

# BUDGET 101



Where Hampton gets money,  
How Hampton spends money

## 2 "kinds" of money

### RECURRING

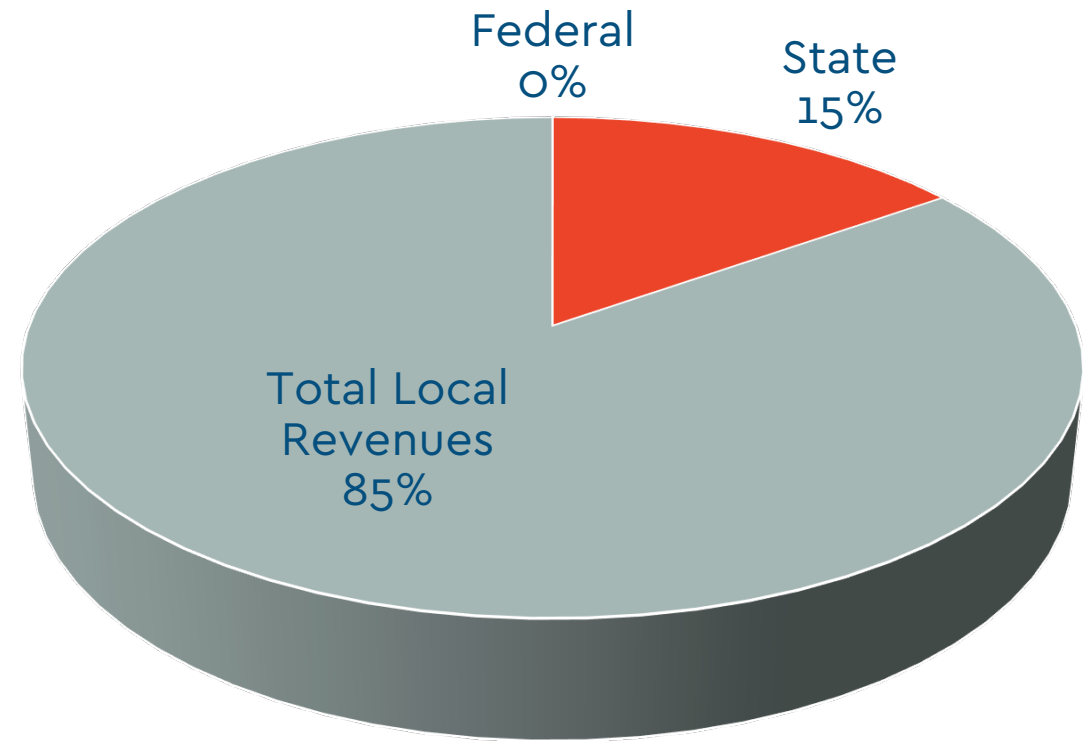
- Money we spend every year
- Salaries
- Gas
- Office expenses
- Rent

### ONE-TIME

- Once you use it, it's gone
- Non-recurring expenses
- Capital (building, major repairs)
- Borrowing (bonds)
- Savings from annual

# REVENUES

- Vast majority we generate locally
- State revenue
  - Only 0.18% is flexible
  - Rest is restricted in use and/or reimbursements for required functions
    - Examples: social services, jails, constitutional offices, etc.
- Federal revenue: 0.01%

