

**Caroline County
Board of Supervisors Agenda
Executive Summary**

Meeting Date: **March 8, 2022**

Title: **New Business – First Reading of an Ordinance to Repeal
Chapter 103 Taxation, Article V Vehicle License Tax of the
Code of Caroline County**

(Check Mark)

<input type="checkbox"/> Consent	<input type="checkbox"/> Closed Meeting
<input checked="" type="checkbox"/> Action	<input type="checkbox"/> Public Hearing
<input type="checkbox"/> No Action (Information Only)	<input type="checkbox"/> Ordinance
<input type="checkbox"/> Resolution	<input type="checkbox"/> PowerPoint Presentation

Background: Chapter 103, Article V of the Code of Caroline County provides that “every motor vehicle, including, but not limited to, automobiles and trucks which is garaged, stored or parked within the County shall be licensed in the name of the owner.” The Caroline County fee for such license is \$30 for automobiles and trucks and \$25 for motorcycles and similar two-wheel vehicles.

The vehicle license (or “VL”) tax remained in place following the decision by the Board of Supervisors to eliminate the requirement to purchase and display a “County sticker” in 2018.

Summary: It is widely known that the value of used cars up to 10 years old has increased dramatically due to the COVID-19 pandemic, supply chain problems, material shortages and increased consumer demand. The Commissioner of the Revenue’s Office has determined that personal property assessments for tax year 2022 are up approximately 34% in Caroline County compared to 2021 assessments.

The total taxable value of personal property in Caroline County on the 2021 personal property book was \$14,519,309.62. Through February 10th, 2022, the total estimated taxable value of personal property in Caroline for tax year 2022 is already \$18,500,000.

Without a reduction to the personal property tax rate, citizens will pay significantly more in personal property taxes for calendar year 2022 than they did in calendar year 2021 due to the large spike in assessed value.

If the county wants to collect the same amount of personal property tax revenues this year as it did last year, the rate would have to be lowered to approximately \$3.05. For every penny the current \$3.80 rate is reduced, the County would lose \$46,985 in annual revenue.

In addition, the County's machinery & tools tax must be no higher than the County's personal property tax rate by law. As a result, reducing the personal property tax rate below \$3.50/\$100 of assessed value (the current machinery & tools rate) would require an identical reduction of the machinery & tools rate as well. Each penny reduction in the machinery & tools rate would result in a loss of \$918.32 of County revenue.

Staff believes detailed discussion about lowering the personal property tax rate for calendar year 2022 is more appropriate after the presentation of the County Administrator's Proposed FY 2022/23 budget and the ensuing budget work sessions.

Possible Elimination of Vehicle License Tax

Another way to lower the tax burden on citizens is to consider the elimination of the vehicle license tax. The VL tax is applied annually to the June personal property tax bill only. The Treasurer's Office no longer distributes "County stickers" to citizens who pay the Vehicle License Tax. This has been a source of frustration and complaint for several taxpayers who do not understand the purpose of the tax or what they are getting in return.

If the Board wishes to eliminate it for 2022, repeal of the VL ordinance will need to occur no later than March 22, 2022. Therefore, a first reading of the attached ordinance to repeal Chapter 103 Taxation, Article V Vehicle License Tax of the County Code has been scheduled for the March 8, 2022 Board meeting in advance of discussion of lowering the personal property tax rate.

Budget Impact: The VL tax is a significant source of revenue for Caroline County. In FY 2020/2021, the County collected \$1,125,933 in VL fees. The FY 2021/2022 budget estimates \$1,069,285 in VL tax revenue.

However, the anticipated growth in personal property values is so significant that the Commissioner of the Revenue's Office projects that the County would receive approximately \$2 million more in personal property tax revenue for calendar year 2022 even if the rate were to be lowered from \$3.80/\$100 of assessed value to \$3.50/\$100 **and the vehicle license tax eliminated.**

Requested Action from Board of Supervisors: Conduct first reading and direct staff whether to advertise a public hearing on the repeal of Chapter 103 Taxation, Article V Vehicle License Tax of the Code of Caroline County.

Staff recommends processing with the public hearing to give the Board the option of eliminating the Vehicle License Tax.

