

Town of Windsor

Memorandum

September 13, 2016

TO: The Honorable Mayor and Town Council
FROM: Michael Stallings, Town Manager *MS*
SUBJECT: Machinery and Tools Tax

As you may have read in the Smithfield Times, a copy of the article is attached, Isle of Wight County is adjusting the way that they do their valuations for Machinery and Tools Tax. As such, the values will be reduced considerably.

The Commissioner of Revenue for Isle of Wight has indicated that we need to increase our Machinery and Tools Tax rate from it's current \$0.10 per \$100 of value to \$0.25 per \$100 of value to remain revenue neutral. This will cause no increase in taxes for those currently paying Machinery and Tools Tax to the Town.

State Code requires that we provide 30 days notice before the change goes into effect. I recommend that Council set a public hearing on this matter for it's October 11th Town Council meeting. We will place a notice in the newspaper following the Council Meeting to satisfy the 30 day notice and will have an effective date of 30 days after the notice. The public hearing is not required, but I feel that it is better to provide too much notice than not enough.

I have also attached a copy of the letter that The Commissioner sent to all those that pay Machinery and Tools Tax in Windsor and Isle of Wight. We will send a similar notice as well.

Recommended Motion

Move that Council set a public hearing for October 11th to consider raising the Machinery and Tools Tax from its current rate of \$0.10 per \$100 of value to \$0.25 per \$100 of value.

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Tools tax change proposed

By Diana McFarland
Managing editor

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The Isle of Wight Commissioner of Revenue is proposing a change to the way machinery and tools are valued for tax purposes in the county.

The change is currently a proposal and the idea is to get feedback, with it eventually going to a public hearing, said Isle of Wight County Assistant County Administrator Don Robertson.

The proposed change is the result of conversations with economic development interests, according to a press release issued Monday by Isle of Wight County.

Isle of Wight County Commissioner of Revenue Gerald Gwaltney proposes using a 40 percent ratio to the original cost of the machinery and tools with no additional depreciation. The 40 percent cost will remain in effect as long as the machinery and tools are in place and used according

to the Code of Virginia, said Gwaltney in a letter to the county's 88 machinery and tools tax account holders.

The proposed change will be "revenue neutral" for tax year 2016, so those businesses paying machinery and tools taxes will not pay more or less in taxes as a result of the adjustment, according to the press release.

The current rate in Isle of Wight County is 70 cents per \$100 in value. The rate was reduced in 2011 from 95 cents shortly after International Paper closed and as part of the incentive package for Keurig Green Mountain to locate in the intermodal park.

Isle of Wight is also embroiled in a lawsuit with International Paper over

how its machinery and tools taxes were assessed. If International Paper prevails, it could cost Isle of Wight \$3 million.

A trial is scheduled for Feb. 21, 2017 in Isle of Wight County Circuit Court.

Residents wanting to comment can do so in writing to Commissioner of the Revenue, PO Box 107, Isle of Wight, VA 23397.

