



# Albemarle County

## Legislation Text

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**File #:** 16-422, **Version:** 1

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**AGENDA DATE:** 7/6/2016

**TITLE:**

Tax Ordinance Amendment

**SUBJECT/PROPOSAL/REQUEST:** Public Hearing to Consider Proposed Tax Ordinance Amendment

**ITEM TYPE:** Regular Action Item

**STAFF CONTACT(S):** Foley, Letteri, Kamptner, Herrick, Burrell, Lamb

**PRESENTER (S):** Betty Burrell

**LEGAL REVIEW:** Yes

**REVIEWED BY:** Thomas C. Foley

**BACKGROUND:** Upon review of the County's tax regulations, the Finance Department is recommending updates and improvements to eight sections of Chapter 15 (Taxation) of the Albemarle County Code. These proposed revisions are intended both to improve the County's collection practices and to align the County Code with current State law.

**STRATEGIC PLAN:** Goal 4: Economic Prosperity -- Foster an environment that stimulates diversified job creation, capital investments, and tax revenues that support community goals

**DISCUSSION:** The attached proposed ordinance (Attachment A) would amend eight sections of Chapter 15 (Taxation) of the County Code.

1. Sec. 15-100 - Minimum Tax Penalty - Would impose a \$10 minimum penalty on unpaid taxes. *Virginia Code* § 58.1-3916 generally allows a penalty of 10% or \$10 (whichever is greater) on unpaid taxes. The corresponding provision of the County Code currently allows only a penalty of 10%. In cases where the unpaid tax is less than \$100, this proposed amendment would impose the \$10 minimum penalty allowed by state law.

- Purpose: To discourage delinquencies and equalize the penalty for all taxpayers.

- Consequence: Would increase penalties on unpaid taxes of less than \$100.

2. Sec. 15-702 - Tax Relief for Elderly/Disabled Persons - Income - Would clarify the definition of "income" for purposes of tax relief for elderly and/or disabled persons. In determining qualification for tax relief for elderly and/or disabled persons, *Virginia Code* § 58.1-3212 previously provided that income include only those sources of gross income that were subject to federal income tax. The General Assembly has eliminated that specification from state law, and staff is recommending that it be removed from the County's definition of "income."

- Purpose: To align the County Code with state enabling authority.

- Consequence: Certain applicants for tax relief may be required to report additional sources of income on their applications, resulting in a projected \$10,000 revenue gain annually to the County.

3. Sec. 15-706 - Tax Relief for Elderly/Disabled Persons - Applications - Would change the current requirement that existing tax relief recipients file an affidavit of financial information every year to require that it be filed once every three years, allowing annual re-certifications in the intervening years, as enabled by

Virginia Code § 58.1-3213(B).

- Purpose: To reduce the filing burden on elderly and/or disabled applicants.

- Consequence: Would give some relief to applicants for the second and third year of their tax relief application cycle, and would create a significant operational efficiency for Revenue Administration staff.

4. Sec. 15-802 - Use Value Assessment Applications - Would eliminate an unnecessary “late” filing extension for use value assessment applications, as those applications are already timely if filed within 30 days of the mailing of notices of a general reassessment.

- Purpose: To remove ambiguity in the County Code regarding use value application filing deadlines.

- Consequence: There are no consequences anticipated.

5. Sec. 15-910 - Transient Occupancy Tax Penalty - Would eliminate the unnecessary specification that the Director of Finance personally impose transient occupancy tax penalties. The amounts and conditions of those penalties would remain unchanged.

- Purpose: To remove an unnecessary specification from the County Code, to allow for greater administrative efficiency.

- Consequence: There are no consequences anticipated.

6. Sec. 15-1102(F) - Penalty for Failure to Timely File Personal Property Return - Would allow a 10% penalty for the failure to file a business personal property return, as enabled by *Virginia Code* § 58.1-3916. A clarification was added after the Board’s initial review of a draft ordinance on June 1 to include a reference to *Virginia Code* § 58.1-3518. Purpose: To incentivize the timely filing of business personal property tax returns. Because the County already receives property information from the Department of Motor Vehicles and other sources, most individuals are currently not required to file personal property tax returns. Self-reported returns are primarily for business personal property.

- Consequence: Business taxpayers not timely filing their personal property tax returns would be assessed a 10% late filing penalty.

7. Sec. 15-1213 - Food and Beverage Tax Penalty - Would: (a) eliminate the unnecessary specification that the Director of Finance personally impose food and beverage tax penalties; and (b) align the minimum penalty to the amount allowed by *Virginia Code* § 58.1-3916.

- Purpose: To remove an unnecessary specification from the County Code, to allow for greater administrative efficiency.

- Consequence: There are no consequences anticipated.

8. Sec. 15-1603 - Disabled Veterans’ Property Tax Exemption - The 2011 legislation that initially granted property tax exemptions to disabled veterans raised a number of questions, many of which were answered by a 12-point opinion of the Virginia Attorney General. The General Assembly responded with a number of clarifying amendments to Virginia Code § 58.1-3219.5. Staff is recommending amendments to the County Code to track the most current state law.

- Purpose: To align the County Code with current state enabling authority.

- Consequence: There are no known negative consequences at this time.

**BUDGET IMPACT:** While the budgetary impact of these proposed amendments is difficult to predict with any certainty, staff anticipates that only four of the proposed revisions would have budget impacts:

- Sec. 15-100 - Minimum Tax Penalty - projected \$200 revenue gain per year.

- Sec. 15-702 - Tax Relief for Elderly/Disabled Persons - Income - projected \$10,000 revenue gain per year due to reduction in tax exemption.

- Sec. 15-1102(F) - Penalty for Failure to Timely File Personal Property Return - projected \$100,000 one-time revenue gain in FY17. Some revenue gain may be expected in subsequent years, but the amount is most likely to decrease over the years as more taxpayers comply with the filing deadlines.

- Sec. 15-1603 - Disabled Veterans’ Property Tax Exemption - projected \$67,000 revenue loss per year. This section is needed to conform the County Code to the Virginia Code.

Staff does not anticipate significant budgetary impacts for any of the other proposed revisions.

**RECOMMENDATION:**

Following the public hearing, staff recommends that the Board adopt the attached proposed ordinance (Attachment A).

**ATTACHMENTS:**

A - Proposed Ordinance - Chapter 15 (Taxation)