~~Article V
Vehicle License Tax~~

~~[Adopted 8-10-2010; amended in its entirety 8-14-2018]~~

~~§ 103-25 License required; exceptions.~~

- ~~A. Every motor vehicle, including, but not limited to, automobiles and trucks having a situs pursuant to § 58.1-3511, Code of Virginia, which is normally garaged, stored or parked within the County shall be licensed in the name of the owner in accordance with the provisions of this article.~~
- ~~B. This section shall not apply to farm vehicles as defined in Code of Virginia § 46.2-698, nor to any other type of vehicle which is exempt from state or local registration and licensing pursuant to state law.~~
- ~~C. This section shall not apply to any motor vehicle when:~~
- ~~(1) The motor vehicle is owned and used personally by a disabled veteran and such vehicle bears special license plates issued in accordance with § 46.2-739, Code of Virginia 1950, as amended.~~
 - ~~(2) The motor vehicle is owned by a person who has been a prisoner of war and such vehicle bears special license plates issued in accordance with § 46.2-746, Code of Virginia 1950, as amended.~~
 - ~~(3) The motor vehicle is owned by a person who has been awarded the Medal of Honor and such vehicle bears special license plates issued in accordance with § 46.2-745, Code of Virginia 1950, as amended.~~
- ~~D. The following exceptions shall also apply:~~
- ~~(1) Fire and rescue personnel:~~
 - ~~(a) The motor vehicle is owned by any member of a volunteer fire department or volunteer rescue squad organized to serve the residents of Caroline County who holds a valid driver's license, who presents satisfactory evidence of meeting the active status requirement for the respective department or squad of which he or she is a member, who, on January 1 of the year the application for the exemption is requested, was 18 years of age and had one full calendar year of active service with a department or squad organized in Caroline County, whose vehicle is registered in the member's name or is leased by the member and is the primary vehicle used by the member in response to emergency calls, and who is not delinquent in taxes due to Caroline County, subject to the following provision that no member shall be provided more than one motor vehicle license tax free of charge.~~
 - ~~(b) The motor vehicle is owned by a former member of a volunteer fire department or volunteer rescue squad organized to serve the residents of Caroline County who presents satisfactory evidence of having had 10 years of active service with a department or squad organized to serve the residents of Caroline County, who holds a valid driver's license, whose vehicle is registered in the member's name or is leased by the member, and who is not delinquent in taxes due to Caroline County, subject to the following provision that no member shall be provided more than one motor vehicle license tax free of charge.~~
 - ~~(c) The motor vehicle is owned or leased by any active Deputy Sheriff, salaried firefighter, or salaried emergency medical technician employed by Caroline County or the County Sheriff who also holds a valid driver's license and, on January 1 of the year the application for the exemption is requested, had~~

~~one full calendar year of active service with the County, whose vehicle is registered in the member's name or is leased by the member, and who is not delinquent in taxes due to Caroline County, subject to the limitation that no such Deputy Sheriff, firefighter or emergency medical technician shall be provided more than one motor vehicle license tax free of charge.~~

~~(d) It shall be the responsibility of the Sheriff to provide a list of deputies eligible for a license tax waiver to the Commissioner's office by February 1 of each year. Appropriate vehicle related information must also be provided.~~

~~(e) It shall be the responsibility of the Fire-EMS Chief to provide a list of career and volunteer fire and rescue personnel eligible for a license tax waiver to the Commissioner's office by February 1 of each year. Appropriate vehicle related information must also be provided.~~

~~(2) Antique vehicles not subject to renewal by the Virginia Department of Motor Vehicles.~~

~~(3) The annual license tax for vehicles bearing Virginia National Guard license plates issued pursuant to Code of Virginia § 46.2-744 shall be 1/2 the tax prescribed below.~~

~~§ 103-26 License year.~~

~~The County license tax shall commence on January 1 of each year and expire on December 31 of the same calendar year.~~

~~§ 103-27 Fees.~~

~~A. The owner of a motor vehicle for which a license tax is required by this article, shall be assessed an annual license tax by the Commissioner of the Revenue.~~

~~B. The cost of the annual license tax required by this article shall be \$30; except \$25 for motorcycles and similar two-wheel vehicles. The license tax shall be levied in addition to any personal property tax levied on such vehicle. The license tax shall be paid to the Caroline County Treasurer.~~

~~C. There shall be no refund of the license tax imposed herein for vehicles sold or otherwise disposed of during the tax year.~~

~~§ 103-28 Transfer of license.~~

~~No license tax shall be assessed within the same calendar year to a vehicle which has merely been transferred or retitled while maintaining any one of the original owners of such vehicle.~~

~~§ 103-29 Limitations.~~

~~This article is subject to the limitations on the imposition of such license tax by the County as are set forth in §§ 46.2-663, 46.2-683, 46.2-750, 46.2-752 and 46.2-755, Code of Virginia, as amended.~~

~~§ 103-30 Collection of fees.~~

~~The Treasurer shall, after the due date for any license tax required under this section, collect such license tax in accordance with the provisions of § 58.1-3919, Code of Virginia, and any other applicable state law. Additionally, the Treasurer shall have the authority to take any action authorized by § 46.2-752, Code of Virginia.~~

~~§ 103-31 Town fees and taxes.~~

~~A. When a town within the County of Caroline imposes like fees or taxes upon vehicles normally garaged, stored or parked in such town, the owner of any vehicle subject to such town fees or taxes shall be~~

~~entitled, upon such owner displaying evidence that he has paid to such town the amount of such fees or taxes, to a credit on the taxes or fees imposed by the County of Caroline to the extent of the fees or taxes he has paid to such town.~~

~~B. — No license tax shall be assessed by the County of Caroline for any vehicle upon which taxes or fees are paid to a town located within the County. To this end, if any town imposes taxes or fees in an amount less than those imposed by this article, the County shall, by agreement with the town, provide for collection of any such difference from persons paying such fees or taxes to such town.~~

~~§ 103-32 **Disposition of fees.**~~

~~The revenue derived from all County motor vehicle license taxes imposed shall be applied to general County purposes.~~

~~§ 103-33 **Taxation in more than one jurisdiction.**~~

~~No vehicle shall be subject to taxation under this article in more than one jurisdiction.~~

~~§ 103-34 through § 103-42. (Reserved)~~