

INTRODUCED: January 11, 2021

AN ORDINANCE No. 2021-001

To amend City Code § 26-29, concerning the City’s tax amnesty program, for the purpose of providing for a 2021 tax amnesty period for admissions, lodging and meals taxes delinquent as of any date on or before April 21, 2021, and for real estate taxes delinquent as of any date on or before January 15, 2021.

Patron – Mayor Stoney and All Members of Council

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: JAN 25 2021 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That section 26-29 of the Code of the City of Richmond (2020) be and are hereby **amended** and reordained as follows:

Sec. 26-29. Tax Amnesty Program for the tax year beginning January 1, [2020] 2021; tax amnesty periods; report to Finance and Economic Development Standing Committee; waiver of penalties; limitations; applicability of other provisions.

(a) *Tax Amnesty Program for the tax year beginning January 1, [2020] 2021.* For the tax year beginning January 1, [2020] 2021, the Director of Finance shall administer the Tax Amnesty Program in accordance with this article and other applicable law, for admissions, lodging, and meals taxes delinquent as of any date ~~[beginning March 21, 2020, through June 23, 2020, for~~

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: JAN 25 2021 REJECTED: _____ STRICKEN: _____

~~tangible personal property taxes delinquent as of June 6, 2020,~~ on or before April 21, 2021, and for real estate taxes delinquent as of ~~[June 16, 2020]~~ any date on or before January 15, 2021. However, no taxpayer that qualifies for the Tax Amnesty Program for which this section provides shall be permitted to withhold the commission provided for in section 26-2. For purposes of this section, the phrase “delinquent local taxes” means, as applicable, admissions, lodging, or meals taxes delinquent as of any date ~~[beginning March 21, 2020, through June 23, 2020, tangible personal property taxes delinquent as of June 6, 2020]~~ on or before April 21, 2021, or real estate taxes delinquent as of ~~[June 16, 2020]~~ any date on or before January 15, 2021.

(b) *Tax amnesty periods for the tax year beginning January 1, [2020] 2021.* For delinquent local taxes described in subsection (a), the period within which eligible persons may receive Tax Amnesty Program benefits for the tax year beginning January 1, ~~[2020]~~ 2021, shall be, for admissions, lodging, and meals taxes, from April ~~[20, 2020]~~ 1, 2021, to ~~[June 30, 2020]~~ April 30, 2021, and for ~~[-tangible personal property taxes and]~~ real estate taxes, from ~~[June 5, 2020]~~ March 1, 2021, to ~~[August 14, 2020]~~ March 31, 2021.

(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 each tax amnesty period established pursuant to this section. Such report shall include[:

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

(2) ~~—The]~~ the total amount of penalties and interest waived for the delinquent local taxes described in subsection (a).

(d) *Waiver of penalties.* For the tax year beginning January 1, ~~[2020]~~ 2021, and for delinquent local taxes described in subsection (a), in accordance with this article and other applicable law, the Director of Finance shall waive, upon receipt of the payment of the ~~[amount owed]~~ delinquent local taxes ~~[owed]~~ on or before the last day of the applicable tax amnesty period established by this section, all of the civil penalties assessed or assessable and the interest as provided for in Code of Virginia, Title 58.1 (Code of Virginia, § 58.1-1 et seq.) which are the result of nonpayment, ~~[or]~~ underpayment, nonreporting, or underreporting of the local tax liabilities described in subsection (a).

