



City of Fredericksburg, Virginia

City Council

AGENDA

Council Chambers

715 Princess Anne Street

Fredericksburg, Virginia 22401

Hon. Mary Katherine Greenlaw, Mayor
Hon. Charlie L. Frye, Jr., Vice-Mayor, Ward Four
Hon. Kerry P. Devine, At-Large
Hon. Matthew J. Kelly, At-Large
Hon. Jason N. Graham, Ward One
Hon. Jonathan A. Gerlach, Ward Two
Hon. Timothy P. Duffy, Ph.D., Ward Three

Special Called Meeting

March 29, 2022

6:00 p.m.

Mary Katherine Greenlaw, Presiding

Agenda

1. **Call To Order**

2. **Invocation**

Councilor Matthew J. Kelly

3. **Pledge Of Allegiance**

Councilor Jason N. Graham

4. **City Manager Agenda**

- A. Ordinance 22-___, First & Second Read, Reducing The Personal Property Tax Rate To Offset The Increase In Assessed Values In Personal Property Due To Supply Chain Disruptions Attributed To The Pandemic, For The Fiscal Year 2023

Documents:

[4A REVISED PP TAX RATE.PDF](#)

- B. Ordinance 22-___, First & Second Read, Amending City Ordinance 58-64 To Eliminate Annual City License Fees

Documents:

[4B ELIMINATING LICENSE FEES.PDF](#)

- C. Resolution 22-___, Setting The Personal Property Tax Relief Percentage For The 2022 Billing In Accordance With Changes To The Tangible Personal Property Tax Rate Revision

Documents:

[4C SETTING PP TAX RELIEF PERCENT.PDF](#)

5. **Adjournment**



MEMORANDUM

TO: Timothy J. Baroody, City Manager
FROM: Tripp Lawrence, Assistant Director of Finance
DATE: March 29, 2022 (for March 29, 2022 City Council Special Meeting)
SUBJECT: Ordinance to Change Personal Property Rate

ISSUE

City Council is asked to consider changing the tangible personal property rate for the valuation effective January 1st, 2022 and first installment due May 15th, 2022 as a result of the unprecedented rise in vehicle valuations.

RECOMMENDATION

Staff recommends tabling consideration of this ordinance until the meeting on April 5, 2022. This is to allow for discussion as additional details about the taxable base for personal property become available. There is also new legislation recently signed into law that allows the City to create a separate tax rate for vehicles

BACKGROUND

Personal property taxes are payable in two equal installments, with the first half of the total tax being due and payable on or before May 15 and the second half being due and payable on or before November 15 of each calendar year.

The global COVID-19 pandemic has disrupted the supply chain associated with these goods, which in turn has led to a shortage of supply in these categories of new personal property and an increase in the value of used personal property. The increase in the value of used personal property, in particular, is reflected in the recognized pricing guides which form the basis for personal property tax valuation; this increase in value is contrary to the general trend of personal property values depreciating over time.

FISCAL IMPACT

At the current rates, it is anticipated that citizens will see an increase in bills due to the growth in values. Temporarily reducing the rate will help offset this rise, thus reducing the impact felt by tax payers. A reduction in the rate will not impact the estimated revenue included in the FY 2023 budget.

Attachments:

Ordinance revising Tangible Personal Property Tax Rate



March 29, 2022
Regular Meeting
Ordinance No. 22-__

MOTION:

SECOND:

RE: Reducing the Personal Property Tax Rate to Offset the Increase in Assessed Values in Personal Property Due to Supply Chain Disruptions Attributed to the Pandemic, for the Fiscal Year 2023

ACTION: APPROVED: Ayes: 0; Nays: 0

FIRST READ: _____ SECOND READ: _____

Sec. I. Introduction.

The City imposes and levies a tax upon all non-exempt personal property at the rate of \$3.40 for every \$100 of the assessed value thereof, for general City and school purposes, in City Code §§70-131 *et seq.* The Commissioner of Revenue assesses the value of personal property in accordance with the methods prescribed by the Virginia Code, including, for automobiles, trucks, motorcycles, mopeds, all-terrain vehicles, and boats, by means of a recognized pricing guide. The Commissioner of Revenue records the value of personal property in the official book, and then delivers the book of valuation to the Treasurer, who applies the tax rate and bills the taxpayer.

