



# STAFF REPORT

<b>Council Meeting Date:</b>	May 12, 2026
<b>Agenda Title:</b>	A Public Hearing to Consider the Effective Tax Increase Due to Reassessment of Real Estate
<b>Requested Action:</b>	To Consider the Effective Tax Increase Due to Reassessment of Real Estate
<b>Department / Agency Lead:</b>	Finance
<b>Staff Lead:</b>	Christopher E. Martino, Interim Town Manager

## **EXECUTIVE SUMMARY**

Code of Virginia Section 58.1-3321, *Effect on rate when assessment results in tax increase; public hearings* requires that when any general reassessment of real property would result in an increase of one percent or more in the total real property tax levied, a locality shall reduce its levy to produce no more than 101 percent of the previous year's real property tax levies, or conduct a public hearing to increase the rate above the reduced rate.

## **BACKGROUND**

The FY 2027 proposed budget proposes to increase the real estate tax rate to \$0.075 per \$100 of assessed value. This represents an increase of \$0.02 over the current rate of \$0.055 per \$100 of assessed value. The combined impact to the median annual residential bill in town is \$141.58. The reassessment effective January 1, 2026 increases the annual bill by \$47.14 and the proposed tax rate increases the annual bill by \$94.44.

1. Assessment Increase: Total assessed value of real property, excluding additional assessments due to new construction or improvements to property, exceeds last year's total assessed value of real property by 26.2% percent.
2. Lowered Rate Necessary to Offset Increased Assessment: The tax rate which would levy the same amount of real estate tax as last year, when multiplied by the new total assessed value of real estate with the exclusions mentioned above, would be \$0.044 per \$100 of assessed value. This rate will be known as the "lowered tax rate."
3. Effective Rate Increase: The Town of Warrenton proposes to adopt a tax rate of \$0.075 per \$100 of assessed value. The difference between the lowered tax rate and the proposed rate would be \$0.031 per \$100, or 72.1% percent. This difference will be known as the "effective tax rate increase." Individual property taxes may, however, increase at a percentage greater than or less than the above percentage.
4. Proposed Total Budget Increase: Based on the proposed real property tax rate and changes in other revenues, the total General Fund budget of The Town of Warrenton will exceed last year's by 4.7% percent.

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**STAFF RECOMMENDATION**

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Staff recommends that the Town Council adopt the proposed tax rate of \$0.075 per \$100 of assessed value to fund the proposed FY 2027 General Fund Operating budget.

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**Policy Impact**

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The proposed FY 2027 budget is a balanced budget as required by the Town's adopted comprehensive financial policies. The budget prioritizes funding debt service and expenses associated with maintaining existing services. The budget has been coordinated to identify major policy issues for the Town Council as part of the Town's overall strategic planning process for Plan Warrenton 2040.

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**Service Level/Collaborative Impact**

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The budget quantifies and communicates the Town's annual fiscal plan for the programs, services, and investments it will provide for the community in the coming fiscal years. As the most significant annual policy documents, the intent of the budget and 6-year CIP is to move the Town toward its vision for 2040.

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**Fiscal Impact**

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The total all funds proposed budget for FY 2027 is \$58.2 million, excluding interfund transfers, to fund governmental, stormwater, and water and sewer operations, and investment in the town's capital infrastructure.

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**Legal Impact**

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- Town Code Section 15-1 provides that tax rates must be set by May 14th.
- Code of Virginia Section 15.2-2503 requires that the local governing body approve the budget no later than the date on which the fiscal year begins

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**ATTACHMENTS**

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- Proposed FY 2027 budget and 2027-2032 CIP are available at <https://www.warrentonva.gov/177/Budget>