(e) *Limitations.* No penalties or interest for any eligible person, individual, corporation, estate, trust or partnership shall be waived for admissions, lodging, or meals taxes, except upon the ~~[timely]~~ filing of an admissions, lodging, or meals tax return each month, in accordance with sections 26-673, 26-699, or 26-678, as applicable, and upon receipt of the payment of the full amount of the delinquent ~~[tax owed]~~ local taxes on or before the last day of the applicable tax amnesty period for such taxes for the tax year beginning January 1, ~~[2020]~~ 2021. No penalties or interest for any eligible person, individual, corporation, estate, trust or partnership shall be waived for ~~[tangible personal property taxes or]~~ real estate taxes except upon receipt of the payment of the full amount of the delinquent ~~[tax owed]~~ local taxes on or before the last day of the applicable tax amnesty period for such taxes for the tax year beginning January 1, ~~[2020]~~ 2021. For purposes of this section, “receipt of the payment of the full amount of the delinquent ~~[tax]~~ local taxes” means, ~~[for admissions, lodging, or meals taxes delinquent as of any date set forth in subsection (a), as applicable,]~~ either the payment of the full amount of the delinquent local taxes due to the City on or before the last day of the applicable tax amnesty period or the City’s acceptance of a payment plan on or before the last day of the applicable 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 applicable 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 ~~[and for tangible personal property taxes or real estate taxes delinquent as of the dates set forth in subsection (a), as applicable, payment of the full amount due to the City on or before the last day of the applicable tax amnesty period]~~. No person, individual, corporation, estate, trust or partnership shall be eligible for a payment plan ~~[for admissions, lodging, or meals taxes]~~ under this section ~~[until]~~ if the person, individual, corporation, estate, trust or partnership is presently operating under a payment plan with the City for any delinquent local taxes, penalty and interest and has ~~[produced]~~ failed to produce satisfactory evidence (i) ~~[that all delinquent taxes, penalty, and interest owed by the person prior to March 20, 2020, have been paid; (ii)]~~ that the City has accepted a payment plan with the person, individual, corporation, estate, trust or partnership for any delinquent local taxes, penalty, and interest ~~[owed by the person prior to March 20, 2020]~~, and (ii) that the person, individual, corporation, estate, trust or partnership has adhered to all of the terms of such payment plan~~;~~ ~~or (iii), such delinquent taxes, interest, and penalty owed by the person prior to March 20, 2020, have been paid in full before the end of the applicable tax amnesty period set forth in this section]~~.

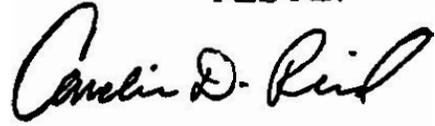
(f) *Applicability of other provisions.* Except as may be provided otherwise in this section, this article shall apply to the tax amnesty period set forth in this section.

§ 2. That under no circumstances shall the waiver of penalties and interest pursuant to the tax amnesty program for the tax year beginning January 1, ~~[2020]~~ 2021, for which this ordinance provides include the waiver of anything other than the waiver of the penalties and interest calculated upon the dollar amount of taxes.

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

A TRUE COPY:

TESTE:

A handwritten signature in black ink, appearing to read "Amelia D. Reed". The signature is written in a cursive style with a large initial 'A'.

City Clerk



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

O&R REQUEST

DATE: January 7, 2021 **EDITION:** 3

TO: The Honorable Members of City Council

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

THROUGH: Lincoln Saunders, Acting Chief Administrative Officer *LS*

THROUGH: Jay A. Brown, Director of Budget & Strategic Planning *JAB*

FROM: John B. Wack, Director of Finance *JBW*

RE: Amendment to the City of Richmond's Tax Amnesty Program and Provisions of the Planned 2021 Amnesty Program

ORD. OR RES. No. _____

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 2021 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 2021 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 designed to alleviate outstanding penalties and interest facing a number of City residents and businesses that are being further negatively affected by the COVID-19 virus.

The objective of the 2021 Tax Amnesty Program would be to facilitate the payment of delinquent real estate, admission, lodging, and/or meals taxes by residents and businesses, particularly restaurants and hotels, by waiving all accumulated penalties and interest assessed for any real estate, admission, lodging, or meals tax delinquency during a specific time period. The City Administration desires to have the 2021 Tax Amnesty Program run from March 1, 2021,

through March 31, 2021, for real estate taxes, and from April 1, 2021, through April 30, 2021, for admission, lodging, and meals taxes.

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. The City of Richmond’s 2017 Tax Amnesty Program lasted 60 days, although staff noted that the vast majority of activity occurred during the last few business days.

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 attorney, an additional 20% charge is added.

FISCAL IMPACT / COST: Positive impact – the goal is to collect outstanding real estate, admission, lodging, and meals taxes. There will be some additional one-time costs related to postage, mailings, and temporary staffing estimated at \$50,000, which will be covered within the Finance Department’s FY2021 budget.

FISCAL IMPLICATIONS: This would be expected to enhance principal tax revenue collections without increasing the respective tax rates, also with reduced receipts of penalties and interest.

BUDGET AMENDMENT NECESSARY: No

REVENUE TO CITY: The revenue impact will depend upon the number of residents and businesses opting to take advantage of this program, likely an increase in the principal amount of taxes with a reduction in penalties and interest.

O&R Request

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DESIRED EFFECTIVE DATE: March 1, 2021, for real estate taxes, and April 1, 2021, for admission, lodging, and meals taxes

REQUESTED INTRODUCTION DATE: January 11, 2021

CITY COUNCIL PUBLIC HEARING DATE: January 25, 2021

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Waiver Requested, or Finance and Economic Development

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: None

AFFECTED AGENCIES: Department of Finance

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(s)

ATTACHMENTS: Text of proposed City Code amendments

STAFF: John Wack, Director of Finance 646-5776