The background of the slide is a faded, high-angle photograph of a town. In the center-right, a prominent white church steeple rises above the rooftops. The town is surrounded by lush green trees, and the overall scene is captured in a soft, slightly hazy light. The text is overlaid on this background.

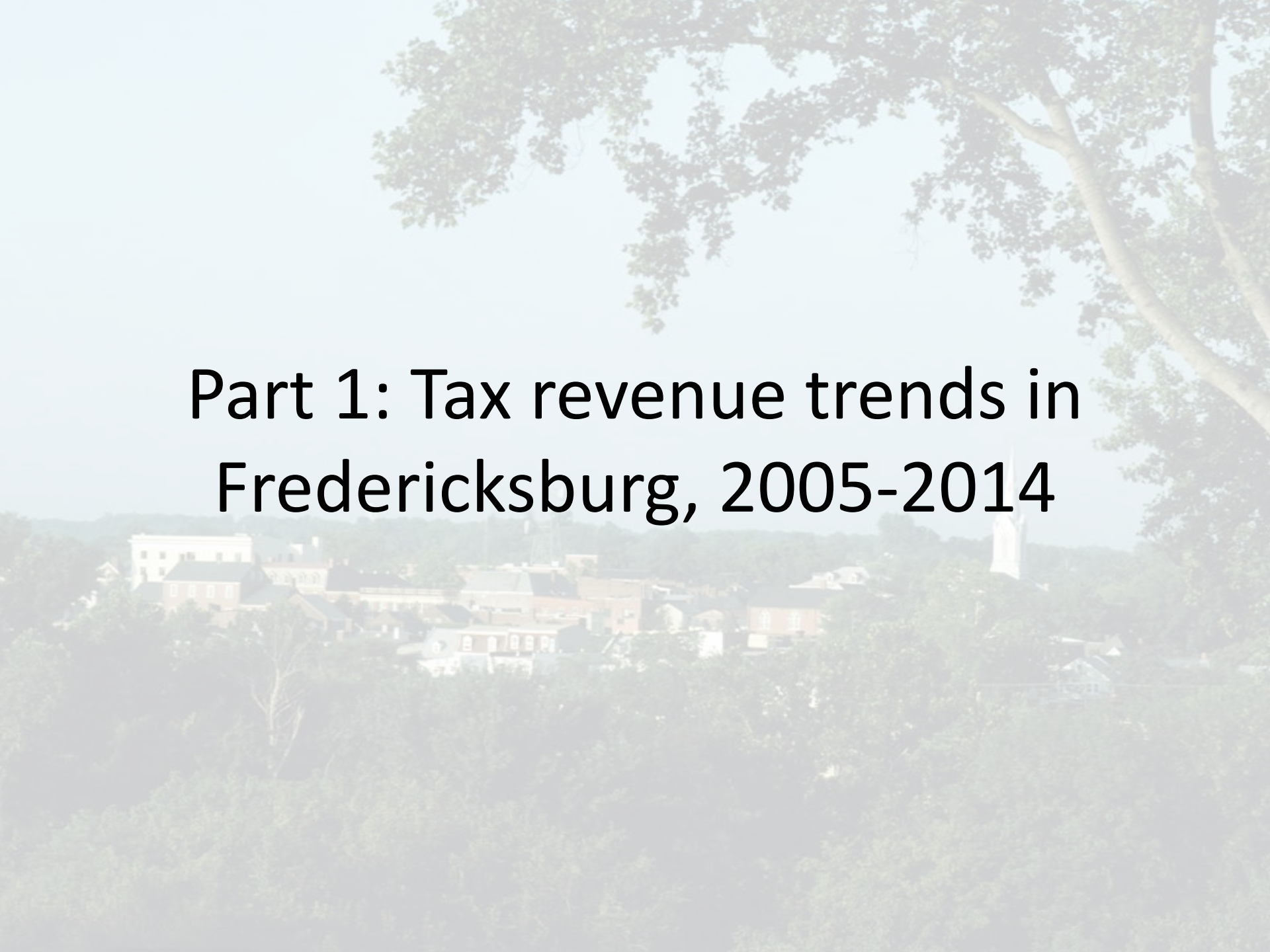
An analysis of Fredericksburg's tax revenue data

