



## **STAFF REPORT**

### **ACTION ITEM**

**SUBJECT:** Adoption of 2022 Personal Property Tax Rate

**DATE OF MEETING:** February 8, 2022

**STAFF CONTACTS:** Elizabeth Krens, Director of Finance  
Connie LeMarr, Assistant Director of Finance

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#### **SUMMARY and RECOMMENDATIONS:**

The purpose of this report is for Town Council to adopt the 2022 Personal Property Tax Rate Ordinance (**Attachment 1**), in accordance with the Loudoun County tax billing deadlines (bills mailed in April with May 5<sup>th</sup> due date). As property taxes are based on a calendar year, the tax rate ordinance is effective as of January 1 each year. Furthermore, the vehicle license fee will be reduced from \$27 to \$25 in 2022 to align with the Loudoun County rate.

The following chart provides an overview of the various rates included in the 2022 Personal Property Tax Rate ordinance and FY23 Proposed Budget:

<b>Personal Property</b>	<b>2021 Adopted Tax Rates</b>	<b>2022 Manager Proposed Tax Rates (FY23 Budget)</b>	<b>Maximum Rate for 2022</b>
Vehicles	\$1.05	\$1.05	\$1.05
Eligible Vehicles for qualified Fire and Rescue volunteers	\$0.01	\$0.01	\$0.01
Eligible Vehicles of qualified Elderly and Disabled	N/A	\$0.525 (50% of Vehicle rate)	\$0.525 (50% of Vehicle rate)
Vehicle License Fee	\$27	\$25	\$25
Personal Property- Used In Business	\$0.55	\$0.55	\$0.55

\*All property tax rates are per \$100 of assessed value.

**BACKGROUND-** Additional information regarding each tax type is provided in the next sections:

**TANGIBLE PERSONAL PROPERTY TAX FOR VEHICLES:**

No change is proposed in the FY23 Budget to the Town's vehicle property tax rate of \$1.05. This tax will be included on the combined Loudoun County-Town of Purcellville personal property tax bill due May 5<sup>th</sup> and October 5<sup>th</sup>.

Qualified vehicles of fire and rescue volunteers, who are themselves qualified under Loudoun County's "Length of Service Annuity Program," are proposed to be taxed at a reduced rate of \$0.01. Qualified vehicles for elderly and disabled as defined by Virginia Code §58.1-3506.1 and determined by the Loudoun County Commissioner of Revenue are proposed to be taxed at a reduced rate of \$0.525 or 50% of the Vehicle tax rate.

In accordance with Virginia Code §58.1-3523 et seq, the State has set the Town of Purcellville's share of car tax relief at \$201,753.34 for 2006 and thereafter. The Town must calculate the pro rata tax relief percentage this revenue provides to qualified vehicles. The Personal Property Tax & Relief History (**Attachment 2**) details actual 2022 Loudoun County Commissioner of the Revenue's assessment data for qualified vehicles and the calculation of the reduced rate of relief. The reduced relief rate for 2022 equates to 26% of the qualified vehicle's tax amount up to \$20,000 in assessed value. This percentage of relief is set by state law and cannot be modified by localities.

**VEHICLE LICENSE FEE:**

A flat rate license fee is charged on every vehicle. The fee for 2022 has been reduced to \$25 to align with the Loudoun County rate in accordance with billing program requirements. This fee will be included on the combined Loudoun County-Town of Purcellville personal property tax bill due May 5<sup>th</sup>.

**TANGIBLE PERSONAL PROPERTY TAX FOR BUSINESS PROPERTY:**

No change is proposed in the FY23 Budget to the Town's business property tax rate of \$0.55. This tax will be included on the combined Loudoun County-Town of Purcellville personal property tax bill due May 5<sup>th</sup> and October 5<sup>th</sup>.

**ISSUES:**

Town Council approved transition to the Loudoun County tax billing program effective January 2022 on February 9, 2021. The Memorandum of Agreement between Loudoun County and Town of Purcellville was finalized on June 22, 2021. The Town's tax ordinances

were amended to align with County billing timelines and processes on October 12, 2021 to include semi-annual due dates of May 5<sup>th</sup> and October 5<sup>th</sup> each year.

In order to comply with the Loudoun County tax billing program deadlines necessary for Loudoun County to prepare tax bills by early April, the 2022 Personal Property Tax Rate Ordinance (**Attachment 1**) must be approved before the end of February 2022.

**BUDGET IMPACT:**

The budget impact of this decision will affect FY22 and FY23 General Fund revenue. Personal Property tax at the proposed rates are estimated to generate revenue of \$340,441 in FY22 (timing impacts due to transition from annual to semi-annual due dates in 2022) and \$701,309 in FY23.

**MOTION:**

*Adopt Ordinance as Drafted*

"I move that the Town Council adopt Ordinance No. 22-02-02, establishing for calendar year 2022 the tangible personal property tax rates, the personal property tax relief rate and vehicle license fee."

**ATTACHMENT(S):**

1. Proposed Ordinance No. 22-02-02
2. Personal Property Tax & Relief History