

Board Agenda Item
April 3, 2006

3:30 p.m.

Public Hearing on the Proposed Elimination of the Requirement to Purchase and Display a Local Vehicle License or Decal

ISSUE:

Board motion to consider adopting an ordinance to repeal the County requirement that vehicle owners purchase and display a vehicle license or decal.

RECOMMENDATION:

The County Executive recommends that the Board adopt the proposed ordinance that would eliminate the vehicle decal requirement. The revenue impact will need to be incorporated in the Board's consideration of the FY 2007 Advertised Budget Plan.

TIMING:

A public hearing has been advertised on the proposed decal elimination to be held at 3:30 p.m. on April 3, 2006. The decal requirement under Sections 82-12-1 through 82-12-12, of the Code of the County of Fairfax, is proposed to be repealed as of July 1, 2006. Board action should be taken as part of the deliberation on the FY 2007 Advertised Budget Plan. If adopted by the Board, the green, 2006, decal currently displayed on vehicle windshields will be the last required by County ordinance.

BACKGROUND:

On February 27, 2006, by a joint motion made by Chairman Connolly and the entire Board, staff was directed to schedule a public hearing to consider the repeal of the requirement to purchase and display a Fairfax County vehicle license, or decal. Accordingly, staff advertised the repeal of Sections 82-12-1 through 82-12-12, of the Code of the County of Fairfax. Some minor technical amendments have also been advertised to Sections 82-5-26, 82-5-29, 82-5A-10, and 82-5A-11 in order to conform these sections to the elimination of the decal requirement. The proposed code amendments are presented in Attachment 1.

Decal revenue has been collected by the County for many years, and a local requirement to display such decals has been used as an enforcement measure in the collection of personal property taxes and parking tickets. The failure to display a local decal is subject to Police citation; and, a decal cannot be purchased and displayed unless all vehicle taxes and tickets are paid.

Board Agenda Item
April 3, 2006

This is, however, only one of many other collection tools and staff anticipates that it can maintain a vibrant collection program without the decal display requirement. While the exact impact on the vehicle tax collection rate cannot be known short of implementation, staff has abundant legal authority under state law to continue to aggressively pursue the collection of all taxes.

Coupled with the County's positive experience in changing to the 'Advance Decal' program in FY 2004, and the experience of other localities that have already eliminated decal display requirements, it appears that any potential problems in this initiative can be reasonably managed. Staff thinks that this proposal can be successfully accommodated with the array of tax collection tools discussed in Attachment 2. Attachment 2 also answers other "frequently asked questions" relative to the elimination of decals.

The County has made great strides in the efficient and effective sale of decals, but it does remain a tedious process. Residents are required to scrape off existing decals and replace them with new ones each year. Citizens have questioned over the years the need and wisdom of this process and generally have enthusiastically endorsed the decal elimination in other jurisdictions. Staff also encounters a certain amount of confusion each year, particularly among new residents, who confuse the payment of decal fees with the payment of taxes. Elimination of the decal requirement should help resolve this confusion.

Staff will continue to take necessary steps to ensure proper registration of vehicles in Fairfax County for taxation. This will continue to include, among other things, automated matching to the records of the Virginia Department of Motor Vehicles (DMV). Staff also anticipates pursuing an active and on-going publicity effort to remind the public about the need to properly register vehicles. This is intended to ensure compliance, help prevent added penalties, and caution about potential collection actions. Attachment 3 presents the Board motion authorizing the advertisement. Included therein is a chart of other localities that have eliminated the decal display requirement. While other jurisdictions have already successfully eliminated their decal display requirement, Fairfax County would be the first to do so in Northern Virginia. The County also appears to be the first to actually eliminate payment of the decal fee as well.

FISCAL IMPACT:

The FY 2007 Advertised Budget Plan reflects the sale of around 800,000 vehicle decals, generating an estimated \$20,655,316. This is the funding loss associated with the elimination of decals as of July 1, 2006. In addition, the County currently generates about \$444,000 in parking ticket fines per year because a valid decal is not displayed.

Board Agenda Item
April 3, 2006

The loss of this revenue, however will be partially offset by the reduction of approximately \$300,000 in DTA expenditures associated with decal inventory and ancillary costs.

ENCLOSED DOCUMENTS:

Attachment 1: Proposed Technical Amendments to Sections 82-5-26, 82-5-29, 82-5A-10, and 82-5A-11; and, Repeal of Sections 82-12-1 through 82-12-12, of the Code of the County of Fairfax

Attachment 2: Frequently Asked Questions Concerning the Elimination of Decals

Attachment 3: Joint Board Matter, Motion and Comparative Decal Chart Dated February 24, 2006 Proposing to Abolish the Auto Decal Tax

STAFF:

Kevin C. Greenlief, Director, Department of Tax Administration

Michael Long, Senior Assistant County Attorney