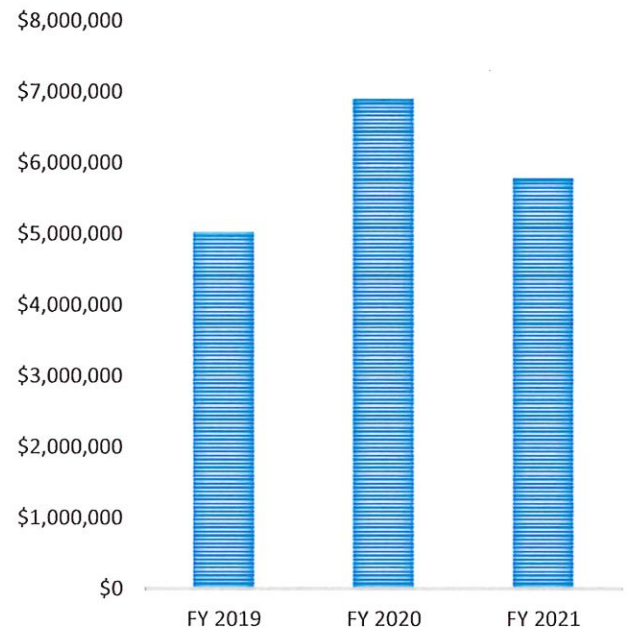
- ◆ **Business Personal Property** - Includes all business furniture, fixtures, equipment, machinery and tools located in the City of Norfolk on January 1st. Business property is assessed at 40% of the original capitalized cost and taxed at the rate of \$4.33 per hundred. Machinery and Tools for manufacturers 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. Effective 05/01/2021, lodging taxes increased to 9%.
- ◆ **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**

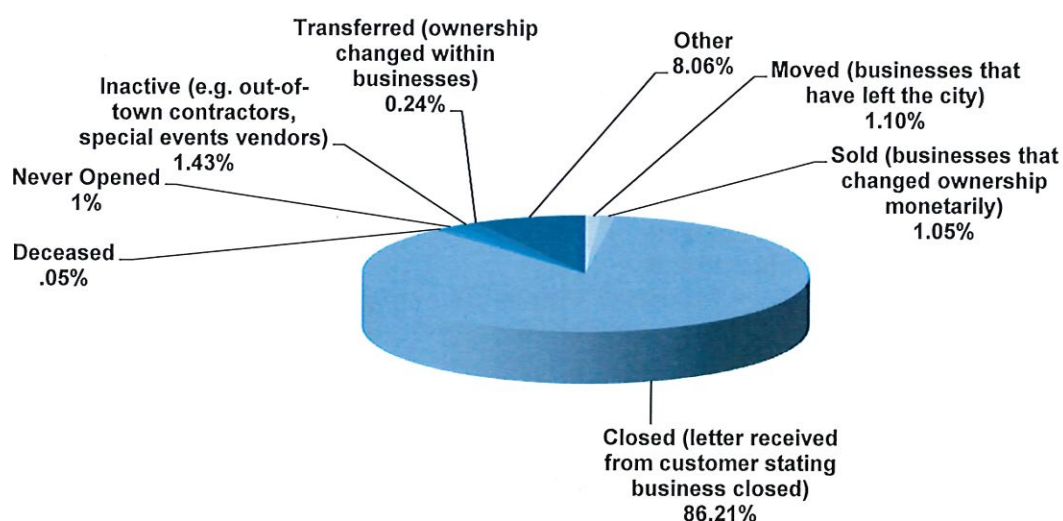
| Classification                  |             | Fiscal Year   |               |               | Inc/Dec       | % Change |
|---------------------------------|-------------|---------------|---------------|---------------|---------------|----------|
|                                 |             | FY 2019       | FY 2020       | FY 2021       |               |          |
| Furniture, Fixtures & Equipment | Accounts    | 9,777         | 10,286        | 10,388        | 102           | 1.0%     |
|                                 | Assessments | \$472,422,862 | \$516,226,037 | \$476,864,684 | -\$39,361,353 | -7.6%    |
|                                 | Tax         | \$20,291,966  | \$22,338,123  | \$20,648,318  | -\$1,689,805  | -7.6%    |
| Average Tax Due per Account     |             | \$2,075       | \$2,172       | \$1,988       | -\$184        | -9%      |
| Machinery & Tools               | Accounts    | 153           | 160           | 157           | -3            | -2%      |
|                                 | Assessments | \$119,300,494 | \$162,335,951 | \$136,141,506 | -\$26,194,445 | -16%     |
|                                 | Tax         | \$5,023,970   | \$6,899,602   | \$5,786,014   | -\$1,113,588  | -16%     |
| Average Tax Due per Account     |             | \$32,836      | \$43,123      | \$36,854      | \$371,196     | -15%     |
| Combined Total                  | Accounts    | 9,930         | 10,446        | 10,545        | 99            | 0.9%     |
|                                 | Assessments | \$591,723,356 | \$678,561,988 | \$613,006,190 | -\$65,555,798 | -10%     |
|                                 | Tax         | \$25,315,936  | \$29,237,725  | \$26,434,332  | -\$2,803,393  | -10%     |



## Business License - Activity by Classification

| Business License Summary<br>Table 18a |         |         |         |
|---------------------------------------|---------|---------|---------|
|                                       | FY 2019 | FY 2020 | FY 2021 |
| # of New Businesses Opened            | 1,610   | 1,869   | 1,358   |
| # of Businesses Closed                | 2,864   | 2,622   | 2,219   |
| Net Increase/Decrease                 | -1,254  | -753    | -861    |
| Total # Active Businesses             | 9,930   | 10,446  | 0       |

