TOWN OF LEESBURG
NOTICE OF PUBLIC HEARING
LEESBURG TOWN CODE AMENDMENTS

ORDINANCE TO AMEND
TOWN CODE CHAPTER 20 (LICENSES, TAXATION AND MISCELLANEOUS REGULATIONS),
ARTICLE II (TAXATION GENERALLY),
SECTION 20-24 (DUTY OF FINANCE DIRECTOR TO COLLECT TAXES) TO CHANGE THE PERSONAL PROPERTY TAX DUE DATE

TOWN CODE CHAPTER 32 (TRAFFIC AND VEHICLES),
ARTICLE III (VEHICLE LICENSES),
SECTION 32.85 (PRORATION OF FEE) AND
SECTION 32.87 (DURATION)

Pursuant to the Code of Virginia of 1950, Sections (46.2-752(a)) as amended,
LEESBURG TOWN COUNCIL
will hold a public hearing on
March 25, 2014, at 7:30 p.m.,
Council Chambers at Town Hall,
25 West Market Street, Leesburg, Virginia, 20176

The Following Amendments are proposed:
Section 20-24(b) (2) (Duty of finance director to collect taxes):
Eliminate the proration of personal property taxes
Section 20-24(b) (3) (Duty of finance director to collect taxes):
Change the due date for payment of personal property taxes from October 5 to May 5 of the tax year.
Section 32.85 (Proration of fee):
Eliminate the proration of the motor vehicle license fee.
Section 32.87 (Duration):
Change the motor vehicle license fee year from November 16 of each year through November 15 of the following year to coincide with the tax year of January 1 through December 31.

A copy of the proposed ordinances are available from the Town Clerk, located in Town Hall, 25 West Market Street, Leesburg, Virginia, during normal business hours (Monday-Friday, 8:30 a.m. to 5:00 p.m.); or by calling Lee Ann Green, Town Clerk, at 703-771-2733.

At this hearing, all persons desiring to express their views concerning these matters will be heard. Persons requiring special accommodations should contact the Clerk of Council at 703-771-2733, three days in advance of the meeting. For TTY/TDD service, use the Virginia Relay Center by dialing 711.

Date of Council Meeting: March 25, 2014

TOWN OF LEESBURG
TOWN COUNCIL MEETING

Subject: Amend the Town Code to Eliminate Pro-rating of Personal Property Taxes

Staff Contact: Norman D. Butts, Finance Director

Recommendation: Council amend the Town Code to 1) eliminate the proration of personal property taxes, 2) eliminate the proration of the motor vehicle licensing fee, 3) change the due date for payment of personal property taxes from October 5 to May 5 of the tax year, and 4) align the motor vehicle license fee with the tax year of January 1 through December 31.

Issue: The Town pro-rates the tax on personal property in proportion to the amount of time the property is sited in the Town during the tax year. The process is overly complex, causes enormous taxpayer confusion, and wastes taxpayer time. **The proposed Town Code changes will provide tax simplification and enhance customer service.**

Fiscal Analysis: The fiscal impact for 2012 shows the Town would have saved $19,632, determined as follows. The supplemental billing for tax year 2012 due to proration produced $34,119 in additional revenue. Expenses are estimated at $51,407 in salary (.75) and $2,344 for printing and mailing for total expenses of $53,751. It cost the Town $53,271 to collect $34,119. **The analysis does not include the value of time saved by the taxpayer.**

If Council accepts the recommendations, the impact would be a "tax holiday" for personal property taxes due in 2014 except for supplemental personal property tax billed for pro-rated taxes for tax year 2013 that are collected in 2014. There would be no budgetary impact on fiscal year 2015 because personal property taxes scheduled to be collected in October 2014 under the current law would be collected in May 2015.

Background: The Town levies personal property taxes assessed at $337 million. The largest share ($316 million 93.8%) is for motor vehicles. The Town Council eased the regulatory burden by removing the requirement for an annual decal for motor vehicles. The burden on personal property taxpayers could be further reduced by eliminating the pro-rating requirement.

The public hearing is scheduled for the March 25, 2014. This hearing has been advertised in accordance with the Town Code and Code of Virginia.