Introduction and methodology

- Report produced to supplement Garner work
- Data from Virginia Auditor of Public Accounts
- Looked at FY 2005-2014 (latest data available)
- Studied overall, property tax, meals, lodging, BPOL and sales tax revenue
- Looked at trends over decade, compared with peers (Stafford, Spotsylvania, Manassas, Charlottesville, Staunton, Winchester)

Overall findings

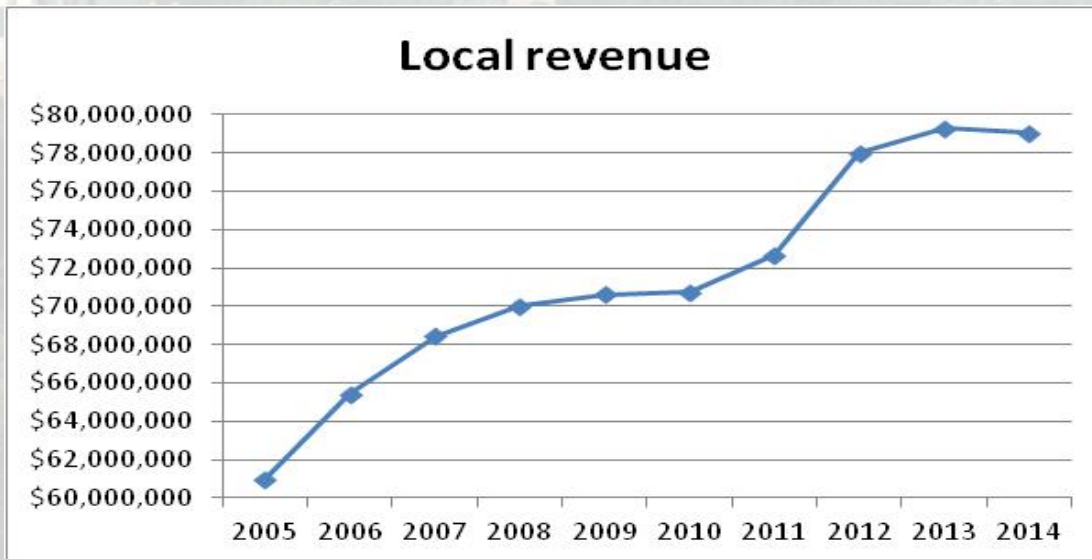
- Meals, lodging, property tax revenues have shown biggest gains
- Sales tax, BPOL revenues have been flat
- Fredericksburg's tax base less dependent on real estate taxes than peer communities
- Fredericksburg fares very well on per capita basis, especially meals and sales tax revenues



