

October 14, 2008

A regular meeting of the Council of the City of Bedford, Virginia, was held in the Council Hall of the Municipal Building at 7:30 p.m., October 14, 2008

Members present: Mayor W. D. Tharp; Councilwoman Mary L. Flood; Councilman Jeffrey B. Hubbard; Councilman C. G. Stanley, Jr.; Councilman James A. Vest; and Vice Mayor Robert T. Wandrei.

Members absent: Councilman Thomas M. Padgett

Staff present: City Manager Charles P. Kolakowski; City Attorney W. W. Berry, IV; and Clerk of the Council Teresa W. Hatcher.

Mayor Tharp opened the meeting and led all present in saying the Pledge of Allegiance to the Flag.

Mayor Tharp declared that the minutes of a regular Council meeting held on September 23, 2008, were approved as distributed.

The City Manager reported that the annual Fall Cleanup by the Keep Bedford Beautiful Commission will held on October 18.

Councilman Hubbard, Chairman of the Property Committee, reported that the Committee met earlier in the evening in closed session.

Councilman Vest, Chairman of the Finance Committee, stated the Committee met earlier in the evening in closed session.

City Manager Kolakowski explained the notice of increase of City tax levies as follows:

The City of Bedford currently requires the purchase of motor vehicle decals; however, the fact that numerous jurisdictions in Virginia, including several adjacent jurisdictions, have eliminated the decal requirement makes enforcement of the City of Bedford decal requirement very difficult. As in the case of other jurisdictions, this is a source of revenue which is essential for the services provided by the City to its citizens. Assessment of a vehicle registration fee as an alternative would increase administrative costs and would create its own enforcement problems. Other jurisdictions that have considered the matter, including Bedford County, have determined that it will be more equitable to the citizens to increase the personal property rate in an amount essentially equal to the revenue that the jurisdiction had been receiving from the sale of decals. The City Council believes that a similar change is in the best interest of the citizens of the City.

Accordingly, the City Council will conduct a public hearing on Tuesday, October 14, 2008, at 7:30 pm in the Council Chambers at City Hall, 215 E. Main Street, Bedford, Virginia, to receive comments concerning amendment and the increase of the tangible personal property tax rate.

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The City Manager noted that the advertised rate of \$2.35 per one hundred dollars is recommended to be reduced to \$2.17 per one hundred dollars in order to keep the change as revenue neutral as possible.

The Notice of Public Hearing follows:

NOTICE OF INCREASE OF CITY TAX LEVY

The City of Bedford currently requires the purchase of motor vehicle decals; however, the fact that numerous jurisdictions in Virginia, including several adjacent jurisdictions, have eliminated the decal requirement makes enforcement of the City of Bedford decal requirement very difficult. As in the case of other jurisdictions, this is a source of revenue which is essential for the services provided by the City to its citizens. Assessment of a vehicle registration fee as an alternative would increase administrative costs and would create its own enforcement problems. Other jurisdictions that have considered the matter, including Bedford County, have determined that it will be more equitable to the citizens to increase the personal property rate in amount essentially equal to the revenue that the jurisdiction had been receiving from the sale of decals. The City Council believes that a similar change is in the best interest of the citizens of the City.

Accordingly, the City Council will conduct a public hearing on Tuesday, October 14, 2008, at 7:30 pm in the Council Chambers at City Hall, 215 E. Main Street, Bedford, Virginia, to receive comments concerning amendment and the increase of the tangible personal property tax rate.

An ordinance will be considered increasing the tangible personal property tax rate for calendar year 2008 from the rate of \$1.80 per one hundred dollars of assessed valuation established in Ordinance No. 08-13 passed on June 10, 2008, to \$2.35 per one hundred dollars of assessed value on all personal tangible property, including property separately classified in Section 58.1-3503 of the Code of Virginia, unless exempted by existing ordinances and except for those classifications, including tangible personal property employed in a trade or business, machinery and tools, and motor carriers for which a separate rate was established in Ordinance No. 08-13.

A full copy of the proposed ordinance is available for public review during normal office hours in the office of the City Manager, 215 East Main Street, Bedford, Virginia.

Upon revision of the tax rate on tangible personal property, the Council will consider the elimination of the City license fee which will result in the deletion of the motor vehicle decal fee requirement. At the meeting, the City Council will also consider a resolution established in a percentage tax

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relief rate pursuant to the Virginia Personal Property Tax Relief Act based upon any change in the tax rate adopted by the City Council.

Anyone who is in favor of or opposed to the new increased tax rate will have an opportunity to express that persons views at the hearing.

By the Authority of the City Council
of the City of Bedford.

Mayor Tharp opened the public hearing at 7:34 p.m.