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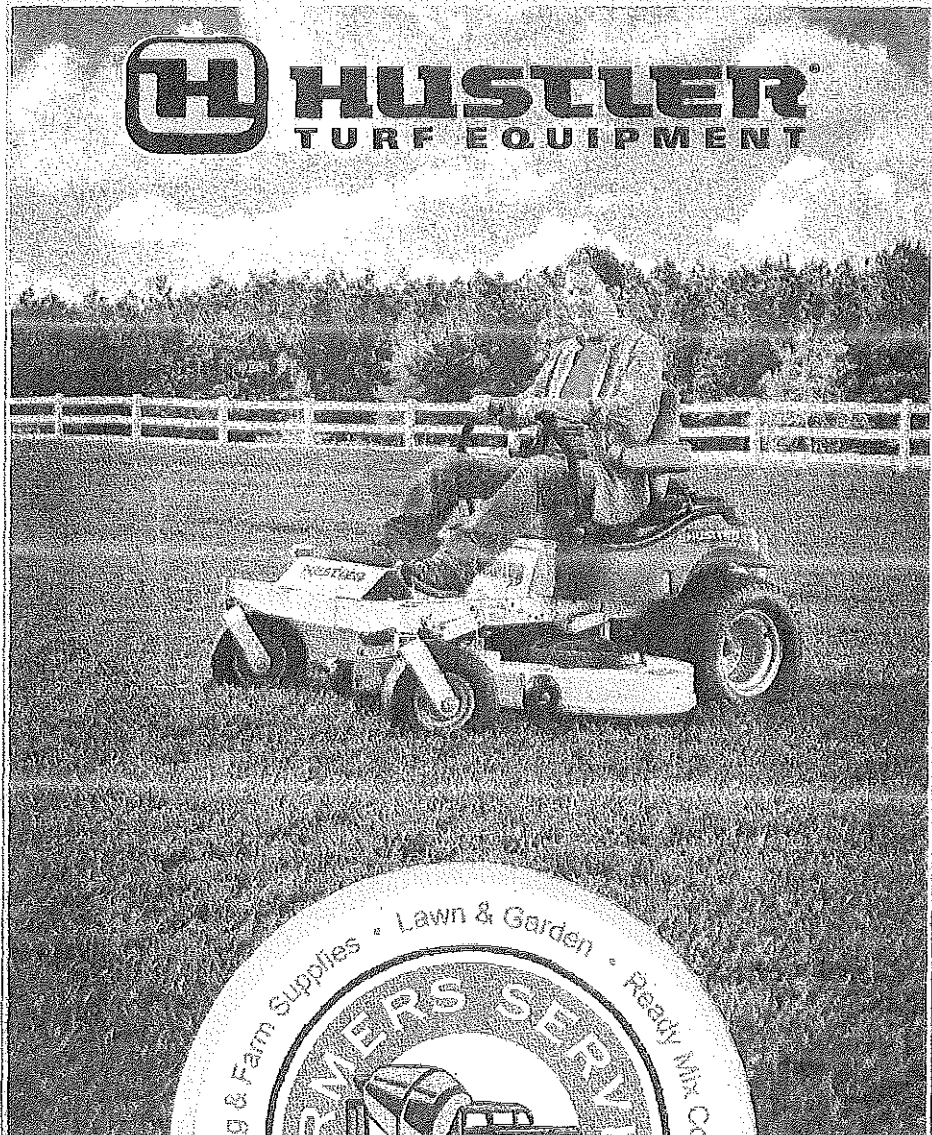
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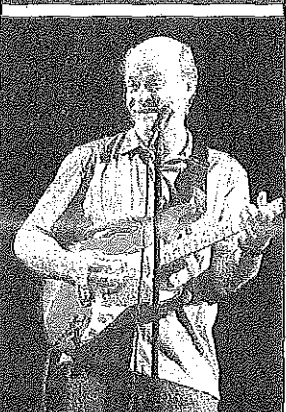
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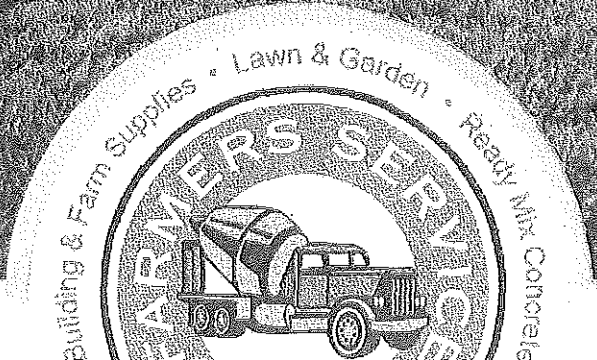
**COZZY'S
 COMEDY
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 & TAVERN**



Phil Hogan

Comedian / Musician

Friday, Sept. 2nd 9pm
 Saturday, Sept. 3rd
 8pm & 10:30pm





Local Roots, Global Reach

ISLE OF WIGHT COUNTY, VIRGINIA

PRESS RELEASE

SUBJECT: Machinery & Tools Tax Methodology

CONTACT: Don Robertson (757) 365-6202

DATE: August 29, 2016

Based on recent conversations with economic development prospects, the County has determined that, in order to better position itself for future economic development opportunities, a re-examination of its machinery and tools tax methodology is in order. In this regard, the Commissioner of the Revenue is sending a letter (attached) today to the 88 machinery and tools (M&T) tax account holders outlining a proposed change in the means of determining the value of taxable machinery and tools.

As noted in the letter, the proposed methodology will apply a forty percent (40%) ratio to the original cost of the machinery and tools with no additional depreciation. The proposed change will be “revenue neutral” for tax year 2016, so those businesses paying M&T taxes will not pay any more or less in taxes as a result of this adjustment.

Any citizen desiring to comment on the proposed changes should submit those comments in writing to:

Commissioner of the Revenue
P.O. Box 107
Isle of Wight, Virginia 23397.

COUNTY OF ISLE OF WIGHT



OFFICE OF THE COMMISSIONER OF THE REVENUE
Post Office Box 107
Isle of Wight, Virginia 23397
(757) 365-6222

Gerald H. Gwaltney
Commissioner of the Revenue

August 28, 2016

Business Name
Street Address
City, ST Zip

To Whom It May Concern:

This letter is to advise you that as the Commissioner of the Revenue, I am proposing a change in the means of valuing machinery and tools (M&T) effective for tax year 2016. The proposed methodology will apply a forty (40) percent ratio to the original cost of the M&T with no additional depreciation. The forty (40) percent ratio to the original cost will remain in effect as long as the M&T are in place and used according to *Code of Virginia* §58.1-3507.

I am recommending to the Board of Supervisors that the Board adopt a tax rate that will make the change in valuing M&T "revenue neutral". This means that each business currently assessed with M&T will not pay a penny more or a penny less in their M&T taxes.

Prior to October 1, 2016, any citizen may submit written comments about the proposed change to:

Commissioner of the Revenue
P.O. Box 107
Isle of Wight, VA 23397

Sincerely,

Gerald H. Gwaltney
Commissioner of the Revenue