Part 1: Tax revenue trends in Fredericksburg, 2005-2014

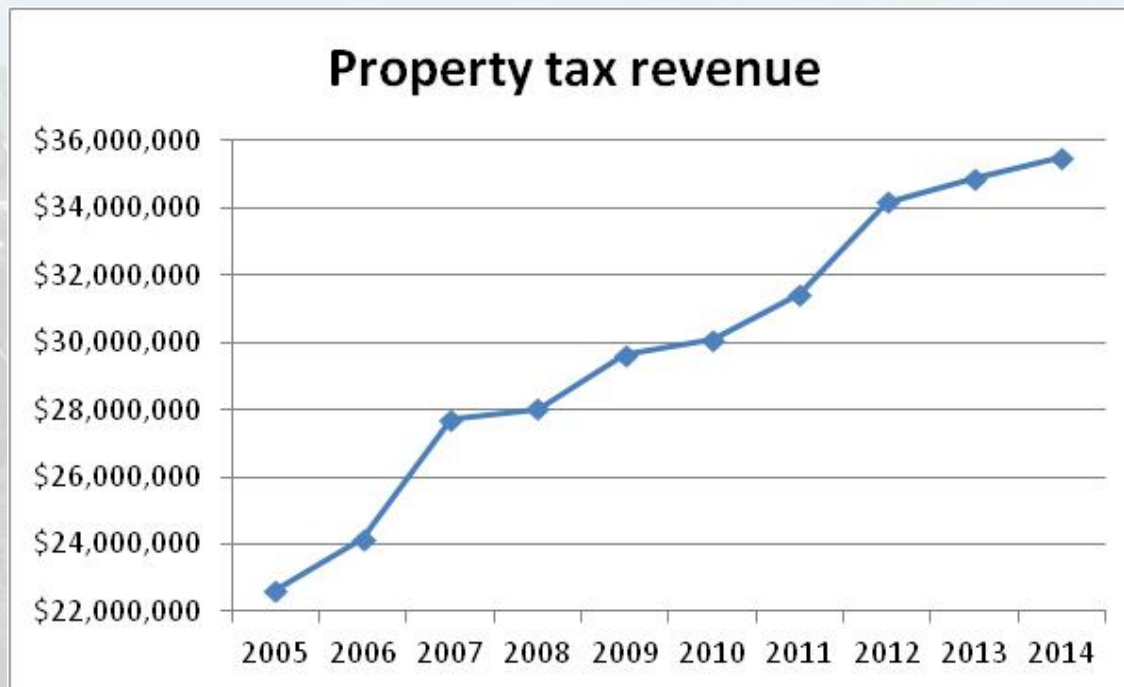
Overall local tax revenue

- Up 30 percent (\$18 million increase)
- Most of gains were property taxes (\$12.8 million), meals taxes (\$3.8 million)
- Lodging tax revenues up about \$430,000
- Sales tax revenues declined \$1.3 million



Property tax revenue

- Up 57 percent (\$22.7 million to \$35.5 million)
- 71 percent of overall gains in revenue
- 45 percent of city's local tax base

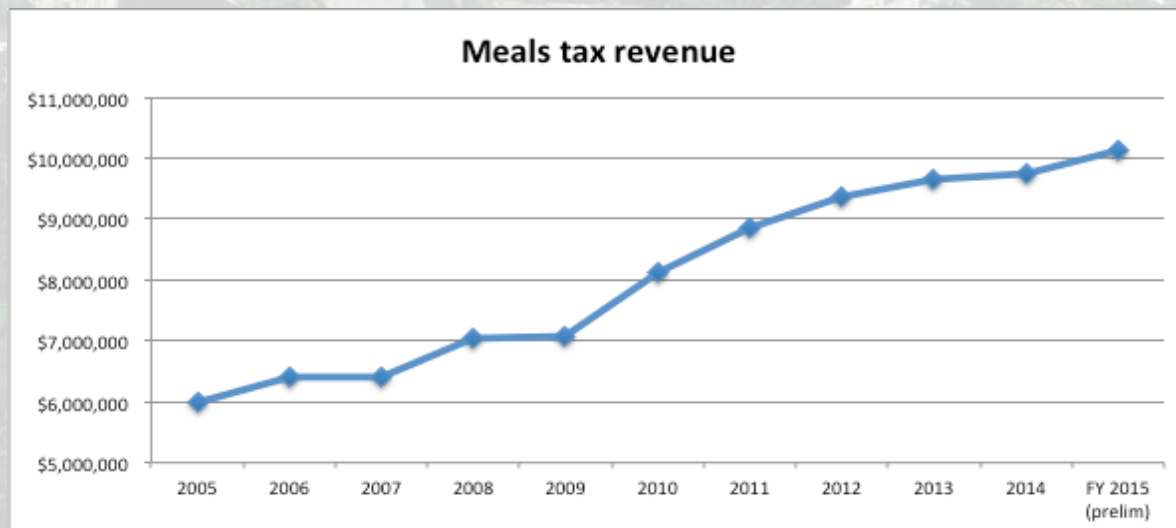


Property tax revenue, continued

- Real estate tax rate dropped from 89 cents in FY 2005 to 74 cents in FY 2014 (now 82 cents)
- Hence gains are due to rising values, activity (Eagle Village, Celebrate Va., Idlewild, etc.)
- Assessed value of taxable real estate in city:
 - \$1.93 billion in FY 2005
 - \$4.05 billion currently
 - Will continue to grow with Liberty Place, Telegraph Hill, Hylton property, Celebrate Virginia South, others

