

**CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA**



Agenda Date:	April 21, 2025
Action Required:	Adoption of the Resolution Establishing the Personal Property Tax Relief Percentage for Tax Year 2025
Presenter:	Todd Divers, Commissioner of the Revenue
Staff Contacts:	Lisa Newman, Personal Property Supervisor
Title:	Resolution Establishing 2025 Tax Year Personal Property Tax Relief Percentage (1 Reading)

Background

The City of Charlottesville, Virginia (“City”), receives a fixed Annual Grant from the Commonwealth of Virginia (“Commonwealth”) to be used to apply Personal Property Tax Relief (“PPTR”). The PPTR Program is governed by the Code of Virginia (58.1 Chapter 35.1), and gives the locality a pool of funds, the proceeds of which must be used to provide relief to the owners of qualifying vehicles. The Commonwealth’s obligation is capped and made certain; localities distribute the relief amount as determined by Local Ordinance.

Discussion

The method for computing the PPTR percentage is to subtract the tax year’s total tax on eligible vehicles valued \$1,500 or less (that receive 100% relief) from the total PPTR Grant amount (\$3,498,256), and divide the result by the total tax on the rest of the eligible vehicles’ portion of value that is \$20,000 or less.

Based on 2025 Tax Year Early Book and projections for said Tax Year, COR Staff recommends setting the PPTR percentage of tax on up to \$20,000 value for vehicles valued over \$1,500, by using the formula specified below:

2025 Formula:

1. Tax Levy on all qualifying vehicles	=	\$12,850,000
2. PPTR used on 100% relief vehicles (vehicles valued \$1,500 and under)	=	\$63,000
3. PPTR total (\$3,498,256) minus line 2, leaves remaining	=	\$3,435,256
4. Levy on up to \$20,000 value (of qualifying vehicles valued over \$1,500)	=	\$11,050,000
5. Divide 3 by 4	=	.3109 or 31%

Alignment with City Council's Vision and Strategic Plan

Establishing the PPTR, like establishing tax rates, is one of the functions of a well-managed local government, which would put this under the Strategic Outcome Area of Organizational Excellence. If the percentage is set too high, the City may not have the full revenue it would from the tax rate set by City Council. If the percentage is set too low, the owners of qualifying vehicles may overpay their share of the local tax burden. Therefore, the attached Resolution applies directly to City Council's Organizational Mission of a being "a diverse and compassionate organization dedicated to providing excellence in public service for a resilient and sustainable community."

Community Engagement

N/A

Budgetary Impact

None anticipated, based on forecast of vehicle levy and relief to be received from the Commonwealth.

Recommendation

Suggested Motion: "I move for the adoption of the attached Resolution establishing the Personal Property Tax Relief Percentage for Tax Year 2025."

Alternatives

N/A

Attachments

1. Resolution Establishing the Personal Property Tax Relief Percentage for Tax Year 2025