

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 18, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 96: COST TO CITY FOR PROVIDING A VEHICLE LICENSE FEE EXEMPTION FOR CERTAIN PUBLIC SAFETY OFFICERS

This is in response to Councilmember Wilson's request for information regarding the cost of implementing a vehicle tax exemption for vehicles owned by police officers, deputy sheriffs, firefighters, and emergency management technicians. Virginia Code Section 46.2-752 (13-17) allows local jurisdictions to waive licensing fees for up to one vehicle owned by qualifying residents. (See Attachment I). The qualifying residents can include deputy sheriffs, local police officers, State Police officers, salaried firefighters, and salaried emergency medical technicians. Alexandria's license fee was increased from \$25 to \$33 during the last fiscal year. The state code includes no provision for exempting other municipal employees who also serve the public.

Staff has determined that the approximately 129 City public safety employees live in Alexandria. It is difficult to estimate non City public safety employees, but Staff estimates that approximately 70 non-City public safety employees also live in Alexandria, including uniformed members of the State police and public safety employees from other jurisdictions. It is unlikely there are many such residents given the high cost of living in Alexandria. Staff assumes that each public safety worker owns one vehicle which would be covered under the exemption.

The State Code permitted waiving of licensing fees for public safety employees is similar to State Code and personnel property tax authority to establish lower (and effectively waive) vehicle personal property tax rates for a wide set of 32 different personal property classifications including those classifications eligible for the license fee waiver. For example, these classifications include clean special fuels vehicles, computer equipment, vehicles equipped to provide transportation to the handicapped, ridesharing vans, vehicles owned by disabled veterans, etc. The City's policy has been (with two exceptions) not to pick out specific persons or types of personal property for special personal property tax treatment. The exceptions are vehicles equipped to provide transportation to the handicapped (taxed at a lower \$3.55 rate) and pleasure boats (taxed at a \$0.01 rate). The boat tax rate was enacted at the same time offsetting City marine fees were raised, as an incentive for more boat owners to leave their boats at the City Marina year round.

Staff notes that Fairfax and Prince William counties have an exemption in place which benefits

volunteer fire fighters in those jurisdictions under Code Section 46.2-752 (4-5). However, they as well as all other major Northern Virginia jurisdictions have not granted public safety officers either a license fee or a personal property tax exemption.

Creating a vehicle decal fee exemption, which staff does not recommend, would reduce revenues by approximately \$6,600 annually.

Attachment I – from Virginia Code

§ [46.2-752](#). Taxes and license fees imposed by counties, cities, and towns; limitations on amounts; disposition of revenues; requiring evidence of payment of personal property taxes and certain fines; prohibiting display of licenses after expiration; failure to display valid local license required by other localities; penalty.

A. Except as provided in § [46.2-755](#), counties, cities, and towns may levy and assess taxes and charge license fees on motor vehicles, trailers, and semitrailers. However, none of these taxes and license fees shall be assessed or charged by any county on vehicles owned by residents of any town located in the county when such town constitutes a separate school district if the vehicles are already subject to town license fees and taxes, nor shall a town charge a license fee to any new resident of the town, previously a resident of a county within which all or part of the town is situated, who has previously paid a license fee for the same tax year to such county. The amount of the license fee or tax imposed by any county, city, or town on any motor vehicle, trailer, or semitrailer shall not be greater than the annual or one-year fee imposed by the Commonwealth on the motor vehicle, trailer, or semitrailer. The license fees and taxes shall be imposed in such manner, on such basis, for such periods, and subject to proration for fractional periods of years, as the proper local authorities may determine. Local licenses may be issued free of charge for any or all of the following:

1. Vehicles powered by clean special fuels as defined in § [46.2-749.3](#), including dual-fuel and bi-fuel vehicles,
2. Vehicles owned by volunteer rescue squads,
3. Vehicles owned by volunteer fire departments,
4. Vehicles owned or leased by active members or active auxiliary members of volunteer rescue squads,
5. Vehicles owned or leased by active members or active auxiliary members of volunteer fire departments,
6. Vehicles owned or leased by auxiliary police officers,
7. Vehicles owned or leased by volunteer police chaplains,
8. Vehicles owned by surviving spouses of persons qualified to receive special license plates under § [46.2-739](#),
9. Vehicles owned or leased by auxiliary deputy sheriffs or volunteer deputy sheriffs,
10. Vehicles owned by persons qualified to receive special license plates under § [46.2-739](#),

11. Vehicles owned by any of the following who served at least 10 years in the locality: former members of volunteer rescue squads, former members of volunteer fire departments, former auxiliary police officers, former volunteer police chaplains, and former volunteer special police officers appointed under § [15.2-1737](#). In the case of active members of volunteer rescue squads and volunteer fire departments, applications for such licenses shall be accompanied by written evidence, in a form acceptable to the locality, of their active membership, and no member shall be issued more than one such license free of charge,

12. All vehicles having a situs for the imposition of licensing fees under this section in the locality,

13. Vehicles owned or leased by deputy sheriffs; however, no deputy sheriff shall be issued more than one such license free of charge,

14. Vehicles owned or leased by police officers; however, no police officer shall be issued more than one such license free of charge,

15. Vehicles owned or leased by officers of the State Police; however, no officer of the State Police shall be issued more than one such license free of charge,

16. Vehicles owned or leased by salaried firefighters; however, no salaried firefighter shall be issued more than one such license free of charge, or

17. Vehicles owned or leased by salaried emergency medical technicians; however no salaried emergency medical technician shall be issued more than one such license free of charge.