



Legislation Text

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Ordinance in the Amount of \$2,700,000 Amending the Street and Sidewalk Capital Project Fund

Department: City Manager's Office
Council District: N/A

Public Hearing:
Advertising Date/By:

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PURPOSE: To amend the Street & Sidewalk Capital Project Fund and the State Highway Capital Project Fund for the purpose of accounting for motor vehicle license fees designated for street resurfacing in the Street & Sidewalk Capital Project Fund. Also, to reduce projected first year revenue from \$3.9 million to \$2.7 million due to the difference in timing between State of NC billing and collection of the fee which was increased from \$10 to \$30 per vehicle effective July 1, 2016.

BACKGROUND: An increase in the City's motor vehicle license fee from \$10 to \$30 per vehicle went into effect on July 1, 2016. This fee is included in the annual motor vehicle property tax bill that is billed and collected by the State of NC through the Tag & Tax Together program, which is mailed to vehicle owners three months in advance of the due date. This revenue will be used to fund street resurfacing.

BUDGET IMPACT: This budget amendment changes the accounting for revenue earned from the motor vehicle license fee from the State Highway Capital Project Fund to the Street & Sidewalk Capital Project Fund. It also reduces projected first year increased revenue by \$1.2 million due to the three-month lag time before the new higher motor vehicle license fee (increased from \$10 to \$30 per vehicle) approved by City Council on July 1, 2016 could be implemented and collected by the State. *This occurs because the State mails registered motor vehicle annual property tax bills, which include the license fee, three months in advance of their due date.* Consequently, bills mailed prior to July 1 2016, which were due July-September 2016, would not have been billed at the higher rate because it did not go into effect until July 1, 2016. Bills dated July 31 and later included the higher license fee.

RECOMMENDATION / ACTION REQUESTED: It is recommended by Finance and Budget and Evaluation that City Council approve the attached ordinance amending the Street & Sidewalk Capital Project Fund and the State Highway Capital Project Fund.