

INTRODUCED: February 12, 2024

AN ORDINANCE No. 2024-041

To amend City Code §§ 26-430, concerning penalties for unpaid property taxes, and 26-431, concerning interest on unpaid property taxes, for the purpose of reducing the interest and percentage of the penalty applied to certain unpaid personal property taxes.

Patrons – Mayor Stoney, Ms. Robertson, President Nye, Vice President Lambert, Ms. Lynch and Ms. Jordan

Approved as to form and legality  
by the City Attorney

PUBLIC HEARING: FEB 26 2024 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That sections 26-430 and 26-431 of the Code of the City of Richmond (2020) be and are hereby **amended** and reordained as follows:

**Sec. 26-430. Penalty.**

(a) Whenever any taxpayer shall fail, refuse or neglect to pay any property taxes levied under ~~[Sections]~~ Section 26-458 ~~[and 26-460]~~ on or before June 5 or within 60 days of acquiring a tax situs in the City in the year for which they are levied, whichever is later, there shall be added a penalty of ~~[ten]~~ two percent of the total taxes due or \$10.00, whichever is greater; provided, however, that if any balance is due on the first day of the month immediately following the due

AYES: 8 NOES: 0 ABSTAIN: \_\_\_\_\_

ADOPTED: FEB 26 2024 REJECTED: \_\_\_\_\_ STRICKEN: \_\_\_\_\_

date, the penalty shall instead be ten percent of the tax, not including penalty and interest, due on the day after the due date or \$10.00, whichever is greater. In no case shall the penalty exceed the amount of the tax.

(b) Whenever any person shall fail, refuse or neglect to pay any tangible personal property or machinery and tools taxes levied under Section 26-459 on or before June 5 of the tax year or, for machinery and tools taxes levied under Section 26-460, on or before June 5 of the tax year or within 60 days of acquiring a tax situs in the City in the year for which they are levied, whichever is later, there shall be added a penalty of ten percent of the taxes due or \$10.00, whichever is greater. In no case shall the penalty exceed the amount of the tax. Any tax remaining unpaid, in whole or in part, 60 days after the due date of each year shall incur an additional penalty of five percent of the tax due and unpaid.

(c) If any person shall fail, refuse or neglect to remit to the collector any taxes required to be collected and paid under Articles VIII through X and XVII of this chapter within the time and amount specified, there shall be added to such tax a penalty of ten percent or \$10.00, whichever is greater. In no case shall the penalty exceed the amount of the tax.

**Sec. 26-431. Interest.**

(a) Whenever any taxes due under Sections 26-458, 26-459 and 26-460 and Articles VIII through X and XVII of this chapter are not paid prior to the day following the day of the year or, for admissions, lodging, meals and short-term rental taxes, the day following the day of the month when such taxes became due and payable in the year, month or quarter for which they are levied, such unpaid taxes shall be deemed to be delinquent.

(b) [~~Interest~~] For taxes levied under Section 26-458, interest on such unpaid taxes shall be charged annually at the rate of ten percent from the first day of the month following the due

date of the year or month in the which the taxes became due and payable, pursuant to Code of Virginia, § 58.1-3916~~[, and]~~. For taxes levied under Sections 26-459, 26-460, and Articles VIII through X and XVII, interest on such unpaid taxes shall be charged at the rate of ten percent from the day following the due date of the year or month in which the taxes became due and payable, pursuant to Code of Virginia, § 58.1-3916. Interest shall be paid upon the principal and penalties of taxes remaining unpaid.

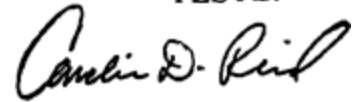
§ 2. This ordinance shall be in force and effect on July 1, 2024.

APPROVED AS TO FORM:



Assistant City Attorney

**A TRUE COPY:  
TESTE:**



City Clerk



# City of Richmond

900 East Broad Street  
2nd Floor of City Hall  
Richmond, VA 23219  
www.rva.gov

## Master

**File Number: Admin-2024-0122**

<b>File ID:</b> Admin-2024-0122	<b>Type:</b> Request for Ordinance or Resolution	<b>Status:</b> Regular Agenda
<b>Version:</b> 1	<b>Reference:</b>	<b>In Control:</b> City Clerk Waiting Room
<b>Department:</b>	<b>Cost:</b>	<b>File Created:</b> 02/06/2024
<b>Subject:</b>	<b>Final Action:</b>	
Title:		

