



TO: Eric Campbell, City Manager  
FROM: Karen Rose, Commissioner of the Revenue  
DATE: April 4, 2019

RE: Personal Property Tax Exemption for Way to Go, Inc; Real Estate Tax and Personal Property Tax Exemption for Harrisonburg Gift and Thrift Shop, Inc; Personal Property Tax Exemption for Madison Automotive Apprentices, Inc.; Real Estate Tax Exemptions for Center for Health and Human Services;

**Summary:** In January 2019, applications were received from Way to Go Inc for personal property tax exemption for 317 South Main Street; Harrisonburg Gift and Thrift Shop Inc for personal property tax exemption and real estate tax exemption for new property located in 731 Mt Clinton Pike; Madison Automotive Apprentices Inc for personal property tax exemption located at 1070 Virginia Ave; and Center for Health and Human Services for real estate tax exemption for property located at 748 Madison St and 851 Madison St.

**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. All four of the above stated entities are requesting exemption under this code.

**Key Issues:**

1. Way to Go, Inc. has requested exemption of personal property taxes on their personal property located at 317 South Main Street and for vehicles donated to them. Way to Go serves approximately 200 different low-income families each year as they are referred from other local agencies. They improve the family's quality of life by assisting with transportation needs anywhere from paying for an inspection sticker to providing them a good used vehicle. The number of vehicles for donation on January 1<sup>st</sup> will vary by year. For personal property, Way to Go Inc. has paid \$ 142.78 for business furniture and fixtures and \$111.34 for vehicles in 2018. Their 2019 assessments for business furniture and fixtures would generate \$134.43 in FY 20 at the current tax rate of \$2.12 per hundred and the 2019 vehicle assessments would generate \$195.13 in FY 20 at the current tax rate of \$3.50 per hundred.
2. Harrisonburg Gift and Thrift Shop Inc has obtained exemption from Council in 2007 and has now requested exemption of personal property taxes and real estate taxes on their expanded property located at 731 Mt Clinton Pike. In 2017, the Gift and Thrift added an additional 8,312 square feet to the existing building and renovated another 11,776 square feet. They also acquired a truck for business use in 2018. Gift and Thrift purposes recycled books, resales gently used items to the community and gives discounts to individuals working with Social Services or other agencies, and supervises volunteers working for

completion of court system community service hours. The proceeds are forwarded to Mennonite Central Committee to fund relief and development projects. In 2018, they paid \$12,871.55 for real estate taxes and \$292.56 for personal property. Their 2019 assessments for real estate at the current tax rate of .85¢ per hundred would generate \$15,139 in FY 20 and the personal property tax for 2019 at the current tax rate of \$2.12 per hundred would generate \$ 254.56 in FY 20 and the vehicle personal property tax for 2019 at the current tax rate of \$3.50 per hundred would generate \$787.50 in FY 20.

3. Madison Automotive Apprentices Inc (MAAP) has requested personal property exemption for business equipment and vehicles located at 1070 Virginia Avenue. MAAP is affiliated with James Madison University's College of Integrated Science and Engineering and works to promote learning among students with cooperative opportunities with auto manufacturers, vintage auto clubs and other non-profit organizations. Recent videos from James Madison University indicated they have around 10 students participating. In 2018, they paid \$541.38 on the business equipment and \$176.75 on the business vehicles. The 2019 personal property taxes would be \$430.23 in FY 20 at the current personal property rate of \$2.12 per hundred and the 2019 vehicles personal property would be \$152.26 in FY 20 at the current tax rate of \$3.50 per hundred.
4. Center for Health and Human Development (CHHD) has requested real estate tax exemption at 748 Madison St and 851 Madison St. CHHD partners with local nonprofit organizations by providing volunteer consulting on organizational development and they channel emergency relief funds to overseas organizations involved in disaster relief. In 2012, CHHD was asked by New Community Project another 501(c)(3) to help purchase the house at 748 Madison St because a local federal credit union would not loan the money to a group whose Board was not locally located. CHHD has no involvement other than to regularly review the financials to ensure expenses are being met. In January 2019, CHHD purchased another home for New Community Project at 851 Madison St. Both houses are used to provide low-cost housing to refugees and other families in need in the community. In 2016, CHHD paid \$1,141.44 for real estate taxes; in 2017 \$1,230.80 for real estate taxes and in 2018 the total tax bill is \$1,058.25 and the first half due December 5, 2018 has not been paid. 851 Madison St was not owned by CHHD in 2018. The FY 20 real estate taxes for 748 Madison St would generate \$1,271.60 at the current tax rate of .85¢ per hundred and the FY 20 real estate taxes for 851 Madison St would generate \$1,243.55 at the current tax rate of .85¢ per hundred.

**Environmental Impact:** None

**Fiscal Impact:** If all exemptions are granted the reduction in real estate tax revenue would be \$ 17,654 at the current real estate rate and the reduction in personal property tax revenue would be \$ 1,954 at the current personal property tax rates.



**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 packets and recommend that City Council approve the requests for exemption for Way to Go, Inc and Gift and Thrift Shop Inc . The committee recommends that City Council not approve the request for exemption for Madison Automotive Apprentices Inc and both requests for Center for Health and Human Development.

**Attachments:** Committee Approval Letter and Application, 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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