The City assesses the personal property tax on a fiscal year basis, beginning July 1 and ending June 30 of each such year. Personal property taxes are payable in two equal installments, with the first half of the total tax being due and payable on or before May 15 and the second half being due and payable on or before November 15 of each calendar year.

The global COVID-19 pandemic has disrupted the supply chain associated with these goods, which in turn has led to a shortage of supply in these categories of new personal property and an increase in the value of used personal property. The increase in the value of used personal property, in particular, is reflected in the recognized pricing guides which form the basis for personal property tax valuation; this increase in value is contrary to the general trend of personal property values depreciating over time.

Virginia Code §58.1-3012 authorizes and empowers any local governing body to change the rate of its tax on tangible personal property during any calendar year, provided such change is made prior to the date on which the personal property books are delivered to the treasurer. It is City Council's desire to employ this authority to change the rate of the City's tax on tangible personal property so as to offset the general increase in value of tangible personal property.

The Commissioner of Revenue reports that she has not yet delivered the personal property books to the Treasurer as of March 29, 2022.

Sec. II. City Code amendment.

City Code §70-131, [Tangible Personal Property Taxes] Levied, is therefore amended as follows:

§70-131 Levied.

- A. For each and every fiscal year, beginning July 1 and ending June 30 of each such year, unless otherwise changed by the City Council, there is hereby imposed and levied upon all personal property not exempt from taxation, a tax of \$3.40 for every \$100 of the assessed value thereof, for general City and school purposes.
- B. Tangible personal property taxes shall be based upon all such property owned by the taxpayer on January 1 of each calendar year. Every taxpayer owning property subject to taxation under this section shall file a personal property tax return with the Commissioner of Revenue on or before February 15 of each year, reflecting ownership of such property as of January 1 of that year.
- C. Personal property taxes shall be payable annually in two equal installments, with the first half of the total tax being due and payable on or before May 15 and the second half being due and payable on or before November 15 of each calendar year.
- D. *For the annual installments due and payable on or before May 15, 2022 and November 15, 2022, there is hereby imposed and levied upon all personal property not exempt from taxation, a tax of \$3.05 for every \$100 of the assessed value thereof, for general City and school purposes.*

Sec. III. Effective date.

This ordinance takes effect immediately upon adoption.

Votes:

Ayes:

Nays:

Absent from Vote:

Absent from Meeting:

Approved as to form:

Kathleen Dooley, City Attorney

Clerk's Certificate

I, the undersigned, certify that I am Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Ordinance No. 21- duly adopted at a meeting of the City Council meeting held Date, 2021 at which a quorum was present and voted.

***Tonya B. Lacey, MMC
Clerk of Council***



March 29, 2022
Regular Meeting
Ordinance No. 22-__

MOTION:

SECOND:

RE: Reducing the Personal Property Tax Rate to Offset the Increase in Assessed Values in Personal Property Due to Supply Chain Disruptions Attributed to the Pandemic, for the Fiscal Year 2023

ACTION: APPROVED: Ayes: 0; Nays: 0

FIRST READ: _____ SECOND READ: _____

Sec. I. Introduction.

The City imposes and levies a tax upon all non-exempt personal property at the rate of \$3.40 for every \$100 of the assessed value thereof, for general City and school purposes, in City Code §§70-131 *et seq.* The Commissioner of Revenue assesses the value of personal property in accordance with the methods prescribed by the Virginia Code, including, for automobiles, trucks, motorcycles, mopeds, all-terrain vehicles, and boats, by means of a recognized pricing guide. The Commissioner of Revenue records the value of personal property in the official book, and then delivers the book of valuation to the Treasurer, who applies the tax rate and bills the taxpayer.

The City assesses the personal property tax on a fiscal year basis, beginning July 1 and ending June 30 of each such year. Personal property taxes are payable in two equal installments, with the first half of the total tax being due and payable on or before May 15 and the second half being due and payable on or before November 15 of each calendar year.

The global COVID-19 pandemic has disrupted the supply chain associated with these goods, which in turn has led to a shortage of supply in these categories of new personal property and an increase in the value of used personal property. The increase in the value of used personal property, in particular, is reflected in the recognized pricing guides which form the basis for personal property tax valuation; this increase in value is contrary to the general trend of personal property values depreciating over time.

