

**CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA**



Agenda Date:	April 15, 2024
Action Required:	Adoption of the Resolution establishing the personal property tax relief percentage for Tax Year 2024
Presenter:	Todd Divers, Commissioner of the Revenue
Staff Contacts:	Lisa Newman, Personal Property Supervisor
Title:	Establishing 2024 Tax Year Personal Property Tax Relief Percentage (1 reading)

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 (Title 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 \$1,500 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 2024 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 \$1,500 by using the formula specified below:

2024 Formula:

1. Tax Levy on all qualifying vehicles	=	\$ 13,700,000
2. PPTR used on 100% relief vehicles (vehicles valued \$1,500 and under)	=	\$ 78,000
3. PPTR total (\$3,498,256) minus line 2, leaves remaining	=	\$ 3,420,256
4. Levy on up to \$20,000 value (of qualifying vehicles valued over \$1,500)	=	\$ 11,500,000
5. Divide 3 by 4	=	(.2974) 30%

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 and relief to be received from the Commonwealth.

Recommendation

Suggested Motion: "I move to APPROVE the RESOLUTION establishing the personal property tax relief percentage for Tax Year 2024."

Alternatives

None

Attachments

1. PPTR Resolution TY2024