

INTRODUCED: April 11, 2016

A RESOLUTION No. 2016-R031

To set the rate of personal property tax relief for qualifying vehicles for the 2016 tax year pursuant to City Code §§ 26-495—26-497.

Patron – Mayor Jones

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: APR 25 2016 AT 6 P.M.

WHEREAS, Ordinance No. 2005-302-258, adopted November 14, 2005, ordained sections 26-495 through 26-497 to the Code of the City of Richmond (2015), as amended; and

WHEREAS, section 26-496(b) of the Code of the City of Richmond (2015), as amended, required the City Council to annually set the rate of personal property tax relief at such a level as is anticipated to exhaust fully the personal property tax relief funds provided to the City by the Commonwealth of Virginia; and

WHEREAS, the Council desires to set the rate of personal property tax relief as required by section 26-496(b) of the Code of the City of Richmond (2015), as amended, to facilitate the timely issuance of personal property tax bills by the City;

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: APR 25 2016 REJECTED: _____ STRICKEN: _____

NOW THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

1. That, pursuant to section 26-496(b) of the Code of the City of Richmond (2015), as amended, the Council hereby sets the rate of personal property tax relief by authorizing the Director of Finance to establish a personal property tax relief rate (i) of one hundred percent (100%) for the 2016 tax year on the value of qualifying vehicles with an assessed value of \$1,000 or less in accordance with section 26-496(b) of the Code of the City of Richmond (2015), as amended, and (ii) not greater than fifty-six percent (56%) for the 2016 tax year on the value of qualifying vehicles with an assessed value greater than \$1,000. Vehicles with an assessed value greater than \$20,000 shall not be eligible for tax relief on that portion of the assessed value in excess of \$20,000.

2. This resolution shall be in force and effect as of January 1, 2016.



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

O & R REQUEST

MAR 2 - 2016
4-4872
Chief Administration Office
City of Richmond

O&R REQUEST

DATE: March 15, 2016 **EDITION:** 1

TO: The Honorable Members of City Council

THROUGH: Dwight C. Jones, Mayor *DWJ*

THROUGH: Selena Cuffee-Glenn, Chief Administrative Officer *SCG*

THROUGH: Lenora Reid, Deputy Chief Administrative Officer *LR*

FROM: James P Duval, Jr., Interim Director of Finance *JPD*

RE: 2016 Personal Property Tax Relief Rate Resolution

ORD. OR RES. No. _____

RECEIVED
APR 06 2016
OFFICE OF CITY ATTORNEY

PURPOSE: To authorize the Director of Finance of the City of Richmond to establish the personal property tax relief rate for the 2016 tax year at such a level that is anticipated to fully exhaust personal property tax relief funds provided to the City by the Commonwealth of Virginia.

REASON: To implement the personal property tax relief rate for the City of Richmond pursuant to Ordinance 2005-302-258 adopted by City Council on November 28, 2005.

RECOMMENDATION: The Administration recommends adoption of this resolution.

BACKGROUND: The 2005 Session of the Virginia General Assembly changed the Personal Property Tax Relief Act of 1998. Instead of reimbursing localities for property taxes assessed on personal use vehicle at a percentage of the tax assessment, the Commonwealth's obligation for tax relief was capped at \$950 million annually statewide.

Each locality receives a portion of the \$950 million appropriated for tax relief based on the reimbursements from the Commonwealth in the 2004 tax year. The City of Richmond annually receives \$16.708 million from the Commonwealth. In November 2005, Richmond City Council adopted an ordinance to establish the general manner in which tax relief would be allocated.

In the 2016 tax year, the City will allocate the amount received from the Commonwealth to owners of vehicles that qualify for tax relief based in the assessed values of vehicles as of January 1, 2016. In order to fully exhaust the funds provided by the Commonwealth for tax relief, the rate of relief should be set as follows:

- 56% for owners of qualifying vehicles with an assessed value greater than \$1,000 but less than \$20,001;
- For those owners whose vehicles are assessed with a value of greater than \$20,000, they will receive tax relief at a rate of 56% for the amount of the assessment up to \$20,000. For the assessment that exceeds \$20,000, the taxpayer will receive no tax relief.
- Owners of vehicles with an assessed value of \$1,000 or less shall receive property tax relief of 100% as directed by Richmond City Council on November 28, 2005 with ordinance 2005-302-258.

The change in reimbursement rate is due to the higher number of vehicles taxed in the City and the overall higher assessed values. As reference, the surrounding Counties have also adjusted the percentage of personal property tax relief over the years as the number of vehicles and assessed values have increased. The 2015 reimbursement rates for Henrico was 55%, Hanover 55% and Chesterfield 58%.

FISCAL IMPACT/COST: None

FISCAL IMPLICATIONS: The Code of the City of Richmond, as amended, requires the City Council to annually set the rate of personal property tax relief at such a level as to exhaust fully the \$16.708 million of personal property tax relief funds provided to the City by the Commonwealth of Virginia. Based on the current assessed value of vehicles and the above three categories of relief, the reimbursement rate in FY2016 should be 100% for vehicles assessed at \$1,000 or less, 56% for vehicles assessed at between \$1,000 and \$20,000, and 56% of the first \$20,000 of assessed value, for vehicles valued at greater than \$20,000.

BUDGET AMENDMENT NECESSARY: None

REVENUE TO THE CITY: None

DESIRED EFFECTIVE DATE: Upon Adoption – Personal Property bills will be mailed out in early May.

REQUESTED INTRODUCTION DATE: April 11, 2016

CITY COUNCIL PUBLIC HEARING DATE: April 25, 2016

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance and Economic Development Committee on April 21, 2016

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: None

AFFECTED AGENCIES: Department of Finance

O&R Request

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RELATIONSHIP TO EXISTING ORD. OR RES.: 2005-302-258

REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS: None

STAFF: