

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 29, 2007

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER *J*

SUBJECT: CONSIDERATION OF AN ORDINANCE TO CHANGE THE LICENSE TAX (DECAL) FEES ON MOTOR VEHICLES

**ISSUE:** Consideration of an ordinance to increase the amount of the license tax (decal) fee levied on passenger vehicles from \$25 to \$33, increase the fees for commercial passenger vehicles, trailers and semi trailers as set forth in the ordinance based on the vehicle's gross weight, and increase the license tax fee for motorcycles from \$15 to \$21.

**RECOMMENDATION:** That City Council approve the proposed ordinance on first reading, and schedule it for public hearing, second reading, and final passage on June 16, 2007.

**DISCUSSION:** As a part of the new Transportation Funding Bill, HB 3202, which was recently passed by the Virginia General Assembly and signed into law by the Governor, on April 11, 2007, localities were given the authority to increase the license tax (decal) fee on motor vehicles by up to \$10. The FY 2008 Approved Budget as adopted by Council on May 7 includes this fee. The City's current license tax fee is \$25 for motor vehicles. The City, however, due to an apparent legislative oversight in the drafting of HB 3202, localities cannot implement the full \$10 increase, because another previously existing section of the Code of Virginia, §46.2-752, stipulates that the amount of the license fee or tax imposed by any county, city, or town on any motor vehicle, trailer or semi-trailer shall not be greater than the amount of license tax imposed by the Commonwealth on the motor vehicle, trailer, or semi-trailer. The Transportation Funding Bill authorizes the Department of Motor Vehicles (as an agent for the Commonwealth) to impose a fee of \$33 on motor vehicles. Therefore, the maximum fee increase that can be implemented by the City for passenger vehicles is \$8, increasing the City's fee from \$25 to \$33. The maximum fee increase allowed for motorcycles is \$6, increasing the City's fee from \$15 to \$21.

The proposed ordinance affects the annual license fee for regular passenger vehicles, not commercial vehicles such as taxicabs. Other vehicles affected by the fee increase are tractor trucks, trailers and semi-trailers. The license tax fee for these vehicles is currently based on

gross weight. The fee for each weight class would increase by \$8. Under the Transportation Funding Bill, all monies generated from this additional fee must be dedicated solely to funding transportation projects. In the FY 2008 Approved Budget, Council set aside this increase in the license tax for to-be-determined mass transit capital purposes. In taking this action, the City of Alexandria will be the first jurisdiction in Northern Virginia to take action in implementing the new tax and authority authorized by HB 3202 in order to address transportation needs in Northern Virginia. When preparing next year's City Legislative Package, the City can determine if it wishes to remedy the legislative oversight that limited the fee increase to less than the \$10 which was intended.

**FISCAL IMPACT:** Staff estimates that increasing the license tax fee as indicated would generate \$0.7 million dollars in additional revenue that could be used for transportation funding.

**ATTACHMENT:** Proposed Ordinance

**STAFF:**

Mark Jinks, Deputy City Manager

Laura B. Triggs, Acting Director of Finance

Roderick Williams, Assistant City Attorney

Debbie Kidd, Division Chief, Revenue Administration

Introduction and first reading: 6/12/07  
Public hearing: 6/16/07  
Second reading and enactment: 6/16/07

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE to amend and reordain Sections 3-2-327, 3-2-329, 3-2-330, and 3-2-331 of Article R (LICENSE TAXES ON MOTOR VEHICLES, TRAILERS AND SEMITRAILERS) of 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 would, effective July 1, 2007, increase certain vehicle license fees, under the new authority granted by Chapter 896 of the 2007 Acts of Assembly (the transportation funding bill). The annual license fee for regular passenger vehicles not in commercial use would increase from \$25 to \$33. Other increases would be as set forth in the proposed ordinance.

Sponsor

Staff

Laura B. Triggs, Acting Director of Finance  
Debbie Kidd, Chief, Revenue Division  
David Clark, Treasurer  
Roderick B. Williams, Esq., Assistant City Attorney

Authority

Virginia Code §§ 46.2-694, 46.2-694.1, and 46.2-697, all as amended, effective July 1, 2007, by Chapter 896 of the 2007 Acts of Assembly  
Virginia Code §§ 46.2-701 and 46.2-753  
Alexandria City Charter § 2.02(a)(6)

Estimated Costs of Implementation

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

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None

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE to amend and reordain Sections 3-2-327, 3-2-329, 3-2-330, and 3-2-331 of Article R (LICENSE TAXES ON MOTOR VEHICLES, TRAILERS AND SEMITRAILERS) of Chapter 2 (TAXATION) of 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 Article R (License Taxes on Motor Vehicles, Trailers and Semitrailers) of Chapter 2 (Taxation) of Title 3 (Finance, Taxation and Procurement) of the Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby are, amended by enacting amended Sections 3-2-327, 3-2-329, 3-2-330, and 3-2-331, to read as follows:

Sec. 3-2-327 Tax on vehicles used for transportation of passengers.

(a) The annual license tax on motor vehicles, trailers and semitrailers designed and used for the transportation of passengers shall be as follows:

(1) ~~\$25~~ \$33 for a passenger car or motor home if such passenger car or motor home is not used for the transportation of passengers for compensation and is not kept or used for rent or for hire.

(2) \$0.30 per 100 pounds of weight or major fraction thereof for a private motor vehicle with a normal seating capacity of more than 10 adult persons, including the driver, if such private vehicle is not used for the transportation of passengers for compensation and is not kept or used for rent or for hire; provided, that in no case shall the tax be less than ~~\$25~~ \$23.