PRESENTED: March 25, 2014

ORDINANCE NO. 2014-O-_____ ADOPTED:

AN ORDINANCE: AMENDING CHAPTER 20 (LICENSES, TAXATION AND MISCELLANEOUS REGULATIONS), ARTICLE II (TAXATION GENERALLY), SECTION 20-24 (DUTY OF FINANCE DIRECTOR TO COLLECT TAXES) CHANGING THE DUE DATE OF PERSONAL PROPERTY TAXES AND CHAPTER 32 (TRAFFIC AND VEHICLES), ARTICLE III (VEHICLE LICENSES), SECTION 32-85 (PRORATION OF FEE) AND SECTION 34-87 (DURATION)

WHEREAS, the Code of Virginia of 1950, as amended, § Section 46.2-752(a) (Taxes and license fees imposed by counties, cities, and towns; limitations on amounts; disposition of revenues; requiring evidence of payment of personal property taxes and certain fines; prohibiting display of licenses after expiration; failure to display valid local license required by other localities; penalty) allows local governments to prorate personal property taxes and motor vehicle license fees and the Town currently prorates both personal property taxes and motor vehicle license fees and

WHEREAS, elimination of the proration of personal property taxes and motor vehicle license fees will simplify payments for customers and enhance customer service as well as reduce staff resources in that a supplemental billing or payment of refunds will no longer be required for vehicles sited in the Town or leaving the Town prior to the assessment date and

WHEREAS, the Town Council held a public hearing to consider these amendments to the Town Code.

THEREFORE, ORDAINED by the Council of the Town of Leesburg in Virginia as follows:

SECTION I. Sec. 20-24(b)(2)

Personal property and machinery and tools. Except for motor vehicles and trailers, payment of taxes due and owing to the town for personal property and machinery and tools shall be paid by,

AN ORDINANCE: AMENDING CHAPTER 20 (LICENSES, TAXATION AND MISCELLANEOUS REGULATIONS), ARTICLE II (TAXATION GENERALLY), SECTION 20-24 (DUTY OF FINANCE DIRECTOR TO COLLECT TAXES) AND CHAPTER 32 (TRAFFIC AND VEHICLES), ARTICLE III (VEHICLE LICENSES), SECTION 32-85 (PRORATION OF FEE) AND SECTION 34-87 (DURATION)

or on behalf of, persons owing such taxes by ~~October 5~~ May 5 following the date on which there is to be filed by, or on behalf of, such person a tax return indicating the amount of such taxes due and owing on any such property.

Sec. 20-24(b)(3)

~~Pro-ration of tax on m~~Motor vehicles and trailers. ~~Personal property tax shall be~~ ~~p~~Payment of taxes due and owing to the town for any motor vehicle or trailer ~~for which a return is filed on or before June 15 of a tax year~~ shall be paid by, or on behalf of, persons owing such taxes by ~~October~~ May 5 following the date on which there is to be filed by, or on behalf of, such person a tax return indicating the amount of such taxes due and owing on any such property. ~~of the tax year. Payment of taxes for any motor vehicle or trailer for which a return is filed after June 15 of a tax year shall be paid by March of the ensuing tax year.~~

~~When any motor vehicle or trailer loses its situs in the town or changes ownership after January 1 of the tax year, any tax assessed on such vehicle shall be relieved.~~, ~~and any amount of the tax already paid shall be refunded, on a pro-rated basis for the remaining portion of the tax year.~~

~~For purposes of this section, proration shall be determined on a monthly basis, with a period of one-half of a month or more counted as a full month and a period of less than one-half of a month not counted as a month.~~

~~A motor vehicle or trailer is exempt from taxation under this section for any tax year or portion thereof during which it was assessed by another jurisdiction in the Commonwealth and on which the tax has been paid.~~

AN ORDINANCE: AMENDING CHAPTER 20 (LICENSES, TAXATION AND MISCELLANEOUS REGULATIONS), ARTICLE II (TAXATION GENERALLY), SECTION 20-24 (DUTY OF FINANCE DIRECTOR TO COLLECT TAXES) AND CHAPTER 32 (TRAFFIC AND VEHICLES), ARTICLE III (VEHICLE LICENSES), SECTION 32-85 (PRORATION OF FEE) AND SECTION 34-87 (DURATION)

~~Section 32-85. Proration of fee.~~

~~In the event that any person makes application for a motor vehicle license under the provisions of this article on or before May 15 in any year, the full license fee prescribed herein shall be collected. If the motor vehicle is subject to licensing under this section after May 15, one-half of the license fee prescribed herein shall be collected.~~

Sec. 32-87. Duration

The license fee year under the terms of this article shall commence from ~~November 16~~ January 1 of each year through December 31~~November 15 of the following year~~. The permanent decal shall be valid as long as (1) the vehicle is normally garaged, stored or parked in the town and owned by the licensee; and (2) all license fees and taxes accessed against the vehicle owner pursuant to this article have been paid.

SECTION II. All prior ordinances in conflict herewith are hereby repealed.

SECTION III. This ordinance shall become effective July 1, 2014.

SECTION IV. If any provision of this ordinance is declared invalid, the decision shall not affect the validity of the ordinance as a whole or any remaining provisions of the ordinance.

PASSED this 25th day of March, 2014.

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Kristen C. Umstattd, Mayor
Town of Leesburg

ATTEST:

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Clerk of Council