

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



Agenda Date:	April 15, 2024
Action Required:	Adoption of the Ordinance to grant 100% Personal Property Tax Relief to qualifying vehicles with assessed value of \$1,500 or less
Presenter:	Todd Divers, Commissioner of the Revenue
Staff Contacts:	Lisa Newman, Personal Property Supervisor
Title:	Ordinance Amending Sec. 30-53 of the Charlottesville City Code to increase the assessed value threshold at and below which qualifying vehicles will receive 100% Personal Property Tax Relief from \$1,000 to \$1,500 (2nd 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 (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. Charlottesville City Code currently stipulates that eligible vehicles valued \$1,000 or less shall receive 100% relief. The remainder of the grant is allocated on a percentage basis to the tax on the rest of the eligible vehicles' portion of value that is \$20,000 or less.

Discussion

The \$1,000 threshold was established nearly twenty years ago. Since that time, vehicle values have risen to the point that there are far fewer vehicles in the City with an assessed value less than \$1,000. Assuming that Council, in establishing a 100% relief threshold, intended for the owners of low-value vehicles to benefit the most from the State's grant, it makes sense to increase the threshold. Otherwise, we may soon find ourselves in a situation where very few vehicles fall into the category.

For tax year 2023, there were approximately 20% fewer vehicles receiving 100% relief than there had been in 2018.. Raising the threshold to \$1,500 gets us back to roughly the number that were receiving 100% relief five years ago.

There would be no budgetary impact from this change, as the State's grant is the same every year.

We anticipate that no more than a 1% change to the annual PPTR percentage (the percentage of relief applied to the tax on the remaining eligible vehicles' portion of value that is \$20,000 or less) would be

needed to account for this adjustment. However, given the low value and the number of vehicles affected, there may be no need to adjust PPTR at all.

Alignment with City Council's Vision and Strategic Plan

This change aligns with the City's vision to be a place where everyone thrives by targeting tax relief where it is most needed. It reflects the City's commitment to implement equitable practices and policies across all of its activities. It further reflects the City's strategic outcome area of organizational excellence by delivering excellent service to the community.

Community Engagement

N/A

Budgetary Impact

None anticipated

Recommendation

Suggested Motion: "I move adoption of the ORDINANCE amending Charlottesville City Code Sec. 30-53 granting 100% Personal Property Tax Relief to qualifying vehicles with assessed value of \$1,500 or less."

Alternatives

Leave the Ordinance unchanged.

Attachments

1. PPTR Ordinance Amending Sec. 30-53