**Internal Notes:**

**Code Sections:**

**Agenda Date:** 02/12/2024

**Indexes:**

**Agenda Number:**

**Patron(s):**

**Enactment Date:**

**Attachments:** WD - PP Tax Penalties AATF

**Enactment Number:**

**Contact:**

**Introduction Date:**

**Drafter:** Jessica.Singer@rva.gov

**Effective Date:**

**Related Files:**

### Approval History

Version	Seq #	Action Date	Approver	Action	Due Date
1	1	2/6/2024	Sheila White	Approve	2/7/2024
1	2	2/6/2024	Meghan Brown	Approve	2/7/2024
1	3	2/6/2024	Sabrina Joy-Hogg	Approve	2/7/2024
1	4	2/6/2024	Lincoln Saunders	Delegated	
<b>Notes:</b> Delegated: Out Of Office					
1	5	2/6/2024	Sabrina Joy-Hogg	Approve	2/8/2024
1	6	2/6/2024	Mayor Stoney	Approve	2/7/2024

### History of Legislative File

Version:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:

Text of Legislative File Admin-2024-0122

# City of Richmond

## Intracity Correspondence

### O&R Transmittal

**DATE:** Wednesday January 17, 2024

**TO:** The Honorable Members of City Council

**THROUGH:** The Honorable Levar M. Stoney, Mayor

**THROUGH:** J.E. Lincoln Saunders, Chief Administrative Officer

**THROUGH:** Sabrina Joy-Hogg, Deputy Chief Administrative Officer -  
Finance and Administration

**FROM:** Meghan Brown, Interim Director of Budget and Strategic Planning

**FROM:** Sheila White, Director of Finance

**RE:** Changes to Tangible Personal Property Penalty and Interest

**ORD. OR RES. No.**

### PURPOSE:

To reduce penalty and interest for tangible personal property taxes.

### BACKGROUND:

The Department of Finance, in accordance with City of Richmond Code Sections 26-430. and 26-431, currently assesses ten percent penalty and interest for delinquent tangible personal property bills for bills that are not paid by June 5 of the given tax year.

The Department of Finance, through this O&R Request, recommends amending City Code to reduce the impact of penalty and interest fees for taxpayers. Based on the Code of Virginia, the practices of other Virginia localities the Department of Finance proposes changes to penalty and interest code sections which will create a grace period for tangible personal property taxpayers through June 30 of the tax year in which the assessment occurred.

As proposed, this legislative change would accomplish the following:

- Penalty:
  - Apply a two percent penalty for all delinquent payments made on or between June 6 and June 30 of the same tax year (as opposed to ten percent);

- Apply an additional eight percent penalty for all delinquent payments made on or after July 1 of the same tax year (for a maximum of ten percent);
- Interest:
  - Do not begin the calculation of interest at ten percent for delinquent payments made between June 6 and June 30 of the same tax year, but instead initiate interest for any delinquent bills that are not paid starting July 1 of said tax year.

This recommended change would result in a reduction of collectable tangible personal property tax penalty and interest revenues of approximately \$565,000 beginning in FY 2025.

**COMMUNITY ENGAGEMENT:**

If approved, the Department of Finance will include notices of this change with the 2024 tangible personal property tax, update RVA.gov, and work with the Office of Strategic Communications to communicate this change that benefits taxpayers.

**STRATEGIC INITIATIVES AND OTHER GOVERNMENTAL:**

N/A

**FISCAL IMPACT:**

\$565,000 reduction to penalty and interest revenues beginning in FY 2025.

**DESIRED EFFECTIVE DATE:**

July 1, 2024

**REQUESTED INTRODUCTION DATE:**

Monday, February 12, 2024 City Council Meeting

**CITY COUNCIL PUBLIC HEARING DATE:**

Monday, February 26, 2024 City Council Meeting

**REQUESTED AGENDA:**

Regular

**RECOMMENDED COUNCIL COMMITTEE:**

Thursday, February 15, 2024 Finance and Economic Development Standing Committee

**AFFECTED AGENCIES:**

Department of Finance

**RELATIONSHIP TO EXISTING ORD. OR RES.:**

N/A

**ATTACHMENTS:**

WD - PP Tax Penalties AATF.doc

**STAFF:**

Jeffrey Crawford, Program and Operations Manager - Department of Finance

Robert Floyd, Deputy Director - Department of Finance