Virginia Code §58.1-3012 authorizes and empowers any local governing body to change the rate of its tax on tangible personal property during any calendar year, provided such change is made prior to the date on which the personal property books are delivered to the treasurer. It is City Council's desire to employ this authority to change the rate of the City's tax on tangible personal property so as to offset the general increase in value of tangible personal property.

The Commissioner of Revenue reports that she has not yet delivered the personal property books to the Treasurer as of March 29, 2022.

Sec. II. City Code amendment.

City Code §70-131, [Tangible Personal Property Taxes] Levied, is therefore amended as follows:

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- A. For each and every fiscal year, beginning July 1 and ending June 30 of each such year, unless otherwise changed by the City Council, there is hereby imposed and levied upon all personal property not exempt from taxation, a tax of \$3.40 for every \$100 of the assessed value thereof, for general City and school purposes.
- B. Tangible personal property taxes shall be based upon all such property owned by the taxpayer on January 1 of each calendar year. Every taxpayer owning property subject to taxation under this section shall file a personal property tax return with the Commissioner of Revenue on or before February 15 of each year, reflecting ownership of such property as of January 1 of that year.
- C. Personal property taxes shall be payable annually in two equal installments, with the first half of the total tax being due and payable on or before May 15 and the second half being due and payable on or before November 15 of each calendar year.
- D. *For the annual installments due and payable on or before May 15, 2022 and November 15, 2022, there is hereby imposed and levied upon all personal property not exempt from taxation, a tax of \$3.20 for every \$100 of the assessed value thereof, for general City and school purposes.*

Sec. III. Effective date.

This ordinance takes effect immediately upon adoption.

Votes:

Ayes:

Nays:

Absent from Vote:

Absent from Meeting:

Approved as to form:

Kathleen Dooley, City Attorney

Clerk's Certificate

I, the undersigned, certify that I am Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Ordinance No. 21- duly adopted at a meeting of the City Council meeting held Date, 2021 at which a quorum was present and voted.

***Tonya B. Lacey, MMC
Clerk of Council***



MEMORANDUM

TO: Timothy J. Baroody, City Manager
FROM: Tripp Lawrence, Assistant Director of Finance
DATE: March 29, 2022(for March 29, 2022 City Council Special Meeting)
SUBJECT: Ordinance to Eliminate the Annual Motor Vehicle License Fee

ISSUE

City Council is asked to consider eliminating the annual motor vehicle license fee that is included in the May personal property billing cycle.

RECOMMENDATION

Staff recommends tabling consideration of this ordinance until the meeting on April 5, 2022. This is to allow for discussion as additional details about the taxable base for personal property become available. There is also new legislation recently signed into law that allows the City to create a separate tax rate for vehicles.

BACKGROUND

The global COVID-19 pandemic has disrupted the supply chain associated with motor vehicles, trailers, and semi-trailers, leading to an increase in the value of used vehicles and consequently, higher personal property taxes on these vehicles. If City Council wishes to help offset the increase in taxes, this could be done by eliminating the annual motor vehicle license fee in conjunction with the reduction in the personal property tax rate.

FISCAL IMPACT

Currently, each vehicle registered within the City is assessed a motor vehicle license fee; fifteen dollars on motorcycles and twenty dollars on all other vehicles. This fee is included in the annual May bill cycle. An elimination of this fee will reduce the FY 2022 revenue received by approximately \$500,000 and the FY 2023 budget by approximately \$525,000.

Attachments:

Ordinance Eliminating Annual Motor Vehicle License Fee



March 29, 2022
Regular Meeting
Ordinance No. 22-__

MOTION:

SECOND:

RE: Eliminating the Annual Motor Vehicle License Fee

ACTION: APPROVED: Ayes: 0; Nays: 0

FIRST READ: _____ SECOND READ: _____

Sec. I. Introduction.

Virginia Code §46.2-752 authorizes counties, cities, and towns to charge license fees on motor vehicles, trailers, and semi-trailers, subject to the conditions and exemptions set forth in the statute. The City of Fredericksburg charges this annual license fee, as set out in City Code §58-64.

However, the global COVID-19 pandemic has disrupted the supply chain associated with motor vehicles, trailers, and semi-trailers, leading to an increase in the value of used vehicles and consequently, higher personal property taxes on these vehicles. City Council wishes to offset all or a portion of these higher taxes by eliminating the annual motor vehicle license fee. City Council proposes to continue to offer the City motor vehicle decal referenced in City Code §58-63.

