



CITY OF HARRISONBURG
COMMISSIONER OF THE
REVENUE

KAREN I. ROSE, MCR

CTYCOMM@HARRISONBURGVA.GOV

409 SOUTH MAIN STREET, HARRISONBURG, VA 22801

OFFICE (540) 432-7704 • FAX NUMBER: (540) 432-7781

TO: Ande Banks, Interim City Manager
FROM: Karen I. Rose, Commissioner of the Revenue
DATE: June 8, 2022

RE: Real Estate Tax Exemption and Personal Property Tax Exemption for Harrisonburg Community Health Centers, Inc. Tax Map 88 G 7T and The Community Foundation of Harrisonburg and Rockingham County Tax Map 026 B 10T; and Personal Property exemption for Anicura Veterinary Center and Harrisonburg Gift and Thrift Shop, Inc.

Summary: In January 2022, applications were received from Harrisonburg Community Health Centers, Inc for personal property and real estate tax exemption at 1380 Little Sorrell Dr; The Community Foundation of Harrisonburg and Rockingham County for personal property and real estate tax exemption at 25 W Water St; Anicura Veterinary Center for personal property tax exemption and Harrisonburg Gift and Thrift Shop, Inc. for personal property tax exemption.

Background: The Constitution of Virginia allows for specific local tax exemption. Prior to January 1, 2003, the General Assembly passed bills exempting a 501(c)(3) 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 personal property exemption. The four above stated entities are requesting exemption under this code.

Key Issues:

1. In 2013, the Harrisonburg City Council exempted Harrisonburg Community Health Centers, Inc (HCHC) real estate and personal property for the health and dental clinic located at 1380 Little Sorrell Dr (Tax Map 088 G 7). HCHC was leasing the pharmacy portion of the building to Williamson Hughes so it remained taxable. In June 2020, Williamson Hughes closed the pharmacy at this location and HCHC worked towards reopening the pharmacy under their ownership. HCHC is requesting personal property exemption for additional equipment that has been added to the clinic in 2021 as well as exemption on the personal property and real estate for the pharmacy area of the building (Tax Map 088 G 7T). HCHC's mission is to provide patient-centered healthcare that is accessible and affordable for all. HCHC paid \$ 4,990.56 and \$ 5,324.40 in real estate taxes for 2020 and 2021 respectively and \$ 565.83 in personal property taxes for 2021. The 2022 assessment for the pharmacy real estate is \$ 629,900 and at the FY 23 real estate tax rate of .93¢ per hundred would generate \$ 5,858.07 in FY 23. The 2022 assessment for personal property is \$ 269,669 and at the FY 23 personal property tax rate of \$2.12 per \$100 is \$ 5,716.98.
2. The Community Foundation of Harrisonburg and Rockingham County (TCF) has requested exemption on real estate taxes and personal property taxes for 25 W Water St. (Tax Map 026 B 10T). This property was



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owned by The Free Clinic and in 2021 everything was gifted to TCF Holdings LC which is 100% owned by The Community Foundation of Harrisonburg and Rockingham. TCF was charged with finding another nonprofit to use the property to benefit the underserved health care needs of our community. TCF Holdings LC has paid \$ 1,372.75 in personal property taxes for 2021 and \$ 13,922.10 in real estate taxes for 2021. The 2022 assessment for real estate is \$ 1,642,400 and at the FY 23 real estate tax rate of .93¢ per hundred would generate \$ 15,274.32 in FY 23. The 2022 assessment for personal property is \$ 23,080 and at the FY 23 personal property tax rate of \$2.12 per \$100 is \$ 489.30.

3. Anicura Veterinary Center has been exempted real estate taxes and personal property taxes by the City Council in prior years. The exemption for the vehicles is specific to each vehicle owed. In 2020, Anicura purchased a vehicle that they are now requesting be exempted from personal property taxes. Anicura Veterinary Center is committed to serving animals and our community through veterinary services education, shelter, care and protection programs to help animals live health lives in a safe environment. Anicura has paid \$ 997.50 in personal property taxes for 2021. The 2022 assessment for personal property is \$ 43,725 and at the FY 23 personal property tax rate of \$ 3.15 per \$100 is \$ 1,377.34.
4. Harrisonburg Gift and Thrift Shop, Inc has also been exempted real estate taxes and personal property taxes by the City Council in prior years. The exemption for vehicles is specific to each vehicle owned. Harrisonburg Gift and Thrift Shop, Inc purposes recycled books, resales gently used items and gives discounts for individuals working with social services or other agencies. The proceeds from sales are forwarded to Mennonite Central Committee to fund relief and development projects. After January 2021, Harrisonburg Gift and Thrift purchased a vehicle for which they are requesting exemption. The 2022 assessment is \$ 5,181 and at the FY 23 personal property tax rate of \$ 3.15 per \$100 is \$ 163.20.

Environmental Impact: None

Fiscal Impact: If all exemptions are granted the reduction in real estate tax revenue would be \$ 21,132.39 at the FY 23 real estate tax rate and the reduction in personal property tax revenue would be \$ 7,746.82 at the FY 23 personal property tax rate.

Prior Actions: None

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

Community Engagement: None



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Recommendation: The Committee members Jeff Shafer, Treasurer; Larry Propst, Director of Finance; and Karen Rose, Commissioner of the Revenue have reviewed the application packets and recommend that City Council approve the requests for exemption for Harrisonburg Community Health Centers, Inc; The Community Foundation of Harrisonburg and Rockingham County; Anicura Veterinary Center and Harrisonburg Gift and Thrift Shop, Inc.

Attachments: Committee Approval Letter, Public Hearing Advertisement, Applications

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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