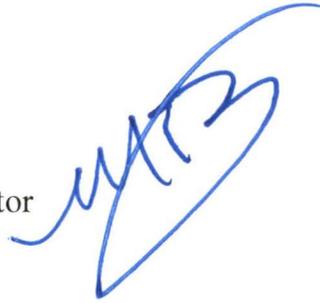


COUNTY OF YORK

MEMORANDUM

DATE: September 9, 2025
TO: York County Board of Supervisors
FROM: Mark L. Bellamy, Jr., County Administrator
SUBJECT: Tax Revenue Overview



Attached is a presentation titled *CAO Tax Overview 2025*. This presentation was prepared by Greg Grootendorst of the Hampton Roads Planning District Commission. It gives an overview of tax revenues in Hampton Roads, Virginia, and the United States.

The presentation covers:

- Basic principles of good tax policy.
- How U.S. tax revenue compares to other countries.
- Tax rates and revenue sources for Hampton Roads localities.
- Revenue sources for the Commonwealth of Virginia.

This information is provided to give background and context for our discussions on local revenues and financial planning. Please let us know if you have any questions.

Schott/3326

Attachment:

- HRPDC CAO Tax Overview 2025



Tax Revenue Overview

Hampton Roads Local Governments

Presented to: Hampton Roads CAOs

Greg Grootendorst
Deputy Executive Director, HRPDC
September 3, 2025



Principles of Good Tax Policy

<u>Equity Objectives</u>	<u>Efficiency Objectives</u>	<u>Administrative Objectives</u>
Benefit Principle Vertical Equity Horizontal Equity	Competitiveness Revenue Sufficiency Revenue Stability Economic Efficiency Accountability Certainty	Understandability High Voluntary Compliance Low Compliance Costs Low Administrative Costs Stability in Tax Laws Timely and Impartial Appeals Process

Source: American Institute of Certified Public Accountants

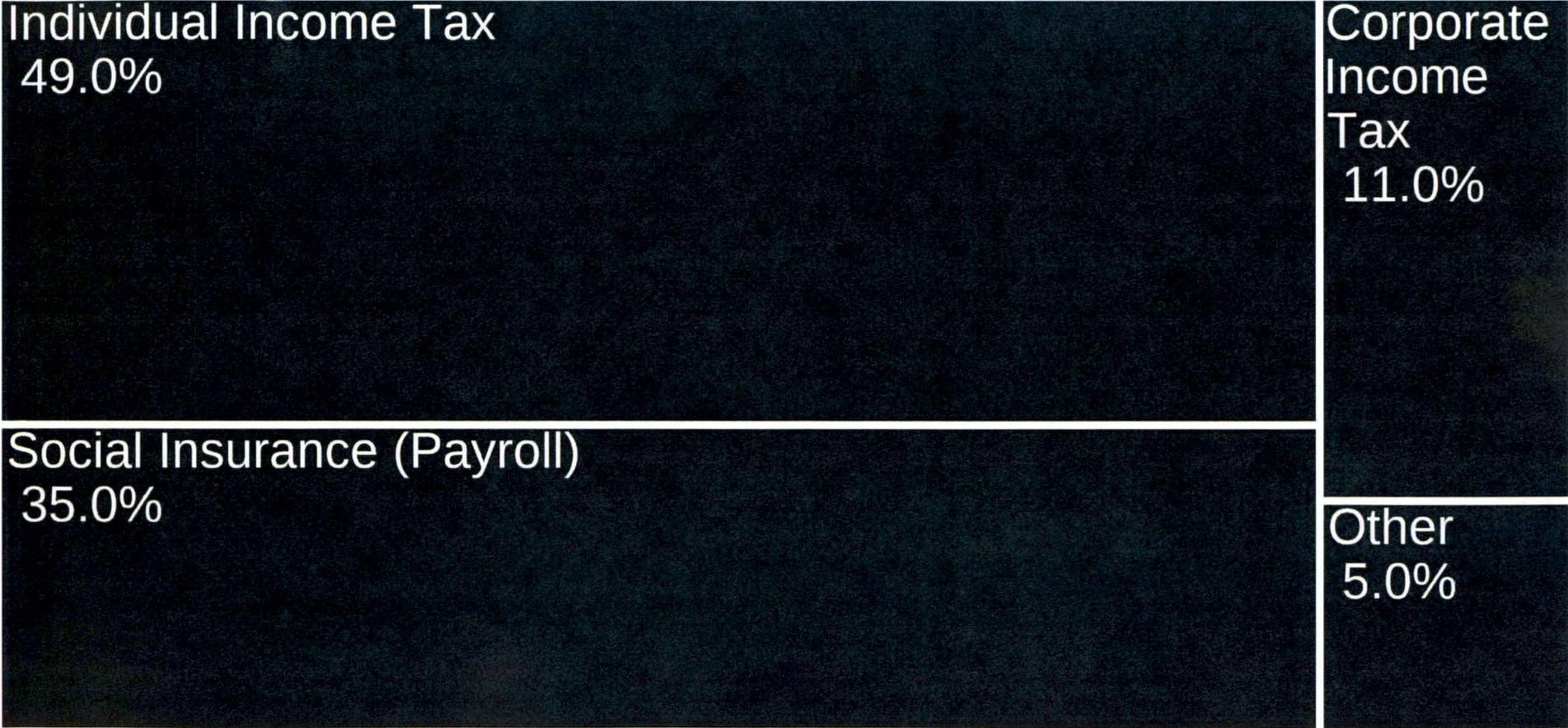
Principles of Good Tax Policy

- 1. Equity and Fairness** - Similarly situated taxpayers should be taxed similarly.
- 2. Certainty** - The tax rules should clearly specify how the amount of payment is determined, when payment of the tax should occur, and how payment is made.
- 3. Convenience of Payment** - Facilitating a required tax payment at a time or in a manner that is most likely convenient for the taxpayer is important.
- 4. Effective Tax Administration** - Costs to collect a tax should be kept to a minimum for both the government and taxpayers.
- 5. Information Security** - Tax administration must protect taxpayer information from all forms of unintended and improper disclosure.
- 6. Simplicity** - Simple tax laws are necessary so that taxpayers understand the rules and can comply with them correctly and in a cost-efficient manner.
- 7. Neutrality** - Minimizing the effect of the tax law on a taxpayer's decisions as to how to carry out a particular transaction or whether to engage in a transaction is important.
- 8. Economic Growth and Efficiency** - The tax system should not unduly impede or reduce the productive capacity of the economy.
- 9. Transparency and Visibility** - Taxpayers should know that a tax exists and how and when it is imposed upon them and others.
- 10. Minimum Tax Gap** - Structuring tax laws to minimize noncompliance is essential.
- 11. Accountability to Taxpayers** - Accessibility and visibility of information on tax laws and their development, modification and purpose, are necessary for taxpayers.
- 12. Appropriate Government Revenues** - Tax systems should have appropriate levels of predictability, stability and reliability to enable the government to determine the timing and amount of tax collections.