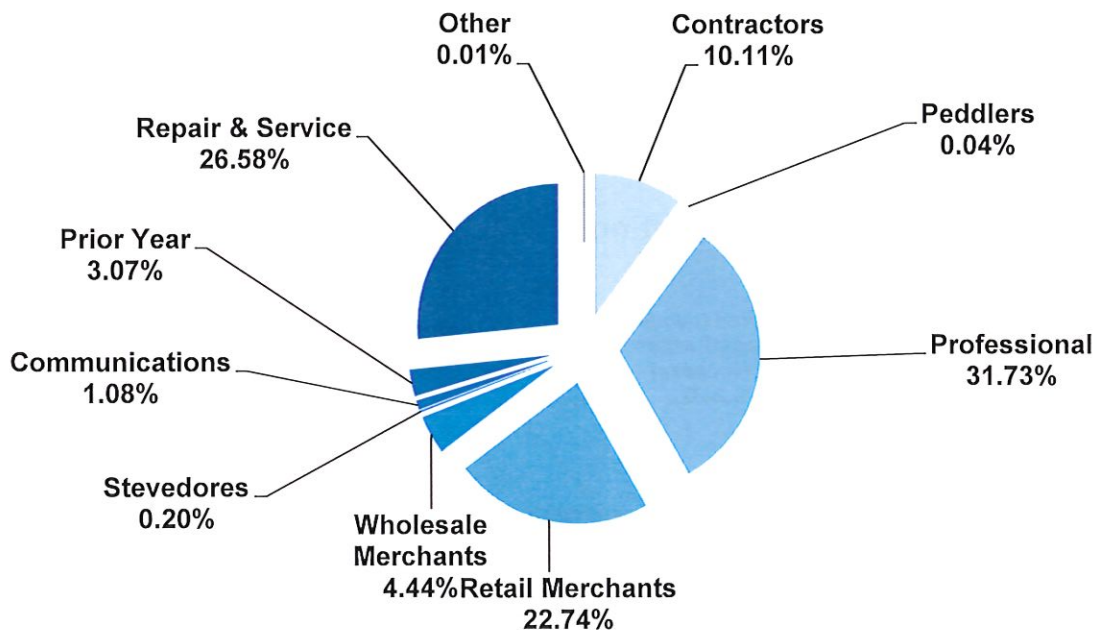
Chart 18 - Business License Terminations



| Business License Terminations  |         |         |         |
|--|---------|---------|---------|
| Business License Termination Criteria                                | FY 2019 | FY 2020 | FY 2021 |
| Moved (businesses that have left the city)                           | 39      | 25      | 23      |
| Sold (businesses that changed ownership monetarily)                  | 24      | 253     | 22      |
| Closed (letter received from customer stating business closed)       | 2,417   | 1,914   | 1,807   |
| Deceased (owner of business has died)                                | 28      | 12      | 15      |
| Never Opened (license obtained, but business operations never began) | 10      | 9       | 25      |
| Inactive (e.g. out-of-town contractors, special events vendors)      | 22      | 31      | 30      |
| Transferred (ownership changed within businesses)                    | 15      | 5       | 5       |
| Other  | 107     | 234     | 169     |
| Total  | 2,662   | 2,483   | 2,096   |

