

The Commission on Local Government has issued a report examining the performance of Virginia's counties and cities in generating own-source revenue from property taxes, non-property taxes, and diverse non-tax funding instruments between FY1989 and FY2006. From FY1991 through FY1993, the impact of a severe recession created budgetary challenges for numerous local officials across the Commonwealth. By the end of FY1994, the fiscal health of many county and city governments had improved to a significant degree. Yet the data reviewed by the CLG, particularly the statistics covering the FY1998-2002 interval, establish that various jurisdictions continued to face the pressure of expenditure demands in a financial environment characterized by much uncertainty with respect to tax and non-tax revenue growth. For a number of counties and cities, the challenges of fiscal management proved especially burdensome during the last quarter of FY2001 and the full span of FY2002, as local officials confronted a statewide recession that was magnified in Northern Virginia by the economic ripple effects of the "9/11" assault on the Pentagon. Over the next four fiscal years, the revenue-generating performance of most localities registered the impact of renewed strength in the business and household sectors of the economy. Even so, the annual process of budgetary development and oversight, always subject to unanticipated events, remained a formidable task across county and city governments.

On a statewide basis, the median per capita level of total own-source jurisdictional revenue increased by 165.84% from \$499.01 during FY1989 to \$1,326.58 over the course of FY2006. With regard to the typical Virginia locality, however, the annual rates of change in aggregate tax and non-tax receipts per capita displayed appreciable variation across the time frame under review. For the Commonwealth at large, the median rate of local-source revenue growth declined substantially from 9.81% over FY1990 to 6.29% in FY1991 and 2.63% during FY1992. Among the counties and cities of the Commonwealth, the overall midpoint statistic staged a modest post-recession recovery to 4.29% in FY1993 and manifested even greater resilience at 6.99% across the subsequent fiscal year. During FY1995 and FY1996, though, the revenue expansion rates posted by the "median jurisdiction" (respective magnitudes of 6.53% and 5.23%) were distinctly lower; and the growth margin of the midpoint locality, while exhibiting considerable strength (7.16%) in FY1997, proved to be materially less robust at consecutive annual levels of 4.30%, 4.59%, 2.45%, 4.21%, 1.17%, and 4.69% between FY1998 and FY2003. Over FY2004 the statewide median jurisdiction realized an increase of 6.21% in its per capita receipts from tax and non-tax sources. The revenue growth rate of the Commonwealth's midpoint locality, though less pronounced (5.84%) during FY2005, climbed dramatically to 8.96% in FY2006. With respect to the latter year, however, the significant revenue performance of the typical Virginia locality fell short of the relative funding gains achieved by the State's median jurisdiction in FY1990.

It should also be noted that 87.3% of the localities statewide actually sustained erosion in their total per capita receipts during at least one of the measurement periods covered by this report, with the instances of jurisdictional revenue diminution arising most frequently in FY1992 (N=26), FY1996 (N=20), FY1998 (N=20), FY1999 (N=21), FY2000 (N=31), FY2001 (N=28), and FY2002 (N=43).

The complete text of the Commission's findings, as supported by 221 statistical tables, can be found on the agency's web site (www.dhcd.virginia.gov/CommissiononLocalGovernment/pages/data.htm) under the following titles: Local-Source Revenue Profile of Virginia's Counties and Cities, FY1989-2006 (REV8906A1.PDF) and Local-Source Revenue of Virginia's Counties and Cities: Detailed Statistical Exhibits, FY1989-2006 (REV8906B1.PDF).