Source: *American Institute of Certified Public Accountants*

Federal Revenue Sources

FY 2024



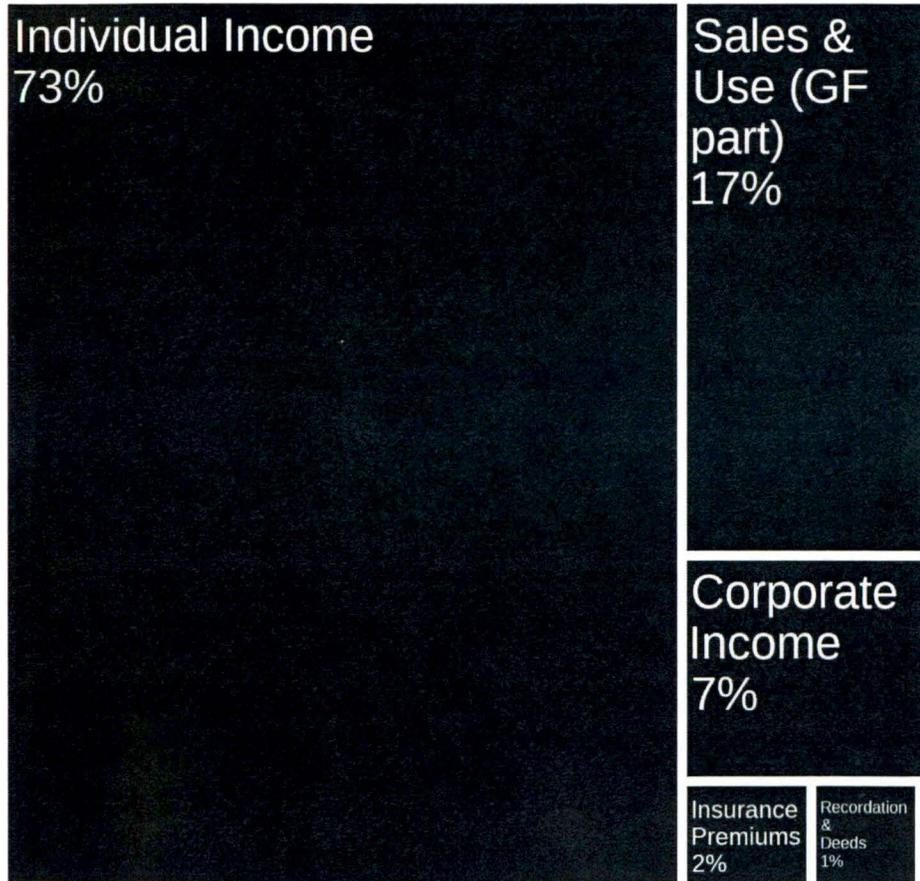
Source: Congressional Budget Office, HRPDC

How does the U.S. compare?

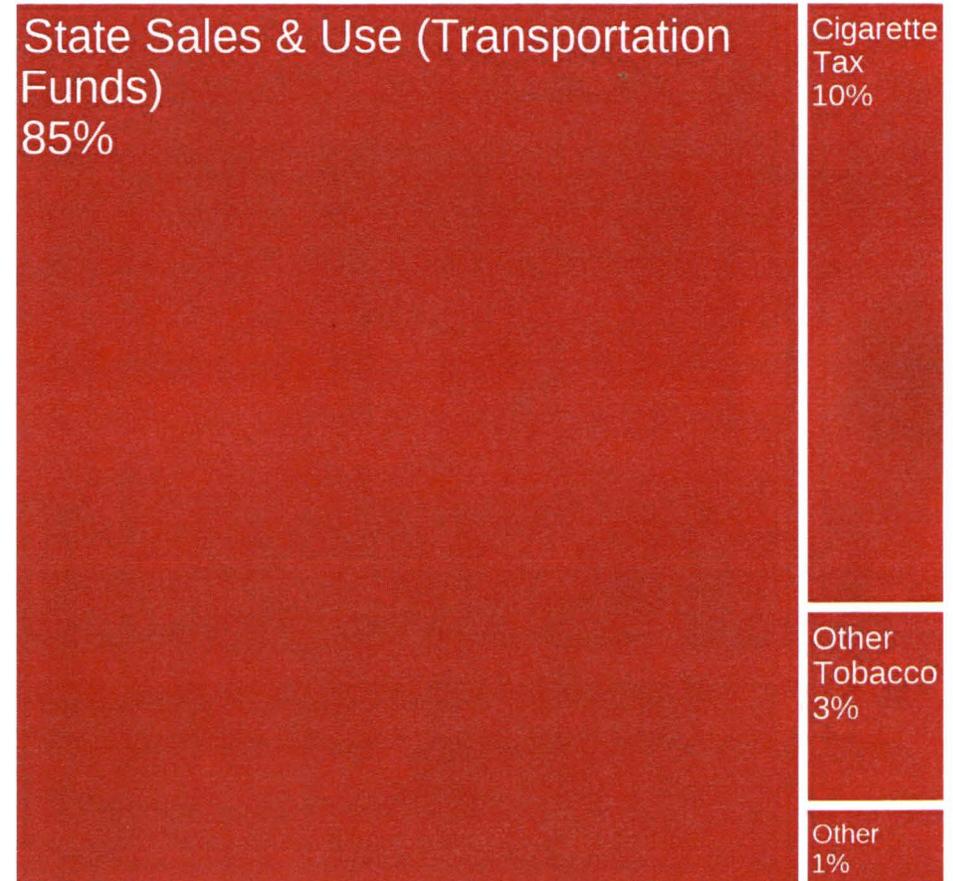
- Total tax revenue in the **U.S. is 27%** of GDP **vs. 34%** as the OECD avg. – America relies more on borrowing
- **State & Local taxes play a much larger role in the U.S.**
- Federal Personal Income Tax is largest revenue source in the U.S.
- The U.S. collects no value-added tax (VAT) whereas **the VAT is the dominant revenue source elsewhere** in the OECD

