

INTRODUCED: October 15, 2024

AN ORDINANCE No. 2024-275

To create a new reservation of fund balance called the 2024 Real Estate Tax Relief Reserve, intended to be categorized as an assigned fund balance and used to return surplus real property tax revenues to taxpayers through a one-time, four-cent rebate.

Patrons – Mayor Stoney, President Nye, Vice President Lambert, Ms. Jordan, Ms. Robertson, Ms. Lynch, Ms. Trammell, Ms. Newbille and Ms. Jones

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: OCT 28 2024 AT 6 P.M.

WHEREAS, section 12-242(a) of the Code of the City of Richmond (2020), as amended, provides that each year's calculated general fund surplus as defined by section 12-241 of the Code of the City of Richmond (2020), as amended, shall be allocated 50 percent to the "downturn reserve fund," 40 percent to the Capital Maintenance Reserve, and ten percent to such special purpose reserves as may be established; and

WHEREAS, notwithstanding section 12-242(a) of the Code of the City of Richmond (2020), as amended, the Mayor and the City Council have determined that it would be in the best interests of the residents of the city of Richmond that up to \$16,000,000.00 of the calculated

AYES: 9 NOES: 0 ABSTAIN:

ADOPTED: NOV 12 2024 REJECTED: STRICKEN:

general fund surplus for the fiscal year commencing July 1, 2023, and ending June 30, 2024, which is more than ten percent of such calculated general fund surplus, be assigned to a special purpose reserve for the purpose of providing for a return of surplus real property tax revenue to real estate taxpayers in the city of Richmond pursuant to section 15.2-2511.1 of the Code of Virginia (1950), as amended;

NOW, THEREFORE,

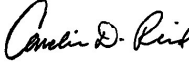
THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That a new reservation of fund balance called the 2024 Real Estate Tax Relief Reserve is hereby created. Notwithstanding section 12-242(a) or any other provision of the Code of the City of Richmond (2020), as amended, to the contrary, up to the first \$16,000,000.00 of any calculated general fund surplus, as section 12-241(a) of the Code of the City of Richmond (2020), as amended, defines “calculated general fund surplus,” for the fiscal year commencing July 1, 2023, and ending June 30, 2024, shall be assigned to the 2024 Real Estate Tax Relief Reserve. It is the intent of this ordinance that (i) the 2024 Real Estate Tax Relief Reserve be categorized as an assigned fund balance for purposes of generally accepted accounting principles, (ii) the amount assigned to the 2024 Real Estate Tax Relief Reserve be appropriated for the purpose of returning surplus real property tax revenue to real estate taxpayers in the city of Richmond pursuant to section 15.2-2511.1 of the Code of Virginia (1950), as amended, through a one-time, four-cent rebate, and (iii) the calculated general fund surplus, after the first \$16,000,000.00 thereof has been allocated to the 2024 Real Estate Tax Relief Reserve, be allocated first to the “downturn reserve fund” until 50 percent of the calculated general fund surplus has been allocated to the “downturn reserve fund” and then to the Capital Maintenance Reserve.

§ 2. This ordinance shall be in force and effect upon adoption.

APPROVED AS TO FORM:

CITY ATTORNEY'S OFFICE

A TRUE COPY:
TESTE:

City Clerk



City of Richmond

900 East Broad Street
2nd Floor of City Hall
Richmond, VA 23219
www.rva.gov

Master

File Number: Admin-2024-1316

File ID: Admin-2024-1316

Type: Request for Ordinance or Resolution

Status: Regular Agenda

Version: 1

Reference:

In Control: City Clerk Waiting Room

Department:

Cost:

File Created: 10/10/2024

Subject:

Final Action:

Title: To create a new reservation of fund balance called the 2024 Real Estate Tax Relief Reserve, intended to be categorized as an assigned fund balance and used to return surplus real property tax revenues to taxpayers through a one-time, four-cent rebate.