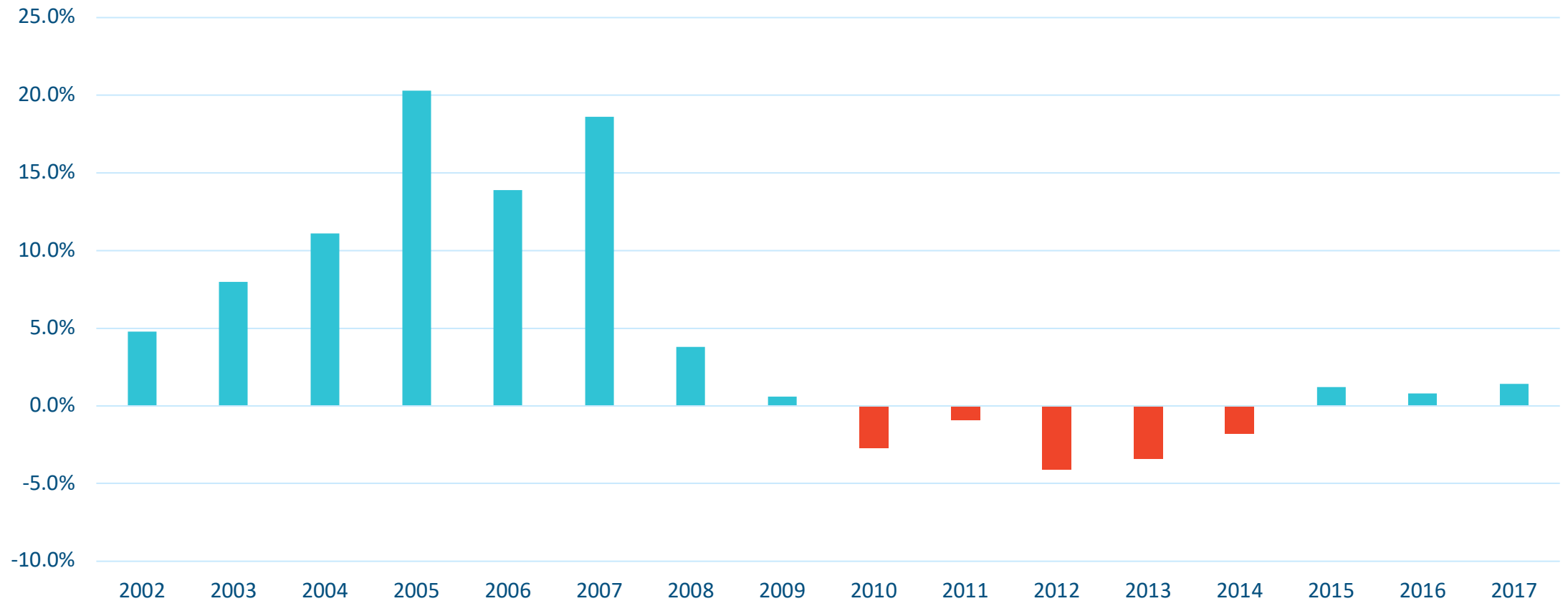


# Local revenues: #1. Real estate tax

- Biggest single source of all
- Revenue (27%)  
Almost half of local revenue
- Only way to increase:
  - New construction
  - Improvements/redevelopment
  - Reassessment – change in market value; increased demand
  - Tax rate change