Virginia Revenues FY 2024

General Fund: \$27.8B



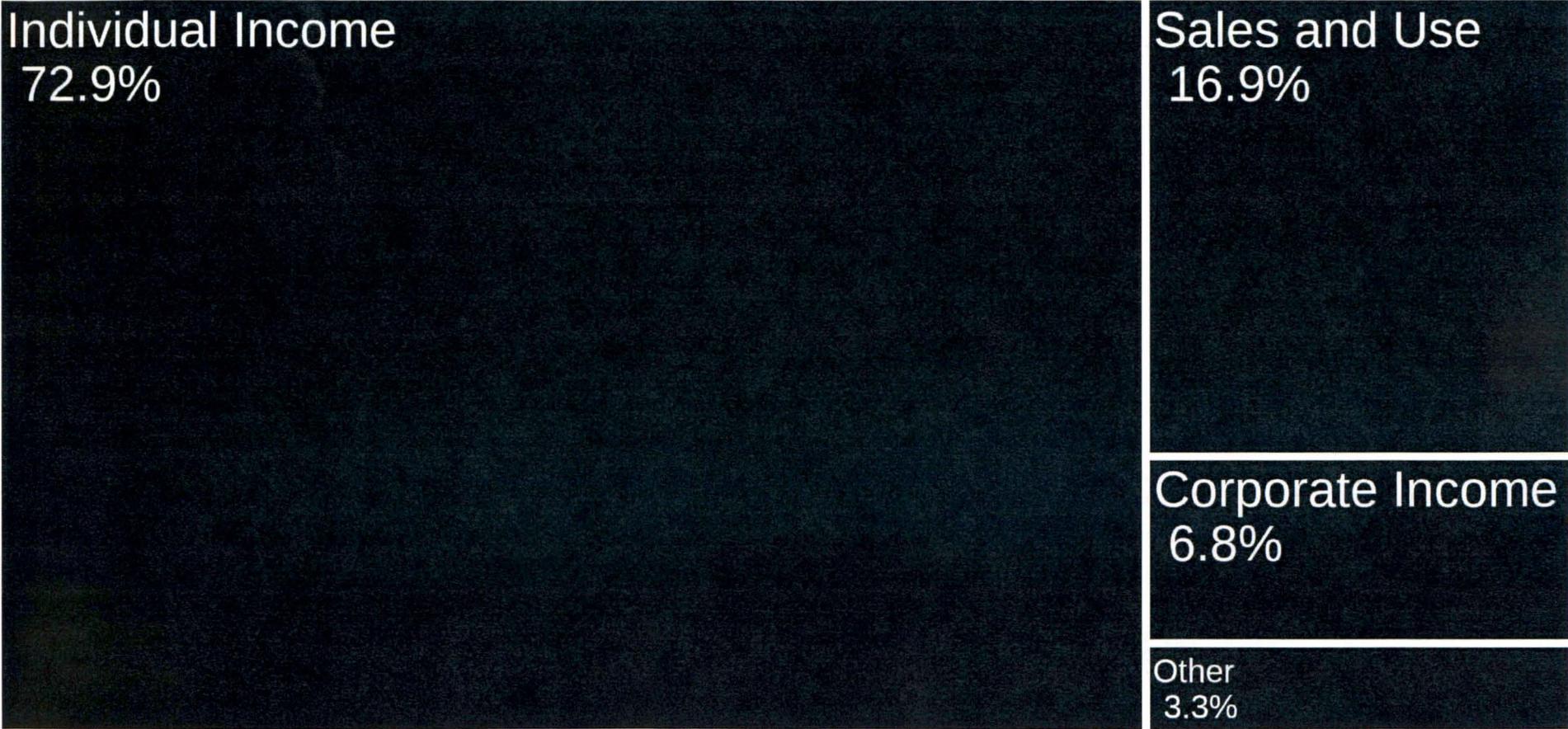
Non-General Fund: \$1.6B



Source: Virginia Department of Taxation, HRPDC

Virginia General Fund Revenues

VA Department of Taxation Revenues, FY 2024

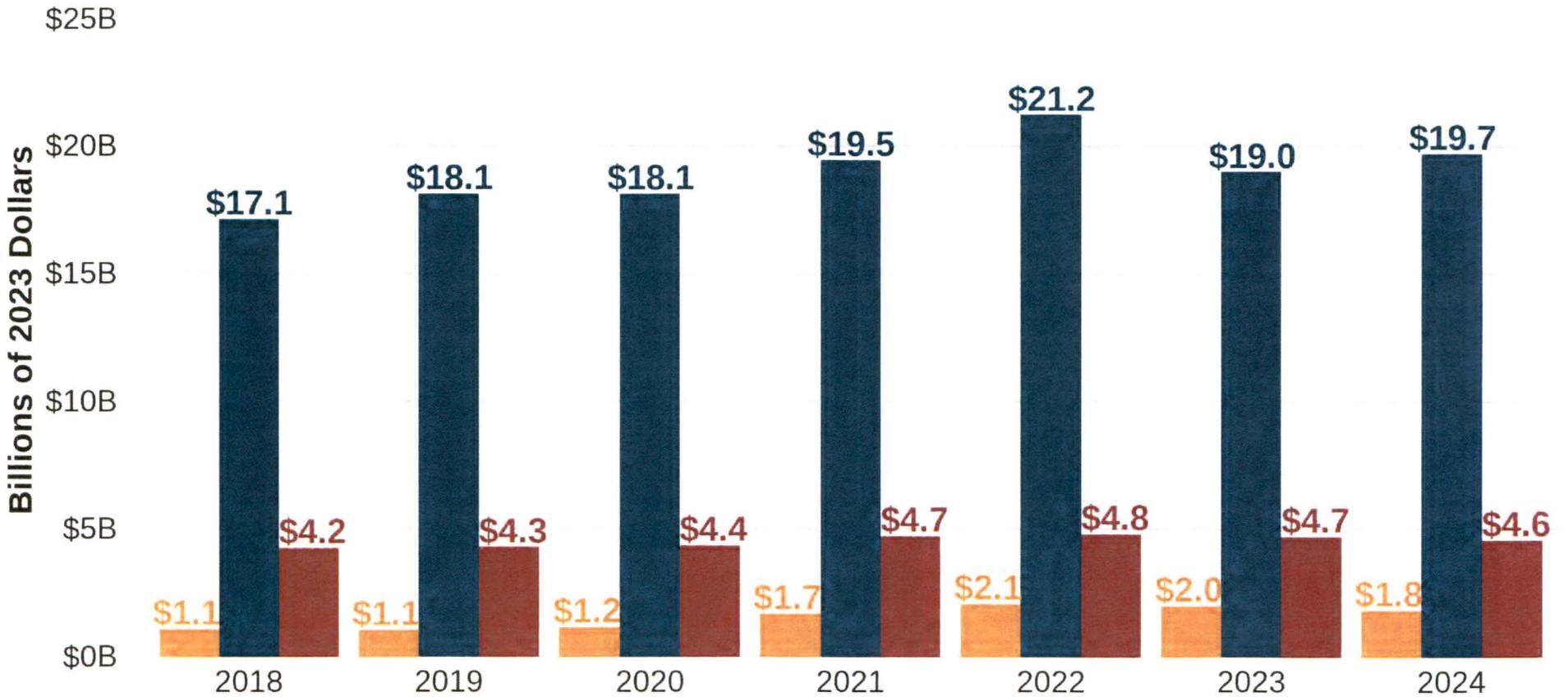


Source: Virginia Department of Taxation, HRPDC

General Fund Revenues: Top Three Sources

Virginia, FY 2018 - FY 2024

Corporate Income Tax Individual Income Sales and Use Tax



Source: Virginia Department of Taxation, BLS, HRPDC.

