CITY COUNCIL

Monday, June 23, 2025 | 7:00 PM
Council Chamber- City Hall
900 Church Street
Lynchburg, VA 24504

AGENDA

I. Welcome *Larry Taylor, Mayor*

II. Public Hearing

- **II.1.** Consideration of adopting Ordinance #O-25-___ to set a Real Estate Tax Rate of $1.025 per $100 of assessed value effective July 1, 2025.

III. Special Business

- **III.2.** Consideration of adopting Ordinance #O-25-___ to lower the personal property tax rate and eliminate the "car tax" on certain vehicles.

City Council
Agenda Item II.1.
Action

AGENDA ITEM SUMMARY

MEETING DATE	PRESENTED BY
June 23, 2025	Gregory Patrick, Deputy City Manager, Donna Witt, Chief Financial Officer

AGENDA ITEM # II.1

Consideration of adopting Ordinance #O-25-___ to set a Real Estate Tax Rate of $1.025 per $100 of assessed value effective July 1, 2025.

RECOMMENDATION

Following the public hearing, consider adopting the ordinance attached.

SUMMARY

PRIOR ACTION(S)

June 10, 2025 - Real Estate Tax Rate Consideration
May 27, 2025 - Real Estate Tax Rate Consideration
April 22, 2025 - Public Hearing (Real Estate Tax Rate of $0.89 per $100 of assessed value)

FISCAL IMPACT

CONTACT(S)

Gregory Patrick, Deputy City Manager
Donna Witt, Chief Financial Officer

ATTACHMENT(S)

1. Proposed Ordinance - RE Tax & PP Tax PSC - RWC (Final)

REVIEWED BY

Date: June 13, 2025

Jeffrey Bandy, City Assessor

Date: June 17, 2025

Donna Witt, Chief Financial Officer

Date: June 18, 2025

Gregory Patrick, Deputy City Manager

Date: June 18, 2025

Alicia Finney, Clerk of Council

AN ORDINANCE TO AMEND AND REENACT THE CODE OF THE CITY OF LYNCHBURG, 1981, BY AMENDING SECTION 36-152 OF ARTICLE III OF CHAPTER 36 OF SUCH CODE TO MAKE TECHNICAL CHANGES AND ILLUSTRATE A REAL ESTATE TAX RATE OF <u>$1.025</u> ON EACH $100.00 OF THE ASSESSED VALUE OF REAL ESTATE (AND ACCOMPANYING IMPROVEMENTS) AND CERTAIN PERSONAL PROPERTY OF PUBLIC SERVICE CORPORATIONS AND RAILWAY COMPANIES IN THE CITY

<u>ORDINANCE:</u> **#O-25-___**

WHEREAS, real estate reassessment notices were mailed to property owners in the City of Lynchburg, Virginia ("City") in accordance with the requirements § 58.1-3330 of the Code of Virginia, 1950, as amended; *and*

WHEREAS, in addition to other required information, the above said reassessment notices illustrated the City's current real estate tax rate of $0.89 per $100 of the assessed value of real estate, but not a proposed real estate tax rate for Fiscal Year 2026; *and*

WHEREAS, prior to a public hearing being held on April 22, 2025 before the Lynchburg City Council, a *Notice of Real Property Tax Increase* was published in accordance with § 58.1-3321 of the Code of Virginia, 1950, as amended, specific to a proposed real estate tax rate of $0.89 per $100 of the assessed value of real estate; *and*

WHEREAS, the Lynchburg City Council now desires to consider the adoption of a real estate tax rate of $1.025 per $100 of the assessed value of real estate in order to decrease the City's rate of the "car tax" and provide meaningful tax relief for the most City citizens as possible; *and*

WHEREAS, prior to the adoption of this Ordinance, a public hearing was held on June 23, 2025, after a new *Notice of Real Property Tax Increase* was published in accordance with § 58.1-3321 of the Code of Virginia, 1950, as amended, specific to a new proposed real estate tax rate of $1.025 per $100 of the assessed value of real estate.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LYNCHBURG:

1. That the Code of the City of Lynchburg, 1981, be and the same is hereby amended and reenacted by amending Section 36-152 of Article III of Chapter 36 of such code as follows:

Sec. 36-152. Same—Real estate.

