Commissioner of the Revenue
City of Charlottesville
605 E. Main Street, Room A130
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Charlottesville, VA 22902-2964
434-970-3160
citycor@charlottesville.gov

MEMORANDUM

To: Jacob Stroman, Charlottesville City Attorney
From: Todd Divers, Commissioner of the Revenue
Date: February 28, 2024
Re: Refund of Business Tangible Personal Property Tax

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

> ***Sec. 30-6. - Correction of assessments.***
>
> *…*
>
> *(b) In the event that the assessing official determines that they have erroneously assessed an applicant with a local tax, they shall exonerate the applicant from the payment of so much as is erroneously charged, if not already paid into the city treasury. If the assessment has been paid, the city council shall, upon the certificate of the assessing official with the consent of the city attorney that such assessment was erroneous, direct the city treasurer to refund the excess to the taxpayer, with interest if authorized by law. However, the city treasurer is hereby authorized to approve and issue, without the above-referenced certificate, any refund up to ten thousand dollars ($10,000.00) resulting from an erroneous assessment.*
>
> *…*

This memorandum is meant to provide you with the information necessary to enable you to consent to my determination that the below-referenced tax was paid in error, and should therefore be refunded. Your signature below indicates your agreement with my determination. This document will be included with other materials presented to City Council for their consideration and approval.

<u>FACTS</u>

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 from local property tax by classification pursuant to the Code of Virginia. The tax paid in error amounts to $25,784.10.

A 501(c)3 enterprises, is not subject to a business license for activity conducted in furtherance of its charitable purpose. However, it was discovered that this entity also 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. It is my determination that this amount, along with interest (to be determined by the date of the refund - approximately $275), should be refunded to the taxpayer.

Sincerely,

Todd D. Divers
Charlottesville Commissioner of the Revenue

I agree with the Commissioner of the Revenue's determination that the above-referenced tax assessment was paid in error, and that the indicated refund is appropriate.

Jacob P. Stroman
Jacob P. Stroman (Feb 29, 2024 14:59 EST)
Jacob Stroman, Charlottesville City Attorney

02/29/2024
Date