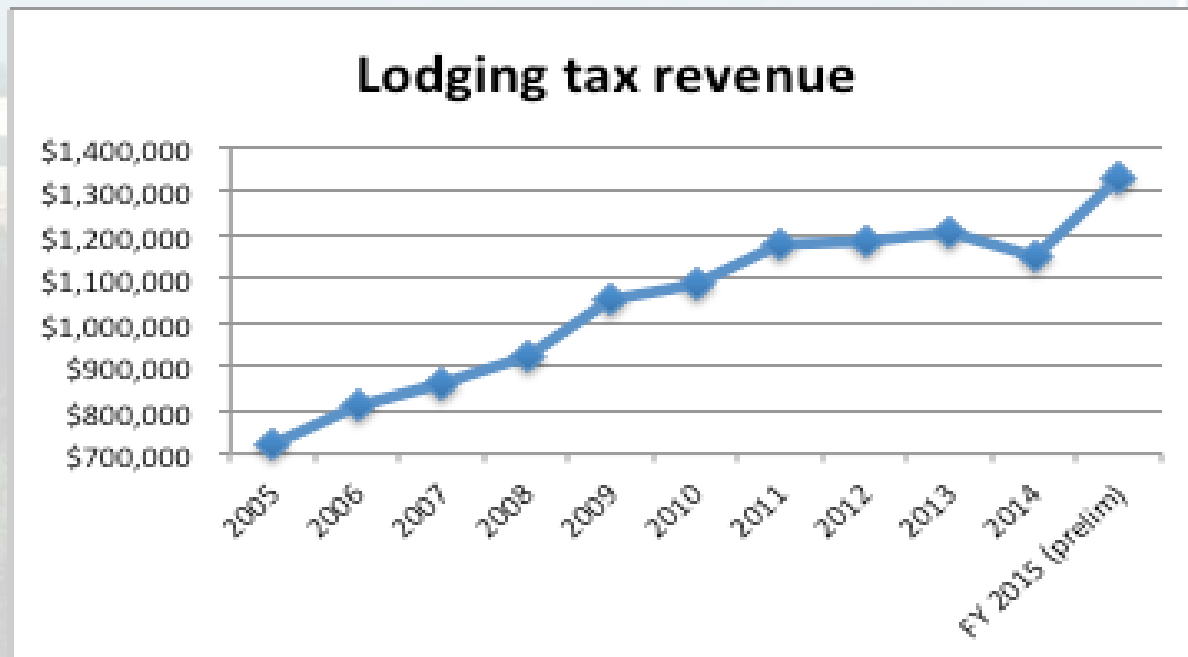
Meals tax revenue

- Up 63 percent (highest percentage gain)
- Exceeded \$10 million in FY 2015
- Poised to surpass sales tax revenue with continued momentum, new eateries
- Second-most per capita in Va. (Williamsburg)



