

CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA



Agenda Date:	April 13, 2021
Action Required:	Approval of Resolution
Presenter:	Todd D. Divers, Commissioner of the Revenue
Staff Contacts:	Todd D. Divers, Commissioner of the Revenue Jason Vandever, City Treasurer Lisa Robertson, Acting City Attorney Rosalind Collins, Deputy Commissioner of the Revenue Servilla Kidd, Deputy Commissioner of the Revenue Christopher Harper, Deputy Commissioner of the Revenue
Title:	Establishing 2021 Tax Year Tax Relief Percentage

Background:

The City of Charlottesville receives a fixed annual grant from the Commonwealth of Virginia to be used to apply Personal Property Tax Relief (PPTR). The program is governed by the Code of Virginia (58.1 Chapter 35.1) and gives the locality a pool of funds, the proceeds of which must be used to provide relief to the owners of qualifying vehicles. The Commonwealth of Virginia's obligation is capped and made certain; localities distribute the relief amount as determined by local ordinance.

Discussion:

The method for computing the relief percentage is to subtract the tax year's total tax on eligible vehicles valued \$1,000 or less (that receive 100% relief) from the total PPTR grant amount (\$3,498,256) and divide the result by the total tax on the rest of the eligible vehicles' portion of value that is \$20,000 or less.

Based on 2021 tax year early book and projections for the tax year, staff recommends setting the relief percentage of tax on up to \$20,000 value for vehicles valued over \$1,000 at **40%** for tax year 2021.

Alignment with City Council's Vision and Strategic Plan:

Establishing the Personal Property Tax Relief percentage, like establishing tax rates, is one of the functions of a well-managed local government, which would put this under Goal 5. The first objective is most applicable: "Integrate effective business practices and strong fiscal policies". If the

percentage is set too high, the City may not have the full revenue it would from the tax rate set by Council. If the percentage is set too low, the owners of qualifying vehicles may over pay their share of the local tax burden. Therefore, this resolution applies directly to Council’s vision of a “Smart, Citizen-Focused Government”.

Community Engagement:

Not applicable

Budgetary Impact:

None anticipated based on forecast of vehicle levy.

Recommendation:

Approve resolution setting the relief at 40% for tax year 2021.

2021 Formula:

1. Tax Levy on all qualifying vehicles	=	\$9,400,000
2. PPTR used on 100% relief vehicles (vehicles valued \$1,000 and under)	=	\$ 61,000
3. PPTR total (\$3,498,256) Minus line 2, leaves remaining	=	\$3,437,256
4. Levy on up to \$20,000 value (of qualifying vehicles valued over \$1,000)	=	\$8,500,000
Divide 3 by 4	=	(.4044) 40%

Alternatives:

N/A

Attachments:

Resolution

RESOLUTION
Establishing 2021 Tax Year Tax Relief Percentage

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Charlottesville, Virginia that the personal property tax relief percentage on up to \$20,000 value for vehicles valued over \$1,000 is set at 40% for tax year 2021.