## Business License - Revenue by Classification

### Business License by Classification

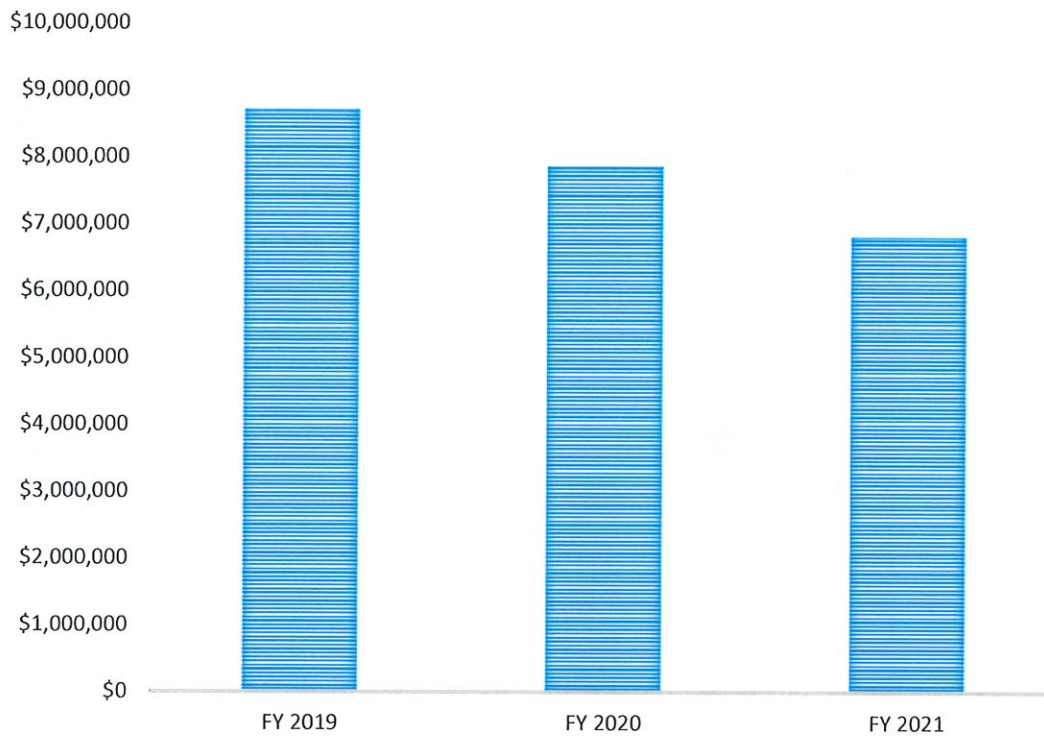


| Business License by Classification |               |                      |               |                      |               |                      |                     |                |
|------------------------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------------|----------------|
| Classification                     | FY 2019       |                      | FY 2020       |                      | FY 2021       |                      | Amount Inc/Dec      | Amount %Change |
|                                    | Number        | \$Amount             | Number        | \$Amount             | Number        | \$Amount             |                     |                |
| Contractors                        | 2,781         | \$ 2,817,589         | 2,267         | \$ 2,749,431         | 2,726         | \$ 3,369,547         | \$ 620,116          | 23%            |
| Peddlers                           | 498           | 24,900               | 407           | 20,250               | 255           | 12,750               | (7,500)             | -37%           |
| Professional                       | 1,109         | 9,077,846            | 988           | 8,640,157            | 1,147         | 10,569,400           | 1,929,243           | 22%            |
| Retail Merchants                   | 2,947         | 6,935,524            | 2,388         | 6,643,931            | 2,845         | 7,577,031            | 933,100             | 14%            |
| Wholesale Merchants                | 286           | 1,527,994            | 221           | 1,217,058            | 277           | 1,477,672            | 260,614             | 21%            |
| Stevedores                         | 44            | 93,368               | 33            | 72,026               | 33            | 68,233               | (3,793)             | -5%            |
| Communications                     | 37            | 391,960              | 34            | 313,839              | 38            | 358,595              | 44,756              | 14%            |
| Prior Year                         | 608           | 395,568              | 525           | 1,833,035            | 1,594         | 1,023,928            | (809,107)           | -44%           |
| Repair & Service                   | 4,679         | 8,329,384            | 3,778         | 7,323,781            | 4,874         | 8,854,244            | 1,530,463           | 21%            |
| Other                              | 11            | 7,701                | 3             | 123                  | 2             | 2,800                | 2,677               | 2176%          |
| <b>Total</b>                       | <b>13,000</b> | <b>\$ 29,601,834</b> | <b>10,644</b> | <b>\$ 28,813,631</b> | <b>13,791</b> | <b>\$ 33,314,200</b> | <b>\$ 4,500,569</b> | <b>16%</b>     |



## Lodging Tax & Room Tax

### LODGING TAX



#### Revenue from Lodging Tax

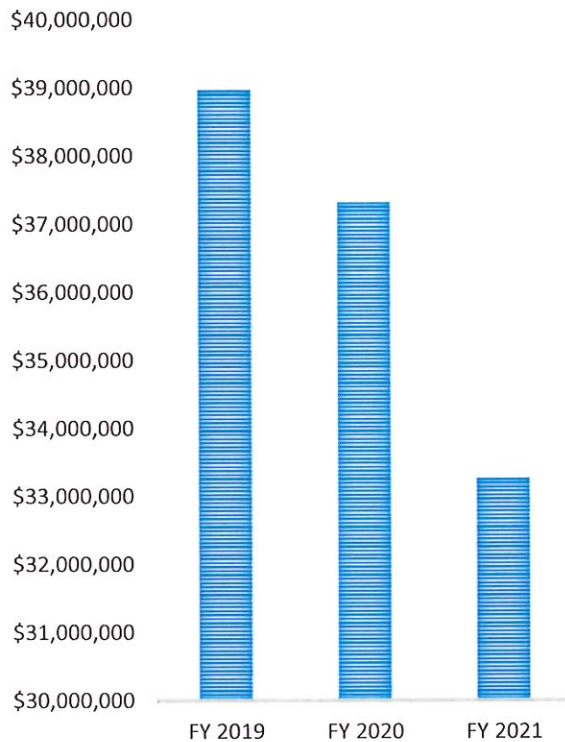
|                   | FY 2019     | FY 2020     | FY 2021     | Dollars Inc/Dec | % Change |
|-------------------|-------------|-------------|-------------|-----------------|----------|
| # of accounts     | 52          | 93          | 132         |                 |          |
| Tax Remitted      | \$8,724,297 | \$7,863,545 | \$6,815,210 | -\$1,048,335    | -13%     |
| Avg Tax per Month | \$ 727,025  | \$ 655,295  | \$ 567,934  | -\$87,361       | -13%     |

#### Revenue from Room Tax

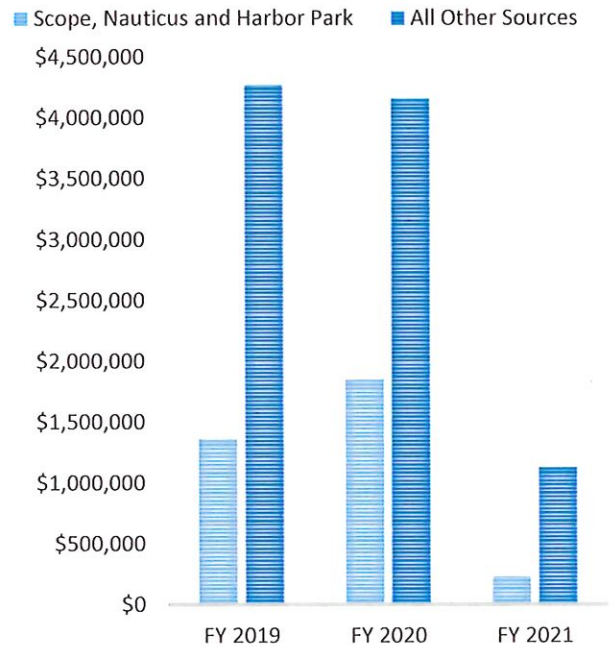
|                       | FY 2019     | FY 2020     | FY 2021     | Dollars Inc/Dec | % Change |
|-----------------------|-------------|-------------|-------------|-----------------|----------|
| Tax Remitted          | \$3,028,814 | \$2,869,684 | \$2,693,799 | -\$175,885      | -6%      |
| Average Tax per month | \$ 252,401  | \$ 239,140  | \$ 224,483  | -\$14,657       | -6%      |

