



MEMORANDUM

TO: Timothy J. Baroody, City Manager
FROM: Mark Whitley, Assistant City Manager
RE: Ordinance to Change Real Estate and Personal Property Tax Due Dates
DATE: March 7, 2023 (for the March 14, 2023 City Council Meeting)

ISSUE

Shall City Council consider a permanent change in the due date for real estate and personal property taxes – to June 5 and December 5?

RECOMMENDATION

Yes. Staff recommends the adoption of the attached ordinance on first reading. Second reading, if first reading is approved, would be scheduled for March 28, 2023.

BACKGROUND

The City of Fredericksburg currently bills both real estate taxes and personal property taxes in the spring and the fall. The spring tax bills are due May 15, and the fall tax bills are due November 15.¹

The Commissioner of the Revenue's office is responsible for the assessment of both real estate and personal property taxes. Real estate taxes are assessed on a fiscal year basis and personal property taxes are assessed on a calendar year basis. The Commissioner's office develops a "book" for both real estate and personal property that is sent to the Treasurer's Office for billing and collection. Traditionally, the Commissioner's office assesses the taxes to produce a real estate book in September and a personal property book in March. The Treasurer's office then produces bills based upon the assessments.

The Commissioner of the Revenue wishes to extend the deadline for payment of taxes on a permanent basis to gain more time to process returns and assess taxes – particularly for personal property. Personal property tax assessment involves cars and trucks that are owned by individual households, based largely on information provided by the state Department of Motor Vehicles. In addition, personal property tax assessment includes business personal property that is assessed based on returns, due February 15, that businesses provide to the Commissioner's office. The number and complexity of data to assess has increased over time,

¹ The personal property billing dates are set in City Code §70-131 C. The real estate tax bill due dates are set in City Code §70-93.

and the Commissioner's office recommends moving the due date permanently – to June 5 and December 5th.

The recommended change in due dates will provide an additional twenty calendar days to complete the assessment cycle.

The staff recommendation, which the Treasurer's Office supports, is to have both real estate and personal property taxes have the same due date for the sake of consistency.

Please note that the personal property tax rate was changed last year to \$2.95 / \$100 specifically for the May 15, 2022 and the November 15, 2022 bills for individually-owned personal property as described in the Code of Virginia §58.1-3503. The staff, working with the Commissioner of the Revenue's office, will make a recommendation concerning this rate during the City Council's review of the annual operating budget this spring.

FISCAL IMPACT

The attached ordinance will serve to delay the "normal" cycle of tax collections by approximately three weeks for one year. There will be a negative impact for the first year in terms of interest earnings on the taxes collected, but staff does not anticipate that this will be significant or ongoing past the first year.

Attachment: Ordinance

Cc: Lois Jacob, Commissioner of the Revenue
Brenda Wood, Treasurer
Robyn Shugart, Director of Finance



March 14, 2023
Regular Meeting
Ordinance No. 23-__

MOTION:

SECOND:

RE: Changing the Real Estate and Personal Property Tax Due Dates

ACTION: APPROVED: Ayes: 0; Nays: 0

FIRST READ: _____ **SECOND READ:** _____

Sec. I. Introduction.

The City of Fredericksburg currently bills both real estate taxes and personal property taxes in the spring and fall. The spring tax bills are due May 15, and the fall tax bills are due November 15.

The Commissioner of the Revenue wishes to extend the deadline for payment of taxes on a permanent basis to gain more time to process returns and assess taxes – particularly for personal property. Personal property tax assessment involves cars and trucks that are owned by individual households, based largely on information provided by the state Department of Motor Vehicles. In addition, personal property tax assessment includes business personal property that is assessed based on returns, due February 15, that businesses provide to the Commissioner’s office. The number and complexity of data to assess has increased over time, and the Commissioner’s office recommends moving the due date permanently – to June 5 and December 5th.

The City Council finds that the proposed change is in the public interest.

Sec. II. City Code amendment.

The Fredericksburg City Code is hereby amended as follows:

1. Section 70-93, “Date when due and payable,” which establishes the due dates for City real estate taxes, is amended as follows:

70-93. Date when due and payable.

City taxes levied on real property for each year shall be due and payable in two equal semiannual installments, with the first half of the total tax due on ~~November 15~~ *December 5* and the second half on ~~May 15~~ *June 5* of the following calendar year.

2. Section 70-131, "Levied," which establishes the due dates for City personal property taxes, is amended as follows:

Sec. 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~~ *June 5* and the second half being due and payable on or before ~~November 15~~ *December 5* of each calendar year.
- D. [Subsection D, relating to annual installments due and payable on May 15, 2022, and November 15, 2022, is not amended.]

Sec. III. Effective date.

The foregoing changes to the City Code become effective immediately.

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. 23-__ duly adopted at a meeting of the City Council meeting held Date, 2023 at which a quorum was present and voted.

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