TOWN OF Herndon VIRGINIA

# Town Council Regular Meeting
## Agenda Item 6.a.

**Agenda Item:** **Ordinance 26-O-22 to amend Chapter 42 (MOTOR VEHICLES AND TRAFFIC), Article VI (Vehicle Licenses), Section 42-327 (Town Vehicle License Amounts) to increase vehicle license rates**

**Meeting Date:** September 22, 2026

**Category:** Consent

**Prepared by:** Marjorie Sloan, Finance Director

**Description:**
The proposed ordinance will raise the current vehicle license fee, effective July 1, 2027. Adoption of the proposed ordinance now provides lead time for Fairfax County to update the Residential Personal Property Tax billing process used to collect the annual vehicle license fee.

**Background/Timing Impact:**
Staff has proposed an increase to the existing Vehicle License Fee. This fee is paid by vehicle owners each year in October as a separate line item in the Residential Personal Property Tax imposed by the State of Virginia and billed by Fairfax County.

- Over the past year, the Herndon Town Council has expressed interest in pursuing a rates increase to bring the Herndon fee rates in line with the Fairfax County rates. The current Herndon rates have been in place for over 10 years.
- The proposed rate increases are expected to increase annual General Fund revenues by Approximately $130K.

In April 2025, Council discussed with staff the potential for additional revenue by raising the vehicle license fee to match the current Fairfax County rates. Finance confirmed with the County that a long lead time was needed to adjust the rates. The rate increase was again discussed in March 2026 and staff indicated that an ordinance would be proposed to pursue a rate increase providing revenue impact as soon as FY28.

Fairfax County currently bills the vehicle fee each year, and maintains the billing system. They require sufficient lead time to make the rates update in the system. Upon adoption of the proposed ordinance, Herndon Finance staff will notify Fairfax County to make the needed rate increases and confirm that the increases will be effective for the FY 2028 billing cycle.

The proposed fees and increases are included in the table below and are based on the

current rates charged by Fairfax County to county vehicle owners:

| Type | Herndon | Herndon - Proposed | Fairfax County |
|---|---|---|---|
| Motorcycles | $12 | $18 | $18 |
| Taxi/hired vehicle | <4001 lbs $25<br>>4001 lbs $32 | No change | <4001 lbs $23<br>>4001 lbs $28 |
| Church Transportation | <4001 lbs $23<br>>4001 lbs $28 | No change | <4001 lbs $23<br>>4001 lbs $28 |
| All other Vehicles | <4001 lbs $25<br>>4001 lbs $32 | <4001 lbs $33<br>>4001 lbs $38 | <4001 lbs $33<br>>4001 lbs $38 |

**Timing Impact:**
If approved, the ordinance will take effect on July 1, 2027.

**Strategic Focus Area:**
Strong Fiscal Stewardship

**Fiscal Impact:**
The increase in the fees is estimated to increase Town revenue by approximately $130K per fiscal year, beginning with FY 2028.

**Legal Impact:**
Changes to the Town Code require Town Council action.

**Staff Recommendation/Next Steps:**
Staff recommends adoption of the proposed ordinance.

**Attachments:**
1. Ordinance (Proposed)