CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA

Agenda Date:	March 18, 2024
Action Required:	Approval of Business Personal Property Tax Refund
Presenter:	Todd Divers, Commissioner of the Revenue
Staff Contacts:	Jason Vandever, City Treasurer Jacob Stroman, City Attorney
Title:	**Resolution for refund of Business Tangible Personal Property Tax payment**

Background

In 2022, a 501(c)3 organization moved to a location in the City of Charlottesville. It reported tangible business personal property to the City for tax year 2023, was billed, and paid the tax. Subsequently, it was determined that the entity is exempt by classification from local property taxation pursuant to the Code of Virginia. The tax paid in error amounts to $25,784.10.

Discussion

As a 501(c)3 enterprise, the entity is not subject to a business license for activity conducted in furtherance of its charitable purpose. However, it was discovered that the entity derives income outside of that charitable purpose, which it declares on the appropriate federal Schedule 990T (used by nonprofits to report unrelated business income - UBI). UBI is subject to local business license.

After applying the overpayment to the 2023 and 2024 business license, a balance of $10,941.56 remains to be refunded, (plus interest to be determined by the date of the refund - approximately $275).

City Code requires Council approval for any tax refunds resulting from an erroneous assessment in excess of $10,000 (City Code Sec. 30-6b).

Per City Code Sec. 30-6(b), the Commissioner of the Revenue has provided to the City Attorney information necessary to enable him to consent to the determination of the Commissioner of the Revenue that the tax paid by the taxpayer was erroneous and should therefore be refunded with interest. The refund has therefore been approved for presentment to Council by the City Attorney, Commissioner of the Revenue, and City Treasurer.

Alignment with City Council's Vision and Strategic Plan

N/A

Community Engagement
N/A

Budgetary Impact
The refund will reduce current year Personal Property Tax revenue (GL 400100) by $10,941.56 and current year Interest revenue (GL 400120) by approximately $275.

Recommendation
Approval of the tax refund.

Suggested Motion: "I move the RESOLUTION authorizing a refund of $10,941.56 plus interest to a taxpaying entity or business, for business tangible personal property taxes paid in error for 2023."

Alternatives
None

Attachments
1. Refund Resolution
2. Tax Refund Sign-Off (part 1) - signed