


City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 27, 2010

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: ORDINANCE TO MODIFY CODE LANGUAGE CONCERNING THE SHORT-TERM RENTAL TAX ON TANGIBLE PERSONAL PROPERTY HELD FOR RENTAL

ISSUE: Consideration of an ordinance to amend and reordain City Code Section 3-2-257 in accordance to modifications made to the language of Code of Virginia § 58.1-3510.6.

RECOMMENDATION: That City Council pass the proposed ordinance (Attachment 1) on first reading and schedule it for public hearing, second reading and final passage on Saturday, November 13. The proposed ordinance would modify the language of City Code Section 3-2-257 in accordance with Code of Virginia § 58.1-3510.6, but would not affect City policies, procedures or revenues.

DISCUSSION: Currently, the City assesses a short-term rental tax on all tangible personal property held for rental in the City and owned by a person engaged in the short-term rental business. This tax is currently assessed in lieu of the tangible personal property tax as permitted under the original wording of Code of Virginia § 58.1-3510.6.

On April 8, General Assembly passed HB 1301, which reclassified short-term rental property as a subcategory of merchants' capital and permitted jurisdictions to assess this property for taxation as either merchants' capital or short-term rental property, but not both. HB 1301 also modified Code of Virginia § 58.1-3510.6 to remove the option of taxing this property as tangible personal property. As the City currently assesses short-term rental tax on this property, these changes will have no effect on City policies, procedures or revenues.

In accordance with these changes, the ordinance would delete City Code Section 3-2-257(c) and modify Section 3-2-257(d) to read, "Except for daily rental vehicles and short-term rental property, rental property shall be classified, assessed and taxed as tangible personal property."

FISCAL IMPACT: This will have no financial impact. The City will continue to apply the short-term rental tax on this property.

ATTACHMENT:
Attachment 1 – Proposed Ordinance

STAFF:

Bruce Johnson, Chief Financial Officer

Laura B. Triggs, Director of Finance

Debbie Kidd, Assistant Director of Finance/Revenue

Christina Zechman Brown, Assistant City Attorney

Introduction and first reading: 11/9/10
Public hearing: 11/13/10
Second reading and enactment: 11/13/10

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE to amend and reordain Section 3-2-357 (LEVY AND RATE OF SHORT-TERM RENTAL TAX), of Article T (SHORT-TERM RENTAL TAX), Chapter 2 (TAXATION), of Title 3 (FINANCE, TAXATION AND PROCUREMENT) of The Code of the City of Alexandria, Virginia, 1981, as amended.

Summary

The proposed ordinance amends the City Code Section 3-2-357 in accordance with the modifications made to Virginia Code § 58.1-3510.6 .

Sponsor

Staff

Bruce Johnson, Chief Financial Officer
Laura B. Triggs, Director of Finance
Debbie Kidd, Assistant Director of Finance/Revenue
Christina Zechman Brown, Assistant City Attorney

Authority

Virginia Code § 58.1-3510.6.

Estimated Costs of Implementation

None

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

None

ORDINANCE NO. _____

1
2
3 AN ORDINANCE to amend and reordain Section 3-2-357 (LEVY AND RATE OF SHORT-
4 RENTAL TAX), of Article T (SHORT-TERM RENTAL TAX), Chapter 2
5 (TAXATION), of Title 3 (FINANCE, TAXATION AND PROCUREMENT) of The
6 Code of the City of Alexandria, Virginia, 1981, as amended.

7
8 THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:
9

10 Section 1. That Section 3-2-357 of the Code of the City of Alexandria, Virginia,
11 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:
12

13 Sec. 3-2-357 Levy and rate of short-term rental tax.
14

15 (a) In addition to all other taxes of every kind now or hereinafter imposed by law, for
16 tax year 2009 and each year thereafter, there is hereby levied and imposed:

17
18 (1) on every person engaged in a short-term rental business as defined in subsection
19 3-2-356(f)(1) a short-term rental tax of one percent on the gross proceeds of such business; and
20

21 (2) on every person engaged in a short-term rental business as defined in subsection
22 3-2-356(f)(2) a short-term rental tax of one and-one-half percent on the gross proceed of such
23 business.
24

25 (b) This tax shall be levied in addition to the sales tax levied under section 3-2-91 of
26 this code.
27

28 (c) ~~The imposition and collection of a short term rental tax pursuant to this article with~~
29 ~~respect to rental property shall be in lieu of taxation of such rental property as tangible business~~
30 ~~personal property in the same tax year.~~
31

32 (d) Except for daily rental vehicles, pursuant to § 58.1-3510 of the Code of Virginia
33 (1950), as amended, and short-term rental property, rental property shall be classified, assessed
34 and taxed as tangible personal property if such property:

35
36 (1) ~~is owned and rented by a person not engaged in the short term rental business as~~
37 ~~defined in subsection 3-2-356(f); or~~
38

39 (2) ~~has acquired situs in the Commonwealth of Virginia and is owned and rented by a~~
40 ~~person who does not collect and remit to the city a short term rental tax with respect to the rental~~
41 ~~of such property.~~
42

1 Section 2. That this ordinance shall become effective _____, 2010.

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3 WILLIAM D. EUILLE
4 Mayor

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6 Introduction: 11/9/10
7 First Reading: 11/9/10
8 Publication:
9 Public Hearing:
10 Second Reading:
11 Final Passage:

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