

What is reversion?

Reversion is a legal process that brings about a partial consolidation of a city and a county. The City of Martinsville announced it would pursue reversion on December 10, 2019. If successful, the "City of Martinsville" would become the "Town of Martinsville." Town residents also would become County residents.

Reversion allows Martinsville to stop providing any services it no longer wants to provide and Henry County **MUST** take the responsibility of providing those services.

It also opens the window for annexation, which is another costly process that allows the new town to absorb parts of the County and reap the benefits of additional tax revenue.

Why does the City want to become a town?

That question can best be answered by members of Martinsville City Council. They previously have characterized the city's financial situation as poor, and reversion/annexation is the only way out.

However, a study delivered to the Henry County Board of Supervisors on July 28, 2020 shows that the city has low debt, significant cash reserves, profitable utilities and a stable population.

That study is too long and complex to put in a brochure, but it and other reversion

information can be accessed by visiting the Henry County website at <https://www.henrycountyva.gov/reversion>

Can citizens vote on this?

No. Under Section 15.2-411 of The Code of Virginia, any city with a population less than 50,000 may initiate reversion merely with a vote of that city's governing body. City Council, with its vote on December 10, 2019, initiated the process of reversion. The surrounding locality, in this case, Henry County, gets no say in the decision to revert, either through its governing body (the Board of Supervisors) or through a vote of its citizens.

What functions will the County have to assume?

It's logical to assume the City would give to the County the responsibility for services on which the City makes no money or services that cost the City.

This will include, but not be limited to, these items:

- Public Education
- Constitutional officers and offices
- Courts
- Jail Services
- Social Services
- Health and Mental Health Services
- Registrar/Electoral Board

Will my children have to change schools?

Maybe. Should the city give up its responsibility to educate its students, then those students will be educated by Henry

County. However, any determination of new attendance zones, keeping open any schools within the new town, placing the current city students within existing County school buildings, etc., would be determined during the process.

How much is this going to cost County residents?

Henry County will receive some additional income from taking over these departments, but we will spend more than we are getting. **According to a report delivered to the Board of Supervisors on July 28, 2020, Henry County will have to find an additional \$3,336,187 annually to fill the gap between revenue and expenses.**

And that's just the amount we know right now. The total doesn't account for costs associated with balancing salaries and benefits between City school teachers who come to work for Henry County and the County school teachers, or the costs of taking over or retrofitting buildings that the County would have to take, or any other unknown costs.

Where's that money going to come from?

It will come from you, the taxpayer. Henry County would have to raise taxes to pay for this burden, and that could mean as much as a 10-cent increase on the real estate tax rate, currently \$.555 per \$100 of assessed value.

Tax increases on other items could be used to mitigate the damage to property owners, but the \$3.3 million gap outlined in the second column will have to be filled.

Will town residents also pay taxes in the County?

Yes. Town residents and businesses will pay real estate, personal property tax, and machinery and tools tax and utility tax to both the town and Henry County.

Is reversion the same thing as annexation?

No. Annexation is another legal process by which the new town can gobble up parts of the County and make them a part of the town. This process can begin as soon as two years after reversion occurs.

What's the cost of annexation for Henry County?

That's one of the big unknowns mentioned earlier, but most likely it would be more costly to County taxpayers than reversion. Through the annexation process, the new town can bring into its borders any areas that would make it more money from tax revenue – such as the County's business and industrial parks, major commercial corridors, and high-end neighborhoods and communities.

Under annexation, Henry County would completely lose any tax revenue from utility tax, meals tax, lodging tax, bank franchise tax, and business license taxes in

the annexed areas. That tax revenue would be taken by the town. In that case, it's likely Henry County would need **ANOTHER** increase in other areas to make up for that deficit.

When will all this be decided?

The two governing bodies can negotiate an agreement at any time; the City of Martinsville can decide not to pursue reversion at any time; or the two local bodies can allow the process to play out through the legal process based on the Code of Virginia.

If the reversion effort goes all the way through the system, it will be long and expensive. If the process plays out to the end, we could be in discussions for several years. This would add to the ongoing costs of the entire effort.

Where can I learn more about reversion and annexation and their impacts?

Henry County has created a website specifically for information on reversion and annexation.

It includes information from Henry County, the City of Martinsville and the Commonwealth of Virginia.

Please go to:

<https://www.henrycountyva.gov/reversion>

to access this information.

Public meetings to gain citizen input will be scheduled the process plays out. Henry County will do its best to keep our citizens up to date on the process.

What's It Going To Cost?

*A Guide to Reversion
and Its Impact
On Henry County*

