



TO: Eric Campbell, City Manager
FROM: Karen Rose, Commissioner of the Revenue
DATE: February 26, 2018

RE: Real Estate Tax and Personal Property Tax Exemption for The Community Foundation of Harrisonburg and Rockingham; Personal Property Tax Exemption for Journey Counseling Ministries Inc; and Personal Property Tax Exemption for Anicira Veterinary Center.

Summary: In January 2018, applications were received from The Community Foundation of Harrisonburg and Rockingham for real estate tax exemption and personal property tax exemption for 317 South Main Street, Tax Map # 25-J-11; Journey Counseling Ministries Inc for personal property tax exemption for property located in 139 North Liberty St Suite 202-A and Anicira Veterinary Center for personal property tax exemption on two recently purchased vans.

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 three of the above stated entities are requesting exemption under this code.

Key Issues:

1. The Community Foundation of Harrisonburg and Rockingham has requested exemption of real estate and personal property taxes on their property located at 317 South Main Street, Tax Map # 25-J-11. The house has been named the Plecker Center for Community Philanthropy and is home to six other nonprofit organizations: Open Doors, Blue Ridge CASA for Children, Way to Go, Valley Fellowship of Christian Athletes, Autumn Valley Guardianship and the local chapter of the Alzheimer's Association. The Foundation holds and manages over 200 endowments, scholarship funds, designated funds, capital campaigns, and donor-advised funds for mostly local donors and nonprofits agencies. Since their inception, The Foundation has granted out over \$30 million to local nonprofits or nonprofits with a local connection and it has grown its asset base to over \$34 million for future community initiatives. For personal property, The Foundation has paid \$133.30 in 2017, \$157.75 for 2016 and \$103.88 for 2015. They have purchased new furniture and equipment in 2017 that would increase their personal property tax in 2018 to \$996.08 at the current rate of \$2.12 per hundred. Eastham LLC owes the real estate and Eastham LLC is 99% owned by The Community Foundation and 1% by Historic Eastham House I, LLC, an investment fund at Virginia Community Development Corporation, a tax credit fund manager and 501(c)(3) nonprofit organization. City Attorney Chris Brown has assured the committee that Eastham can be considered a 501(c)(3). In real estate taxes, The Foundation has paid \$1,131.78 for first half of FY 2018; \$ 0 for FY 2017 and



\$0 for FY 2016. The assessment for FY 19 is \$668,400 and the tax levy at the current rate of .85¢ per hundred would be \$ \$5,681.40.

2. Journey Counseling Ministries Inc has requested exemption of personal property taxes on their property located at 139 North Liberty Street, Suite 202-A. Journey Counseling Ministries opened its doors in 2008 with the purpose of serving and ministering to Harrisonburg's local churches as well as individuals and families in the greater community. Journey's team provides professional counseling and therapy in accordance with Christian principles to people of all backgrounds and faiths. Financial scholarship assistance is available for those that cannot pay the full fee for counseling. They also conduct workshops in relationship – building skills for the community. They paid personal property taxes of \$106.81 for 2017, \$62.52 for 2016, and \$36.04 for 2015. The tax for 2018 at the current tax rate of \$2.12 per hundred would be \$96.63.
3. Anicira Veterinary Center has requested personal property exemption for two (2) additional vans that were purchased in late 2017 and early 2018. They only paid the \$40 vehicle license fee in 2017 on the one van and nothing has been paid on the 2018 purchased van. The 2018 personal property taxes would be \$402.50 at the current motor vehicle rate of \$3.50 per hundred and if the 2018 purchased van had been owned on January 1st the taxes would be \$207.38. Anicira was granted real estate tax exemption and personal property tax exemption in 2008 and then in 2016, Council exempted Anicira's first van from personal property taxes. Anicira uses the vehicles to transport their patients for spay/neuter procedures and preventive care services.

Environmental Impact: None

Fiscal Impact: Reduction in real estate tax revenue of \$5,681.40 at the current real estate rate.
Reduction in personal property tax revenue of \$1,495.16 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.

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



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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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