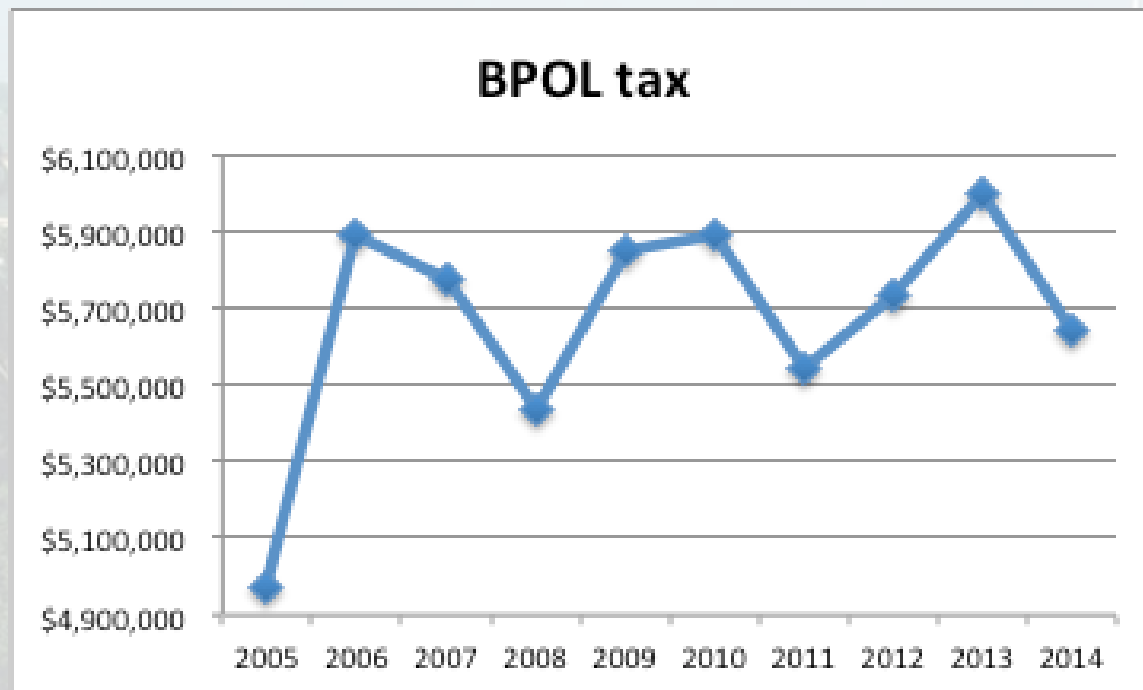
Lodging tax revenue

- Up 60 percent to \$1.33 million
- Year-over-year up 16 percent for first half of calendar year 2015



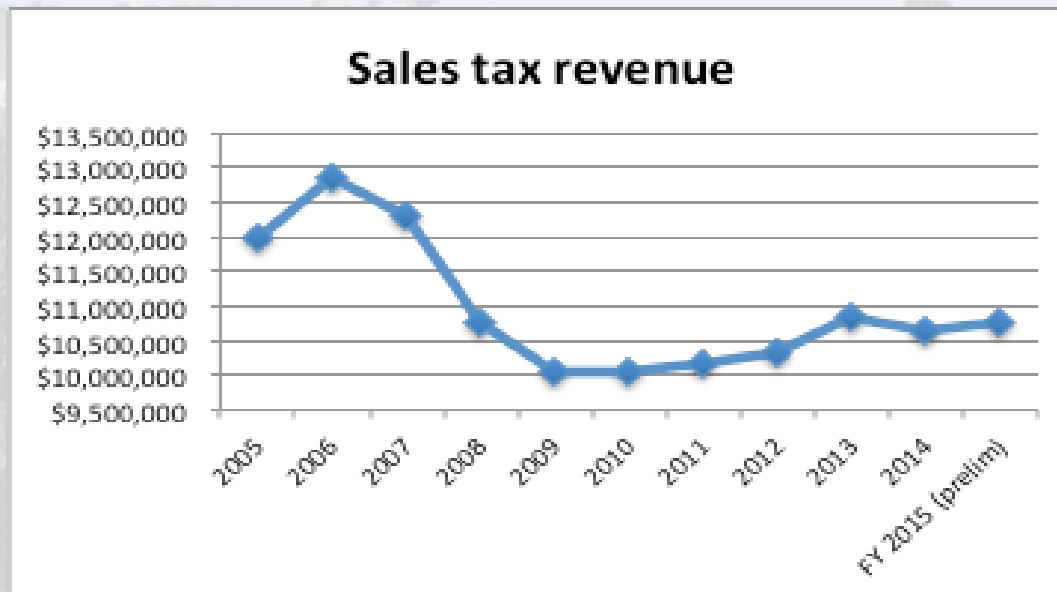
BPOL tax revenue

- Up 13 percent over decade
- Now about \$5.6 million (equal to about 15 cents on the city real estate tax rate)



