

# Department of Tax Administration

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LOB #104:

## **VEHICLE ASSESSMENTS**

### **Purpose**

While providing the best customer service possible, the purpose of the Vehicle Assessments LOB is to make sure that all vehicles garaged in the County are registered with DTA and are accurately and fairly assessed for personal property taxation as required by law.

This LOB is also responsible for the Correspondence Team. This group handles taxpayer inquiries received via traditional mail and email, and handles vehicle emails sent via DTA's secure, encrypted, online communication tool.

In addition, this LOB is responsible for administering the assessment of the dog license program. All dogs four months of age or older must be licensed in Fairfax County.

### **Description**

The vehicle assessment process begins with County residents filing/registering their vehicles with DTA by phone, mail, in-person or online. DTA also obtains vehicle information directly from DMV via an automated file matching process to capture those vehicles that may not have been registered with DTA.

Once the vehicle is filed/registered with DTA, staff in this LOB assess and levy personal property taxes. This process is performed weekly using an automated matching process of each vehicle identification number (VIN) to the vehicle information in a recognized pricing guide as required by law. DTA uses the January edition of the National Automobile Dealers Association (NADA) pricing guide. In certain cases when the model is not readily available from the VIN pattern, staff uses backup valuation tables to manually assess vehicles.

Staff in this LOB handle the registration, valuation, proration, and account adjustments for approximately 1 million vehicles per year. Values typically represent the Average Trade-In value for cars in Clean Condition as represented in the Eastern Edition of the NADA Used Car Pricing Guide as of January 1. While values must always be as of January 1, the tax bills themselves are prorated based on the number of months the vehicle is located in the County. Local vehicle registration fees are also maintained and eventually billed through the same car tax data base.

This LOB also calculates the percentage of state car tax relief applicable in any given year. The County receives a fixed amount of \$211.3 million from the state and this must be allocated to all eligible personal use vehicles. The subsidy only applies to the first \$20,000 of assessed value and is currently at 62 percent in FY 2016. Local taxpayers pay the remainder of the tax. This LOB is actively engaged in the forecasting of revenue in support of the annual budget development.

The Correspondence Team responds to taxpayer inquiries received via traditional mail, email and through encrypted messages through DTA's secure communication tool online. Inquiries cover a wide gamut of issues, to include general personal property tax questions, name and address updates, high mileage appeals, requests for penalty waivers, and other changes such as vehicle sales, disposals, and moves in/out of the County.

# Department of Tax Administration

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The dog license program includes the processing of all new dog license applications, maintaining the dog license registration system, administering the annual dog license renewal process, ensuring that rabies certificates for all registered dogs are current, and validating that all license tags issued are properly recorded in the registration system. Additionally, the program includes manually updating dog records when residents report they no longer own dog. The program also involves processing veterinarian letters and processing more than 90,000 copies of the rabies vaccination certificates. Per state law, veterinarians are required to report to DTA all dogs that are vaccinated for rabies. DTA uses this information to ensure proper licensure.

## Benefits

In addition to legal mandates and generating approximately 11 percent of all General Fund revenue, this LOB enables DTA to assess nearly 1 million vehicles in Fairfax County every year using a fair and equitable process. Additionally, this LOB ensures that everyone is in compliance with local and state taxing laws and that everyone pays their fair share of taxes. This LOB also allows dog owners to register their dogs as required by law, to pay the annual license fee and to obtain a current dog license.

This LOB provides a mechanism for County residents to communicate with DTA about changes that may occur in their vehicle ownership.

## Mandates

This LOB is fully mandated. The assessment of personal property taxes is mandated by the Constitution of Virginia, Article X; Virginia Code §§ 46.2 and 58.1; and Fairfax County Ordinance, Chapter 4. Dog licensing is mandated by Virginia Code § 3.2, and Fairfax County Ordinance, 41.1-2-2.

## Trends and Challenges

There has been slow but steady growth in vehicle registrations in Fairfax County, and this trend is expected to continue. Growth in luxury or specialty vehicles like Tesla, Lamborghini, and high-performance Mercedes can make the valuation process more challenging and time consuming. The specialty vehicle valuation process is often complicated by limited market sales data. Given the number of vehicles to assess, exception processing will always present workload challenges.

Explaining the effect of time on assessments is also a continuing challenge, particularly in the purchase of new vehicles. Under state law, "Tax Day" is January 1. For uniformity purposes, all assessed values must be as of that date. However, a person who buys a car in August of the year will typically experience eight months of depreciation in price, and this may create a disconnect between the purchase price and the assessed value. DTA tries to anticipate these questions through frequent communication efforts using tax literature, cable and online information; however, it continues to be a frequent point of discussion with the public. While the value does not get prorated, the actual tax bill does get prorated to only reflect the specific number of months of tax liability in the County.

The volume of calls and emails from citizens reporting that they no longer own a dog also presents a workload challenge. In order to address this, DTA has been working with DIT to develop a web application that will allow dog owners to self-report online. In FY 2017, DTA hopes to provide the public with direct access to their dog license records through the new secure web portal, [MyFairfax](#).

# Department of Tax Administration

## Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
<b>LOB #104: Vehicle Assessments</b>			
<b>FUNDING</b>			
<u>Expenditures:</u>			
Compensation	\$1,284,961	\$1,325,249	\$1,380,355
Operating Expenses	1,020,165	967,231	941,578
<b>Total Expenditures</b>	<b>\$2,305,126</b>	<b>\$2,292,480</b>	<b>\$2,321,933</b>
General Fund Revenue	\$197,825	\$191,484	\$194,352
<b>Net Cost/(Savings) to General Fund</b>	<b>\$2,107,301</b>	<b>\$2,100,996</b>	<b>\$2,127,581</b>
<b>POSITIONS</b>			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	23 / 23	23 / 23	23 / 23
<b>Total Positions</b>	<b>23 / 23</b>	<b>23 / 23</b>	<b>23 / 23</b>

## Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Number of Vehicles Assessed	1,040,936	1,043,768	1,048,244	1,053,000	1,057,000
Percentage of Vehicles Purchased/Sold/Moved	20.1%	20.7%	20.6%	20.6%	20.6%
Vehicle Tax Levy (millions)	\$398	\$405	\$418	\$423	TBD
Exonerations as % of assessments	3.5%	3.7%	4.0%	4.0%	4.0%
# of Dog Licenses Issued	89,487	89,309	88,364	88,864	88,864
Dog License fee revenue	\$916,195	\$914,408	\$912,247	\$913,140	\$913,140

The metrics for this LOB show a consistent year-to-year growth in vehicle assessments while maintaining a very high level of accuracy as measured by exonerated assessments as a percentage of total assessment.

In regards to the Dog License Program, DTA is experiencing a comparable number of dog license renewal notices from year to year.