

INTRODUCED: March 6, 2017

AN ORDINANCE No. 2017-063

To amend City Code §§ 26-21—26-23 and 26-26—26-29, concerning the City’s tax amnesty program, for the purpose of providing for a 2017 tax amnesty period.

\_\_\_\_\_  
Patron – Mayor Stoney  
\_\_\_\_\_

Approved as to form and legality  
by the City Attorney  
\_\_\_\_\_

PUBLIC HEARING: APR 24 2017 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That sections 26-21 through 26-23 and 26-26 through 26-29 of the Code of the City of Richmond (2015) be and are hereby **amended** and reordained as follows:

**Sec. 26-21. Administration.**

As authorized by Chapter 200 of the 2010 Acts of Assembly of Virginia, as amended by Chapters 254 and 496 of the 2012 Acts of Assembly of Virginia, the Director of Finance may administer the Tax Amnesty Program in any tax year, in accordance with this article and other applicable law, for any person, individual, corporation, estate, trust, or partnership required to file

AYES:            6            NOES:            3            ABSTAIN:        \_\_\_\_\_

ADOPTED:        MAY 15 2017        REJECTED:        \_\_\_\_\_        STRICKEN:        \_\_\_\_\_

a [~~personal property or machinery and tools~~] local tax return or to pay any local [~~personal property tax, machinery and tools tax or real property~~] tax.

**Sec. 26-22. Purpose.**

The purpose of this article is to set forth the general provisions pursuant to which the Director of Finance administers the Tax Amnesty Program established by Chapter 200 of the 2010 Acts of Assembly of Virginia, as amended by Chapters 254 and 496 of the 2012 Acts of Assembly of Virginia. The purpose of the program is to increase compliance by delinquent taxpayers in the reporting and payment of [~~certain~~] local tax liabilities owed to the City. The parameters set forth in Sections 26-21 through 26-29 shall apply to the program.

**Sec. 26-23. Definitions.**

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

*Tax amnesty period* means the period established in accordance with this article during which tax amnesty is available to eligible persons, individuals, corporations, estates, trusts or partnerships that are required to file a [~~personal property or machinery and tools~~] local tax return or to pay any local [~~personal property tax, machinery and tools tax or real property~~] tax.

*Tax Amnesty Program* means the Tax Amnesty Program established pursuant to Chapter 200 of the 2010 Acts of Assembly of Virginia, as amended by Chapters 254 and 496 of the 2012 Acts of Assembly of Virginia, and administered in accordance with the provisions of [~~that Act~~] those Acts of Assembly and Sections 26-21 through 26-29.

**Sec. 26-26. Eligibility criteria.**

Any person, individual, corporation, estate, trust or partnership required to file a ~~[personal property or machinery and tools]~~ local tax return or to pay any local ~~[personal property tax, machinery and tools tax or real property]~~ tax shall be eligible to participate in the Tax Amnesty Program, subject to the requirements and limitations set forth in this article and other applicable law. However, no person, individual, corporation, estate, trust or partnership currently, or at the inception of this program, under investigation or prosecution for filing a fraudulent return or failing to file a return with the intent to evade tax shall qualify to participate, and no person, individual, corporation, estate, trust or partnership against which any civil action has been filed in a court of competent jurisdiction to enforce or collect a delinquent tax before the end of the eligibility period shall qualify to participate, unless such delinquent tax, ~~and~~ interest, penalty, attorney's fees, and any other applicable charges ~~has~~ have been paid in full before the end of the ~~[eligibility]~~ tax amnesty period. For the purposes of the preceding sentence, the term "eligibility period" means the time period during which taxes become delinquent for which the benefits of the tax amnesty period are provided if, during the tax amnesty period and in accordance with this article, (i) the delinquent taxes and interest are paid, [during the tax amnesty period] if only the penalty is waived, (ii) the delinquent taxes and penalty are paid, if only the interest is waived, or (iii) the delinquent taxes are paid, if both the interest and penalty are waived. In addition, the Director of Finance may notify each eligible person, individual, corporation, estate, trust or partnership against which any civil action has been filed in a court of competent jurisdiction to enforce or collect a delinquent tax before the end of the eligibility period that does not pay the full amount of ~~[the]~~ delinquent tax, ~~and any~~ interest, penalty, attorney's fees, and any other applicable charges owed on or before the last day of the tax amnesty period that the Council and the Mayor may determine that such person,