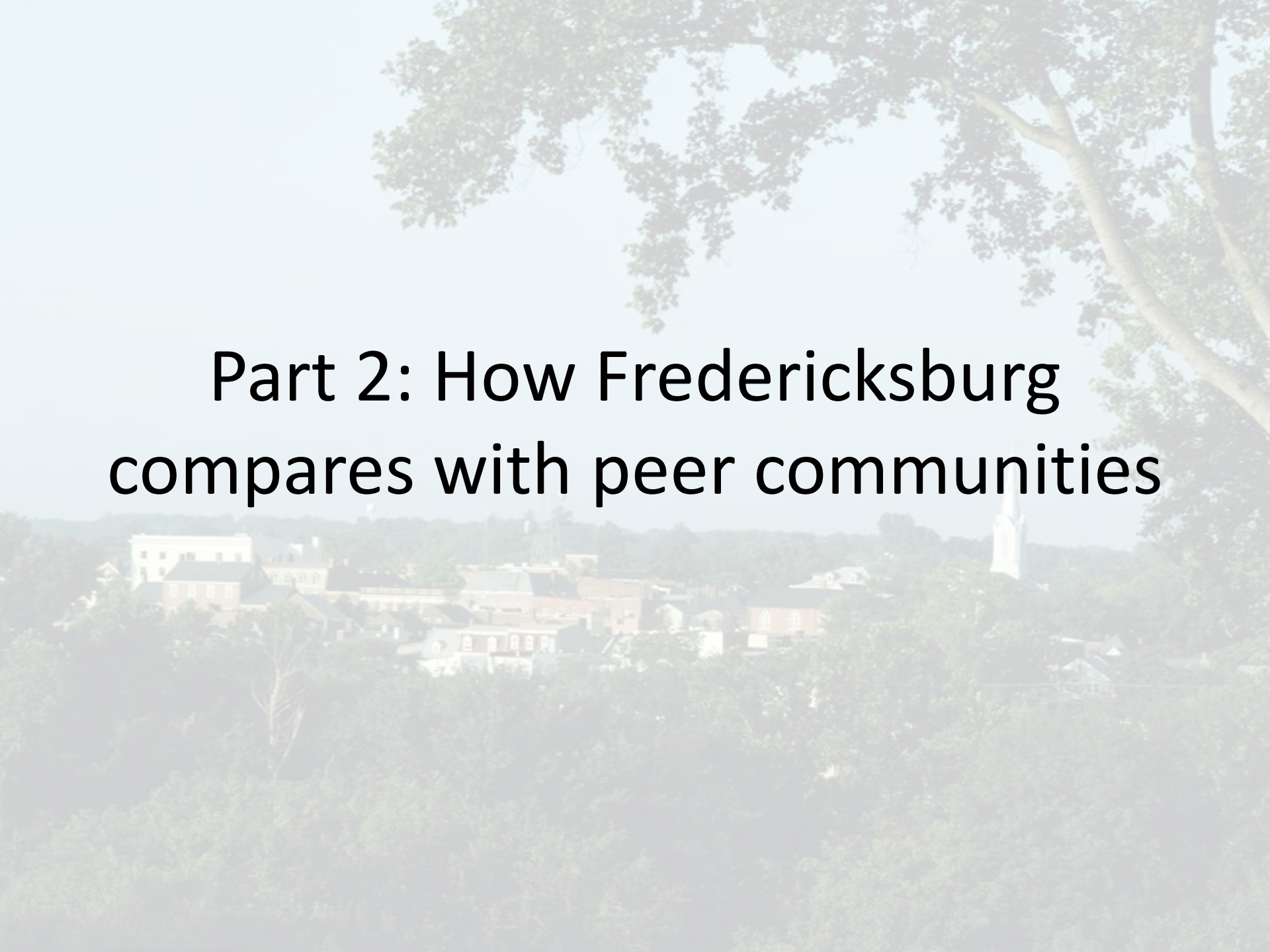
Sales tax revenue

- Only category to show declines (down 11%)
- Per capita down 33 percent
- City still has one of highest per capita sales tax revenues in Va., second-biggest rev. source



Factors behind sales tax declines

- Increase in retail centers in Stafford, Spotsy
- Trend toward online shopping
- Sales tax revenues were robust at start of study period (2005 – near peak of boom)
- Revenues have stabilized since 2009. New developments could reinvigorate.



Part 2: How Fredericksburg compares with peer communities

Peer communities

- Charlottesville
- Manassas
- Spotsylvania
- Stafford
- Staunton
- Winchester
- Chosen for geographic, demographic similarities

Positives

- Second-most per capita local, lodging tax revenue (Charlottesville) in peer group
- Property tax revenue low % of overall local rev. (45%; Spotsy and Stafford are around 70-71%)
- Per capita meals tax revenue second in Virginia (Williamsburg) and growing
- Per capita sales tax revenue fourth in Va. (Fairfax city, Colonial Heights, Norton)
- Lodging tax revenue similar to Stafford, Spotsy despite significantly fewer rooms (1,392 in city, 1,509 in Spotsylvania, 2,127 in Stafford)

Negatives

- Sales tax revenue down 11% during study period while other communities saw growth (Spotsy = +22%, Stafford = +26%)
- (Not all grew sales tax revenue: Winchester down 21%; Fredericksburg remains star performer in per capita sales tax revenue)