



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 6, 2019

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Introduction and First Reading. Passage on First Reading of an ordinance to amend Vehicle Decal Display Requirements, Article R (License Taxes on Motor Vehicles, Trailers, and Semitrailers), and Section 3-2-354 (Penalties for Uncontested Citations), Section 3-2-355 (Removal or Immobilization of Motor Vehicles Against Which There Are Outstanding Parking Citations), 10-4-37 (Failure to Procure and Display City License Plate, Windshield Tag or Decal), of the Code of the City of Alexandria, Virginia.

ISSUE: Consideration of an ordinance to amend and reordain City Code Sections in Article R, Chapter 2, Title 3, and Sections 3-2-354, 3-2-355, and 10-4-37 to eliminate the requirement to display tax decals on vehicle windshields; and, to clarify that enforcement of delinquent parking tickets includes staff from the Department of Finance.

RECOMMENDATION: That City Council pass the proposed ordinance (Attachment 2) on first reading and schedule it for second reading, public hearing, and final passage on March 16, 2019. Passage on March 16 will result in the elimination of the decal display requirement in the City, effective March 17, 2019.

DISCUSSION: As presented to City Council on February 19, 2019, the City Manager's proposed budget for FY 2020 includes the elimination of the requirement to display tax decals on vehicle windshields. For decades, Virginia localities relied upon the display of tax decals to signify that vehicles had properly registered and paid local personal property taxes. However, with the advent of computer aided technologies, the decal has become an anachronistic tool.

To date, 94% of all counties in the Commonwealth have already abolished their decal display requirement, as have 87% of all cities. In Northern Virginia, only the cities of Alexandria, Fairfax, and Falls Church still require decals. Arlington County has eliminated their decal requirement as of FY 2020. Upon adoption, the proposed ordinance in Attachment 2 will eliminate the decal display requirement in the City, while maintaining the annual vehicle registration fee, generating \$3.8 million in General Fund revenue per year. Retaining the fee in

part to offset the cost to administer and collect the tax is the norm throughout the Commonwealth and is allowed by Virginia law.

Elimination of the decal display requirement is expected to improve customer service and streamline the tax process for nearly 140,000 taxpayers each year. This effort ends the public's annual process of affixing and scraping decals from their windshield and ends the nuisance tax of \$1.00 for decal transfers. Residents will no longer need to bring shards of previous decals to the Department of Finance upon the disposal of a vehicle. As has been the experience elsewhere, fewer walk-in taxpayers and customer contacts are also expected once the public becomes thoroughly familiar with the new process.

Likewise, strong collection rates are expected to continue, as Virginia localities have a robust array of other collection tools. Such tools include DMV registration holds; State Income Tax Set-Off Debt; bank liens; wage liens; boots; tows; and referral to private collection agencies. In lieu of decals, the Department of Finance will also boost its discovery efforts to identify possible tax evaders by using automated License Plate Reader (LPR) technology. This will provide automated matches to the local tax roll and help identify exceptions for further research and assessment where appropriate. This technology is already being used for similar purposes in Arlington County, and to some extent in the City of Falls Church and is being explored elsewhere.

Use of LPR technology will also enhance the Department's ability to pursue immobilization of vehicles with delinquent taxes and delinquent parking tickets via windshield levy stickers (a more efficient and less expensive process than the use of traditional vehicle "boots"). The City's existing Code already allows Finance employees to enforce delinquent tax collection; the proposed ordinance contains a technical amendment to clarify that Finance employees can do the same for delinquent parking tickets. LPR technology already available to Parking Enforcement Officers is also expected to be utilized for Residential Parking Districts 12 and 12-A in lieu of decals.

The timing of this ordinance change to eliminate the decal is essential to complete tax bill programming changes on time. Should Council decide not to eliminate the decal, decal stock would need to be ordered now to be received in time for the summer billing of the vehicle registration fee and personal property taxes.

FISCAL IMPACT: Elimination of the decal is estimated to be revenue neutral. The proposed budget for FY 2020 already reflects an expenditure increase for the Department of Finance to include two new discovery and enforcement staff positions, and associated equipment, together with a decrease in "No Decal" citations. The combined cost increase is approximately \$341,000. Offsetting this, Finance has reductions in decal inventory, forms, and postage. Also, offsetting the cost increase, Finance anticipates compensating increases in tax and ticket collections associated with the LPR technology, with enhanced efforts to discover and tax vehicles with out-of-state license plates, and with increased outsourcing of delinquent taxes to private collection agents at no cost to the City.

ATTACHMENTS:

Attachment 1 - Proposed Ordinance Cover

Attachment 2 - Proposed Ordinance Amendments

Attachment 3 - Pertinent Slides from Presentation to City Council, February 19, 2019

STAFF:

Laura B. Triggs, Deputy City Manager

Kendel Taylor, Director, Department of Finance

Kevin C. Greenlief, Assistant Director, Revenue Division, Finance

David Clark, Assistant Director, Treasury Division, Finance
Sarah McElveen, Assistant City Attorney