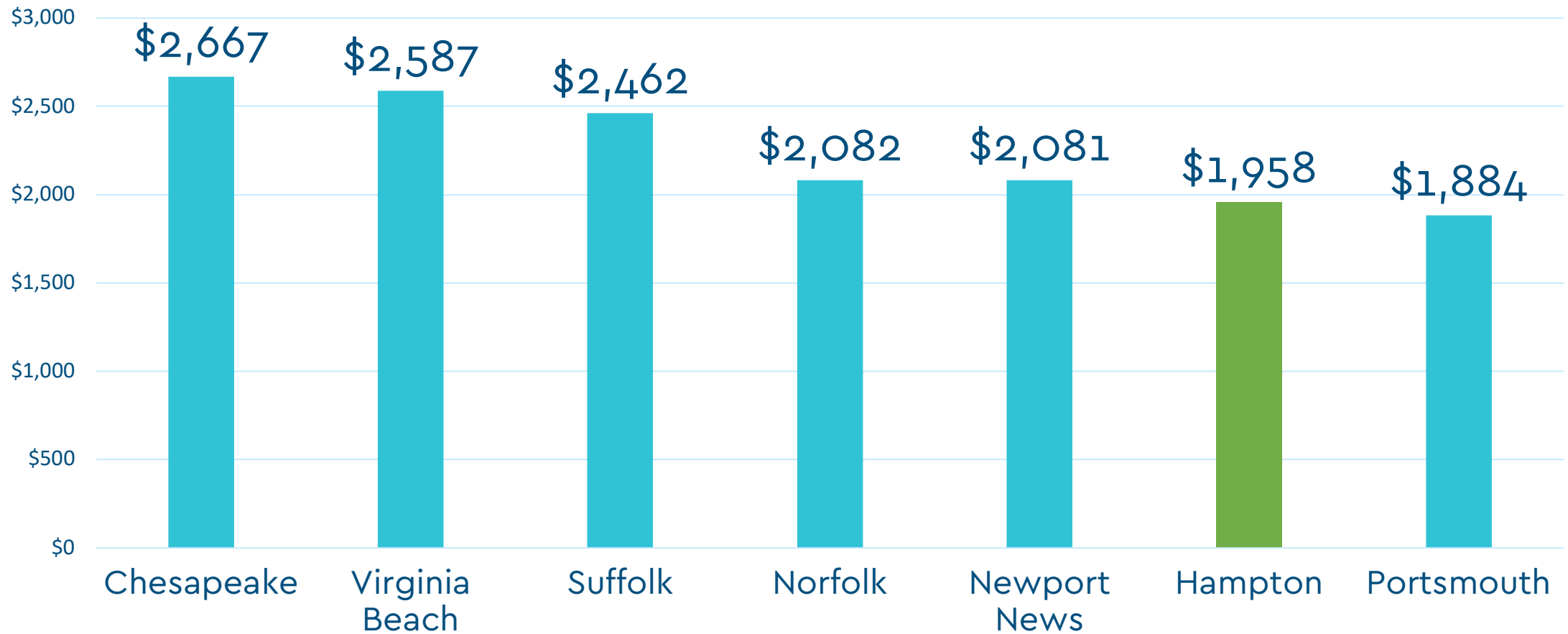


# Change in taxable value of land



# Tax rate x home value = tax bill

## Hampton homeowners pay less in taxes



City tax rate applied to median home value from Zillow data

# Local revenues: #2. Personal property

- 15% of local revenues
- Fluctuates
  - Increases only when people are buying new cars or other vehicles (such as motorcycles)
  - Decreases as car depreciates over time



# Local revenues: #3 Meals tax

- 8% of local revenue
- Meals tax on top of sales tax for restaurant & prepared meals
- City investments in retail development boosts revenues





# Local revenues: #4 Sales tax

- Nearly 6% of local revenue
- Of the sales tax charged:
  - 1 cent per dollar of sales comes back to city budget
  - 1 cent is dedicated to school systems statewide based on enrollment
- City investments in retail development boosts revenues



# Local revenues: #5: Business License

- 5% of total city revenue
- Based on gross receipts of businesses
- Maximum rates set by state, which has previously considered elimination of this source
- Grows when existing companies do more business and/or when new companies open in Hampton