## 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 2019      | FY 2020      | FY 2021      | Dollars Inc/Dec | % Change |
|---------------|--------------|--------------|--------------|-----------------|----------|
| # of Accounts | 861          | 951          | 804          |                 |          |
| Tax Remitted  | \$38,972,746 | \$37,315,275 | \$33,265,019 | -\$4,050,256    | -11%     |

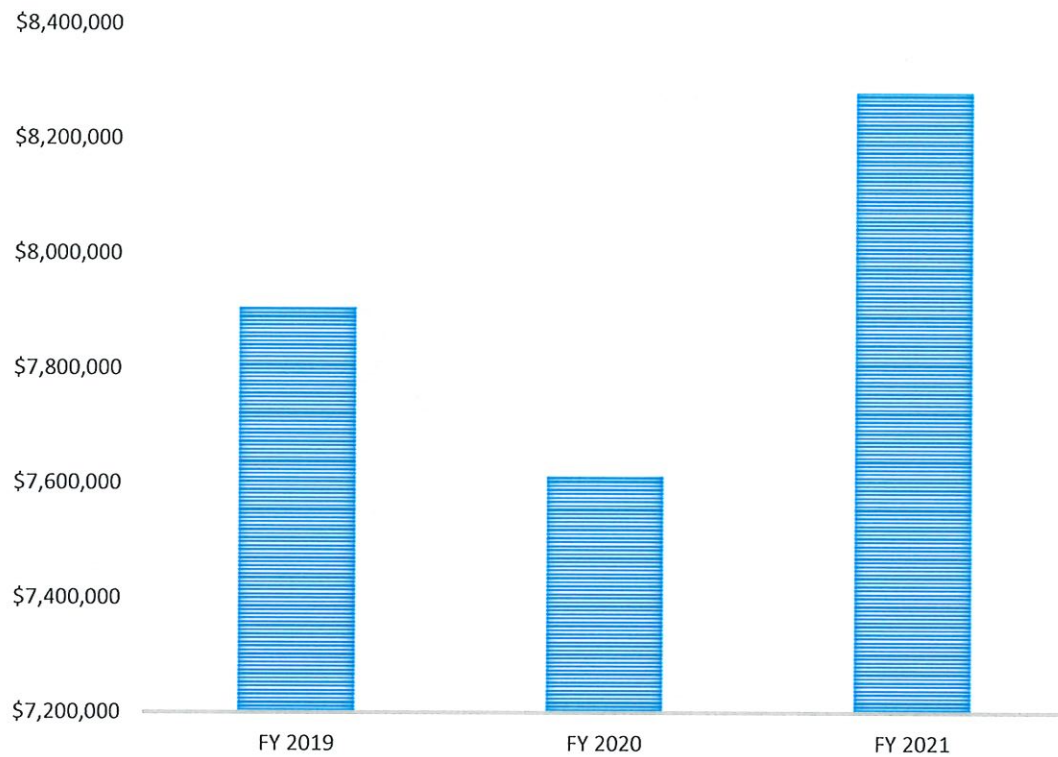
### Admissions tax from Scope, Nauticus, Harbor Park, and All Other Sources

|                                   | FY 2019      | FY 2020      | FY 2021      | Dollars Inc/Dec | % Change |
|-----------------------------------|--------------|--------------|--------------|-----------------|----------|
| Scope, Nauticus and Harbor Park   | \$1,361,338  | \$1,853,043  | \$225,952    | -\$1,627,091    | -88%     |
| All Other Sources                 | \$4,266,096  | \$4,154,792  | \$1,125,035  | -\$3,029,757    | -73%     |
| # of accounts - All other Sources | 97           | 74           | 68           |                 |          |
| Total                             | \$ 5,627,434 | \$ 6,007,835 | \$ 1,350,987 | -\$4,656,848    | -78%     |



