EXHIBIT NO. 1

28
1-13-04

Introduction and first reading:	1/13/04
Public hearing:	1/24/04
Second reading and enactment:	1/24/04

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE to amend and reordain Section 3-2-323 (APPLICATION FOR AND ISSUANCE OF LICENSE; WHEN TAX PAYABLE), Section 3-2-324 (LICENSE PERIOD; USE OF LICENSE PLATES, WINDSHIELD TAGS OR DECALS BEFORE LICENSE PERIOD), Section 3-2-325 (PAYMENT OF PERSONAL PROPERTY TAXES PRIOR TO ISSUANCE), Section 3-2-333 (REPLACEMENT OF LOST PLATES, TAGS AND DECALS), and Section 3-2-334 (PRORATION OF LICENSE TAX), all of Article R (LICENSE TAXES ON MOTOR VEHICLES, TRAILERS AND SEMITRAILERS), Chapter 2 (TAXATION), Title 3 (FINANCE, TAXATION AND PROCUREMENT) of The Code of the City of Alexandria, Virginia, 1981, as amended.

Summary

The proposed ordinance establishes an Advance Decal Process for motor vehicles in the City, to permit residents who have paid their prior year's City license fee and personal property tax to obtain a current year City decal, subject to billing for the current year's license fee and personal property tax. In addition, the proposed ordinance ends proration of the license fee for vehicles acquired during the course of the tax year.

Sponsor

Staff

Daniel A. Neckel, Director of Finance
Ignacio B. Pessoa, City Attorney

Authority

§ 2.02(a)(6), Alexandria City Charter

Estimated Costs of Implementation

As stated in City Manager's Memorandum

Attachments in Addition to Proposed Ordinance and its Attachments (if any)

None

EXHIBIT NO. 2

ORDINANCE NO. _____

AN ORDINANCE to amend and reordain Section 3-2-323 (APPLICATION FOR AND ISSUANCE OF LICENSE; WHEN TAX PAYABLE), Section 3-2-324 (LICENSE PERIOD; USE OF LICENSE PLATES, WINDSHIELD TAGS OR DECALS BEFORE LICENSE PERIOD), Section 3-2-325 (PAYMENT OF PERSONAL PROPERTY TAXES PRIOR TO ISSUANCE), Section 3-2-333 (REPLACEMENT OF LOST PLATES, TAGS AND DECALS), and Section 3-2-334 (PRORATION OF LICENSE TAX), all of Article R (LICENSE TAXES ON MOTOR VEHICLES, TRAILERS AND SEMITRAILERS), Chapter 2 (TAXATION), Title 3 (FINANCE, TAXATION AND PROCUREMENT) of The Code of the City of Alexandria, Virginia, 1981, as amended.

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That Section 3-2-323 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-323 Application for and issuance of license; when tax payable.

(a) Application for the license prescribed by this article shall be made each year not later than October 5 ~~and not earlier than August 15~~ on forms prepared by the director. The license tax covered by section 3-2-321 of this code shall be due and payable to the director not later than October 5 of each license tax year ~~and may not be paid earlier than August 15~~. Upon payment of the license tax, the director of finance shall issue to the applicant an appropriate license plate or license windshield tag for such vehicle; except that decals made of reflective, waterproof material shall be issued for motorcycles, trailers and semitrailers; provided, however, that for tax years 2004 and 2005, the director may issue to an applicant, whose prior year license tax and personal property tax have been paid on all vehicles owned by such applicant and subject to such license tax and personal property tax in the City, the appropriate license plate or license windshield tag, and bill the applicant for the current year license tax. The license plate, tag or decal shall remain valid until November 15 of the following calendar year.

(b) At the time of application for the initial city licensing of a motor vehicle, trailer or semitrailer, the applicant shall present his state registration or other proof of ownership. Such initial application and payment of the appropriate license tax~~, which may be prorated pursuant to section 3-2-334 of this code,~~ shall be made:

(1) upon registering and licensing any motor vehicle, trailer or semitrailer with the Virginia Division of Motor Vehicles when the registration of such a vehicle shows an address in the city;

(2) upon commencement of operation upon the streets of the city of any motor vehicle, trailer or semitrailer which has been in the city for a period of at least 30 days and which is registered and licensed by another state or by the

Virginia Division of Motor Vehicles whose records show as an address elsewhere in Virginia; or

(3) upon commencement of operation upon the streets of the city of a motor vehicle, trailer or semitrailer from a place of business within the city, which vehicle is used in the conduct of any business or occupation within the city.

