



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: Require licenses for landlords who rent properties in Fairfax County.

Response By: Department of Tax Administration

Background: Business, Professional and Occupational License (BPOL) tax authorized in Fairfax County by the Code of Virginia, Section 58.1-3703(B)(7) ["Grandfather" provision]

Recommendation:

Fairfax County already taxes to the maximum extent allowed by state law landlords who rent certain properties. Although most Virginia jurisdictions are prohibited from doing so, Fairfax County is allowed to levy the BPOL tax on landlords because it did so prior to January 1, 1974 (also known as a "Grandfather" provision). According to Section 4-7.2-27 of the Fairfax County Code, "every person who engages in the business of renting houses, apartments, dwelling units, commercial property or industrial facilities in the County shall pay an annual business license tax of Twenty-six Cents for each One Hundred Dollars of gross receipts. However, the rental receipts of any person who rents no more than four dwelling units in any calendar year are not subject to taxation pursuant to this Article." The limitation of four dwelling units cannot be changed due to the Grandfather restriction. This revenue category already generates approximately \$10 million in annual BPOL taxes primarily from apartment buildings and other commercial properties.