individual, corporation, estate, trust or partnership shall not be eligible to participate in future tax amnesty periods administered by the Director of Finance in accordance with this article.

**Sec. 26-27. Notification of opportunity to participate in Tax Amnesty Program; participation in Tax Amnesty Program.**

(a) *Notification of opportunity to participate.* The Director of Finance shall, prior to each amnesty period, ~~[provide written notification to all]~~ publish notice in a newspaper of general circulation and on the website of the Department of Finance that persons, individuals, corporations, estates, trusts or partnerships ~~[that are]~~ may be eligible to participate in the Tax Amnesty Program ~~[of]~~ during such [eligibility] amnesty period. ~~[The notice shall be sent to the last known mailing address of all eligible persons, individuals, corporations, estates, trusts or partnerships as reflected in the records of the Department of Finance.]~~

(b) *Participation.* In order to participate in the Tax Amnesty Program, any eligible person, individual, corporation, estate, trust or partnership required to file a ~~[personal property or machinery and tools]~~ local tax return or to pay any local ~~[personal property tax, machinery and tools tax or real property]~~ tax shall pay in full the amount of all delinquent taxes, ~~[and]~~ together with any interest or penalty not waived in accordance with this article, owed on or before the last day of the tax amnesty period for which such person, individual, corporation, estate, trust or partnership is qualified to participate.

**Sec. 26-28. Waiver of penalties and interest upon payment of taxes ~~[and interest]; limitations.~~**

In accordance with this article and other applicable law, and as recommended by the Mayor and authorized by ordinance adopted by the Council, the Director of Finance may waive, upon receipt, on or before the last day of the tax amnesty period, of the payment of (i) the amount of taxes and interest owed, ~~[on or before the last day of the tax amnesty period]~~ if only the penalty is

waived, (ii) the amount of taxes and penalty owed, if only the interest is waived, or (iii) the amount of taxes, if both the interest and penalty are waived, all of the civil penalties assessed or assessable and the interest, either or both, as provided for in Code of Virginia, title 58.1 (Code of Virginia, § 58.1-1 et seq.), which are the result of nonpayment, underpayment, nonreporting or underreporting of [~~personal property, machinery and tools, or real property~~] one or more types of local tax liabilities. No penalties or interest for any eligible person, individual, corporation, estate, trust or partnership shall be waived except upon receipt, on or before the last day of the tax amnesty period for which such person, individual, corporation, estate, trust or partnership is qualified to participate, of the full amount of (i) the delinquent tax and any interest owed [~~on or before the last day of the tax amnesty period for which such person, individual, corporation, estate, trust or partnership is qualified to participate~~] if only the penalty is to be waived, (ii) the delinquent tax and penalty owed, if only the interest is to be waived, or (iii) the delinquent tax owed, if both the interest and penalty are to be waived.

**Sec. 26-29. Tax Amnesty Program for the tax year beginning January 1, ~~[2011]~~ 2017; tax amnesty period; report to Finance and Economic Development Standing Committee; tax relief for the elderly and disabled; waiver of penalties; limitations; applicability of other provisions.**

(a) *Tax Amnesty Program for the tax year beginning January 1, ~~[2011]~~ 2017.* For the tax year beginning January 1, ~~[2011]~~ 2017, the Director of Finance shall administer the Tax Amnesty Program in accordance with this article and other applicable law, ~~[exclusively]~~ for delinquent ~~[real-estate]~~ local taxes, except for tangible personal property taxes on vehicles, motor vehicle license taxes, and vehicle license fees, owed as of February 1, ~~[2011]~~ 2017.

