

# AGENCY 57 - Department of Tax Administration

## FY 2010 LINES OF BUSINESS (LOBs) ALTERNATIVE RECOMMENDATIONS

Program (Include LOB Title If Appropriate)	Alternative Recommendation Classification	Alternative Recommendation Description	Estimated Impact Generated	Estimated Impact as Percent of Agency Target	Justification (i.e.: Industry Standards/Consistency w/ Surrounding Jurisdictions)	Required Steps to Enact (i.e.: Agency Administrative Change or Change in State Code) (Are changes in County Ordinances or State Code Required to Enact?)
Personal Property Taxes	Revenue Enhancement (ongoing)	Increase late payment penalty from 10% to 25%	\$2,150,000	50%	Section 58.1-3916 of the <u>Code of Virginia</u> allows a 25% penalty on tangible personal property taxes greater than 30 days past due.	1.) Amend Section 4-17.1-9 of the Code of the County of Fairfax (spring 2009). 2) Internal processes to be established for the calculation and tracking of new penalty amount; 3) DIT would need to revise computer accounts receivable programming; 4) Payment distribution rules reviewed and changes implemented.
Real Estate Taxes	Revenue Enhancement (ongoing); <b>Available, but Not Recommended by DTA</b>	Service fee on exempt properties	\$104,500	2.50%	Section 58.1-3400 through §58.1-3407 of the <u>Code of Virginia</u>	State Code allows a service charge on certain tax exempt properties. Numerous state code restrictions that limit applicability. <u>Substantial analysis required to determine true revenue potential and feasibility. Best guess is that no more than 5% of exempt property might be subject to fee.</u> Requires ordinance to be adopted. Significant manual labor involved to administer, plus some system mods. Entails levying additional tax rate of about 18.4 cents on certain non-profits.
Real Estate Taxes	Revenue Enhancement (ongoing); <b>Available, but Not Recommended by DTA</b>	25% Across-the-Board Reduction in Tax Relief Granted	\$6,646,389	175%	Section 58.1-3211 of the <u>Code of Virginia</u> and Section 4-14-2 of the Code of Fairfax County	1) Amend Section 4-14-2 of the Fairfax County Code; 2) Notification provided to all current Tax Relief recipients; 3) Real Estate assessment and billing software must be modified to capture this program change; 4) Update forms/publications for FY2010. <u>Will increase tax burden on elderly and disabled at a time of economic and housing crisis.</u>

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Vehicle Decal Fees	Revenue Enhancement (on-going)	Restoration of Auto Decal Fees at \$25	\$20,000,000	525%	Authorized by Section 46.2, Code of Virginia	This would restore decal fees- popularly eliminated by prior Board action. Requires amendment of Fairfax County Ordinance to adopt and restore decal fee. Based on state code change, fee can now be charged without display of physical decal. This would be the easiest implementation strategy. Fee would just be added to the bill; no implementation costs other than about \$500,000 in postage and additional seasonal costs (SMILES would be re-energized). This would run counter to downsizing reductions at the Cashiering Counter and Central Phones; and outsourcing efforts further reduce ability to handle lines.
Personal Property Taxes	Revenue Enhancement (ongoing)	\$100 annual tax on vehicles without current license plates	\$24,000	N/A	Chapter 6, Section 46.2; and Section 15.2-973, <u>Code of Virginia</u> .	Arlington County charges \$100 per vehicle that does not have a valid Virginia license plate. If Fairfax County did that for certain Target vehicles, this might generate a maximum of \$24,000 (no hard data from which to project). Requires local code amendment.
<b>TOTAL:</b>			<b>\$28,924,889</b>			