Effective on and after ~~July 1, 2023~~ <u>July 1, 2025</u>, and for the fiscal year beginning ~~July 1, 2023~~ <u>July 1, 2025</u>, and ending ~~June 30, 2024~~ <u>June 30, 2026</u>, and for each and every fiscal year thereafter beginning July 1 and ending June 30 of each such year, unless otherwise changed by council, on each $100.00 of the assessed value of real estate in this city and the improvements thereon there shall be a tax of ~~$0.89~~ <u>$1.025</u> for the purpose of establishing and maintaining the public schools of the city, and for the purpose of providing the interest and sinking fund on loans negotiated and bonds issued or to be issued by the city for school purposes, and for general governmental purposes. ~~Provided, however, that effective on and after January 1, 2023, and ending December 31, 2023, and for each and every calendar year thereafter beginning January 1 and ending December 31 of each such year, unless otherwise~~

~~changed by council, for each $100.00 of the assessed value of real estate and tangible personal property of public service corporations other than railway companies not equalized by the state corporation commission pursuant to Section 58.1-2604 of the Code of Virginia (1950), as amended, there shall be a tax of $3.80.~~ Provided, however, that on and after January 1, 2026, and ending December 31, 2026, and for each and every calendar year thereafter beginning January 1 and ending December 31 of each such year, unless otherwise changed by council, for each $100.00 of the assessed value of real estate and tangible personal property of public service corporations and railway companies, other than aircraft, automobiles, and trucks of public service corporations and rolling stock of railway companies, not equalized by the Virginia State Corporation Commission pursuant to Section 58.1-2604 of the Code of Virginia, 1950, as amended, there shall be a tax of $1.025. ~~Provided, however, that effective on and after January 1, 2023, and ending December 31, 2023, and for each and every calendar year thereafter beginning January 1 and ending December 31 of each such year, unless otherwise changed by council, for each $100.00 of assessed value of real estate and tangible personal property of public service corporations other than aircraft, automobiles, and trucks of all such corporations and rolling stock of railway companies, there shall be a tax of $0.89.~~ Provided further, however, that effective on and after January 1, 2025, and ending December 31, 2025, and for each and every calendar year thereafter beginning January 1 and ending December 31 of each such year, unless otherwise changed by council, for each $100.00 of assessed value of aircraft, automobiles, and trucks of public service corporations and rolling stock of railway companies, not equalized by the Virginia State Corporation Commission pursuant to Section 58.1-2604 of the Code of Virginia, 1950, as amended, there shall be a tax of $3.80.

2. That this Ordinance shall become effective upon adoption, but where applicable and as provided in this Ordinance, shall apply retroactively to public service corporations and railway companies as of January 1, 2025.

Adopted:____________________

Certified:____________________
Clerk of Council

City Council
Agenda Item III.2.
Action

AGENDA ITEM SUMMARY

MEETING DATE	PRESENTED BY
June 23, 2025	Mitchell Nuckles, Commissioner of the Revenue

AGENDA ITEM # III.2

Consideration of adopting Ordinance #O-25-___ to lower the personal property tax rate and eliminate the "car tax" on certain vehicles.

RECOMMENDATION

Consider adopting the ordinance attached.

SUMMARY

PRIOR ACTION(S)

City Council Work Session - June 10, 2025

FISCAL IMPACT

CONTACT(S)

Mitchell Nuckles, Commissioner of the Revenue
Gregory Patrick, Deputy City Manager
Donna Witt, Chief Financial Officer

ATTACHMENT(S)

1. Proposed Ordinance - Personal Property Tax Relief and Personal Property Rate Adjustment (Final)

REVIEWED BY

Date: June 17, 2025

Donna Witt, Chief Financial Officer

Date: June 17, 2025

Mitchell Nuckles, Commissioner of the Revenue

Gregory Patrick, Deputy City Manager

Date: June 18, 2025

Alicia L. Finney

Alicia Finney, Clerk of Council

Date: June 18, 2025

AN ORDINANCE TO AMEND AND REENACT THE CODE OF THE CITY OF LYNCHBURG, 1981, BY AMENDING SECTIONS 36-149 AND 36-149.2 OF ARTICLE III OF CHAPTER 36 OF SUCH CODE TO MAKE TECHNICAL CHANGES, TO ELIMINATE PERSONAL PROPERTY TAXATION FOR THE FIRST $20,000.00 OF ASSESSED VALUE OF QUALIFYING VEHICLES, AND TO REFLECT A TAX RATE OF $1.30 ON EACH $100 OF THE ASSESSED VALUE OF PERSONAL PROPERTY DESCRIBED UNDER SUBSECTIONS (48)(A), (48)(B), AND (48)(E) OF SECTION 58.1-3506 OF THE CODE OF VIRGINIA, 1950, AS AMENDED

