



ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item
Meeting of July 7, 2007**

DATE: June 15, 2007

SUBJECT: Request to advertise for a public hearing on September 8th, 2007 for proposed amendments to Chapter 27 (Miscellaneous Ordinances) of the Arlington County Code.

C. M. RECOMMENDATION:

Authorize advertising for a September 8, 2007 public hearing on the proposed amendments to Chapter 27 (Miscellaneous Ordinances) of the Arlington County Code (Attachment 1).

ISSUE: Should the Arlington County Code be amended to include a new ordinance that imposes an annual license tax of \$100 upon the owners of motor vehicles which do not display a current Virginia license plate and which are not exempted from the requirement of displaying such license plate?

SUMMARY: Virginia Code §15.2-973 allows localities to adopt an ordinance that imposes a license tax, in an amount not exceeding \$100 annually, upon the owners of motor vehicles which do not display current license plates and which are not otherwise exempted from the requirements of displaying such license plates. Arlington County has approximately 4,775 vehicles registered with the Commissioner of Revenue that do not display Virginia license plates and are not exempt under federal and state law. Creating a new Arlington County ordinance to impose a \$100 fee annually on owners of cars that are registered with the Commissioner of Revenue as being garaged in Arlington County would encourage compliance with state licensing and registration laws. If a vehicle owner chooses not to properly register their vehicle with the state for approximately \$79.50 (first year) then the vehicle owner can pay Arlington County \$100 to garage their vehicle in County with out of state license plates.

DISCUSSION: Virginia Code §15.2-973 grants authority to a locality to adopt an ordinance that imposes a license tax, in an amount not exceeding \$100 annually, upon the owners of motor vehicles which do not display current license plates and which are not otherwise exempted from the requirements of displaying such license plates. Pursuant to Chapter 6 of Title 46.2 of the Virginia Code, every person who owns a motor vehicle, trailer or semitrailer, before operating it on any highway in Virginia, shall register with the DMV and obtain a certificate of title (Virginia Code §46.2-600); and display their DMV-issued license plates accordingly (Virginia Code §46.2-711 *et seq.*). There are several exemptions to the requirement to display a license plate, including Virginia Code §46.2-662, which states that a resident owner of a car, truck or

County Manager: _____

County Attorney: _____

Staff: Cherie L. Halyard, Deputy Commissioner of Revenue

motorcycle which is duly registered for the current calendar year in another state or country may operate such vehicle for the first 30 days of residence in Virginia without registering the car, truck or motorcycle or paying any fees to the Commonwealth.¹

Accordingly, all new residents of Arlington County are required by law to have registered their motor vehicles with the Department of Motor Vehicles and have obtained a Virginia license plate within 30 days of moving into Virginia. However, there are many residents who have registered their vehicles with the Commissioner of Revenue (and hence have been living here for more than 30 days and thus not exempt from the DMV licensing and registration requirements) who have not obtained Virginia license plates for their vehicles having taxable situs in Arlington County. The majority of the citizens who submit tips to the Commissioner of Revenue regarding vehicles that are garaged here but which do not display an Arlington County decal are also reporting vehicles that are seen being normally garaged here and not displaying current Virginia license plates. It would take very little additional effort and no additional human resources for the Commissioner of Revenue's Office to discover and assess vehicles that are garaged in Arlington County which do not display current Virginia license plates. In addition, the Treasurer can easily incorporate this tax into the current collection system.

The ultimate goal of the ordinance is to encourage compliance with state licensing and registration laws, although there may be individuals that are willing to pay the County \$100/year and not comply with the State licensing requirements. The cost to a vehicle owner, assuming they can show sales and use tax was paid in another state, is approximately \$79.50 the first year (\$41.50 one-time vehicle registration, \$10.00 one-time titling, and \$28 bi-annual emission test). There may be vehicle owners that choose not to go through the vehicle inspection and emissions process in accordance with State law, however; it is more likely that when a vehicle owner is given a choice to pay the fees associated with properly registering their vehicles with the State or pay Arlington County \$100 per year, they will choose to comply with the State licensing requirements.

This ordinance change is expected to have a nominal impact on General Fund revenue. Assuming that the license tax would meet its goal of encouraging compliance with state licensing and registration requirements, there would be a drop-off of revenue after the first year. Though the potential revenue for enacting this ordinance is almost \$500,000, most vehicle owners are expected to comply with the State's licensing requirements and purchase Virginia license plates from the Department of Motor Vehicles. Chesterfield County, in southern Virginia, enacted a similar ordinance several years ago. They currently have over 100 cars in the County in which

¹ In addition, the following vehicles are exempt from registration: backhoes; vehicles used for spraying fruit trees and other plants; vehicles used for agricultural or horticultural purposes; vehicles used for seasonal transportation of farm produce and livestock; farm machinery and tractors; vehicles validly registered in other states and used in conjunction with harvesting operations; tractors and similar vehicles owned by sawmill operators; vehicles owned by farmers and used to transport certain wood products; vehicles used at mines; certain vehicles transporting fertilizer, cotton or peanuts; return trips of exempted farm vehicles; vehicles used by commercial fishermen; certain vehicles engaged in mining or quarrying operations; self-propelled wheelchairs; forklift trucks; snowmobiles; vehicles transporting oyster shells; and tractors, rollers and other machinery used for highway purposes; all-terrain vehicles; and off-road motorcycles.

the vehicle owners chooses to pay the \$100 fee rather than properly tag their vehicle (100 cars x \$100 = \$10,000 in revenue).

FISCAL IMPACT: In order for the Commissioner of Revenue's office to initially implement this ordinance change it is expected that the office will incur one-time costs of approximately \$5,000 in postage and printing expenses. If the County Board decides to adopt this ordinance change, \$5,000 in operating expense will be appropriated to the Commissioner of Revenue's Office to initially implement the program. The balance of any additional revenue to the General Fund will be used to reduce the County's net tax support.

ATTACHMENT 1

BE IT ORDAINED by the County Board of Arlington, Virginia, that Chapter 27, Article 1 Section 10, of the Arlington County Code is amended, reenacted and recodified to read in pertinent part as follows:

Chapter 27

MISCELLANEOUS ORDINANCES

§ 27-11.2. Imposition of license tax on owners of certain motor vehicles.

A license tax of \$100.00 annually shall be imposed upon the owners of motor vehicles which do not display current license plates and which are not exempted from the requirements of displaying such license plates under the provisions of Article 6 (§ 46.2-662 et seq.) of Chapter 6 of Title 46.2, §§ 46.2-1554 and 46.2-1555, are not in a public dump, in an "automobile graveyard" as defined in § 33.1-348 or in the possession of a licensed junk dealer or licensed motor vehicle dealer. Such ordinance shall exempt from such tax any vehicles which are stored on private property for a period not in excess of sixty days, for the purpose of removing parts for the repair of another vehicle. Nothing in this section shall be applicable to any vehicle being held or stored by or at the direction of any governmental authority, to any vehicle owned by a member of the armed forces on active duty or to any vehicle regularly stored within a structure.