Internal Notes:

Code Sections:

Agenda Date: 10/15/2024

Indexes:

Agenda Number:

Patron(s):

Enactment Date:

Attachments: Admin-2024-1316 WD - Surplus Revenue Ordinance AATF

Enactment Number:

Contact:

Introduction Date:

Drafter: re-mayoroff-myr@rva.gov

Effective Date:

Related Files:

Approval History

Version	Seq #	Action Date	Approver	Action	Due Date
1	1	10/10/2024	Lauren Kirk - FYI	Notified - FYI	
1	2	10/10/2024	Meghan Brown	Approve	10/14/2024
1	3	10/10/2024	Michael Nguyen - FYI	Notified - FYI	
1	4	10/11/2024	Sheila White	Approve	10/14/2024
1	5	10/11/2024	Cynthia Osborne - FYI	Notified - FYI	
1	6	10/11/2024	Sabrina Joy-Hogg	Approve	10/15/2024
1	7	10/11/2024	Caitlin Sedano - FYI	Notified - FYI	
1	8	10/11/2024	Jeff Gray	Approve	10/15/2024
1	9	10/11/2024	Caitlin Sedano - FYI	Notified - FYI	
1	10	10/11/2024	Lincoln Saunders	Approve	10/15/2024
1	11	10/11/2024	Cordell Hayes - FYI	Notified - FYI	
1	12	10/11/2024	Mayor Stoney	Approve	10/15/2024

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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Text of Legislative File Admin-2024-1316

Title

To create a new reservation of fund balance called the 2024 Real Estate Tax Relief Reserve, intended to be categorized as an assigned fund balance and used to return surplus real property tax revenues to taxpayers through a one-time, four-cent rebate.

Body

O & R Request

DATE: October 3, 2024 **EDITION:** 2

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sabrina B. Joy-Hogg, Senior Deputy Chief Administrative Officer, Finance and Administration

THROUGH: Sheila White; Director of Finance

FROM: Meghan K. Brown; Director of Budget & Strategic Planning

RE: Real Estate Tax Relief Through a One-Time Four-Cent Rebate

PURPOSE: To create a new reservation of fund balance called the 2024 Real Estate Tax Relief Reserve, intended to be categorized as an assigned fund balance and used to return surplus real property tax revenues to taxpayers through a one-time, four-cent rebate.

BACKGROUND: City residents have expressed concern with the increased real estate tax assessments. In response to these concerns, City Council has proposed ordinances to decrease the real estate tax rate by four cents.

The City Administration recommends adopting an ordinance to assign up to \$16,000,000 of the Fiscal Year 2024 General Fund surplus, notwithstanding the applicable provisions of City Code, to provide a one-time, four-cent rebate. This rebate is recommended as an alternative to a permanent change to the tax rate, which is not recommended.

In addition to the creation of an ordinance for the 2024 Real Estate Tax Relief Reserve, two ordinances will also be created to (1) appropriate up to \$16,000,000 of the Fiscal Year 2024 General Fund Surplus to a central appropriations line item administered by the Department of Finance to fund the return of surplus payments to provide real estate tax relief through a one-time, four-cent rebate; and (2)

to provide for the return of up to \$16,000,000 of the Fiscal Year 2024 General Fund Surplus in accordance with the Code of Virginia section 15.2-2511.1 to provide real estate tax relief through a one-time, four-cent rebate.

COMMUNITY ENGAGEMENT: n/a

STRATEGIC INITIATIVES AND OTHER GOVERNMENTAL: N/A

FISCAL IMPACT: Up to \$16,000,000.00 impact from FY 2024 surplus funds.

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: October 15, 2024

CITY COUNCIL PUBLIC HEARING DATE: November 12, 2024

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Organizational Development Standing Committee

AFFECTED AGENCIES: Budget & Strategic Planning, Department of Finance

RELATIONSHIP TO EXISTING ORD. OR RES.:

- **Ordinance No. 2024-222:** To amend and reordain City Code § 26-355, concerning the levy of tax on real estate, to establish a tax rate of \$1.16 for the tax year beginning Jan. 1, 2025, pursuant to Va. Code § 58.1-3321(b), and increasing such rate from the Rolled Back Tax Rate of \$1.136 as computed in accordance with Va. Code § 58.1-3321(a).
- **Ordinance No. 2024-223:** To amend and reordain City Code § 26-355, concerning the levy of tax on real estate, to establish a tax rate of \$1.20 for the tax year beginning Jan. 1, 2025, pursuant to Va. Code § 58.1-3321(b), and increasing such rate from the Rolled Back Tax Rate of \$1.136 as computed in accordance with Va. Code § 58.1-3321(a)

ATTACHMENTS: None

STAFF: Lauren Kirk, Senior Manager, Department of Budget & Strategic Planning