Total Local Government Revenues

State Average, FY 2024

Local Revenue
62.0%

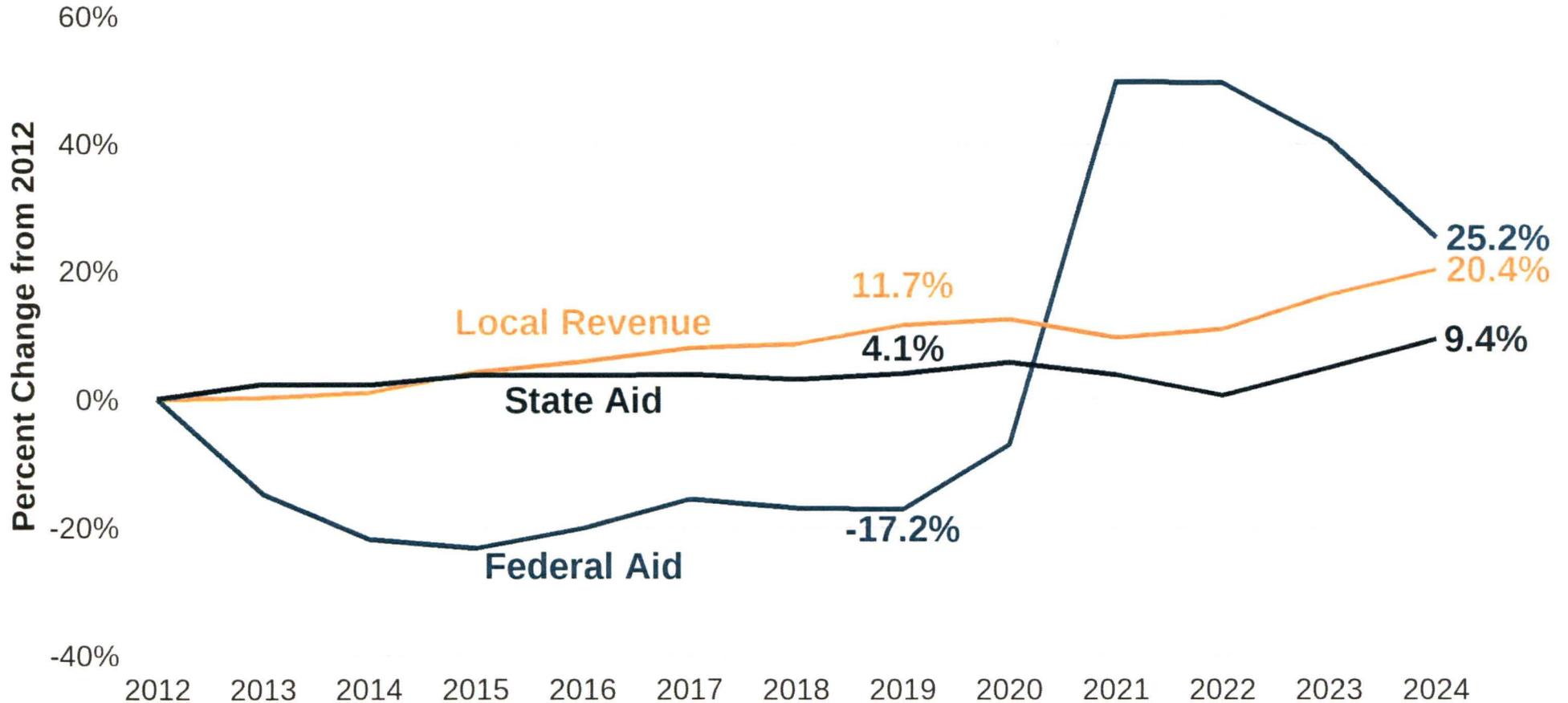
State Aid
29.4%

Federal Aid
8.6%

Source: Virginia APA, HRPDC

Total Local Government Revenues

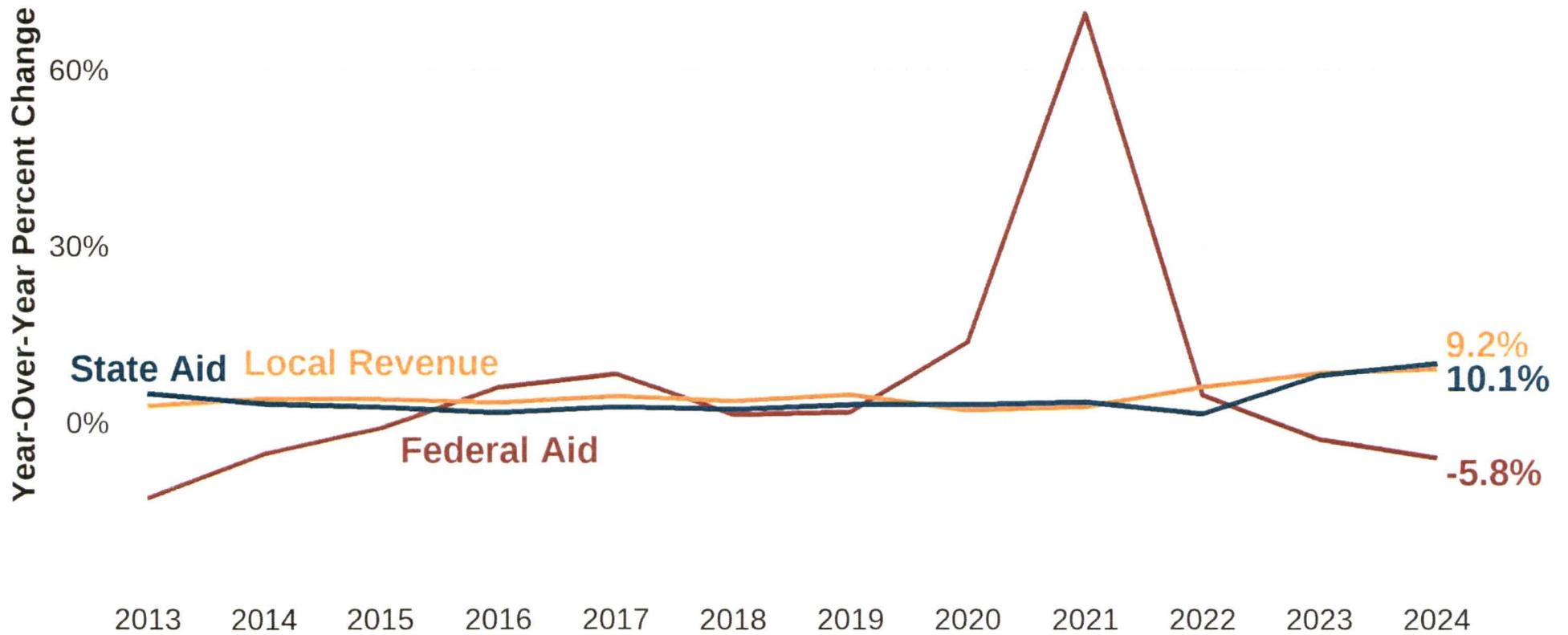
State Average, FY 2012 - FY 2024



Source: Virginia APA, HRPDC. Inflation-adjusted revenues using BLS CPI-U

Total Local Government Revenues

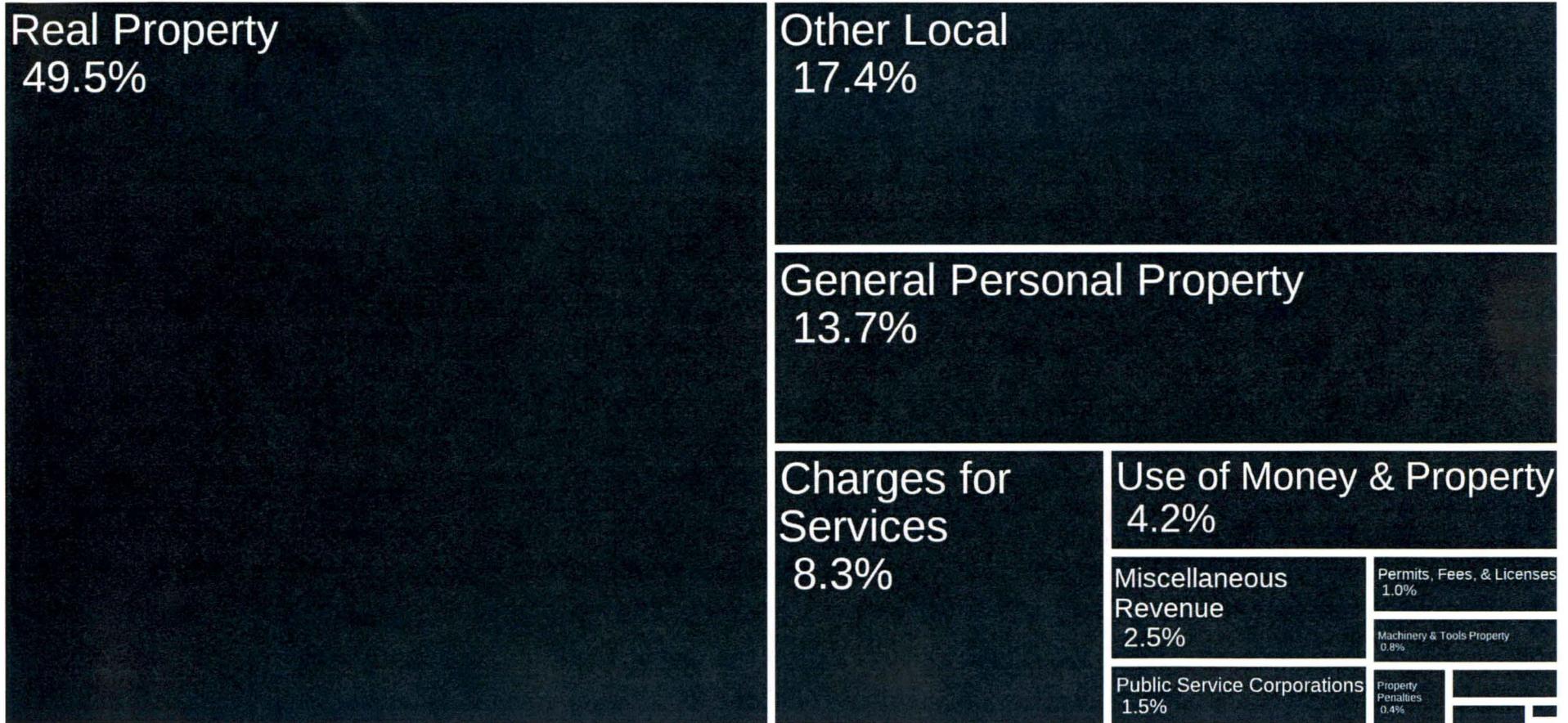
State Average, FY 2012 - FY 2024



Source: Virginia APA, HRPDC.