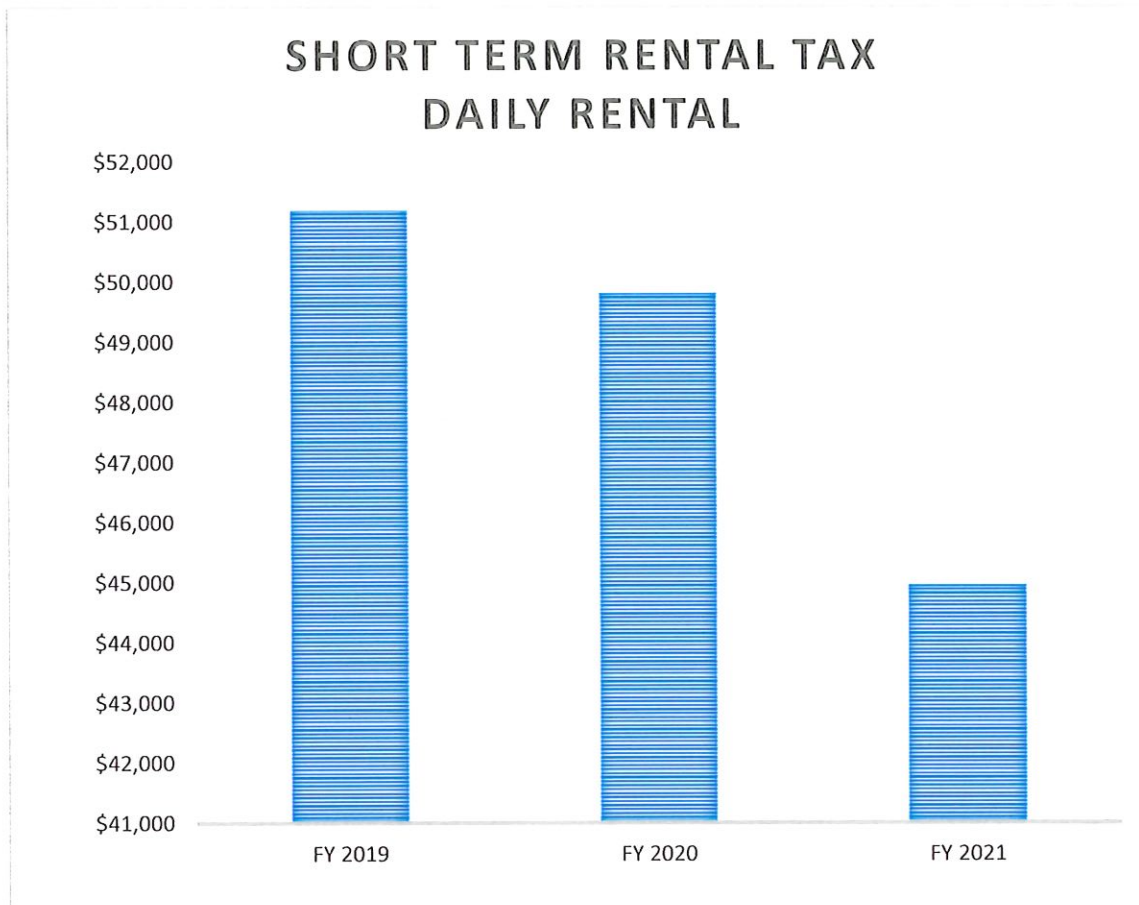
## Cigarette Tax

### REVENUE FROM CIGARETTE TAX



| Revenue from Cigarette Tax |             |             |             |                 |          |
|----------------------------|-------------|-------------|-------------|-----------------|----------|
|                            | FY 2019     | FY 2020     | FY 2021     | Dollars Inc/Dec | % Change |
| Revenue                    | \$7,906,093 | \$7,612,646 | \$8,280,000 | \$667,354       | 9%       |
| # of Accounts              | 16          | 16          | 16          |                 |          |

## Short Term Rental Tax



| Short Term Rental Tax - Daily Rental |          |          |          |                 |          |
|--------------------------------------|----------|----------|----------|-----------------|----------|
|                                      | FY 2019  | FY 2020  | FY 2021  | Dollars Inc/Dec | % Change |
| Revenue                              | \$51,184 | \$49,800 | \$44,953 | -\$4,847        | -9.7%    |
| # of Accounts                        | 30       | 25       | 18       |                 |          |

| Short Term Rental Tax - Machinery |          |          |          |                 |          |
|-----------------------------------|----------|----------|----------|-----------------|----------|
|                                   | FY 2019  | FY 2020  | FY 2021  | Dollars Inc/Dec | % Change |
| Revenue                           | \$56,556 | \$52,113 | \$50,698 | -\$1,415        | -2.7%    |
| # of Accounts                     | 8        | 8        | 7        |                 |          |

## 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 2019      | FY 2020      | FY 2021      | Inc/Dec      | % Change   |
|---------------------------------------|--------------|--------------|--------------|--------------|------------|
| Telephone Contacts                    | 3,442        | 278          | 4,703        | 4,425        | 1592%      |
| Inquiry Visits                        | 649          | 552          | 83           | (469)        | -85%       |
| Discovery                             | 216          | 300          | 291          | (9)          | -3%        |
| Paid Delinquent Business Licenses     | 3,479        | 1,835        | 1,224        | (611)        | -33%       |
| Paid Delinquent Meal Taxes            | 658          | 537          | 642          | 105          | 20%        |
| <b>Total Investigative Activities</b> | <b>8,444</b> | <b>3,502</b> | <b>6,943</b> | <b>3,441</b> | <b>98%</b> |

### Tax Compliance Activities By Amount

| Activities                        | FY 2019            | FY 2020            | FY 2021          | Inc/Dec             | % Change    |
|-----------------------------------|--------------------|--------------------|------------------|---------------------|-------------|
| Paid Delinquent Business Licenses | \$824,548          | \$639,420          | \$465,292        | -\$174,128          | -27%        |
| Inquiry Visits                    | \$621,832.00       | \$34,504.00        | \$752            | -\$33,752           | -98%        |
| Paid Delinquent Meal Taxes        | \$1,466,411        | \$1,189,253        | \$4,114          | -\$1,185,139        | -100%       |
| <b>Total</b>                      | <b>\$2,912,791</b> | <b>\$1,863,177</b> | <b>\$470,157</b> | <b>-\$1,393,020</b> | <b>-75%</b> |

#### 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.

**Paid Delinquent Meal Taxes:** this was the first year that meal tax collection became a joint effort with the Treasurer's office. The increase reflects the collection efforts.

**COVID-19** severely affected our Tax Compliance busy season. Visits and calls were halted and delinquent statutory assessments were postponed. This affected our collections of delinquent business licenses.

