

Strategic Option Overview

Department(s): Department of Management & Finance

Strategic Option Description: Provides additional personal property tax relief to owners of vehicles that qualify as "clean fuel". The Board has expressed interest in considering adopting reductions to personal property taxes for fuel-efficient vehicles.

If 10 new people trade in cars (that get 24 miles per gallon) for more efficient cars (that get 40 miles per gallon), carbon dioxide emissions would be reduced by 40,000 lbs. per year. This strategic option encourages residents to make this change and participate in the County's commitment to a clean environment and will improve the air breathed by all residents. This proposal will provide financial encouragement to owning and purchasing a clean fuel vehicle.

As part of the FY 2008 budget process, the Department of Management & Finance will propose adjustments to the distribution of State's vehicle tax relief (\$31.3 million). Additional personal property tax relief will be provided with State monies to qualifying vehicles that meet the State's definition of "clean fuel" vehicle. This proposal will have no net affect on the general fund budget but rather shift the tax burden to vehicles not designated by the State as "clean fuel".

Current estimates for the current number of clean fuel vehicles in the County are approximately 950.

Funding Source:

The funds for this strategic option would be derived from a portion of the current funding (\$31.3 million) provided to Arlington by the State for vehicle tax relief. As part of the FY 2008 budget deliberation process, the County Board will have to adopt a revised allocation of State vehicle tax relief from FY 2007. The State provides localities with a fixed amount of tax relief annually. As the number of cars and tax base grow over time, the amount of vehicle tax relief available per car is diminished. This requires the Board to review the allocation. As the County Board deliberates on a method and amount of allocating the state funds, we will propose a portion of the State funds be set aside to clean fuel vehicles valued below \$20,000.