

INTRODUCED: October 8, 2018

AN ORDINANCE No. 2018-270

To amend and reordain City Code § 26-437, concerning the distraint of property for taxes, for the purpose of allowing distraint of property for failing, refusing or neglecting to pay any admissions, lodging, meals or business, professional, or occupation license taxes in addition to real and tangible personal property taxes.

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 26-437 of the Code of the City of Richmond (2015), as amended, be and is hereby **amended** and reordained as follows:

Sec. 26-437. Distraint of property for taxes.

(a) Whenever any taxpayer shall fail, refuse or neglect to pay any real ~~or~~ property, tangible personal property, admissions, lodging, meals or business, profession, or occupation license taxes levied within 30 days after the date that such taxes are due, the Director of Finance may cause any goods, chattels, money or bank notes in the City belonging to such taxpayer to be

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: NOV 13 2018 REJECTED: _____ STRICKEN: _____

distrained. Any highway vehicle, as defined in Code of Virginia, § 58.1-2201, that is the subject of distress may be towed or immobilized with a wheel boot, wheel lock or other similar device.

(b) Property subject to levy or distress for taxes shall be liable to levy or distress in the hands of any person for taxes thereon, except that any highway vehicle, as defined in Code of Virginia, § 58.1-2201, purchased by a bona fide purchaser for value shall not be liable to levy or distress for such taxes unless the purchaser knew at the time of purchase that the taxes had been specifically assessed against such vehicle. Property on which taxes are not specifically assessed shall not be subject to distress after it passes into the hands of a bona fide purchaser for value.

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



CITY OF RICHMOND
INTRACITY CORRESPONDENCE

O & R REQUEST
4-8178
SEP 13 2018

Office of the
Chief Administrative Officer

O&R REQUEST

DATE: September 11, 2018 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 A. Brown, Director of Budget and Strategic Planning

THROUGH: Antoinette V. Irving, Sheriff

FROM: John B. Wack, Director of Finance

RE: Amendment to City Code to Allow Distraint of Business Taxes

ORD. OR RES. No. _____

PURPOSE: To amend Section 26-437 of the Richmond City Code, concerning the distraint of property, to cover business taxes in addition to real estate and personal property. Also to amend the FY2019 general fund budget of the City Sheriff, appropriating \$5,000 in anticipated delinquent tax revenue for overtime expenses.

REASON: The Finance Department encounters challenges each year in collecting Admission, Lodging and Meals (ALM) taxes with businesses that take advantage of the lack of enforcement mechanisms available to the City collectors. Allowing distraint for business taxes (ALM, Business License and Business Personal Property) would strengthen the City's in-house collection efforts and lead to the recovery of additional delinquent tax revenue.

RECOMMENDATION: The City Administration recommends adoption.

BACKGROUND: Section 26-437 of City Code currently allows distraint for the collection of Real Estate and Personal Property taxes. This allows for tax sales of delinquent real property and booting of automobiles. The Finance Department would like to expand these efforts to allow for "till taps" (the seizure of bank notes from registers) and tax sales of business personal property.

RECEIVED

SEP 26 2018

OFFICE OF CITY ATTORNEY

The Finance Department's collection of delinquent business taxes is more difficult when not having all collection tools available. The distraint of business taxes is common practice and when benchmarked against other municipalities has proven a successful, if uncommon collection tool. Till taps and tax sales serve as a deterrents to tax scofflaws and are an efficient way to recoup monies owed to the City of Richmond.

Finance tax enforcement and delinquent collections staff anticipate working with the Sheriff's Office to seize bank notes and business personal property from tax delinquent businesses.

SOURCE: (must select all that apply)

New/increased revenue

Existing general

Fund Balance/Reserve/Contingency/Other Funding)

FISCAL IMPACT/COST ():

- **If Adopted:** The additional revenue being appropriated is expected to offset overtime costs.
- **If Not Adopted:** The Sheriff's Office may need a supplemental appropriation or budget transfer later in the fiscal year.

FISCAL IMPACT / COST: This new collection tool will result in additional delinquent tax revenue, partially offset by a slight increase in overtime expenses for the Sheriff's Office.

FISCAL IMPLICATIONS: An increase in annual revenue from business taxes is the goal, as well as a higher collection rate. Future fiscal year implications will be determined as part of the zero-based budgeting approach.

BUDGET AMENDMENT NECESSARY: Yes, a \$5,000 increase to the Sheriff's Office FY2019 general fund budget is requested, related to anticipated overtime costs

REVENUE TO CITY: Expected to result in additional general fund revenue, amount TBD

DESIRED EFFECTIVE DATE: Upon adoption

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 and Sheriff's Office

RELATIONSHIP TO EXISTING ORD. OR RES.: Richmond City Code section 26-437, also amends FY2019 general fund budget ordinance

REQUIRED CHANGES TO WORK PROGRAM(S): Finance Department Revenue Administration staff will coordinate with the Sheriff's Office

ATTACHMENTS: N/A

STAFF: John Wack, Director of Finance 646-5776
Cliff Goldsborough, Operations Manager 646-6495

GENERAL FUND BUDGET ITEM DETAIL:

*for item # and title, see ordinance #2018-057, FY2019 Program Level Budget)

Existing Item – You must show the total appropriation/s for each budget item for your agency EXCEPT the budget item to receive funds

<u>FROM</u>					
<u>Item #</u>	<u>Title</u>	<u>Program</u> (cost center #)	<u>Subprogram</u> (service code #)	<u>Transfer</u> <u>Amount</u>	<u>New Appropriation</u> <u>Amount</u>

Existing Item – You must show the total appropriation for each modified budget item to receive funds, for your agency

OR

New Item – You must show the total appropriation for each modified budget item to receive funds, for your agency

*for a new item you must reference the next corresponding item # with a (.) decimal point, see ordinance #2018-057, FY2019 Program Level Budget)

<u>TO</u>					
<u>Item #</u>	<u>Title</u>	<u>Program</u> <small>(cost center #)</small>	<u>Subprogram</u> <small>(service code #)</small>	<u>Transfer</u> <u>Amount/New</u> <u>Amount</u>	<u>New Appropriation</u> <u>Amount</u>
<u>231</u>	<u>Sheriff-</u> <u>Courts</u>	<u>01602</u>	<u>SV2207</u>	<u>\$5,000</u>	<u>\$4,939,051</u>
<u>Grand Total</u>				<u>\$5,000</u>	<u>\$4,939,051</u>

*****Grand total for the New Appropriation Amount MUST match the TOTAL AGENCY budget requested as a result of this ordinance*****