(b) *Tax amnesty period for the tax year beginning January 1, ~~[2011]~~ 2017.* For delinquent ~~[real-estate]~~ local taxes described in subsection (a) owed as of February 1, ~~[2011]~~ 2017, the period within which eligible persons may receive Tax Amnesty Program benefits for the tax

year beginning January 1, ~~[2011]~~ 2017, shall be from ~~February~~ August 15, 2017 to ~~April~~ October 15, ~~[2011]~~ 2017.

(c) *Report to Finance and Economic Development Standing Committee.* The Director of Finance shall submit a report concerning the Tax Amnesty Program administered in accordance with this section to the Finance and Economic Development Standing Committee within 60 days after the last day of the tax amnesty period established pursuant to this section. Such report shall include:

(1) The number of eligible Tax Amnesty Program participants;

(2) The total amount of delinquent ~~[real-estate]~~ local taxes described in subsection (a) such eligible participants owed prior to the tax amnesty period established by this section; and

(3) The total amount of delinquent ~~[real-estate]~~ local taxes described in subsection (a) paid during the tax amnesty period established by this section.

(d) *Tax relief for the elderly and disabled.* For eligible persons qualifying for tax relief for the elderly and disabled for the tax year beginning January 1, ~~[2011]~~ 2017, pursuant to Sections 26-364 and 26-365, the period during which such persons may receive Tax Amnesty Program benefits shall be from February 15, ~~[2011]~~ 2017, through June 14, ~~[2011]~~ 2017, and shall be limited to delinquent ~~[real-estate]~~ local taxes described in subsection (a) owed for the tax year beginning January 1, ~~[2011]~~ 2017.

(e) *Waiver of penalties.* For the tax year beginning January 1, ~~[2011]~~ 2017, and for delinquent ~~[real-estate]~~ local taxes described in subsection (a) owed as of February 1, ~~[2011]~~ 2017, in accordance with this article and other applicable law, the Director of Finance shall waive, upon receipt of the payment of the amount of taxes and interest owed on or before the last day of the tax

amnesty period established by this section, all of the civil penalties assessed or assessable and the interest, either or both, as provided for in Code of Virginia, Title 58.1 (Code of Virginia, § 58.1-1 et seq.) which are the result of nonpayment, underpayment, nonreporting or underreporting of ~~[personal property, machinery and tools or real property]~~ local tax liabilities described in subsection (a).

(f) *Limitations.* No penalties or interest for any eligible person, individual, corporation, estate, trust or partnership shall be waived except upon receipt of the payment of the full amount of the delinquent tax ~~[and any interest]~~ owed on or before the last day of the tax amnesty period for the tax year beginning January 1, ~~[2014]~~ 2017. For purposes of this section, “receipt of the payment of the full amount of the delinquent tax” means either the payment of the full amount due to the City on or before the last day of the tax amnesty period or the City’s acceptance of a payment plan on or before the last day of the tax amnesty period (i) for a period of no longer than six months, (ii) under which at least 25 percent of the full amount due has been delivered to the City on or before the last day of the tax amnesty period, and (iii) in compliance with which the full amount due to the City has been paid by the end of the period of the payment plan.

(g) *Applicability of other provisions.* Except as may be provided otherwise in this section, this article shall apply to the tax amnesty period set forth in this section.

§ 2. This ordinance shall be in force and effect upon adoption.



