



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 7, 2014

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER/s/

DOCKET TITLE:

Introduction and First Reading. Consideration. Passage on First Reading of an Ordinance to Amend and Reordain Section 3-2-62 (Tax Rate and Levy) of Article F (Tax on Persons Purchasing Telephone and Water Services) of Chapter 2 (Taxation) of Title 3 (Finance, Taxation and Procurement) of the Code of the City of Alexandria, Virginia, 1981, as amended.

ISSUE: Consideration of an ordinance to increase from 15 percent to 20 percent the water utility tax for commercial and industrial users.

RECOMMENDATION: That City Council pass the proposed ordinance (Attachment I) on first reading on Tuesday, May 13, 2014 and schedule the ordinance for public hearing, second reading and final passage on Saturday, May 17, 2014.

DISCUSSION: The City levies a tax against consumers of utility services (electricity, natural gas, water). The tax is levied and collected by utility companies through the billing process and is remitted to the City. As part of the FY 2015 budget process, City Council increased the utility tax rates for commercial and industrial consumers of water. The rate increase is shown above. The increase will become effective on July 1, 2014.

It is estimated that the average monthly tax will increase by \$6.89 to \$27.59 for water consuming businesses in Alexandria.

FISCAL IMPACT: The rate changes are estimated to produce an additional \$0.3 million in revenues in FY 2015.

ATTACHMENTS: Attachment I: Tax Ordinance Cover
Attachment II: Tax Ordinance

STAFF:

Laura B. Triggs, Chief Financial Officer/Director of Finance
Nelsie L. Smith, Director, Office of Management and Budget
Christina Zechman-Brown, Assistant City Attorney