



## ARLINGTON COUNTY, VIRGINIA

<p><b>County Board Agenda Item Meeting of September 26, 2009</b></p>
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**DATE: September 1, 2009**

**SUBJECT:** Request to advertise a public hearing on proposed amendments to Chapter 27 (Miscellaneous Ordinances) of the Arlington County Code, Section 27-3, to charge the interest rate on delinquent taxes and other debts owed to Arlington County beginning from the date of delinquency, and on proposed amendments to Chapter 20 (Real Estate Assessments) and Chapter 65 (Meals, Food and Beverage Taxation) of the Arlington County Code to remove inconsistencies regarding the interest rate of Arlington County Code Section 27-3.

**C. M. RECOMMENDATION:**

1. Authorize advertising for an October 24, 2009 public hearing on proposed amendments to Chapter 27 (Miscellaneous Ordinances) of the Arlington County Code, Section 27-3, as shown in Attachment I, allowing penalty interest to be charged on delinquent taxes and other debts to begin on the due date.
2. Authorize advertising for an October 24, 2009 public hearing on proposed amendments to Chapter 20 (Real Estate Assessments) of the Arlington County Code, § 20-8, as shown in Attachment II, and Chapter 65 (Meals, Food and Beverage Taxation) of the Arlington County Code, § 65-8, as shown in Attachment III, to remove internal inconsistencies regarding the interest rate provisions of § 27-3.

**ISSUES:**

1. Whether the penalty interest rate of 10 percent charged on delinquent taxes and other debts should be applied retroactively to the time the tax or debt was due.
2. Whether internal inconsistencies in the County Code regarding penalty interest rates should be removed.

**SUMMARY:** The proposed revision will allow the interest rate of 10 percent per annum to be charged on delinquent taxes and other charges beginning on the due date. This revision to Arlington County's ordinance will allow the County to collect additional revenue on delinquent taxes and other charges.

<p>County Manager: _____</p>
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<p>County Attorney: _____</p>
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<p>Staff: Frank O'Leary, Arlington County Treasurer</p>
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In addition, some chapters of the Arlington County Code have internal inconsistencies regarding Arlington County Code § 27-3. The proposed revisions to the Arlington County Code contained herein reflect issues that staff has identified over the past year.

**BACKGROUND:** § 65-8 and § 20-8 contain references to Arlington County Code § 27-3, which has been revised. The changes to these code sections are to merely delete the erroneous information.

In April 2009, the County Board increased the penalty interest rate from 1 percent for delinquent real estate taxes and 5 percent for other taxes and debts to 10 percent across the board effective July 1, 2009. The proposed change to Arlington County Code § 27-3 would allow interest of 10 percent per annum to begin to accrue from the due date of the delinquent tax or other debt.

**DISCUSSION:** The changes to § 65-8 and § 20-8 would ensure consistency within the Arlington County Code and will eliminate inconsistencies. The change to § 27-3 will allow interest of 10 percent per annum to begin to accrue from the due date of the delinquent tax or other debt.

**FISCAL IMPACT:** The proposed change to how penalty interest rates are applied, which would generate an additional \$300,000 to \$400,000 in FY 2010, would reduce the County's FY 2010 net tax support.