



City of Harrisonburg, Virginia

Office of the City Manager

409 South Main Street
Post Office Box 20031
Harrisonburg, VA 22802
(540) 432-7701 / FAX (540) 432-7778

G. Chris Brown
City Attorney

TO: Kurt Hodgen, City Manager
FROM: G. Chris Brown, City Attorney
DATE:
RE: Real Estate Tax Refund for Lamplighter, LLC

Summary: Approval of real estate tax refund for 2012, (2nd half only), 2013, 2014 and 2015 for Lamplighter, LLC

Background: Lamplighter, LLC owns 7.334 acres, more or less, with improvements, located at 1680 Country Club Road, city of Harrisonburg, Virginia, and designated as real estate tax map parcel 72-A-8. Lamplighter, LLC was assessed for real estate taxes for this property for the tax years 2012 (2nd half only), 2013, 2014 and 2015 and paid \$55,260.86 for those years. During that time, the property was leased to Shenandoah Valley Community Church d/b/a Valley Church (Church). The Church and the landlord have now requested a refund of those taxes on the grounds that the property should have been exempt because it was leased by the Church during that time period. The Church subleased a portion of the real estate to Friendship Industries, which also qualifies for real estate tax exemption. In 2013, the Church subleased a 4,500 square foot parcel of the property to a private party. That 4,500 square foot parcel is not tax exempt for the year 2013.

Key Issues: Pursuant to Virginia Code Section 58.1-3617, property of a church, religious association or religious denomination and used for charitable, religious or education purposes is exempt from taxation. That code section goes on to provide that for purposes of that section, property of a church owned or leased in the name of the church shall be deemed to be owned by such church. Therefore, the property in question should have been tax exempt for 2012 (2nd half only), 2013, 2014 and 2015.

The Church and Lamplighter, LLC entered into a new lease agreement for 2016 whereby the Church leases a much smaller portion of the property. The portion of the property leased by the Church will continue to be tax exempt.

Pursuant to Virginia Code Section 58.1-3981, once taxes have been paid into the treasury of the city, City Council must approve and direct a refund of erroneously assessed taxes.

Environmental Impact: NONE

Fiscal Impact: The city will refund real estate taxes in the amount of \$55,260.86 for 2012 (2nd half only), 2013, 2014, and 2015, plus interest as required by law.

Prior Actions: None

Alternatives: (a) approve and direct real estate refund
(b); or



(c)

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Community Engagement: None

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Recommendation: Staff recommends approval of the application for refund of real estate taxes.

Attachments: Certification Letter from Commissioner of Revenue
Concurring letter from City Attorney

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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