## Audit Department

Jennifer Ward, Supervising Deputy

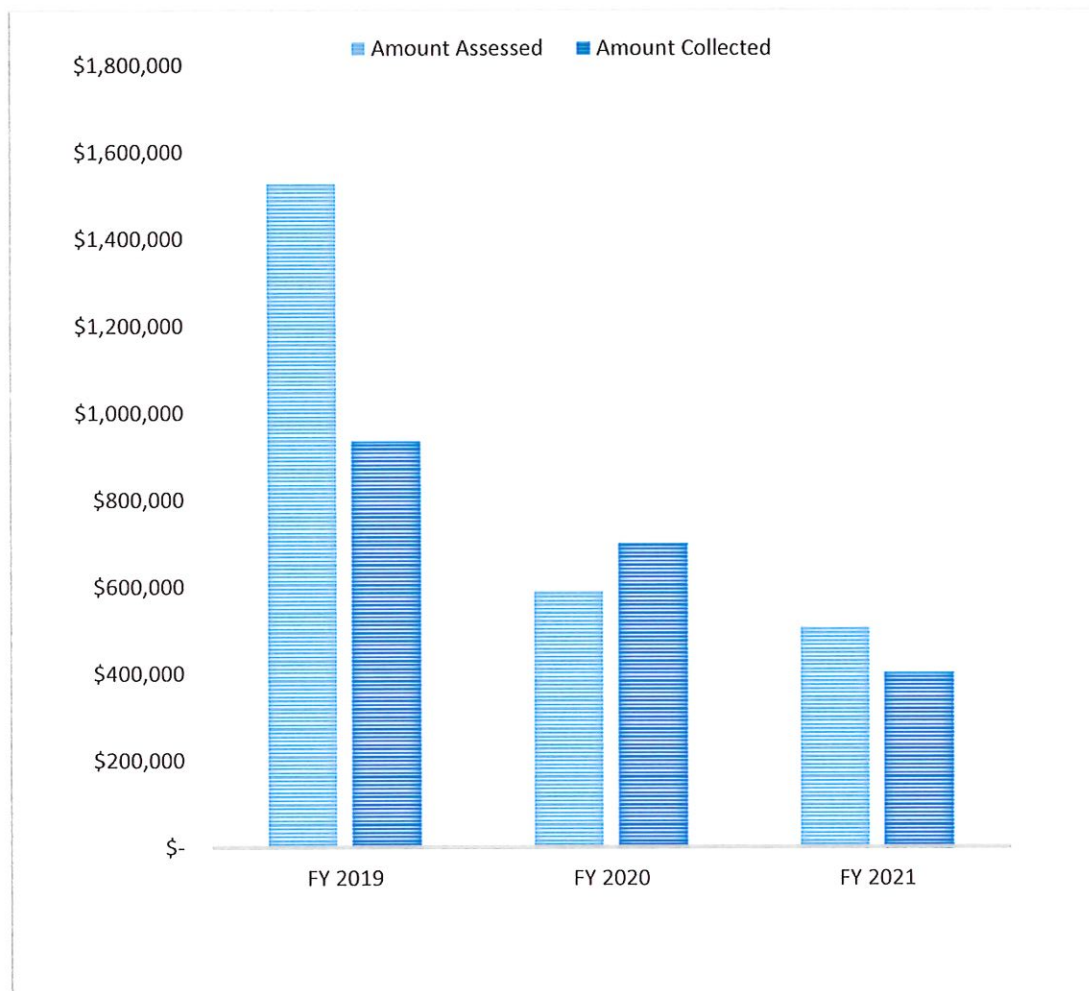
Phone: (757) 664-7874 email: [jennifer.ward@norfolk.gov](mailto:jennifer.ward@norfolk.gov)

### 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 2019     | FY 2020   | FY 2021   |
| Amount Assessed                             | \$1,526,225 | \$588,620 | \$505,945 |
| Amount Collected                            | \$935,532   | \$700,333 | \$402,851 |

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 due annually on, or before, June 1st.

