



TO: Kurt Hodgen, City Manager
FROM: Karen Rose, Commissioner of the Revenue
DATE: February 11, 2017
RE: Real Estate Tax Exemption for Shenandoah Valley Post 188 American Legion Inc

Summary: In September 2016, Shenandoah Valley Post 188 American Legion Inc applied for real estate tax exemption on 350 Waterman Dr, Tax Map # 36 M 14.

Background: The Constitution of Virginia allows for specific local tax exemption. Prior to January 1, 2003, the General Assembly passed bills exempting an organization from local taxation and as of January 1, 2003, local elected officials were given the authority to make the determination. Harrisonburg City Code §4-2-17 addresses local real and property exemption. Shenandoah Valley Post 188 American Legion Inc is requesting exemption under this code.

Key Issues: Shenandoah Valley Post 188 American Legion Inc is a post of the National Organization of The American Legion. The national organization was granted its exempt status by the IRS in 1934. In February 1946 the national organization requested a group ruling for all departments and posts that are designated in their annual listings and was granted that group ruling. Originally The American Legion exemption was under Section 501(c)(4) of IRS code; however, in 1972 veteran organizations were given a separate classification under the Code, Section 501(c)(19). The Shenandoah Valley Post 188 was chartered on September 30, 1982 and is included in the national organization's IRS exemption. The American Legion is the nation's largest and most powerful organization of U.S. wartime veterans and their families. They drafted and drove home passage of the GI bill and the Post-9/11 GI Bill. They have also brought into existence dozens of health-care benefits for veterans and programs designed to provide civilian careers after discharge. The Post 188 looks to make an impact on the local community and through fundraising programs and donations they are able to provide meals for veterans and give equipment such as walkers, wheelchairs and quad canes to not only veterans but others in the community that are not able to afford them on their own. They also use the funds to focus on local children and youth programs for example they send teenagers to Richmond each summer to learn how the state government operates. The assessed value of the property for 2016 was \$473,900 and the taxes assessed by the City for the year 2016 were \$3,696.42; for the year 2015 were \$3,346.56 and for the year 2014 were \$3,283.02.

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Environmental Impact: None

Fiscal Impact: Reduction in real estate tax revenue of \$3,696.42 at the current real estate rate.

Prior Actions: None

Alternatives: (a) Approve for exemption
(b); or
(c) Do not approve for exemption

Community Engagement:

Recommendation: The Committee members Jeff Shafer, Treasurer; Larry Propst, Director of Finance; and Karen Rose, Commissioner of the Revenue have reviewed the application packet and recommend that City Council approve the request for exemption.

Attachments: Committee Approval Letter and Application, Public Hearing Advertisement,

Review:

The initiating Department Director will place in Legistar, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda. The completion of review only addresses the readiness of the issue for Council consideration. This does not address the recommendation for approval or denial of the issue.

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