Section 2. That Section 3-2-324 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-324 License period; use of license plates, windshield tags or decals before license period.

The period during which a license plate, windshield tag or decal issued under this article is valid shall run from October 5 of a calendar year through November 15 of the subsequent calendar year. ~~Nonetheless, a license plate, windshield tag or decal may be used without penalty on and after August 15 of the calendar year in which such license period begins. However, i~~ In no event shall any license plate, windshield tag or decal be used beyond November 15 of the license period for which is it issued.

Section 3. That Section 3-2-325 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-325 Payment of personal property taxes prior to issuance.

(a) No license plate or windshield tag shall be issued under this article for any motor vehicle, trailer or semitrailer unless and until the applicant for such license shall have produced satisfactory evidence that all personal property taxes upon all motor vehicles, trailers or semitrailers owned by the applicant have been paid which have been properly assessed or are assessable against the applicant.

(b) Notwithstanding the provisions of subsection (a) to the contrary, for the 2004 and 2005 tax years, a license plate or windshield tag may be issued to an applicant before payment of the current year personal property tax on the vehicle for which application is made, provided that the prior year license tax and personal property tax have been paid on all vehicles owned by such applicant and subject to such license tax and personal property tax in the City.

Section 4. That Section 3-2-333 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-333 Replacement of lost plates, tags and decals.

Any person losing his original license plate, license windshield tag or decal issued as

provided in section 3-2-325 of this article may secure a new license plate, license windshield tag or decal by making affidavit to the director of finance that the original license plate, license windshield tag or decal has been lost ~~and the police department notified~~ and by paying a fee of $1 to the director of finance.

Section 5. That Section 3-2-334 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 3-2-334 ~~Proration of license tax.~~ Vehicle decal reciprocity.

~~(a)~~ ~~Three-quarters of the annual license tax prescribed by sections 3-2-327 through 3-2-331 of this article shall be collected whenever any license plate, license windshield tag or decal is issued between January 1 and March 31 of a license period, one-half of such license tax shall be collected whenever any license plate, license windshield tag or decal is issued between April 1 and June 30 in any license period, and one-fourth of such license tax shall be collected whenever any license plate, license windshield tag or decal is issued after July 1 of a license period; provided, that the minimum prorated tax shall be $1.~~

~~(b)~~ Notwithstanding ~~the~~ any provisions of ~~subsection (a)~~ this article to the contrary, if a license tax has been paid for a license period to the county of Arlington, Fairfax or Loudoun or the city of Fairfax or Falls Church, or the town of Herndon, jurisdictions which are participating in the Northern Virginia Local Motor Vehicle License Compact, and the vehicle relocates to the city during the period, the owner may obtain a city decal for the current license period by completing the forms prescribed by the director of finance and presenting the state vehicle registration and pieces of the previously issued license decal, accompanied by a fee of $5.

Section 6. That this ordinance shall become effective at 12:01a.m., February 1, 2004.

WILLIAM D. Euille
Mayor

Introduction: 1/13/04
First Reading: 1/13/04
Publication:
Public Hearing:
Second Reading:
Final Passage:

EXHIBIT NO. 3

28
1-13-04

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 8, 2004

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER PS

SUBJECT: AN ORDINANCE TO PROVIDE FOR AN ADVANCED DECAL PROCESS FOR MOTOR VEHICLES IN THE CITY, AND TO DISCONTINUE THE PRORATION OF VEHICLE DECAL FEES

ISSUE: Consideration of an ordinance authorizing the advance issuance of City decals to vehicle owners before payment of their current year personal property taxes, provided their prior year personal property taxes have been paid, and discontinuing the proration of vehicle decal fees.

RECOMMENDATION: That City Council pass on first reading and schedule for public hearing, second reading, and final passage on January 24, 2004, an ordinance (Attachment I) to:

(1) Authorize the advance issuance of City decals to vehicle owners before payment of their current year personal property taxes, decal and zone parking permit fees provided their prior year personal property taxes have been paid; and

(2) Discontinue the proration of vehicle decal fees.