**Franchise Fee** - A franchise fee 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:

**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.

## Franchise Tax and Utility Tax

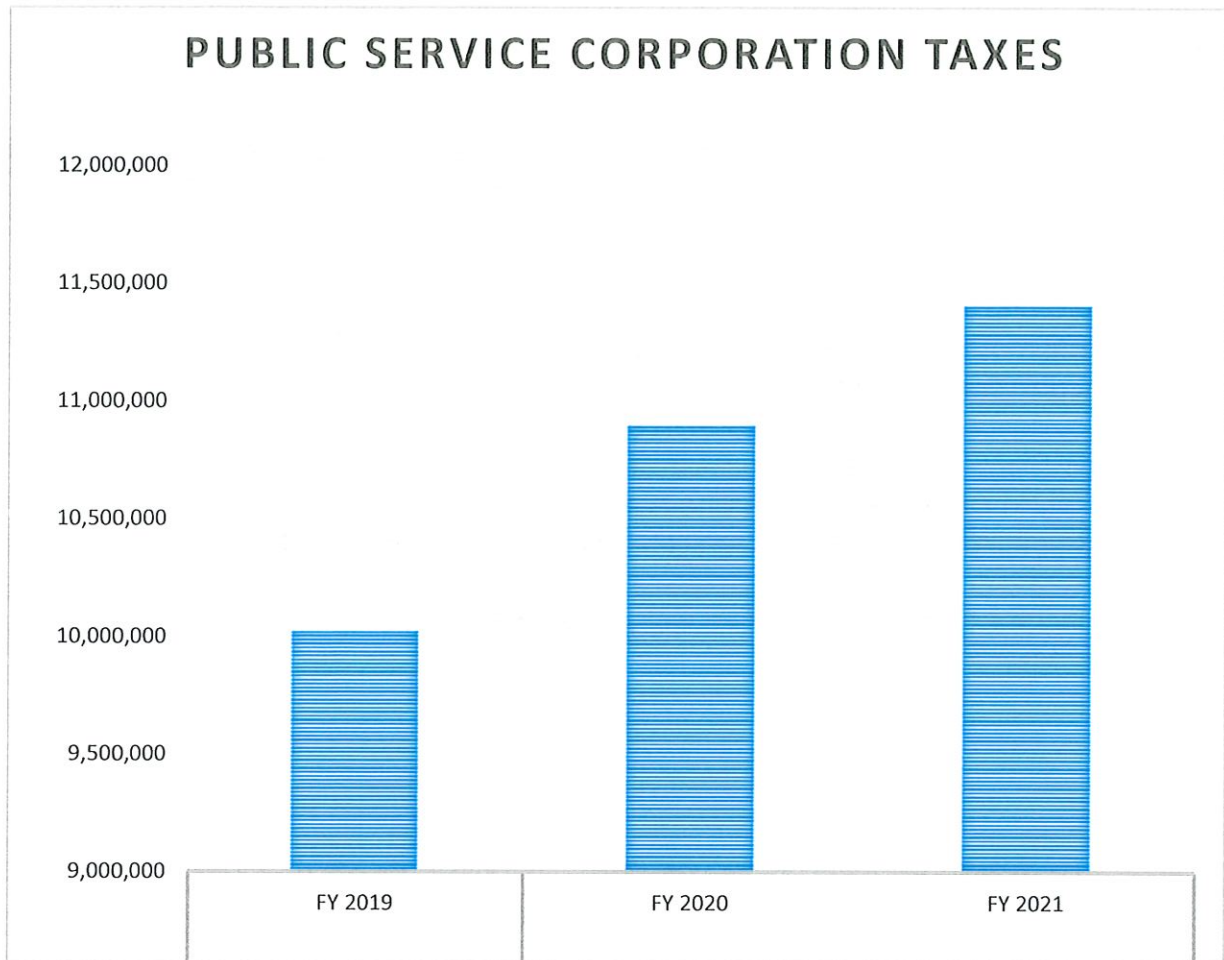
| Franchise Tax    |                        |                        |                        |                  |           |
|------------------|------------------------|------------------------|------------------------|------------------|-----------|
| Franchisee       | FY 2019                | FY 2020                | FY 2021                | Revenue Inc/Dec  | % Change  |
| Bank Franchise   | \$2,814,555            | \$2,434,895            | \$2,532,918            | \$ 98,023        | 4%        |
| Telcom Franchise | \$358,948              | \$280,422              | \$219,789              | \$ (60,633)      | -27.6%    |
| <b>TOTAL</b>     | <b>\$ 3,173,503.00</b> | <b>\$ 2,715,317.00</b> | <b>\$ 2,752,707.48</b> | <b>\$ 37,390</b> | <b>1%</b> |

| Utility Tax Revenue      |                     |                     |                     |                     |              |
|--------------------------|---------------------|---------------------|---------------------|---------------------|--------------|
| Utility Companies        | FY 2019             | FY 2020             | FY 2021             | Inc/Dec             | % Change     |
| Dominion Virginia Power  | \$11,881,790        | \$11,601,260        | \$10,591,933        | -\$1,009,327        | -8.7%        |
| Public Utilities (Water) | \$5,844,249         | \$5,911,201         | \$5,267,729         | -\$643,472          | -10.9%       |
| Virginia Natural Gas     | \$2,769,198         | \$2,825,875         | \$2,657,166         | -\$168,709          | -6.0%        |
| Communication Sales Tax  | \$18,823,793        | \$18,136,298        | \$16,584,552        | -\$1,551,746        | -8.6%        |
| <b>Total</b>             | <b>\$39,319,030</b> | <b>\$38,474,634</b> | <b>\$35,101,381</b> | <b>-\$3,373,253</b> | <b>-8.8%</b> |

| Consumption Tax         |                  |                  |                    |                  |             |
|-------------------------|------------------|------------------|--------------------|------------------|-------------|
| Utility                 | FY 2019          | FY 2020          | FY 2021            | Inc/ Dec         | % Change    |
| Dominion Virginia Power | \$643,167        | \$555,334        | \$1,536,201        | \$980,867        | 177%        |
| Virginia Natural Gas    | \$110,898        | \$107,111        | \$112,639          | \$5,528          | 5%          |
| <b>Total</b>            | <b>\$754,065</b> | <b>\$662,445</b> | <b>\$1,648,840</b> | <b>\$986,395</b> | <b>149%</b> |



## Public Service Corporation Tax



| Public Service Corporation Real Property and Personal Property Taxes |             |             |             |             |            |          |
|--|-------------|-------------|-------------|-------------|------------|----------|
|  |             | FY 2019     | FY 2020     | FY 2021     | Inc/Dec    | % Change |
| Real Property  | Assessments | 798,764,783 | 868,492,031 | 909,046,559 | 40,554,528 | 5%       |
|  | Tax         | 9,984,560   | 10,856,150  | 11,363,082  | 506,932    | 5%       |
| Personal Property  | Assessments | 853,595     | 915,355     | 962,254     | 46,899     | 5%       |
|  | Tax         | 36,961      | 39,634      | 41,666      | 2,032      | 5%       |
| Total  | Assessments | 799,618,378 | 869,407,386 | 910,008,813 | 40,601,427 | 5%       |
|  | Tax         | 10,021,521  | 10,895,784  | 11,404,748  | 508,964    | 9%       |