Sec. II. City Code amendment.

City Code §58-64 is therefore repealed in its entirety.

Sec. III. Effective date.

This ordinance shall become effective immediately upon adoption.

Votes:

Ayes:

Nays:

Absent from Vote:

Absent from Meeting:

Approved as to form:

Kathleen Dooley, City Attorney

Clerk's Certificate

I, the undersigned, certify that I am Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Ordinance No. 22-__ duly adopted at a meeting of the City Council meeting held Date, 2022 at which a quorum was present and voted.

***Tonya B. Lacey, MMC
Clerk of Council***

DRAFT

MEMORANDUM

TO: Timothy J. Baroody, City Manager
FROM: Richard E. Lawrence, Assistant Direct of Finance
DATE: March 29, 2022 (for the March 29, 2022 Council Special Meeting)
RE: Setting the Personal Property Tax Relief Percentage for 2022

ISSUE

The City Council must approve a resolution setting the Personal Property Tax Relief Percentage for the 2022 Personal Property Tax Billing.

RECOMMENDATION

Staff recommends approval of the attached resolution confirming the Commissioner's assessment of the relief percentage at %.

BACKGROUND

In order to send out the spring personal property tax bills, the Treasurer and the Commissioner of the Revenue need a resolution adopted by the City Council setting the percentage of Personal Property Tax Relief, in accordance with Ordinance 05-28.

The Commissioner of the Revenue has calculated a tax relief rate based upon the amount of relief that the state will provide to the City. The Commissioner recommends the relief percentage be set at % to fully exhaust the block grant. The rate was set at 34% in 2021, 35% in 2020, 37% from 2019 – 2017, and 36% 2016 through 2014.

The City receives the same amount for relief from the state every year. The recommended level of relief should ensure that the block grant is exhausted.

Personal property taxes are billed in two installments – one in spring and one in fall. The spring billing is due on May 15th and the fall billing is due November 15th.

FISCAL IMPACT

The percentage of relief must be set to a level that will exhaust the block grant for PPTRA Relief of \$1.728 million. Overall bills will increase if the relief percentage decreases. Individual bills will rise or fall depending upon the assessment of individual vehicles.

Attachment: Resolution

cc: Brenda Wood, Treasurer
Lois Jacob, Commissioner of the Revenue



March 29, 2022
Regular Meeting
Resolution 22-__

MOTION:

SECOND:

RE: Setting the Personal Property Tax Relief Percentage for the 2022 Billing in Accordance with the Changes to the Personal Property Tax Relief Act of 1998

ACTION: APPROVED: Ayes: ; Nays:

The Personal Property Act of 1998, Va. Code Section 58.1-3523, et seq. ("PPTRA") requires the City to provide for the computation and allocation of relief provided pursuant to the PPTRA.

The Commonwealth of Virginia now provides to the City, commencing in 2006, a fixed sum to be used exclusively for the provision of tax relief to owners of qualifying personal use vehicles that are subject to the personal property tax on such vehicles. In response, the City enacted Ordinance Number 05-28, "An Ordinance Implementing the 2005-2006 Changes to the Personal Property Tax Relief Act of 1998."

The Commissioner of the Revenue has a projection based upon the City's change in personal property tax values of the level necessary to fully exhaust the PPTRA relief fund provided to the City by the Commonwealth, as called for in the Ordinance.

The Personal Property Tax Relief Percentage in 2021 was set at 34%. Past years' percentages:

Year	PPTRA Percentage
2020	35%
2019	37%
2018	37%
2017	37%
2016	36%
2015	36%

It is necessary to set by resolution the Personal Property Tax Relief Percentage for the tax billing of 2022.

It is **RESOLVED** by the City Council of the City of Fredericksburg, that the Personal Property Tax Relief Percentage is set **at %** of the first \$20,000 of market value for qualifying vehicles valued at over \$1,000, in accordance with Ordinance 05-28.

Votes:

Ayes:

Nays:

Absent from Vote:

Absent from Meeting:

Clerk's Certificate

I, the undersigned, certify that I am Deputy Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Resolution No. 20- duly adopted at a meeting of the City Council meeting held March 29, 2022 at which a quorum was present and voted.

Tonya B. Lacey, MMC
Clerk of Council