Local Revenues

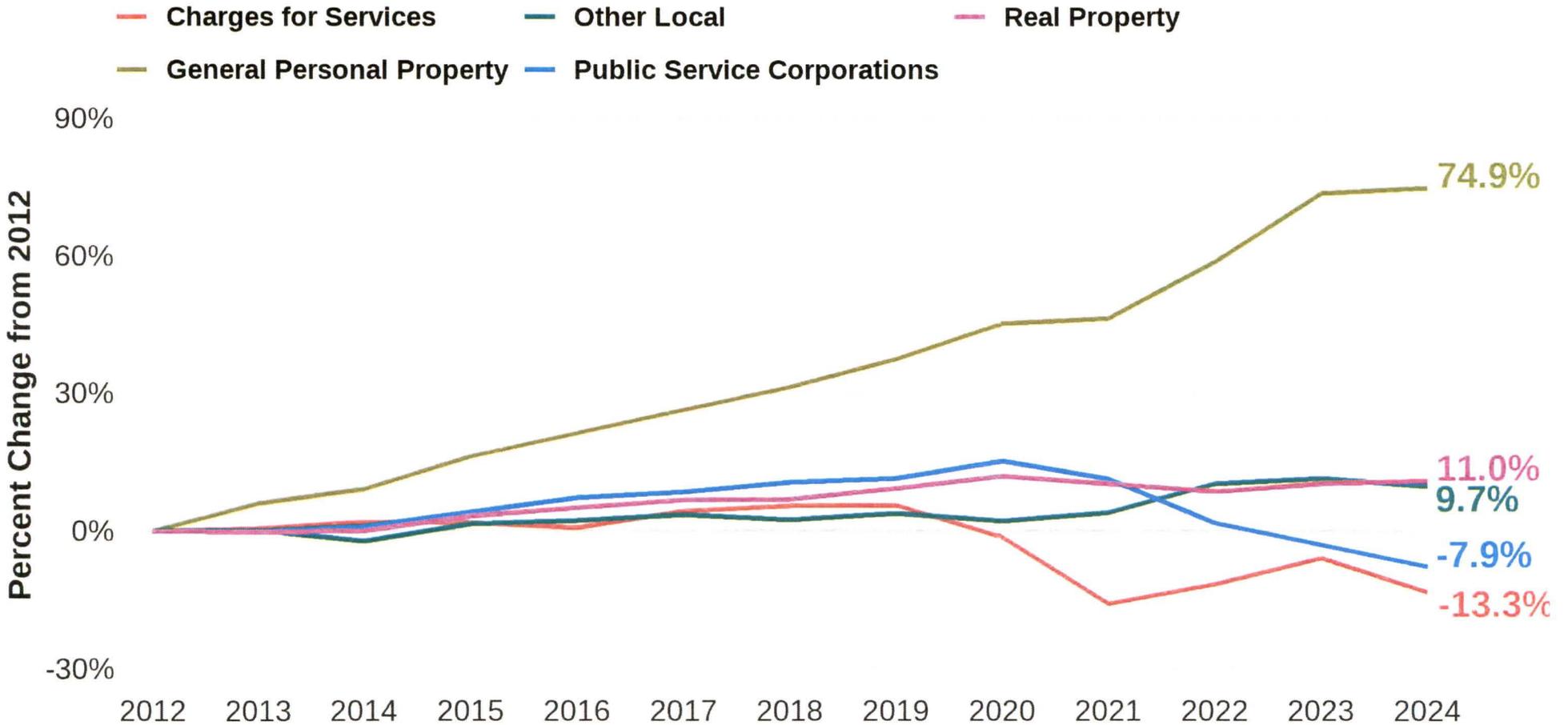
State Average, FY 2024



Source: Virginia APA, HRPDC

Local Revenues: Top Five Sources

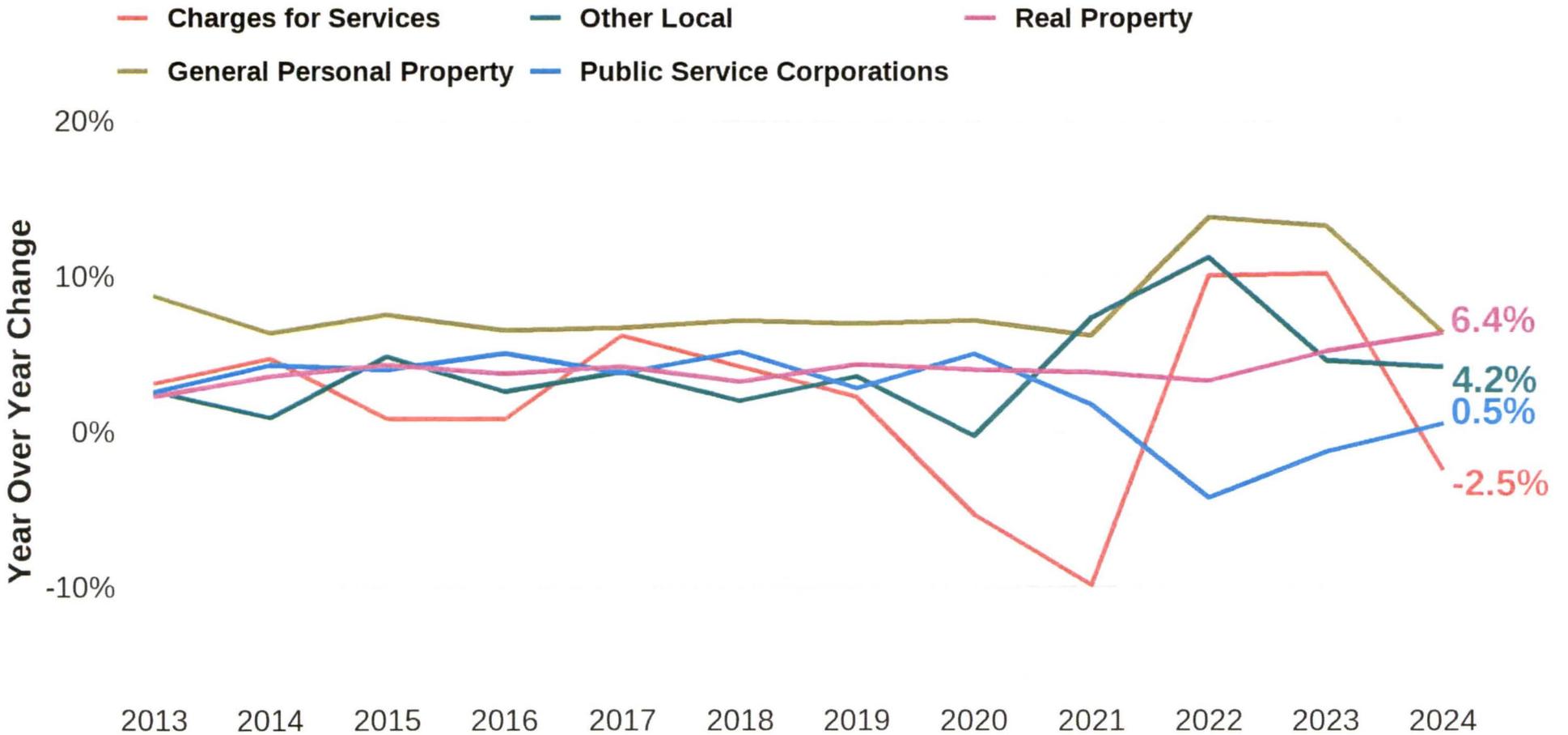
State Average, FY 2012 - FY 2024



Source: Virginia APA, HRPDC

Local Revenues: Top Five Sources

State Average, FY 2012 - FY 2024



Source: Virginia APA, HRPDC

Other Local Revenues

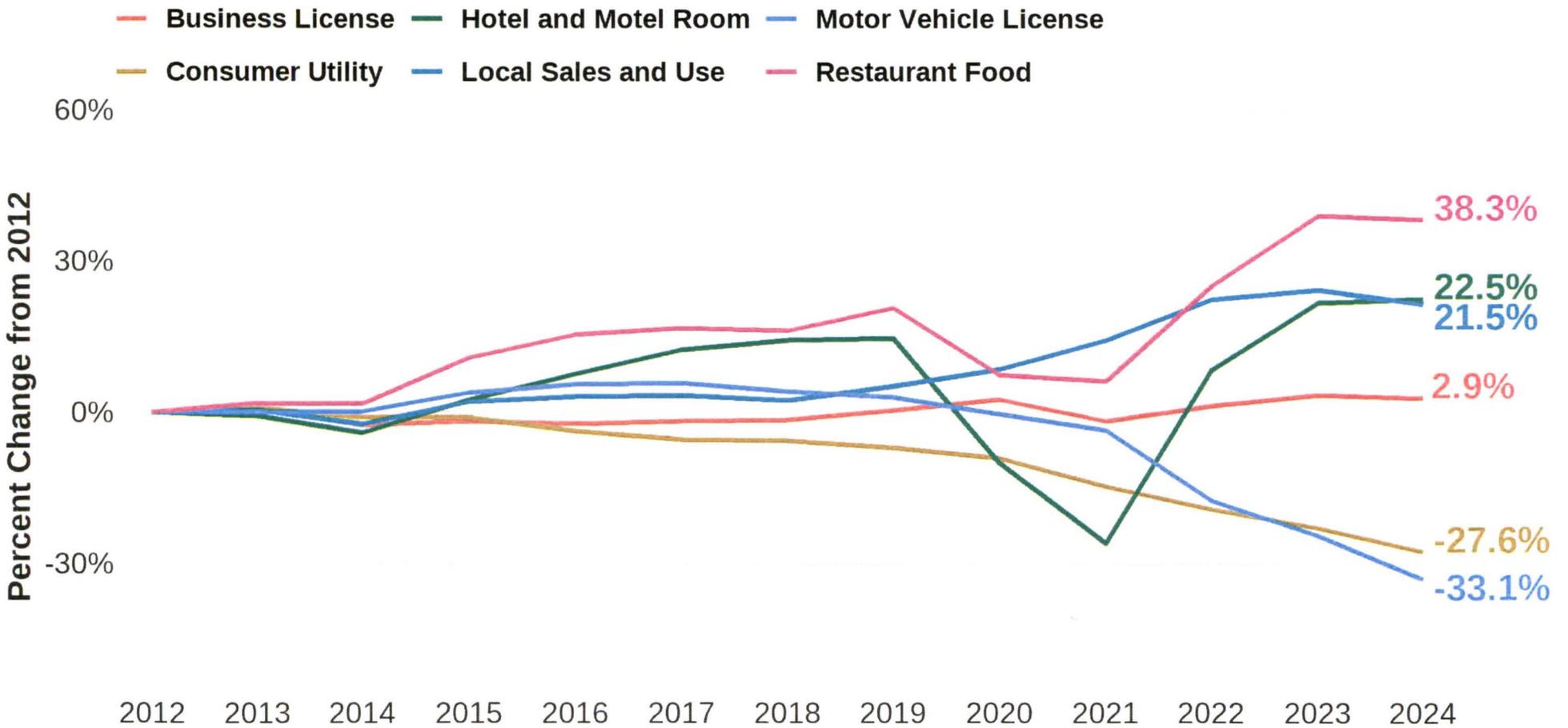
State Average, FY 2024

Local Sales & Use 36.5%	Restaurant Food 16.5%	
	Hotel & Motel Room 6.2%	Consumer Utility 6.2%
Business License 19.6%	Other Local Taxes 4.4%	Recordation & Will 2.7%
	Motor Vehicle License 3.1%	Bank Stock 2.3%
		Tobacco 1.2%
	Coal, Oil, & Gas 0.6%	Admission 0.5%

Source: Virginia APA, HRPDC

Other Local Revenues: Top Six Sources

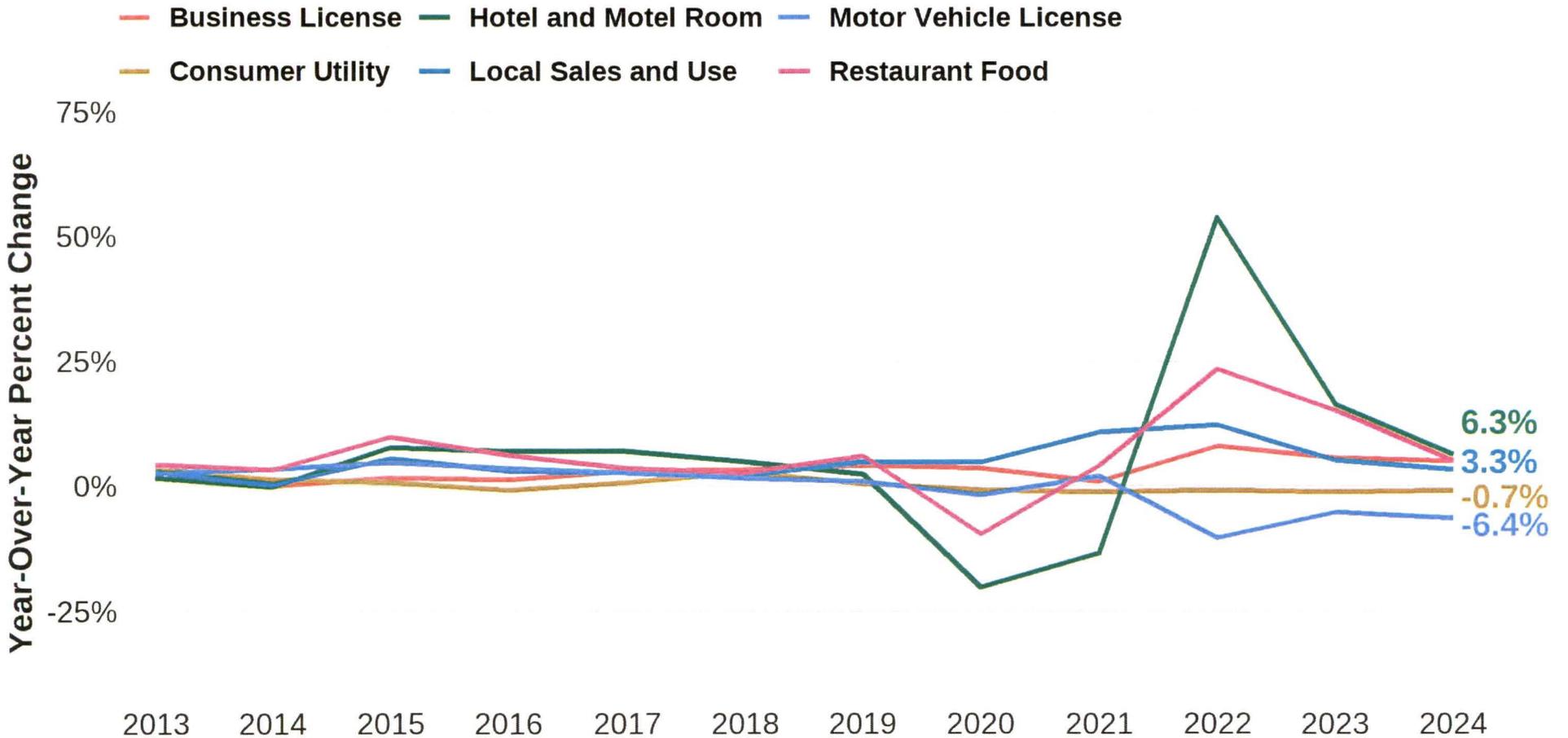
State Average, FY 2012 - FY 2024



Source: Virginia APA, HRPDC

Other Local Revenues: Top Six Sources

State Average, FY 2012 - FY 2024



Source: Virginia APA, HRPDC

HRPDC Locality Tax Rates, Tax Year 2023

Locality	Real Estate	Personal Property	Machinery & Tools
Gloucester County	0.583	2.95	2.95
Isle of Wight County	0.850	4.50	1.95
James City County	0.830	4.00	4.00
Southampton County	0.890	4.70	2.40
Surry County	0.710	4.00	1.00
York County	0.770	3.90	3.90
Chesapeake city	1.010	4.08	3.20
Franklin city	1.030	4.50	2.00
Hampton city	1.180	4.50	3.50
Newport News city	1.200	4.50	3.75
Norfolk city	1.250	4.33	4.25
Poquoson city	1.130	4.15	0.00
Portsmouth city	1.300	5.00	3.00
Suffolk city	1.090	4.25	3.15
Virginia Beach city	0.990	4.00	0.00
Williamsburg city	0.620	3.50	3.50

Thank you!