(3) \$0.30 per 100 pounds of weight or major fraction thereof for a private school bus; provided, that in no case shall the tax be less than ~~\$25~~ \$23.

(4) ~~\$20~~ \$23 for a trailer or semitrailer designed for use as living quarters for human beings.

(5) ~~\$20~~ \$23 for a taxicab and any other vehicle kept for rent or hire and operated with a chauffeur for the transportation of passengers, which operates or should operate under permits issued by the state corporation commission as required by law, and ~~\$25~~ \$28 for any such vehicle that weighs in excess of 4,000 pounds. This subsection does not apply to vehicles used as common carriers.

(6) ~~\$15~~ \$21 for a motorcycle with or without a sidecar.

(7) ~~\$20~~ \$23 for a bus used exclusively for transportation to and from Sunday school or church for the purpose of religious worship, and ~~\$25~~ \$28 for any such bus which, when empty, weighs in excess of 4,000 pounds.

(8) ~~\$10~~ \$13 in addition to \$0.70 per 100 pounds of weight or major fraction thereof for other passenger-carrying vehicles.

1 (b) The license tax for passenger vehicles owned by members of the Virginia  
2 National Guard shall be one-half of the license tax prescribed in this section, upon  
3 presentation of evidence by the registered owners that special Virginia National Guard  
4 license plates have been issued to the vehicles as provided in section 46.2-744 of the  
5 Code of Virginia (1950), as amended.

6  
7 Sec. 3-2-329 Tax on vehicles not designed or used for transportation of passengers.

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9 (a) The annual license tax on all motor vehicles, trailers and semitrailers not designed  
10 and used for the transportation of passengers shall be determined by the gross weight of  
11 the vehicle or combination of vehicles of which it is a part, when loaded to maximum  
12 capacity for which it is registered and licensed, according to the following schedule:

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14 Gross Weight Groups

15 (Pounds)	Tax
16 4,000 or less .....	<del>\$25.00</del> <u>33.00</u>
17 4,001--10,000 .....	<del>30.00</del> <u>38.00</u>
18 10,001--12,000 .....	<del>35.00</del> <u>43.00</u>
19 12,001--15,000 .....	<del>40.00</del> <u>48.00</u>
20 15,001--18,000 .....	<del>45.00</del> <u>53.00</u>
21 18,001--20,000 .....	<del>50.00</del> <u>58.00</u>
22 20,001--22,000 .....	<del>55.00</del> <u>63.00</u>
23 22,001--24,000 .....	<del>60.00</del> <u>68.00</u>
24 24,001--26,000 .....	<del>65.00</del> <u>73.00</u>
25 26,001--40,000 .....	<del>75.00</del> <u>83.00</u>
26 40,001 and up .....	<del>90.00</del> <u>98.00</u>

27

28 (b) The license tax for pickup trucks and panel trucks owned by members of the  
29 Virginia National Guard shall be one-half of the license tax prescribed in this section,  
30 upon presentation of evidence by registered owners that special Virginia National Guard  
31 license plates have been issued to the vehicles as provided in section 46.2-744 of the  
32 Code of Virginia (1950), as amended.

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34 Sec. 3-2-330 Tax on certain trailers.

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36 The annual license tax on a one or two wheel trailer of a cradle, flat bed or open  
37 pickup type, with a body length of not more than nine feet and a width not greater than  
38 the width of the motor vehicle to which it is attached at any time of operation, which is to  
39 be attached to the owner's own motor vehicle and used only for carrying property  
40 belonging to the owner of such trailer, which is pulled or towed by a passenger car or  
41 station wagon, or a pickup or panel truck having an actual gross vehicle weight not  
42 exceeding 5,000 pounds, and which is used for carrying property not exceeding 1,000  
43 pounds at any time, and the annual license tax on a trailer having a body length of not  
44 more than 16 feet which is designed and used exclusively for carrying boats, shall be  
45 ~~\$6.50~~ \$14.50. Nothing herein shall be construed as applying to the license taxes for  
46 trailers or semitrailers designed for use as living quarters for human beings or to those

1 trailers or semitrailers operated under lease or rental agreement or operated for  
2 compensation.

3  
4 Sec. 3-2-331 Combination of tractor-trucks and semitrailers.

5  
6 (a) In the case of a combination of a tractor-truck and a semitrailer, each vehicle  
7 constituting a part of such combination shall be registered as a separate vehicle, and  
8 separate vehicle license plates shall be issued therefor, but, for the purpose of  
9 determining the gross weight group into which any such vehicle constitutes a part, shall  
10 be considered a unit, and the aggregate gross weight of the entire combination shall  
11 determine such gross weight group. The tax for license plates for a semitrailer  
12 constituting a part of such combination shall be ~~\$25~~ \$18 for a vehicle weighing less than  
13 1,501 pounds, \$28.50 for a vehicle weighing at least 1,501 pounds but less than 4,001  
14 pounds, and \$40.00 for a vehicle weighing at least 4,001 pounds.

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16 (b) In determining the tax to be paid for the license plates for a tractor-truck constituting  
17 a part of such combination the tax shall be assessed at the total weight and the tax per  
18 1,000 pounds applicable to the gross weight of the combination when loaded to the  
19 maximum capacity for which it is registered and licensed. However, there shall be no  
20 deduction from this tax for the tax of the semitrailer in combination.

21  
22 Section 2. That this ordinance shall become effective on July 1, 2007.

23  
24 WILLIAM D. EUILLE  
25 Mayor

26  
27 Introduction: 6/12/07  
28 First Reading:  
29 Publication:  
30 Public Hearing:  
31 Second Reading:  
32 Final Passage:  
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