



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:

Public Hearing, Second Reading, and Final Passage of an Ordinance to Amend and Reordain Section 3-2-373 (Electric Utility Consumer Tax) of Article V (Electric and Natural Gas Consumers Tax) of Chapter 2 (Taxation) of Title 3 (Finance, Taxation and Procurement) of the Code of the City of Alexandria, Virginia, 1981, as amended. [ROLL-CALL VOTE]

ISSUE: Consideration of an ordinance to increase the electric utility tax for commercial users by 10% to \$1.18, plus the rate of \$0.005578 on each kWh delivered monthly and for industrial users by 10% to \$1.18, plus the rate of \$0.004544 on each kWh delivered monthly to such industrial consumer by a service provider.

RECOMMENDATION: That City Council pass the proposed ordinance (Attachment II) following the public hearing and second reading 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 the 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 electricity. The rate increases are shown above. The increases will become effective on July 1, 2014.

It is estimated that the average monthly tax will increase by \$6.37 to \$70.11 for electricity consuming businesses in Alexandria.

FISCAL IMPACT: The rate changes are estimated to produce an additional \$0.4 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