Mr. Dave Thomas, 1615 Shady Knoll Avenue, spoke about citizens already paying their personal property tax earlier in the year and having to pay again in December.

Valerie Wilson, Commissioner of the Revenue, explained that the earlier payment was for tax year 2007-08.

Mr. Thomas stated he hated for the load to be put on the higher priced vehicles.

As there were no further comments, the public hearing closed at 7:35 p.m.

The Consent Agenda consisted of the following item:

The Bedford Area YMCA is requesting permission to hold its Annual Peaks of Otter Christmas Classic Foot Race on Saturday, December 6, 2008, and to block the following streets from 8:00 a.m. to 11:00 a.m.:

Peaks Street, Whitfield Drive, Oakwood Street, Longwood Avenue, Hampton Ridge Avenue and Elm Street

On motion by Vice Mayor Wandrei, seconded by Councilman Stanley, voted upon and carried by a roll call vote, Council adopted the Consent Agenda. Roll call vote follows:

Councilwoman Flood	aye
Councilman Hubbard	aye
Councilman Padgett	absent
Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Mayor Tharp	aye

The City Manager stated it is proposed that the tax rate levied upon certain tangible personal property be set at \$2.17 per \$100.00 of the assessed value.

The Mayor stated the tax rate increase would not create any additional revenues.

Mayor Tharp indicated that the proposed ordinance had been properly posted.

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On motion by Vice Mayor Wandrei, seconded by Councilman Stanley, voted upon and carried by a roll call vote, Council adopted the proposed ordinance regarding increasing the tax rate previously set on certain tangible personal property. Roll call vote follows:

Councilman Hubbard	aye
Councilman Padgett	absent
Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Mayor Tharp	aye

The ordinance follows as adopted:

Ordinance No. 08-22

AN ORDINANCE INCREASING THE TAX RATE PREVIOUSLY SET ON CERTAIN TANGIBLE PERSONAL PROPERTY AND REPEALING THE LOCAL ANNUAL LICENSE FEE ON MOTOR VEHICLES (DECAL FEE REQUIREMENT)

WHEREAS, pursuant to the authority granted in Virginia Code Section 46.2-750, the City currently imposes an annual registration or license fee on motor vehicles which requires the owner to display upon each vehicle a decal or sticker; and

WHEREAS, a number of municipal jurisdictions in the area, including Bedford County, have elected to eliminate the requirement for decals, and this in turn makes enforcement of the registration fee by the City of Bedford more difficult and will possibly result in loss of revenues required for City operation; and

WHEREAS, the Commissioner of the Revenue and the Treasurer have studied the problem and have recommended that the City Council eliminate the local registration fee and, in order to avoid a loss of revenue needed for City operations, they have recommended that the general tax rate upon tangible personal property be increased to offset the loss of City revenues from the repeal of the registration fees; and

WHEREAS, the City Council projects that the proposed change will have a revenue neutral impact upon the City Treasury, and the impact will be minimal upon the City residents and all residents will be able to deduct the tax payment upon their income tax returns, whereas the registration or decal fees are non-deductible expenses.

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NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BEDFORD, VIRGINIA:

Section 1. Ordinance No. 08-13, enacted by the City Council on June 10, 2008 levying a tangible personal property tax and establishing tax rates is reenacted and amended:

There is hereby levied, for the calendar year 2008, a tax rate of \$2.17 per one hundred dollars of one hundred per centum (100%) of assessed value on all taxable tangible personal property, including property separately classified in Section 58.1-3503 of the Code of Virginia of 1950, as amended, unless exempted from taxation or subject to a different rate under this ordinance. All tangible personal property employed in a trade or business other than that described in subdivisions 1 through 18 of Section 58.1-3503 is taxed at a levy of \$1.50 per one hundred dollars of one hundred per centum (100%) of the assessed valuation. Household goods and personal effects as classified in Section 58.1-3504 and horses, mules and other kindred animals, hogs, poultry, grains and other feeds used for the nurture of farm animals, grain and tobacco; cattle, sheep and goats, farm machinery and farm implements as such items are classified in Section 58.1-3505 are exempted in whole from tangible personal property taxation. The following items are taxed at a rate of \$1.30 per one hundred dollars of one hundred per centum (100%) of the assessed valuation: (a) machinery and tools as separately classified in Section 58.1-3507; and (b) motor carriers as separately classified in Section 58.1-3506.

Section 2. The City Council hereby repeals all sections of Article III of Chapter 34 of the Code of the City of Bedford, Virginia (Sections 34-82 through 34-90 providing for annual licensing and registration of motor vehicles) all provisions of Sections 54-104 (requiring persons paying personal property tax on motor vehicles to present evidence of payment of the decal license fee) and all provisions of Section 34-47 (making it unlawful to park any vehicle having no City license on a City street).