## 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 2019      | FY 2020      | FY 2021      | Number<br>Inc/Dec | %<br>Change |
|------------------------------|--------------|--------------|--------------|-------------------|-------------|
| *Regular Refunds             | 2,545        | 1,527        | 292          | (1,235)           | -81%        |
| **Accelerated Refunds        | 1,179        | 1,144        | 143          | (1,001)           | N/A         |
| Tax Due                      | 914          | 362          | 53           | (309)             | -85%        |
| Estimated Taxes              | 1,235        | 958          | 882          | (76)              | -8%         |
| Amended & Prior Year Returns | 1,445        | 1,808        | 950          | (858)             | -47%        |
| <b>Totals</b>                | <b>7,318</b> | <b>5,799</b> | <b>2,320</b> | <b>(3,479)</b>    | <b>-60%</b> |

### Taxpayer Assistance Statistics

|                                       | FY 2019      | FY 2020      | FY 2021      | Number<br>Inc/Dec | %<br>Change |
|---------------------------------------|--------------|--------------|--------------|-------------------|-------------|
| Customer Visits for Filing Assistance | 1,824        | 812          | 59           | (753)             | -93%        |
| Telephone Calls Seeking Assistance    | 4,813        | 2,084        | 1,289        | (795)             | -38%        |
| <b>Total Taxpayer Assistance</b>      | <b>6,637</b> | <b>2,896</b> | <b>1,348</b> | <b>(1,548)</b>    | <b>-53%</b> |

### Taxpayer Dollar Amounts Processed

|                                    | FY 2019            | FY 2020            | FY 2021            | Number<br>Inc/ Dec | %<br>Change |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| Individual Income Tax Due Assessed | \$635,203          | \$296,358          | \$78,886           | -\$217,472         | -73%        |
| Estimated Income Tax Assessed      | \$1,583,908        | \$1,383,655        | \$1,258,361        | -\$125,294         | -9%         |
| <b>Total Dollars Processed</b>     | <b>\$2,219,111</b> | <b>\$1,680,013</b> | <b>\$1,337,246</b> | <b>-\$342,767</b>  | <b>-20%</b> |

## Assessment Recapitulation by Classification

### Recapitulation of Assessments by Classification

| CLASSIFICATION                  | FY 2019               | FY 2020               | FY 2021               | INC/DEC               | %<br>CHNGE   |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------|
| Admissions                      | \$ 5,226,402          | \$ 6,007,385          | \$ 1,350,987          | \$ (4,656,398)        | -78%         |
| Aircraft                        | \$ 374,564            | \$ 317,265            | \$ 290,562            | \$ (26,703)           | -8%          |
| Boats-Personal Watercraft & Fee | \$ 479,080            | \$ 310,970            | \$ 286,525            | \$ (24,445)           | -8%          |
| Boats - Commercial Vessels      | \$ 1,070,286          | \$ 1,036,387          | \$ 1,070,123          | \$ 33,736             | 3%           |
| Business License                | \$ 29,601,824         | \$ 28,813,631         | \$ 33,314,200         | \$ 4,500,569          | 16%          |
| Cigarette Taxes                 | \$ 7,906,093          | \$ 7,612,646          | \$ 8,280,000          | \$ 667,354            | 9%           |
| Consumption Tax                 | \$ 754,065            | \$ 662,445            | \$ 1,648,840          | \$ 986,395            | 149%         |
| DMV Select                      | \$ 115,694            | \$ 98,154             | \$ 3,767              | \$ (94,387)           | -96%         |
| Food and Beverage               | \$ 38,972,746         | \$ 37,315,275         | \$ 33,265,019         | \$ (4,050,256)        | -11%         |
| Franchise Taxes                 | \$ 2,814,555          | \$ 2,715,317          | \$ 2,752,707          | \$ 37,390             | 1%           |
| Furniture & Fixtures            | \$ 20,291,966         | \$ 22,338,123         | \$ 20,648,318         | \$ (1,689,805)        | -8%          |
| In-Depth Assessments            | \$ 935,532            | \$ 700,333            | \$ 402,851            | \$ (297,482)          | -42%         |
| Lodging Taxes                   | \$ 8,724,297          | \$ 7,863,545          | \$ 6,815,210          | \$ (1,048,335)        | -13%         |
| Machinery & Tools               | \$ 5,023,970          | \$ 6,899,602          | \$ 5,786,014          | \$ (1,113,588)        | -16%         |
| Mobile Homes                    | \$ 18,329             | \$ 17,353             | \$ 17,035             | \$ (318)              | -2%          |
| Omitted Assessments             | \$ 605,242            | \$ 502,745            | \$ 382,377            | \$ (120,368)          | -24%         |
| Passenger Car Daily Rental      | \$ 6,181,735          | \$ 5,696,586          | \$ 5,580,169          | \$ (116,417)          | -2%          |
| Public Service Corporation      | \$ 10,021,521         | \$ 10,895,784         | \$ 11,404,748         | \$ 508,964            | 5%           |
| Room Tax                        | \$ 3,028,814          | \$ 2,869,684          | \$ 2,693,799          | \$ (175,885)          | -6%          |
| Short Term Rental               | \$ 107,740            | \$ 101,913            | \$ 95,651             | \$ (6,262)            | -6%          |
| Tangible Personal Property      | \$ 60,713,941         | \$ 65,570,459         | \$ 68,067,411         | \$ 2,496,952          | 4%           |
| Utility Taxes                   | \$ 39,319,030         | \$ 38,474,634         | \$ 35,101,381         | \$ (3,373,253)        | -9%          |
| <b>Total</b>                    | <b>\$ 242,287,426</b> | <b>\$ 246,820,236</b> | <b>\$ 239,257,693</b> | <b>\$ (7,562,543)</b> | <b>-3.1%</b> |