

## BOARD OF ALDERMEN

ITEM NO. D(2)

### AGENDA ITEM ABSTRACT

MEETING DATE: February 12, 2002

**TITLE: A Request to Increase Motor Vehicle License Fee to Support Public Transportation**

<b>DEPARTMENT: Management Services</b>	<b>PUBLIC HEARING: YES ____ NO <u>x</u></b>
<b>ATTACHMENTS:</b> <b>A. Ordinance</b>	<b>FOR INFORMATION CONTACT:</b> <b>L. Bingham Roenigk, Asst. Town Manager</b>

PURPOSE: The Board, at its retreat on January 27 and 28, was apprised of an opportunity to increase motor vehicle license fees by an additional five dollars for the specific use of financing, constructing, operating, and maintaining public transportation systems. The Board, due to the staggered nature of motor vehicle license billing, is requested to consider adopting the fee increase for the motor vehicle license fee effective with March renewal bills that will come due July 1 and to designate this fee toward increases in transit operating costs as required by GS20-97.

#### INFORMATION

The Town staff, at the Board's planning retreat, identified several opportunities for the Board to consider in mitigating expenditures and diversifying the revenue stream. NC General Statute GS. 20-97 allows cities to impose an annual license tax on motor vehicles. The Town of Carrboro, through special legislation in 1993, obtained the ability to assess a \$15.00 vehicle license fee. The revenue generated from this fee may be used for any lawful purpose.

GS. 20-97 also allows towns that operate a public transportation system to assess a municipal vehicle tax for public transportation. The proceeds of the tax may be used only for financing, constructing, operating, and maintaining local public transportation systems. The proceeds of the tax shall supplement and not supplant or replace existing funds or other resources for public transportation systems. Charging an additional \$5 dollars per vehicle will generate approximately \$43,000 per year.

As mentioned in the purpose statement above, town staff recommends that the Board of Aldermen consider adopting the fee increase thus enabling the Orange County Tax Collector, Jo Roberson, to increase the vehicle fee from \$15 to \$20 effective with the March 2002 vehicle fee renewals. These fee renewals are generated by the Department of Motor Vehicles and sent to the County in late April or early May. The County then generates bills associated with the March renewals that will be sent out in early June but not due until July 1, 2002. Town staff, upon board approval of the fee increase, will need to notify the Orange County Tax Assessor and Collector advising them of the change.

ADMINISTRATION'S RECOMMENDATION: The Board is requested to consider adopting the attached ordinance to increase the vehicle fee from \$15 to \$20, with the additional \$5 designated for public transportation spending.