

DECISION TIME | PROPOSED BUDGET MOVES

City Budget Calls For Increases Council Weighs Requests For 6-Cent Real Estate Tax Hike

By PRESTON KNIGHT

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HARRISONBURG — City Council on Tuesday night received a draft fiscal 2015 budget that calls for a mix of tax and fee increases, including a 6-cent hike to Harrisonburg's real estate tax rate.

Council held little discussion on what Assistant City Manager Anne Lewis said was a \$ 214 million plan. City records show the current adopted budget at \$ 207 million.

Details were not immediately available on the draft, except for Lewis reading a letter from City Manager Kurt Hodgen that highlighted the tax and fee increases. Hodgen was out of town on a personal matter.

Council members scheduled a public hearing for May 13, with adoption of the budget set for May 27. They will likely hold a work session in between those two meetings.

The new fiscal year starts July 1.

The city's current property tax rate of 63 cents per \$ 100 of assessed value is the second lowest among Virginia municipalities. In developing the current budget, council avoided a proposed 4-cent increase to the rate last year.

Under the fiscal 2015 proposal to raise the rate 6 cents, the owner of a city home valued at \$ 150,000 will pay \$ 1,035 in real estate taxes, compared to \$ 945 now. A house valued at \$ 200,000 will be taxed at \$ 1,380 next year, according to the draft. That owner pays \$ 1,260 now.

The draft budget also factors in a 50-cent increase to the personal property tax to \$ 3.50 per \$ 100 of assessed value; a 12-cent increase to \$ 2.12 per \$ 100 of assessed value for tangible personal property employed by a trade or business; and water- and- sewer rate increases of 7 cents per 1,000 gallons of use, Lewis said.

The current base rate is \$ 2.42 per 1,000 gallons of water used and \$ 4.99 for sewer.

For city employees, Lewis said the draft recommends that council move workers to a minimum salary mark on a new scale or approve a 2 percent pay increase. The latter will cost nearly \$ 900,000, according to a recent employee compensation study. Councilman Charles Chenault said he would like the city to adopt a different option that moves employees to a new minimum salary and offers a half-cent increase per year. That would cost \$ 1.8 million.

The draft spending plan will be available online today at www.harrisonburgva.gov or can be

viewed in the city manager's office at 345 S. Main St.

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