

Policy III Revenues

The County collects revenues from many sources, the largest of which is from property taxes, to provide services and meet operational needs. The structure, fluctuation, and collection of revenues are examined by rating agencies to determine the County's credit quality.

3.01 The County will strive to maintain a diversified and stable revenue system to shelter it from short-term fluctuations in any one revenue source.

3.02 Major revenue sources should provide for the following principles:

- a) **Vertical Equity.** Revenue sources should provide appropriate treatment of taxpayers at different economic levels.
- b) **Horizontal Equity.** Revenue sources should treat taxpayers with the same income or wealth equally.
- c) **Neutrality.** Revenue sources should not unduly influence economic decisions by consumers or business except for targeted development or redevelopment programs approved by the Board of County Supervisors.
- d) **Administrative and Compliance Costs.** Revenue administration and enforcement should not absorb an undue percentage of revenue collected.

3.03 The County will monitor all taxes to insure they are equitably administered and collections are timely and accurate. The County will aggressively collect property taxes and related penalties and interest as authorized by the Code of Virginia.

3.04 The County will periodically recalculate the full costs of providing services in order to provide a basis for setting the associated service charge or fee. Full cost shall incorporate direct and indirect costs, including operations and maintenance, overhead, and charges for use of capital facilities, thereby setting fees at a level that is related to the cost of producing the good or service, unless otherwise restricted by law. The County will examine periodically current competitive rates, establish new charges and fees as needed and as permitted by law.. It is recognized that occasionally competing policy objectives may result in user fee levels that recover only a portion of service costs.

3.05 The County Executive will provide the Board of County Supervisors with an estimate of the County's revenues annually for each of the following five fiscal years. The revenue estimate that will be submitted by the County Executive shall be in compliance with the Financial and Program Planning Ordinance requirements included in Section 2-1, Government Services, Planning, Budgeting and Accountability of Chapter 2 - Administration, of the Prince William County Code.

3.06 The County will assess all property annually as of January 1 in accordance with Title 58.1 of the Code of Virginia. Real property assessments shall be based on fair market value and follow standards established by the International Association of Assessing Officers. Personal property assessments shall be based on the average trade-in value as supplied by a nationally recognized organization, or a percentage or percentages of original cost which reasonably approximate market value.

3.07 The County may provide, as appropriate, tax exemptions to non-profit organizations such as churches, governmental entities or other charitable, benevolent or educational institutions pursuant to the state and local guidelines. Considerations for exemptions should be based on such considerations as benefits to the County and the fiscal capacity of the County.

3.08 The County will achieve maximum possible accuracy in its annual assessment to sales ratio when the annual January 1 assessment is compared to sales in the preceding calendar year. The County expects to achieve maximum possible accuracy by implementing state of the art assessment practices. The County will maintain an average error, measured by the coefficient of dispersion (COD), and assessment to sales ratio better than the current professional standards which is 90% assessment to sales ratio and 10% COD as published by the International Association of Assessing Officers.

3.09 The County will pursue intergovernmental aid, including grants, for those programs and activities that address a recognized need and are consistent with the County's long-range objectives, and will attempt to recover all allowable costs associated with those programs. Any decision to pursue intergovernmental aid should be consistent with the County's Grants Management Policies and Procedures Manual and include the consideration of the following:

- a) Present and future funding requirements.
- b) Cost of administering the funds.
- c) Costs associated with special conditions or regulations attached to the grant award.
- d) When grants are reduced or eliminated, the program or project it supported will be reduced by a commensurate amount.