



MEMORANDUM

TO: Timothy J. Baroody, City Manager
FROM: Mark Whitley, Assistant City Manager
DATE: April 5, 2021 (for the April 13, 2021 Council Meeting)
RE: Setting the Personal Property Tax Relief Percentage for 2021

ISSUE

The City Council must approve a resolution setting the Personal Property Tax Relief Percentage for the 2021 Personal Property Tax Billing.

RECOMMENDATION

Staff recommends approval of the attached resolution confirming the Commissioner's assessment of the relief percentage at 34%.

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 34% to fully exhaust the block grant. The rate was set at 35% in 2020. The rate was set at 37% for 2017 through 2019. The rate from 2014 through 2016 was 36%.

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 normally due on May 15. However, the Council is considering an ordinance to postpone the due date for the spring personal property tax billing to Friday, June 4th. This action will give the Commissioner's office additional time to prepare bills and the community additional time to pay the bills, as a result of the ongoing current coronavirus pandemic.

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



April 13, 2020
Regular Meeting
Resolution 21-__

MOTION:

SECOND:

RE: Setting the Personal Property Tax Relief Percentage for the 2021 Billing in Accordance with the Changes to the Personal Property Tax Relief Act of 1998

ACTION: APPROVED: Ayes: 0; Nays: 0

The Personal Property Act of 1998, Va. Code Section 58.1-3523, et seq. ("PPTRA"), has been substantially modified by the General Assembly. The changes require the City to provide for the computation and allocation of relief provided pursuant to the PPTRA as revised.

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 2020 was set at 35%. in 2017, 2018, and 2019 was set at 37%, after being set at 36% in 2014, 2015, and 2016. It is necessary to set by resolution the Personal Property Tax Relief Percentage for the tax billing of 2021.

It is RESOLVED by the City Council of the City of Fredericksburg, that the Personal Property Tax Relief Percentage remain at 34% 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 April 14, 2020 at which a quorum was present and voted.

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