Greg Grootendorst
Deputy Executive Director
ggrootendorst@hrpdcva.gov



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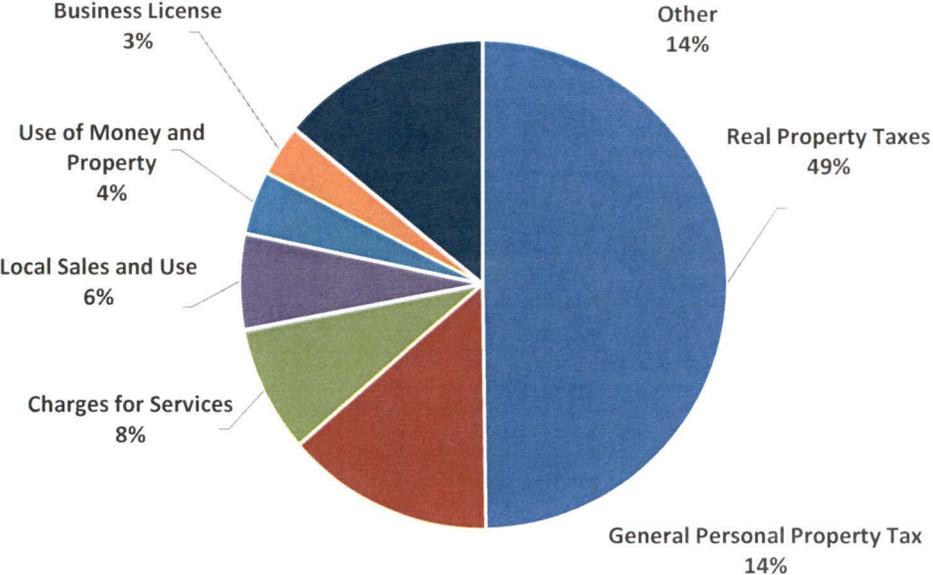


hrpdc
hrtpo



@hrpdc_hrtpo

Local Revenue Sources in Virginia's Local Governments



Local Revenue Sources	FY 2024	Share
Real Property Taxes	\$ 14,182,565,412	49%
General Personal Property Tax	\$ 3,935,118,942	14%
Charges for Services	\$ 2,378,053,205	8%
Local Sales and Use	\$ 1,813,995,184	6%
Use of Money and Property	\$ 1,204,274,537	4%
Business License	\$ 972,953,720	3%
Restaurant Food	\$ 823,006,360	3%
Miscellaneous	\$ 717,946,842	3%
Public Service Corporations Tax	\$ 434,659,844	2%
Hotel and Motel Room	\$ 308,918,423	1%
Consumer Utility	\$ 308,017,718	1%
Permits, Privilege Fees, and Regulatory Licenses	\$ 297,583,444	1%
Machinery and Tools Property Tax	\$ 238,017,750	1%
Other Local Taxes	\$ 218,322,333	1%
Motor Vehicle License	\$ 155,181,372	1%
Recordation and Will	\$ 136,541,843	0%
Bank Stock	\$ 114,576,883	0%
Fines and Forfeitures	\$ 97,090,184	0%
Tobacco	\$ 57,373,722	0%
Coal, Oil, and Gas	\$ 31,597,916	0%
Admission	\$ 26,101,320	0%
Merchants' Capital	\$ 15,495,188	0%
Franchise License	\$ 6,831,395	0%
Mobile Home	\$ 6,121,158	0%
Total Local Revenue	\$ 28,658,478,496	100%

Revenue Sources for the Commonwealth of Virginia

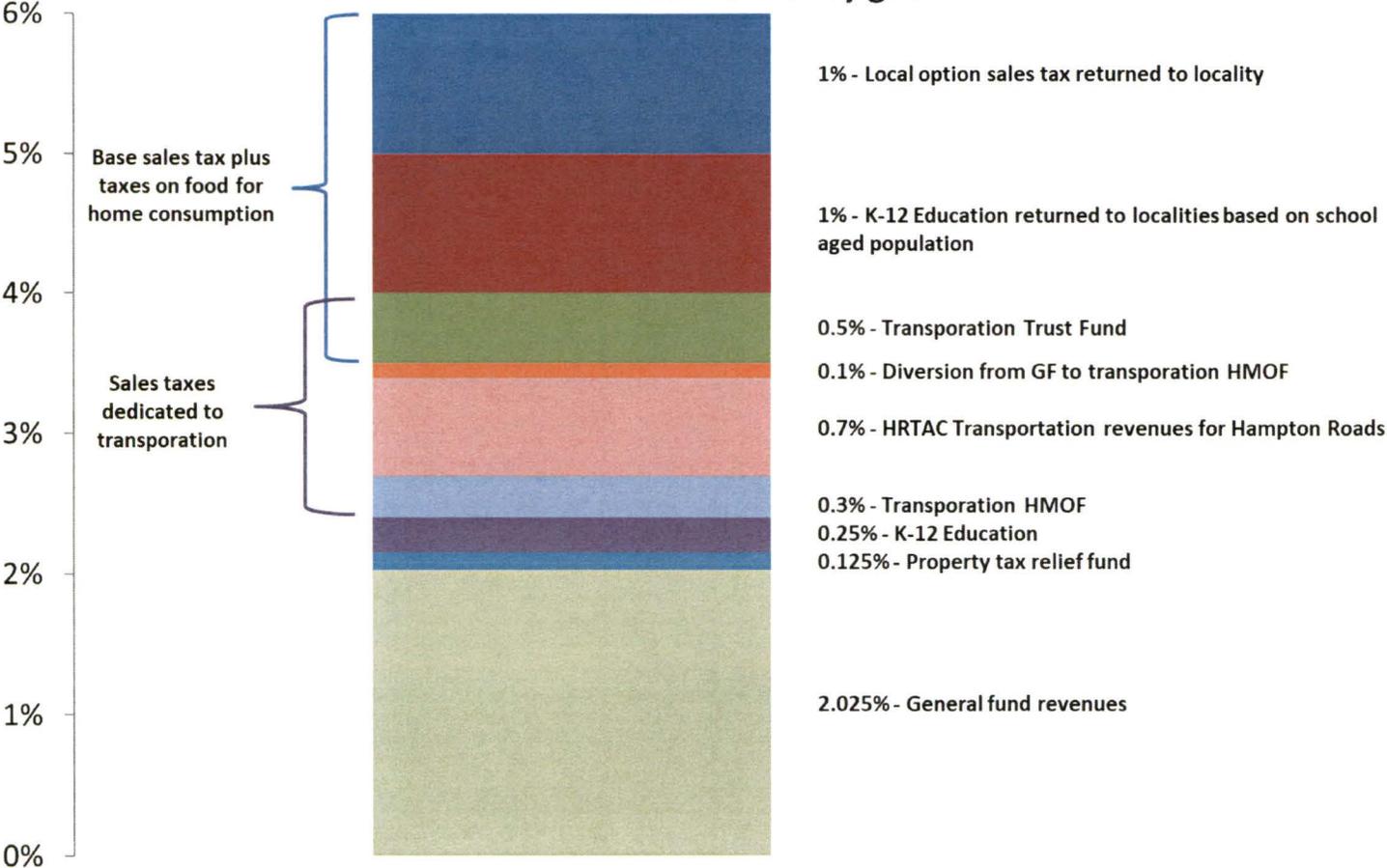
Revenues for the Commonwealth of Virginia FY2026		
Taxes	\$2,868,613,334.98	48.3%
Federal Grants And Contracts	\$1,461,267,098.26	24.6%
Sales Of Property And Commodities	\$311,397,030.25	5.2%
Institutional Revenue	\$269,199,091.20	4.5%
Assessments And Receipts For Support Of Special Services	\$244,494,776.56	4.1%
Interest, Dividends, And Rents	\$241,799,173.17	4.1%
Other Revenue	\$227,518,182.51	3.8%
Rights And Privileges	\$169,378,556.82	2.8%
Donations, Receipts, And Transfers	\$116,414,328.04	2.0%
Fines, Forfeitures, Court Fees, Costs, Penalties, And Escheats	\$34,587,948.05	0.6%
Total	\$5,944,669,519.84	100.0%