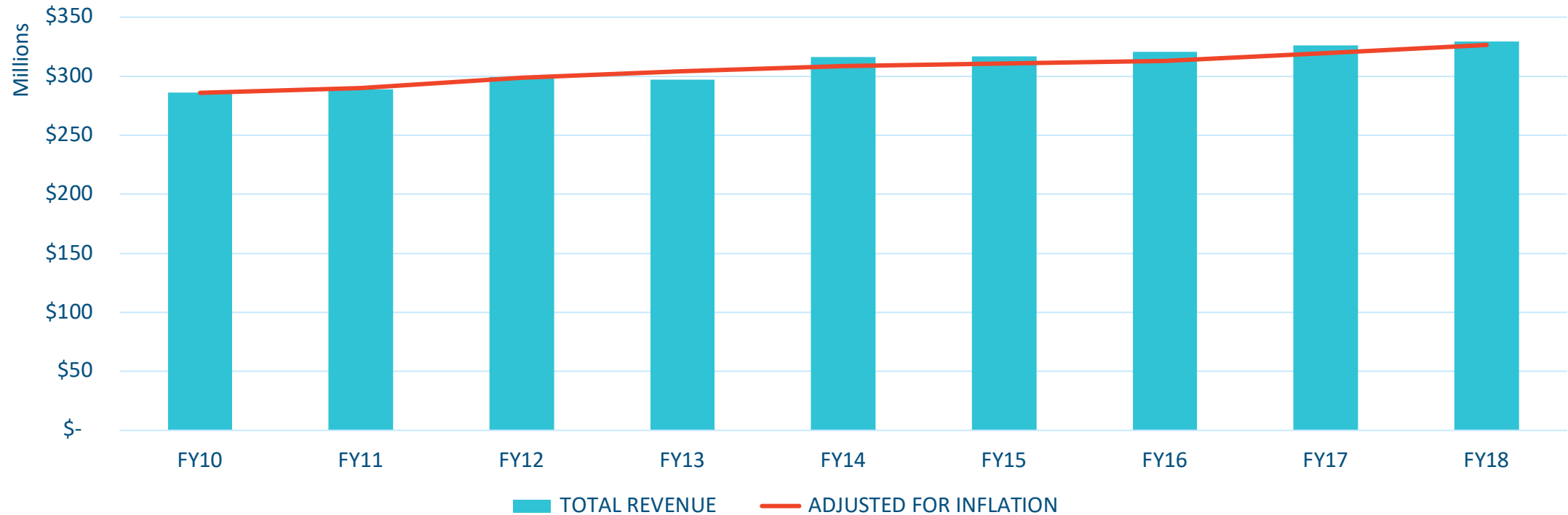


# REVENUES

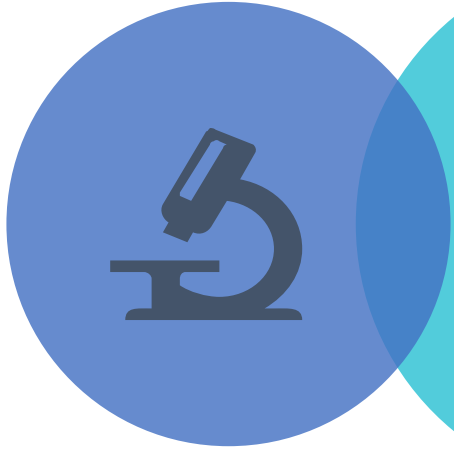
SINCE FY10

UP 0.9% adjusted for inflation

No significant growth



## **JOBS**



Science Park at  
HR Center

Seafood Center  
Workforce  
development

Business  
retention,  
expansion &  
attraction

## **RETAIL**



Attract new  
development

Work with  
owners to  
revitalize

# **STRATEGIES TO GROW THE TAX BASE**

## **HOUSING**

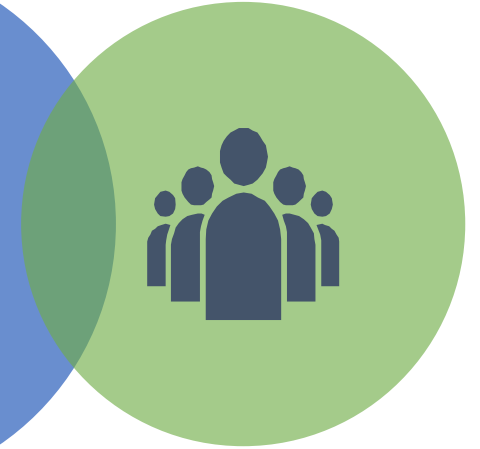


Higher-value  
developments

Revitalization  
programs

Appeal to  
Millennials,  
downsizing  
Boomers

## **TOURISM**



Improve hotel  
stock

Build on sports  
tourism



# STATE IMPACTS

1

## Unfunded mandates

Good initiatives required by the state but must be funded by Hampton taxpayers.

- Stormwater: \$4 million/year
- Disabled veteran relief: \$1 million-plus per year
- Line of Duty: \$340K-plus per year

2

## Cuts to localities

Decline in state support since 2009:

- Decreased funding for K-12
- Decreased funding for Police, Sheriff, juvenile justice

3

## Dillon rule

Can only do what state allows: No local income tax, no increase in sales tax, rules about how to do assessments

# Schools

<u>Total Hampton Budget:</u>	<u>\$467.8 million</u>
Debt & capital (city, schools) & other:	\$ 77.8 million
Total city operating budget:	\$186.3 million
Total school operating budget:	\$203.7 million

**It takes the majority of real estate taxes paid by every home in Hampton to pay the local school contribution.** A funding formula allows schools to plan for annual city contribution, which is above the state requirement.

# How funds for core city services are allocated

General Fund services only  
(does not include fee-funded services like solid waste,  
state or city-state services, regional entities, or schools)

