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

Request By: Employee

Suggestion: Go after back taxes owed to the County.

Response By: Department of Tax Administration

Background: The Department of Tax Administration (DTA) is charged by law with the collection of all real estate, personal property and business license taxes. DTA employs merit and exempt limited term collectors with this as their primary mission.

Recommendation:

This recommendation has been implemented. DTA is very aggressive in pursuing the collection of all delinquent taxes. The process begins by establishing solid current year collections. DTA has done this, achieving a current year collection rate of more than 99 percent on real estate taxes, and more than 98 percent on personal property and business licenses. On the remaining delinquencies, the County continues to pursue collection in future years. The statute of limitations for the collection of real estate is 20 years and 5 years for personal property and business license taxes. It is estimated that DTA will collect around $20 million in FY 2009 from delinquent real estate and personal property alone.

Under Virginia law, DTA uses numerous collection powers including: the seizure of wages and bank accounts; seizure of property; property auctions; summons authority; freezing DMV vehicle registrations; and seizing Virginia income tax refunds. DTA also employs private collection agents to pursue hard to collect taxes. This may involve placing a negative collection indicator on the credit record of delinquent taxpayers. DTA is assisted by the County Attorney's Office to file suit on collection matters. Court judgments also extend the statute of limitations for collection purposes. To assist in collection efforts, DTA has on-line access to numerous data bases including: the Virginia DMV; Virginia Income Tax records; Virginia Sales Tax records; Virginia Employment Commission records; and, has access to proprietary "skip-trace" data bases. DTA also charges penalties, interest and collection fees as allowed by law in the collection of back taxes.