

Analysis of Suggestions for Improvement as part of the FY 2010 County's Line of Business & Schools Program Review Processes Fall 2008

Request By: Public

Suggestion: Reinstate the purchase of vehicle decals at \$25 per registered vehicle.

Response By: Department of Tax Administration

Background: Vehicle decals are authorized as a local option fee under Section 46.2-752 of the Code of Virginia. The Board of Supervisors abolished the decal display and purchase requirement as of July 1, 2006.

Recommendation:

This is a policy decision for the Board of Supervisors. The Board does have the enabling authority to re-impose a decal fee by adopting an ordinance if it so desires. The Board could reconstitute the old decal purchase and display requirements. The Board also has authority to simply impose the fee without actually requiring that a physical decal sticker be displayed (Va. Code, Section 46.2-752(G)). If the Board were to adopt a decal fee, staff recommends that this be done without requiring the physical display of an actual sticker. This recommendation is based on two factors, customer service and additional costs. The elimination of the physical decal was very popular with the public and requiring the display of a new sticker would be a step backwards in customer service. Also, requiring the display of the decal would incur additional County costs of \$500,000, consisting of \$300,000 for manufacturing and mailing the decal and \$200,000 for additional exempt limited term staff to accommodate a substantial increase in lines at the cashier counters. The increase in exempt limited term staff would be contrary to other Lines of Business recommendations currently being developed by DTA. Even without a decal display requirement, imposing a new fee will also increase telephone workload in DTA, which would also be more difficult to handle given potential Lines of Business reductions.

If the Board re-imposes a decal fee, it could do so for the FY 2010 budget by advertising and adopting an ordinance in the spring as part of its deliberation on the FY 2010 budget. All computer systems and bill format remain usable from the days when a decal fee was previously imposed. There would be virtually no implementation costs if the Board simply imposed the fee without also requiring an actual decal display requirement. The additional fee would simply be added to the car tax bills mailed in July of 2009. If the Board requires a physical decal sticker to be displayed, implementation costs would be approximately \$500,000, as outlined above, plus decreased customer service delivery in the face of certain LOB reductions.

When last charged in FY 2006, the decal fee generated \$19.6 million in revenue. A reasonable estimate is that an FY 2010 vehicle decal could generate approximately \$20 million in General Fund revenue.