WHEREAS, the Lynchburg City Council adopted a real estate tax rate of $1.025 per $100 of the assessed value of real estate in order to decrease the City's rate of the "car tax" and provide meaningful tax relief for the most City citizens as possible; *and*

WHEREAS, the Lynchburg City Council now desires to lower the personal property tax rate for personal property described under subsections (48)(a), (48)(b), and (48)(e) of Section 58.1-3506 of the Code of Virginia, 1950, as amended; *and*

WHEREAS, the Lynchburg City Council further desires to eliminate personal property taxation for the first $20,000.00 of assessed value for qualifying vehicles.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LYNCHBURG:

1. That the Code of City of Lynchburg, 1981, is hereby amended and reenacted by amending Section 36-149 of Article III of Chapter 36 of such code as follows:

Sec. 36-149. Tax rates—Tangible personal property in general; exempt household property; and reduced rates for certain property.

(a) Effective on and after ~~July 1, 2004~~ January 1, 2026~~,~~ ~~for the fiscal year beginning July 1, 2004 and ending June 30, 2005,~~ and also for each and every ~~fiscal~~ calendar year thereafter beginning ~~July 1~~ January 1 and ending ~~June 30~~ December 31~~,~~ of each such year, unless otherwise changed by council, on each $100.00 of the assessed value of the following-named personal property, there shall be a tax of $3.80 for the purpose of establishing and maintaining the public schools of the city and for the purpose of providing the interest on loans negotiated and bonds issued and to be issued by the city for school purposes, and for general governmental purposes, to wit: vehicles of all kinds, books, pictures, mechanics' tools, machinery and the market value of all other tangible personal property not specifically enumerated including the property separately classified by Sections 58.1-3503, 58.1-3506 and 58.1-3521 of the Code of Virginia, 1950, as amended; except and provided that household goods and personal effects owned and used by an individual or by a family or household incident to maintaining an abode which are defined as separate items of taxation and classified by Section 58.1-3504 and 58.1-3505 of the Code of Virginia, 1950, as amended, are exempt from the tax imposed by this section, effective for the ~~fiscal~~ calendar year beginning ~~July 1, 1973~~ January 1, 2026 and ending ~~June 30, 1974~~ December 31, 2026 and for each ~~fiscal~~ calendar year thereafter.

Notwithstanding the above or any other provision of this chapter, except where exempt from taxation, a lower tax rate applies, or where otherwise changed by council, beginning the calendar year of January 1, 2026 to December 31, 2026, and also for each and every calendar year thereafter, all personal property falling under one of the classifications described in subsections (48)(a), (48)(b), or (48)(e) of Section 58.1-3506 of the Code of

Virginia, 1950, as amended, shall be taxed at a rate of $1.30 per $100 of the assessed value of the personal property.

(b) The commissioner of revenue will use the file by exception method for each fiduciary mentioned in this section as per Section 58.1-3518.1, Code of Virginia, 1950, as amended.

(c) All city taxes for each year or fiscal year on tangible personal property assessed under this section shall be paid pursuant to the provisions of section 36-171 of this chapter.

2. That the Code of City of Lynchburg, 1981, is hereby amended and reenacted by amending Section 36-149.2 of Article III of Chapter 36 of such code as follows:

Sec. 36-149.2. Implementation of the Personal Property Tax Relief Act of 1998.

(a) The purpose of this ~~ordinance~~ section is to provide for the implementation of the changes to the Personal Property Tax Relief Act affected by legislation adopted during the 2004 special session I and the 2005 regular session of the General Assembly of Virginia, and as amended, adopted, and/or enacted into legislation thereafter.