Sources: Auditor of Public Accounts & HRPDC

Tax Revenues for the Commonwealth of Virginia FY2026		
Employer Withholding Taxes	\$1,609,607,382.65	56.1%
General State Sales & Use Tax	\$410,051,326.89	14.3%
Motor Vehicle Fuel Tax-gas Tax	\$142,844,250.04	5.0%
Motor Vehicle Sales & Use Tax	\$131,225,332.34	4.6%
Est Corp Income Tax Payments	\$123,295,506.54	4.3%
St Sales&use Tax 2004 Increase	\$120,566,892.60	4.2%
Sales&use Tax - Ttf & Hmo	\$82,691,955.40	2.9%
St Sale&use Tx 2013 Ses .7 Inc	\$64,109,211.58	2.2%
Individual Income Tax	\$62,005,645.74	2.2%
Pass Thru Entity Estimated	\$52,387,588.24	1.8%
Recording Deeds & Contracts	\$51,504,347.94	1.8%
2% Motor Fuel Tax	\$44,523,721.91	1.6%
St Sale&use Tx 2013 Ses .3 Inc	\$41,322,441.42	1.4%
Individual Estimated	\$40,586,191.93	1.4%
Gross Prem-insurance Company	\$29,689,192.04	1.0%
Unemployment Comp Payroll Tax	\$29,118,986.38	1.0%
Communications Sales & Use Tax	\$22,920,114.07	0.8%
Cigarette Stamp Tax	\$22,393,039.78	0.8%
Motor Fuels Tax-undistributed	\$20,792,055.08	0.7%
Individual Inc Tx Wthld-st Emp	\$19,341,292.36	0.7%
Motor Vehicle Rental Tax	\$16,778,506.76	0.6%
Casino Gaming Tax	\$14,237,591.31	0.5%
Unapplied Sales Tax Receipts	\$12,419,059.79	0.4%
Electric Consumption Tax	\$9,221,026.34	0.3%
Sports Betting Tax	\$8,891,272.78	0.3%
Other Tobacco Products Tax	\$8,624,913.89	0.3%
Withhldng Tax-pass Thru Entity	\$7,519,048.76	0.3%
Trans Dist Transientoccupncytx	\$6,125,609.53	0.2%
Abc State Sales And Use Tax	\$5,316,070.98	0.2%
Road Use Tax	\$5,221,703.63	0.2%
Deeds Of Conveyance	\$4,390,933.00	0.2%
Pari-mutuel Wagering Licnse Tx	\$4,266,544.47	0.1%
Regional Congestion Relief Fee	\$3,360,648.70	0.1%
Regional Wmata Capital Fee	\$2,830,341.60	0.1%
Historic Triangle Sales Tax	\$2,809,079.50	0.1%
Watercraft Sales Tax	\$2,209,129.28	0.1%
Recordation Tax Additional Fee	\$1,919,430.00	0.1%

Sources: Auditor of Public Accounts & HRPDC

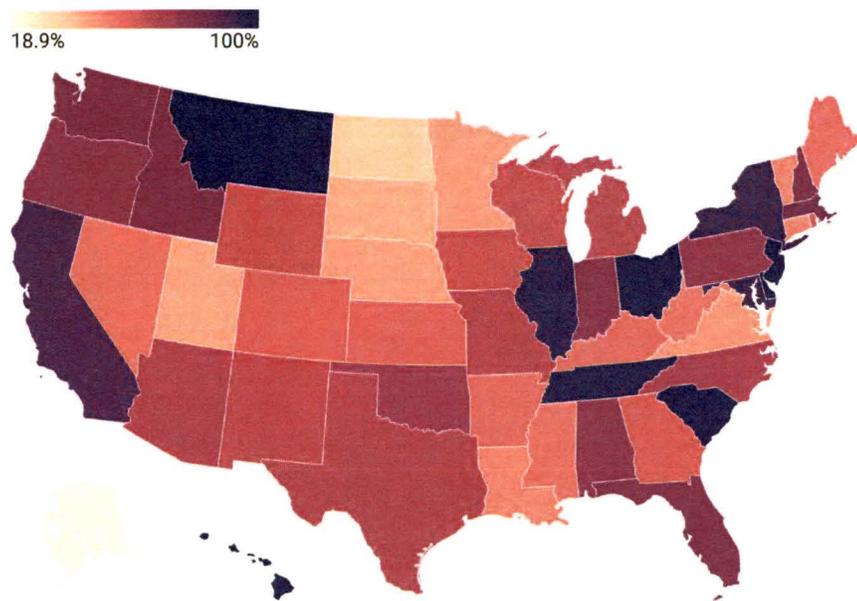
**There is a 6% Sales Tax in Hampton Roads*
Where does the money go?**



* There is an additional 1% Sales & Use Tax in Williamsburg, JCC, and York County, with 50% benefitting the Historic Triangle Marketing

How Much of Road Funding is Funded by Road Use Taxes by State

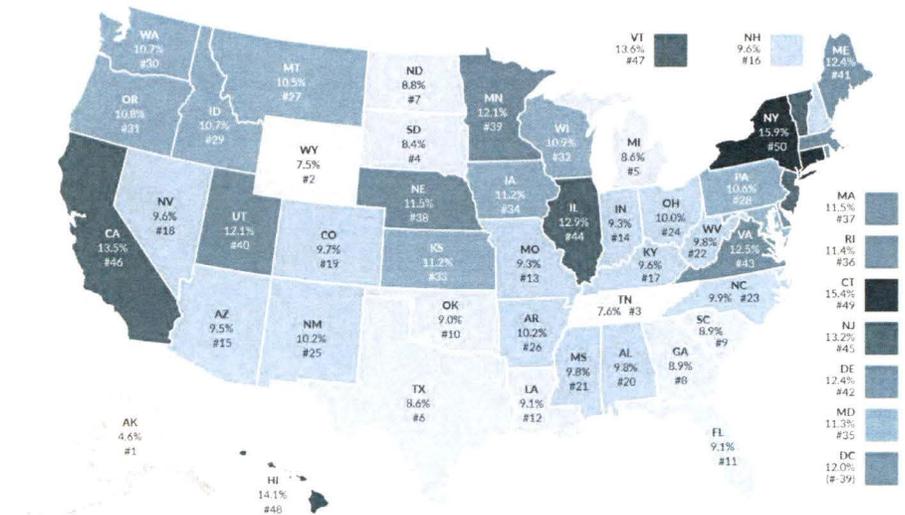
Share of State and Local Spending Covered by State and Local Road Use Taxes (FY 2022)



Notes: Road Use Taxes includes motor fuel taxes, motor vehicle licenses, and highway revenues. Proportions calculated after accounting for federal aid appropriations.
Source: US Census Bureau State and Local Finances; Federal Highway Administration Highway Statistics Series 2022; Authors' Calculations



State-Local Tax Burdens by State, Calendar Year 2022



Note: D.C.'s rank does not affect states' ranks, but the figure in parentheses indicates where it would rank if included.
Source: Tax Foundation calculations

State-Local Tax Burden by State, Calendar Year 2022
Lower Higher

TAX FOUNDATION

@TaxFoundation

Virginia

#28 Overall

Subindex Rankings

Corporate Taxes #24
Individual Taxes #36
Sales Taxes #10
Property Taxes #22
UI Taxes #38

- Wyoming
- South Dakota
- Alaska
- Florida
- Montana
- New Hampshire
- Texas
- Tennessee
- North Dakota
- Indiana
- Massachusetts
- Hawaii
- Vermont
- Minnesota
- Washington
- Maryland
- California
- New Jersey
- New York