

EXHIBIT NO. 1

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5-12-07

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~~5-8-07~~

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 2, 2007
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER 
SUBJECT: CONSIDERATION OF AN ORDINANCE TO CONTINUE THE ADVANCE DECAL PROCESS FOR MOTOR VEHICLES LOCATED IN THE CITY

ISSUE: Continuation of the advance decal program which provides motor vehicle decals to residents with their tax bill.

RECOMMENDATION: That City Council approve this proposed ordinance (Attachment 1) on first reading, and schedule for public hearing, second reading and final passage on May 12, 2007.

DISCUSSION: On January 24, 2004, City Council passed an ordinance authorizing the Finance Department to issue City decals before vehicle owners paid their current year personal property taxes and decal fees, provided their prior year personal property taxes have been paid. At that time, staff recommended establishing the advance decal process to reduce expenses and provide residents with a more convenient way to obtain their decals. The advance decal process has been well received by the City's residents and is an example of the City government operating more efficiently, as well as improving customer service processes. This change, as well as the new easy peel off decals which were introduced in 2004, has improved the vehicle personal property tax process for taxpayers.

When proposing the advance decal process, there was concern that outstanding balances may increase since vehicle owners would not be required to pay their personal property taxes before receiving their City decals. Accordingly, staff recommended implementing the advance decal process on a trial basis by including a sunset clause in the ordinance.

As of the end of March of this year, outstanding personal property taxes for the previous five tax years, 2002 through 2006, totaled \$4.2 million. Before implementing the advance decal process, outstanding personal property taxes for the previous five tax years, 1999 through 2003, totaled \$4 million. The outstanding balances have remained relatively constant, considering that vehicle assessments have increased between 2004 and 2007. In addition, the March 2007 balance includes personal property tax relief forfeited by taxpayers with delinquent prior year balances on September 1, 2006, in accordance with legislation enacted by the General Assembly. Since

personal property tax collections have remained constant, staff recommends making the advance decal process permanent by removing the sunshine clause from the Code.

FISCAL IMPACT: Making the advance decal process permanent will allow the City to continue saving approximately \$35,000 annually, without any negative impact on personal property tax collections.

ATTACHMENT: Proposed Ordinance

STAFF:

Mark Jinks, Deputy City Manager

Laura Triggs, Acting Director of Finance

Introduction and first reading: 5/08/2007
Public hearing: 5/12/2007
Second reading and enactment: 5/12/2007

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE to amend and reordain Section 3-2-323 (APPLICATION FOR AND ISSUANCE OF LICENSE; WHEN TAX PAYABLE) and Section 3-2-325 (PAYMENT OF PERSONAL PROPERTY TAXES PRIOR TO ISSUANCE) 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 makes permanent the Advance Decal Process for motor vehicles in the City, which permits 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. The Advance Decal Process had previously been approved as pilot program commencing with tax year 2004.

Sponsor

Staff

Mark Jinks, Deputy City Manager
Laura B. Triggs, Acting Director of Finance
David Clark, Treasurer
Roderick B. Williams, Assistant City Attorney

Authority

§ 2.02(a)(6), Alexandria City Charter

Estimated Costs of Implementation

None

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

None

ORDINANCE NO. _____

AN ORDINANCE to amend and reordain Section 3-2-323 (APPLICATION FOR AND ISSUANCE OF LICENSE; WHEN TAX PAYABLE) and Section 3-2-325 (PAYMENT OF PERSONAL PROPERTY TAXES PRIOR TO ISSUANCE) 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 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 . 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 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

1 (3) upon commencement of operation upon the streets of the city of a motor
2 vehicle, trailer or semitrailer from a place of business within the city, which
3 vehicle is used in the conduct of any business or occupation within the city.
4

5 Section 2. That Section 3-2-325 of The Code of the City of Alexandria, Virginia,
6 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:
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8 Sec. 3-2-325 Payment of personal property taxes prior to issuance.
9

10 (a) No license plate or windshield tag shall be issued under this article for any motor
11 vehicle, trailer or semitrailer unless and until the applicant for such license shall have
12 produced satisfactory evidence that all prior year license tax and personal property
13 taxes upon all motor vehicles, trailers or semitrailers owned by the applicant have
14 been paid which have been properly assessed or are assessable against the applicant.
15

16 (b) ~~Notwithstanding the provisions of subsection (a) to the contrary, for the 2004 and~~
17 ~~2005 tax years, a~~ A license plate or windshield tag may be issued to an applicant
18 before payment of the current year personal property tax on the vehicle for which
19 application is made, provided that ~~the~~ all prior year license tax and personal property
20 tax have been paid on all vehicles owned by such applicant and subject to such
21 license tax and personal property tax in the City.
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23 Section 3. That this ordinance shall become effective upon the date and at the time
24 of its final passage.
25

26 WILLIAM D. EUILLE
27 Mayor
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29 Introduction: 5/08/2007
30 First Reading: 5/08/2007
31 Publication:
32 Public Hearing:
33 Second Reading:
34 Final Passage:
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ORDINANCE NO. 4479

AN ORDINANCE to amend and reordain Section 3-2-323 (APPLICATION FOR AND ISSUANCE OF LICENSE; WHEN TAX PAYABLE) and Section 3-2-325 (PAYMENT OF PERSONAL PROPERTY TAXES PRIOR TO ISSUANCE) 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 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. 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 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 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 3-2-325 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 prior year license tax and personal property tax 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) 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 all 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 3. That this ordinance shall become effective upon the date and at the time of its final passage.

WILLIAM D. EUILLE
Mayor

Final Passage: May 12, 2007