(1) Terms used in this ~~ordinance~~ section that have defined meanings set forth in the Personal Property Tax Relief Act shall have the same meanings as set forth in ~~Virginia Code~~ Section 58.1-3523 of the Code of Virginia, 1950, as amended.

(2) To the extent that the provisions of this ~~ordinance~~ section conflict with any ~~prior ordinance or~~ other provision of the Lynchburg City Code or other ordinance of the city council, then this ~~ordinance~~ section shall control.

(b) Method of computing and reflecting tax relief.

(1) For tax years commencing in 2006, the ~~C~~city ~~of Lynchburg~~ adopts the provisions of item 503.E of the 2005 ~~a~~Appropriations ~~a~~Act, and as amended, adopted, and/or enacted into legislation thereafter, providing for the computation of tax relief as a specific dollar amount to be offset against the total taxes that would otherwise be due but for personal property tax relief and the reporting of such specific dollar relief on the tax bill.

(2) The city council shall, by resolution, set the percentage of tax relief at such a level that it is anticipated to fully ~~to~~ exhaust Personal Property Tax Relief Act relief funds provided to the ~~C~~city ~~of Lynchburg~~ by the ~~c~~Commonwealth of Virginia.

(3) Personal property tax bills shall set forth on their face the specific dollar amount of relief credited with respect to each qualifying vehicle, together with an explanation of the general manner in which relief is allocated. Except where another amount may control by ordinance or Virginia law (e.g. Section 58.1-3912 of the Code of Virginia, 1950, as amended), in the event a bill would result in no money being owed to the city as a result of this section, then no bill will be generated.

(c) Allocation of personal property tax relief shall be provided in accordance with the general provisions of this section, as implemented by the specific provisions of the ~~C~~city's ~~of Lynchburg~~ ~~A~~annual ~~B~~budget relating to Personal Property Tax Relief Act relief.

~~(1) Relief shall be allocated in such a manner as to eliminate personal property taxation of each qualifying vehicle with an assessed value of $1,000.00 or less.~~ Relief shall be allocated in such a manner as to eliminate personal property taxation on the first $20,000.00 of assessed value for qualifying vehicles.

~~(2) Relief with respect to qualifying vehicles with assessed values of more than $1,000.00 shall be provided at a percentage, annually fixed and applied to the first $20,000.00 in value of each such qualifying vehicle that is estimated to fully use all available state personal property tax relief funding. The percentage shall be established annually.~~

~~(d) Pursuant to authority conferred in item 503.D of the 2005 appropriations act, unless the assessment is determined to be of no fault of the taxpayer, the City of Lynchburg City Collector is authorized to issue a supplemental personal property tax bill, in the amount of 100 percent of tax due without regard to any former entitlement to state personal property tax relief, plus applicable penalties and interest, to any taxpayer whose taxes with respect to a qualifying vehicle for tax year 2005 or any prior tax year remain unpaid on September 1, 2006, or such date as state funds for reimbursement of the state share of such bill have become unavailable, whichever earlier occurs.~~

~~(1) If the failure to file or pay was not the fault of the taxpayer, the supplemental personal property tax bill shall not be imposed, or if imposed shall be abated by the official who imposed them. In order to demonstrate lack of fault, the taxpayer must show that he acted responsibly and that the failure was due to events beyond his control.~~

~~a. Acted responsibly means that: (i) the taxpayer exercised the level of reasonable care that a prudent person would exercise under the circumstances in determining the filing/payment obligations and (ii) the taxpayer undertook significant steps to avoid or mitigate the failure.~~

~~b. Events beyond the taxpayer's control include, the unavailability of records due to fire or other casualty; the unavoidable absence (e.g., due to death or serious illness) of the person with sole responsibility with tax compliance; or the taxpayer's reasonable reliance in good faith upon erroneous written information from the commissioner of the revenue who was aware of the relevant facts relating to the taxpayer when he provided the erroneous information.~~

~~(e)~~(d) Penalty and interest with respect to bills issued pursuant to this section shall be computed on the entire amount of tax owed. Interest shall be computed at the rate provided in chapter 36, article IV, section 36-164 of the Code of the City of Lynchburg from the original due date of the tax.

3. That this Ordinance shall be effective on adoption.

Adopted:____________________

Certified:____________________
Clerk of Council