

INTRODUCED: October 8, 2018

AN ORDINANCE No. 2018-271

To repeal City Code § 26-892, concerning installment payments for certain license taxes, for the purpose of eliminating the option to pay such license taxes in installments.

Patron – Mayor Stoney

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: NOV 13 2018 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That section 26-892 of the Code of the City of Richmond (2015), as amended, be and is hereby **repealed** as follows:

~~[Sec. 26-892. Installment payments.~~

~~(a) Whenever the aggregate amount of license taxes, exclusive of motor vehicle, peddler and slot machine business taxes, assessed at any one time under this article as of the first day of any license tax year against any one person with respect to the businesses, occupations and professions conducted by the person in any one place is \$50.00 or more, that aggregate~~

AYES: 6 NOES: 3 ABSTAIN: _____

ADOPTED: NOV 13 2018 REJECTED: _____ STRICKEN: _____

~~amount of license taxes may be due and payable as follows: one half thereof on the first day of the license tax year and one half thereof on or before June 15 of the license tax year.~~

~~(b) — If the license questionnaire or tax payment is received late by the Director of Finance necessitating an assessment after March 1, a penalty and interest, as prescribed in section 26-891, will be assessed on the entire year's tax from March 1 until paid, if paid within one year of such due date.~~

~~(c) — If the last half of such license taxes is not paid on or before June 15 of the license tax year, the license is automatically revoked and the operator will be subject to penalties for operating without a license, a misdemeanor as provided by law, and the last half amount is subject to penalty and interest as prescribed in section 26-891, until paid.]~~

§ 2. This ordinance shall be in force and effect on January 1, 2019.



CITY OF RICHMOND
INTRACITY CORRESPONDENCE

O & R REQUEST
4-8008
SEP 28 2018
Office of the Chief Administrative Officer

O&R REQUEST

DATE: September 12, 2018 EDITION: 2

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: Selena Cuffee-Glenn, Chief Administrative Officer

THROUGH: Lenora G. Reid, Deputy CAO, Finance and Administration

THROUGH: Jay A. Brown, Director of Budget and Strategic Planning

FROM: John B. Wack, Director of Finance

RE: Amendment to City Code to Eliminate Installment Payments for Business Licenses

ORD. OR RES. No. _____

Handwritten initials and date 10/1/18

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RECEIVED stamp

OCT 02 2018 stamp

OFFICE OF CITY ATTORNEY stamp

PURPOSE: To amend Section 26-892 of the Richmond City Code, concerning the payment of business license taxes, to eliminate the option of installment payments, leaving all business license taxes due March 1st of each year.

REASON: The Finance Department encounters challenges each year in dealing with businesses that take advantage of the installment payments allowed in City Code. Discontinuing installments for business license taxes would simplify the administration of licenses, improve the City's annual cash flows, and enhance the accuracy of budget forecasting.

RECOMMENDATION: The City Administration recommends adoption.

BACKGROUND: Section 26-892 of City Code currently allows businesses that pay \$50 or more in annual business license taxes to pay half of their taxes due by March 1st of each year, and the remaining half by June 15th. By contrast, it appears that nearly all Virginia cities with a business license tax collect all of these taxes in March.

The Finance Department's administration of business license is more difficult when taking into account less than full payment in March. The installment option sometimes forces Finance to issue a business license in April and then attempt to rescind it in late June after payments aren't received.

The split payments also can lead to confusion regarding the forecasting of revenues based on taxes received as of the end of March, and also leads to millions being received at the very end of the fiscal year (along with the vast majority of property taxes). Discontinuing installments for business license taxes would simplify the internal business license processes, provide more revenue prior to the fourth quarter of the fiscal year, and allow for more accurate budget projections.

FISCAL IMPACT / COST: If all business license taxes were due March 1st of each year, the City would receive millions of annual revenue earlier in the fiscal year.

FISCAL IMPLICATIONS: Approximately the same amount of annual revenue would be expected, but receiving millions earlier would improve cash flow and budget forecasting.

BUDGET AMENDMENT NECESSARY: No

REVENUE TO CITY: None additional

DESIRED EFFECTIVE DATE: January 1, 2019

REQUESTED INTRODUCTION DATE: October 8, 2018

CITY COUNCIL PUBLIC HEARING DATE: November 13, 2018

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance & Economic Development

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: None

AFFECTED AGENCIES: Department of Finance, Budget & Strategic Planning

RELATIONSHIP TO EXISTING ORD. OR RES.: Richmond City Code section 26-892

REQUIRED CHANGES TO WORK PROGRAM(S): Finance Department Revenue Administration would be modified to accommodate a single due date.

ATTACHMENTS: N/A

STAFF: John Wack, Director of Finance 646-5776
Valerie Weatherless, Operations Manager 646-5195