

CITY OF CHARLOTTESVILLE, VIRGINIA  
CITY COUNCIL AGENDA



Agenda Date:	September 6, 2022
Action Required:	Amend and re-ordain City Code Sec.30-6 to increase the threshold under which the Treasurer may issue a refund for an erroneous assessment without direction from Council
Presenter:	Jason Vandever, City Treasurer
Staff Contacts:	Jason Vandever, City Treasurer Todd Divers, Commissioner of the Revenue Lisa Robertson, City Attorney
Title:	<b>Amending City Code Section 30-6 to increase the threshold under which the City Treasurer may issue a refund for an erroneous assessment without direction from Council (2nd reading)</b>

### **Background**

Sec. 30-6 of the Charlottesville City Code stipulates that:

*In the event that the assessing official determines that they have erroneously assessed an applicant with a local tax, they shall exonerate the applicant from the payment of so much as is erroneously charged, if not already paid into the city treasury. If the assessment has been paid, the city council shall, upon the certificate of the assessing official with the consent of the city attorney that such assessment was erroneous, direct the city treasurer to refund the excess to the taxpayer, with interest if authorized by law. However, the city treasurer is hereby authorized to approve and issue, without the above-referenced certificate, any refund up to two thousand five hundred dollars (\$2,500.00) resulting from an erroneous assessment.*

Virginia Code §58.1-3981 provides the statutory basis for this procedure.

In practice, when the Commissioner of the Revenue or City Assessor discovers an erroneous assessment that will result in a refund of greater than \$2,500, they must certify to the City Attorney and the City Treasurer the circumstances surrounding such refund. They must then arrange for the refund to be taken up on a Council agenda, prepare a memo outlining the City Attorney's certification, and await Council approval (after the required number of readings) before the Treasurer can issue the refund.

In most instances, interest is also paid on these refunds.

### **Discussion**

The \$2,500 threshold was set out in State Code in 1995 (HB1694) and later formally adopted by the City of Charlottesville in 2004 (11/15/04). The General Assembly has increased the allowable threshold twice in recent years – increasing it to \$5,000 in 2020 (HB316), and to \$10,000 in 2022 (HB368).

There are essentially four arguments for adopting the currently permissible \$10,000 threshold under which the Treasurer may issue a refund for an erroneous assessment:

1. Whereas in 1995 a refund of \$2,500 was a rare occurrence, refunds of that amount (and higher) are fairly common today;
2. Preparing Council memos and securing the sign-off from the City Attorney is time consuming and needlessly ties up the attention of the Commissioner of the Revenue or Assessor, Treasurer, and City Attorney;
3. The approval is typically a formality anyway. Once the Commissioner of the Revenue or Assessor determines that a tax was paid in error, a refund is due to the taxpayer;
4. The process delays payment and causes the City to incur more interest. By the time an agenda item is created, goes through the necessary approvals, is read twice, and finally voted on, weeks have typically passed since the original exoneration.

### **Alignment with City Council's Vision and Strategic Plan**

This change aligns with the City's Organizational Value of **Excellence**:

*We provide excellent services. We are responsive to requests and seek to implement the most effective approaches to our work. We follow best practices, and we measure the outcomes of our performance. We provide accurate and timely delivery of services.*

This change aligns with the City's Goal #5, to be **a well-managed and responsive organization**:

*5.1 Integrate effective business practices and strong fiscal policies*

*5.3 Provide responsive customer service*

### **Community Engagement**

N/A

### **Budgetary Impact**

N/A

### **Recommendation**

Approve the amended ordinance.

Suggested Motion: "I move the ORDINANCE amending and re-ordaining Sec. 30-6 of the City Code, to authorize the Treasurer to approve and issue any refund up to \$10,000 as a result of an erroneous tax assessment."

### **Alternatives**

None

## **Attachments**

1. Proposed Ordinance