



City of Harrisonburg

409 S. Main Street
Harrisonburg, VA 22801

Meeting Minutes - Final City Council

Wednesday, November 18, 2020

7:30 PM

Virtual

Special Meeting

1. Roll Call

Note: All Council Members were present via virtual Go-To Meeting with the exception of Council Member Richard Baugh.

Present: 4 - Mayor Deanna R. Reed, Vice Mayor Sal Romero, Council Member Christopher B. Jones and Council Member George Hirschmann

Also Present: 3 - City Manager Eric Campbell, City Clerk Pam Ulmer and City Attorney Chris Brown

2. Regular Items

- 2.a. Consider adopting a resolution to provide an extension of time to pay personal property taxes.

Chris Brown, city attorney, stated due to the COVID-19 pandemic, there has been significant financial hardships, in particular with the restaurant and hospitality industry and may residents have faced financial hardship because of increased unemployment. He stated the resolution recites that the city's personal property and business property tax obligations are due on December 7, 2020 and if not paid will incur a penalty and interest. He stated under Virginia Code Section 58.1-3916 the City Council does have the authority for good cause shown to extend the due date no more than 90 days from the due date. He stated the date provided in the resolution, February 1, 2021, is the date several Council Members mentioned at the last meeting but can be changed at Council's discretion. He stated if this resolution is adopted, anyone paying their personal property or business property tax bill by February 1, 2021 they will not accrue any penalties or interest incurred. He stated the Code does require good cause, which causes are shown in the resolution. He reviewed the recent up-tick in unemployment. He stated staff does have some concerns as follows:

- Approximately 25% have already paid their taxes, which may cause some fairness issues;
- This will have a drastic effect on the Treasurers collection activity, one of his most effective methods of collection is the State Tax Refund Setoff Program. He stated for those that don't pay, the State Tax Refund Setoff program can recover delinquent taxes from an individual's state tax refund. This program would not be available and could cause a decrease in revenues of between \$700,000-\$800,000.
- There isn't anything that looks like extending the due date to February will make it any easier on the residents.

- A great deal of CARES Act funding has already been funneled into the community to help those in need that will not be available next year;

Council Member Hirschmann stated he is thinking most people will pay their taxes by December 7, 2020 but feels February 1, 2021 is a reasonable extension date for those that don't. He stated it will help many get through the holidays and give them a bit more breathing room. He stated we have helped many get through and this may be a group of people that haven't really received any assistance from the City.

Mayor Reed stated she definitely supports giving some sort of relief to our residents who are struggling especially during the holiday season. She stated her frustration is this should have been done sooner.

Vice Mayor Romero asked how the numbers compared on those who have paid already to that of last year at the same time. Mr. Larry Propst, director of Finance, stated that is hard to answer because there is no comparison by date, only at year end. Vices Mayor Romero stated he is in favor of this resolution and will be greatly appreciated by many residents.

Council Member Jones asked what should be said to those that have already paid. Further discussion took place regarding that as well as how this should have been done earlier.

Council Member Jones asked how this will affect the city with the inability to use the State Tax Refund Setoff program. Eric Campbell, city manager, stated we will adjust our revenue projections.

Vice Mayor Romero stated he takes accountability for not adopting this resolution earlier. He asked what is done about those that don't pay year after year. Mr. Brown stated the Treasurer has a fairly high collection rate of personal property tax, using several different methods including DMV stops and judgements. He stated the Treasurer does work with individuals with payment plans as well. Vice Mayor Romero stated he hopes people are appreciative of this extension and will pay their taxes. Mr. Propst stated personal property taxes stay on the books for six years, at which time these taxes are written off, but the amounts are minimal.

A motion was made by Council Member Hirschmann, seconded by Vice Mayor Romero, to adopt the resolution as presented. The motion carried with the following roll call vote:

Yes: 3 - Mayor Reed, Romero and Council Member Hirschmann

No: 0

Absent: 1 - Baugh

Abstain: 1 - Council Member Jones

3. Adjournment

At 7:54 p.m., there being no further business and on motion adopted, the meeting was adjourned.

CITY CLERK

MAYOR