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City of Falls Church

Meeting Date: 01-08-18	Title: (TO17-13) ORDINANCE TO AMEND CHAPTER 26, "MOTOR VEHICLES AND TRAFFIC," ARTICLE III "CITY VEHICLE LICENSE," OF THE CODE OF THE CITY OF FALLS CHURCH TO ADD A NEW SEC. 26-74 IMPOSING A LICENSE TAX ON VEHICLES THAT DO NOT DISPLAY CURRENT VIRGINIA LICENSE PLATES	Agenda No.: 10.b.	
Proposed Motion: MOVE to adopt (TO17-13).			
Originating Dept. Head: Tom Clinton, Commissioner TDC Jody Acosta, Treasurer JA		Disposition by Council:	
City Manager: Wyatt Shields 703.248.5004 FWS 1-5-18	City Attorney: Carol McCoskrie 703.248.5010 CWM 01-05-2018	CFO: Kiran Bawa 703.248.5092 KB 1-5-18	City Clerk: Celeste Heath 703.248.5014 CH 1-5-18

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3 **REQUEST:** Council is requested to amend the City Code to impose a license tax in the amount
4 of \$100 on vehicles with situs in the City that do not display current Virginia license plates and
5 are not otherwise exempt from the requirements of displaying such license plates. The goal of the
6 code amendment, which has been adopted in surrounding jurisdictions, is to encourage
7 compliance with City and State licensing and registration laws. An effective date of March 1,
8 2018 will allow adequate time to inform citizens of this new ordinance. This ordinance is before
9 Council for 2nd reading, public hearing, and adoption. First reading was granted on December
10 11, 2017.

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12 **RECOMMENDATION:** Staff recommends adoption of (TO17-13).

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14 **BACKGROUND:** Virginia Code §15.2-973 grants localities the authority to adopt an ordinance
15 to impose a license tax, in an amount not exceeding \$100 annually, upon the owners of motor
16 vehicles which do not display current license plates and which are not otherwise exempted from
17 the requirements of displaying such license plates. All adjoining jurisdictions enacted similar
18 legislation several years ago.

19

20 Pursuant to Chapter 6 of Title 46.2 of the Virginia Code, every person who owns a motor
21 vehicle, trailer or semitrailer, before operating it on any highway in Virginia, shall register with
22 the Virginia Department of Motor Vehicles (DMV) and obtain a certificate of title (Virginia
23 Code §46.2-600); and display their DMV-issued license plates accordingly (Virginia Code
24 §46.2-711 *et seq.*).

25

26 There are several exemptions to the requirement to display a license plate, including Virginia
27 Code §46.2-662, which states that a resident owner of a car, truck or motorcycle which is duly
28 registered for the current calendar year in another state or country may operate such vehicle for
29 the first 30 days of residence in Virginia without registering the car, truck or motorcycle or
30 paying any fees to the Commonwealth.

31

32 Motor vehicles solely owned by active-duty service members residing in the City of Falls Church
33 on military orders that are domiciled in another state are exempt from City's personal property
34 taxation, Virginia licensing, and registration, as described in Section 511(c) of the Service
35 Members Civil Relief Act of 2003.

36
37 All new city residents are required to register their motor vehicles with the DMV and obtain a
38 Virginia license plate within 30 days of moving into Virginia. However, there are many residents
39 who have registered their vehicles with the Commissioner of Revenue and have not obtained
40 Virginia license plates for those vehicles. The majority of tips to the Commissioner of Revenue
41 regarding a vehicle garaged in the City without a decal also report that the vehicle does not
42 display current Virginia license plates. It would take very little additional effort and no additional
43 staff for the Commissioner of Revenue's Office to discover and assess vehicles that are garaged
44 in the City without displaying current Virginia license plates. The Treasurer can also easily
45 incorporate this tax into the current collection system.

46
47 **FISCAL IMPACT:** It is anticipated that most individuals will choose to comply with State
48 licensing requirements rather than pay the City \$100 per year. That being the case, the revenue
49 generated from the imposition of this license tax is uncertain, but is projected at approximately
50 \$10,000 in year one based on an estimated number of unregistered vehicles with out-of-state
51 plates and City situs. Ideally, vehicle owners will comply with the State's licensing requirements
52 and avoid the \$100 tax. Assuming the code change meets the goal of encouraging compliance
53 with both City and State licensing and registration requirements, there may be additional fiscal
54 benefit to the City and the State in the form of greater State registration revenues.

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56 **TIMING:** Routine

(TO17-13)

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59 ORDINANCE TO AMEND CHAPTER 26, "MOTOR VEHICLES AND
60 TRAFFIC," ARTICLE III "CITY VEHICLE LICENSE," OF THE CODE OF
61 THE CITY OF FALLS CHURCH TO ADD A NEW SEC. 26-74 IMPOSING A
62 LICENSE TAX ON VEHICLES THAT DO NOT DISPLAY CURRENT
63 VIRGINIA LICENSE PLATES
64

65 THE CITY OF FALLS CHURCH HEREBY ORDAINS that Chapter 26, "MOTOR
66 VEHICLES AND TRAFFIC," ARTICLE III "CITY VEHICLE LICENSE," of the Code of the
67 City of Falls Church is amended to add a new Sec. 26-74, as follows, and shall be effective
68 March 1, 2018:
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70 ARTICLE III. - CITY VEHICLE LICENSE
71

72 Sec. 26-74. Imposition of license tax on owners of certain motor vehicles.
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74 A license tax of \$100.00 annually shall be imposed upon the owners of motor vehicles which do
75 not display current license plates and which are not exempted from the requirements of
76 displaying such license plates under the provisions of Article 6 (§ 46.2-662 et seq.) of Chapter 6
77 of Title 46.2, §§ 46.2-1554 and 46.2-1555, are not in a public dump, in an "automobile
78 graveyard" as defined in § 33.1-348 or in the possession of a licensed junk dealer or licensed
79 motor vehicle dealer. Provided, however, that this Section 26-74 shall not apply to the following:
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- 81 1. Any vehicle that is stored on private property for a period not in excess of sixty (60) days, for
82 the purpose of removing parts for the repair of another vehicle; and
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84 2. Any vehicle being held or stored by or at the direction of any governmental authority;
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86 3. Any vehicle owned by a member of the armed forces on active duty; or
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88 4. Any vehicle regularly stored within a structure.
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90 1st Reading: 12-11-17

91 2nd Reading: 01-08-18

92 Adoption:

93 (TO17-13)