CITY OF RICHMOND
INTRACITY CORRESPONDENCE

O & R REQUEST
4-6305
MAR 3 2017
Office of the Chief Administrative Officer

O&R REQUEST

DATE: February 28, 2017 EDITION: 1

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 Brown, Director of Budget & Strategic Planning

FROM: John B. Wack, Director of Finance

RE: Amendment to the City of Richmond's Tax Amnesty Program and Provisions of the Planned 2017 Amnesty Program

ORD. OR RES. No. \_\_\_\_\_

RECEIVED
MAR 06 2017
OFFICE OF CITY ATTORNEY

PURPOSE: To amend Chapter 26, Article II (Sections 26-21 through 26-29) of the Richmond City Code related to the City's Tax Amnesty Program, and to adopt the specific provisions of the 2017 City of Richmond's Tax Amnesty Program.

REASON: In the 2012 legislative session, the General Assembly amended the City of Richmond's tax amnesty authority. The 2012 amendments expanded the City's tax amnesty authority to include all local taxes. Additionally, the 2012 amendments allow the City to waive both penalty and interest (previously the City could only waive penalties).

The City Administration would like to specifically outline the parameters of the 2017 City of Richmond's Tax Amnesty Program authorized by Chapter 200 of the 2010 Acts of Assembly and modified by Chapters 254 and 496 of the 2012 Acts of Assembly. This program is to be part of a comprehensive tax compliance plan and improved fiscal compliance and controls with the objective of the City of Richmond maintaining strong credit ratings.

RECOMMENDATION: The City Administration recommends adoption.



**BACKGROUND:** The City Administration is committed to the goal of obtaining an “AAA” credit rating through well managed financial practices. These include the development and execution of a comprehensive tax compliance plan, and improved fiscal compliance and controls. The comprehensive tax compliance plan is designed to improve revenue collections without increasing the tax rates.

A tax amnesty program will allow certain taxpayers to pay their outstanding delinquent, under-reported, and non-reported tax balances in full during a set period of time with a reduction in delinquent penalty and interest charges.

The 2012 legislation adopted by the General Assembly expanded the applicability of the City of Richmond’s Tax Amnesty Program, to include all types of local taxes. As a “Dillon rule” state, this specific authority is required for a local government to adopt, or implement, a tax amnesty program. The City of Richmond is the only Virginia locality with legislative authority to implement a tax amnesty program.

Most tax amnesty programs, such as those conducted by the Commonwealth of Virginia, last from 60 to 90 days, with 60 days being the most prevalent length.

For most taxes, the City of Richmond currently charges delinquent accounts a 10% penalty and 10% annual interest. Also, if an account is referred to a delinquent collection service, and additional 20% charge is added.

The City last conducted a tax amnesty program in 2011, which focused exclusively on delinquent real estate taxes. Staff records indicate that the program led to the collection of approximately 7.1% of the then-outstanding real estate tax levy

**FISCAL IMPACT / COST:** Positive impact – the goal is to collect approximately 7% of the outstanding balance of real estate, non-vehicle personal property, business license, admissions, lodging, and meals taxes. There will be some additional one-time costs related to postage, mailings, and temporary staffing estimated at \$100,000,

**FISCAL IMPLICATIONS:** This will enhance revenue collections without increasing the respective tax rates.

**BUDGET AMENDMENT NECESSARY:** No – this will be incorporated into the FY2018 general fund budget.

**REVENUE TO CITY:** Approximately \$2,400,000 in delinquent real estate, business personal property, business license, admissions, lodging, and meals taxes. This revenue is anticipated net of a decrease in penalty and interest revenue that would be foregone by the amnesty program.

**DESIRED EFFECTIVE DATE:** July 1, 2017

**REQUESTED INTRODUCTION DATE:** March 6, 2017

**CITY COUNCIL PUBLIC HEARING DATE:** May 22, 2017

**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 sections 26-21 through 26-29

**REQUIRED CHANGES TO WORK PROGRAM(S):** Additional work will be performed by Finance Department Revenue Administration staff during the amnesty period.

**ATTACHMENTS:** Text of proposed City Code amendments

**STAFF:** John Wack, Director of Finance 646-5776