



Memo

To: Roanoke County Board of Supervisors

From: Daniel R. O'Donnell, County Administrator

Date: March 15, 2019

Subject: FY 2020 Budget Memo #5: Business, Professional, and Occupational License (BPOL) Tax

In response to a request from Chairman North, the following budget memo provides information regarding the County of Roanoke's Business, Professional, and Occupational License (BPOL) Tax. Specifically, information is provided on County businesses with gross receipts in the range of \$125,000 to \$149,999. Information was provided by the County of Roanoke's Commissioner of Revenue and Information Technology Department.

The information provided below is an estimate of revenue collected from BPOL taxes with gross receipts in the range of \$125,000 to \$149,999 at the end of fiscal year 2018. The estimate does not account for collection rate or one-time collections.

County Businesses with \$125,000 - \$149,999 in Gross Receipts Fiscal Year Ending 2018 Information		
Tax or Annual Fee	Number of Licenses	Revenue Amount
BPOL Tax Collections (current policy)	143	\$68,014
If Gross Receipts Threshold Changed to under \$150,000 paying only a \$50 annual fee	143	\$7,150
Potential Loss of Fiscal Year 2020 Revenue		\$60,864

If the Board of Supervisors were to change the threshold for businesses with gross receipts under \$150,000 paying only a \$50 fee with no additional BPOL tax imposed, the County would lose approximately \$60,864 in budgeted fiscal year 2020 BPOL revenue based on fiscal year ending 2018 information. If this change were to be enacted, the Board of Supervisors would need to identify cuts in the fiscal year 2020 operating budget to offset the loss of budgeted revenue to maintain a balanced budget.

As part of the fiscal year 2018-2019 Board of Supervisors' adopted budget, businesses with gross receipts under \$125,000 now pay only an annual license fee of \$50 with no additional BPOL tax imposed. Per State Code 58.1-3703 and Attorney General's Opinion No. 05-027, the Board of Supervisors has the ability to increase the threshold for gross receipts in which only an annual license fee is charged, provided additional BPOL taxes are not imposed. Previously, the annual license fee of \$50 with no additional BPOL tax imposed only applied to businesses in the County under \$100,000 in gross receipts. It is important to note that the fiscal impact of that policy change has not been quantified, as BPOL tax collections for fiscal year 2019 are not yet completed.

If you have any additional questions, please contact Chris Bever, Director of Management and Budget at 540-772-2021 or cbever@roanokecountyva.gov.

cc: Ruth Ellen Kuhnel, County Attorney
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