Section 3. This ordinance shall take effect immediately upon passage.

City Manager Kolakowski reported that each year during the budget process, City Council adopts a resolution establishing the percentage of tax relief on qualifying vehicles as provided for by Ordinance No. 05-24 passed by City Council on November 22, 2005. Such resolution was passed on June 10, 2008 setting the percentage of relief to be 100% of the tax for qualifying vehicles valued less than \$1,001 and 64% relief to be applied to the first \$20,000 of assessed value of qualifying vehicles valued more than \$1,001. The state relief amount provided to the City of Bedford for 2008 will be \$280,647.01, which is to be allocated to the 2008 personal property tax relief amount.

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Mr. Kolakowski said the relief percentage must be adjusted as a result of the change in the tax rate. Based on the estimates of the preliminary personal property tax calculations for 2008, the Commissioner of the Revenue recommends that the percentage of relief remain at 100% of the tax for qualifying vehicles valued less than \$1,001 and 53.76% relief to be applied to the first \$20,000 of assessed value of qualifying vehicles valued more than \$1,000.

The City Manager stated the decrease in the personal property tax relief percentage is realized by localities all across the state. The proposed percentage of relief of 53.76% is in line with relief percentages in neighboring localities. Recently Bedford County reduced the relief percentage from 62% to 54%. Each year tax relief percentages will be decreased as the personal property total assessed values increase due to normal growth and purchasing of newer vehicles. City Council is requested to adopt the resolution as recommended by City staff.

On motion by Vice Mayor Wandrei, seconded by Councilman Stanley, voted upon and carried by a roll call vote, Council adopted the resolution amending the percentage of tax relief to exhaust PPTRA Relief Funds. Roll call vote follows:

Councilman Padgett	absent
Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Councilman Hubbard	aye
Mayor Tharp	aye

The resolution follows as adopted:

**A RESOLUTION RE-ESTABLISHING
A PERCENTAGE TAX RELIEF RATE PURSUANT TO
THE VIRGINIA PERSONAL PROPERTY TAX RELIEF ACT**

WHEREAS, On November 22, 2005 City Council passed an ordinance (Ordinance No.05-24) which provided, among other things, that the allocation of personal property tax relief be allocated in such a manner as to eliminate personal property taxation on each qualifying vehicle with an assessed value of \$1,000 or less and that with respect to qualifying vehicles with assessed values of more than \$1,000 the City Council, by resolution, would set annually a percentage to be applied to the first \$20,000 in value of each such qualifying vehicle that based upon estimates of assessments would use up all remaining available state personal property tax relief; and

WHEREAS, City Council adopted such resolution, on June 10, 2008 establishing the 2008 City of Bedford Personal Property Tax Relief

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percentage to be set at 64% of the tax for vehicles valued between \$1,001 and \$20,000 and the first \$20,000 of vehicles valued over \$20,000; and

WHEREAS, the City Council this day has enacted an ordinance increasing the 2008 tax rate previously set on certain tangible personal property in order to offset the revenue loss incurred by repealing the local annual license fee on motor vehicles (decals); and

WHEREAS, as a result of the increase in tax revenues the percentage of personal property tax relief for qualifying vehicles must be adjusted;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF BEDFORD AS FOLLOWS:

Section 1. In accordance with the requirements set forth in Section 58.1-3524(C) (2) and Section 58.1-3912(E) of the Code of Virginia, as amended by Chapter 1 of the Acts of Assembly (2004 Special Session 1) and as set forth in item 503.E (Personal Property Tax Relief Program) of Chapter 951 of the 2005 Acts of Assembly any qualifying vehicle having situs within the City commencing January 1, 2008, shall receive personal property tax relief in the following manner:

-Personal use vehicles valued at \$1,000 or less will be eligible for 100% tax relief;

-Personal use vehicles valued at \$1,001 to \$20,000 will be eligible for 53.76% tax relief;

-Personal use vehicles valued at \$20,001 or more shall only receive 53.76% tax relief on the first \$20,000 of value; and

-All other vehicles which do not meet the definition of "qualifying" (business use vehicles, motor homes, etc.) will not be eligible for any form of tax relief under this program.

Section 2. Any amount of Personal Property Tax Relief Act relief not used within the City's fiscal year shall be carried forward and used to increase the funds available for personal property tax relief in the following fiscal year.

Section 3. This Resolution shall apply to the 2008 City of Bedford Tangible Personal Property assessments and shall be effective immediately upon adoption by City Council.

Mayor Tharp adjourned the meeting at 7:40 p.m.