DISCUSSION: In order to reduce expenses and to provide a more convenient system for City taxpayers, staff is recommending the establishment of a pilot program, starting in 2004, that provides for issuance of vehicle decals in advance of tax payment to vehicle owners who have paid all prior year personal property taxes. The following are the key reasons for this recommendation:

- The City currently does not issue a vehicle decal until all personal property taxes, both current and any delinquent, the $25 decal fee and any zone parking permit fees have been paid.

- Personal property taxes on approximately 80%, or 80,000, of 100,000 tax accounts are consistently paid on time. The taxes for the remaining accounts either are not paid on time, or represent accounts of vehicle owners who have moved from the City and have not notified the City.

- Most vehicle owners now receive at least two mailings from the City. The first mailing in August, is just a bill for personal property taxes, the $25 decal fee, and any applicable zone parking fees. After the bill is paid (payments are due October 5), staff manually mails the decal (and zone parking permits, if any). The cost of this second mailing and handling totals $35,000 per year.

- Starting in 1998, Prince William County began issuing decals in advance of the payment of taxes and the decal fee. The County has not noticed any increase in non-payments or in the level of delinquent personal property taxes.

- Now that the State is covering 70% of most personal property tax bills, the incentive to not pay tax bills has been greatly reduced.

- Last year, Fairfax County began issuing decals in advance of payment and it has not noticed any increases in non-payments, or in the level of delinquent personal property taxes.

- Arlington County and Loudoun County staffs have stated that they will be requesting permission from their respective governing bodies to issue decals in advance of payment starting in calendar year 2004.

- Under the staff recommendation, City decals will be mailed to vehicle owners, in August, along with the bill for personal property taxes, the decal fee and any parking permit fees. As to owners who fail to pay the bill by October 5, the City will have a range of enforcement tools available to effect payment. We recommend that Alexandria issue decals in advance of payment starting in 2004.

- Because Alexandria has a much higher percentage of renters (who are more transient and tend to have higher tax delinquency rates than other taxpayers) than most other Northern Virginia jurisdictions, the advance decal program is proposed to be established as a one-year pilot program and would sunset in 2005 if the program results in high tax delinquencies.

The City spends considerable time and expense prorating the $25 decal fee and issuing prorated refunds of the decal fee to taxpayers who trade-in or dispose of their vehicle before the decal expires. Also, the City currently prorates a vehicle decal fee if a City resident purchases a new car during the year. Neither Arlington, Loudoun, nor Fairfax County prorates the cost of the decal fee. We recommend that the City no longer prorate its decal fee. This will raise some $125,000 per year, as well as result in administrative efficiencies. (It should be noted that the interjurisdictional reciprocity of charging $5 for vehicles transferred into or out of certain Northern Virginia jurisdictions will be continued.)

For 2005 the Finance Department plans to purchase easier-to-remove decals. The difficulty of removing decals from windshields has been the subject of citizen complaints, and with decal thefts no longer a major issue, going to an easier-to-remove decal is planned. The $8,000 higher cost of these decals will derive from cost savings of the advance decal program.

Also, planned for the first half of calendar 2004 will be the establishment of two new features on the City's web site. First, an e-check function will be added to the web site. This will enable a taxpayer to authorize the City to debit the taxpayer's checking account, rather than using high-fee credit cards to pay City taxes and fees. Second, the ability to register a vehicle for personal property tax reasons on-line will be created. This ability to register on-line will apply to existing residents who have purchased new cars, as well as to new residents who have just moved into the City. This will eliminate the requirement to make a trip to City Hall, and allow more taxpayers to be on-line and not in line.

FISCAL IMPACT: Implementing the advance vehicle decal process will result in savings of approximately $35,000 per year. This will be somewhat offset by the $8,000 spent for the easier-to-remove decals. In addition, based upon the number of decals issued, staff estimates that by discontinuing the proration of vehicle decal fees, the City could realize an annual increase in revenue of approximately $125,000.

ATTACHMENT: Proposed Ordinance

STAFF:
Mark Jinks, Assistant City Manager for Fiscal and Financial Affairs
D. A. Neckel, Director of Finance
David Clark, Chief, Treasury Division