

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 An Act to amend and reenact § 58.1-3651 of the Code of Virginia, relating to real property tax;
3 exemptions.

4 [H 894]
5 Approved

6 Be it enacted by the General Assembly of Virginia:

7 1. That § 58.1-3651 of the Code of Virginia is amended and reenacted as follows:

8 § 58.1-3651. Property exempt from taxation by classification or designation by ordinance
9 adopted by local governing body on or after January 1, 2003.

10 A. Pursuant to subsection 6 (a)(6) of Article X of the Constitution of Virginia, on and after January
11 1, 2003, any county, city, or town may by designation or classification exempt from real or personal
12 property taxes, or both, by ordinance adopted by the local governing body, the real or personal property,
13 or both, owned by a nonprofit organization, including a single member limited liability company whose
14 sole member is a nonprofit organization, that uses such property for religious, charitable, patriotic,
15 historical, benevolent, cultural, or public park and playground purposes. The ordinance shall state the
16 specific use on which the exemption is based, and continuance of the exemption shall be contingent on
17 the continued use of the property in accordance with the purpose for which the organization is classified
18 or designated. No exemption shall be provided to any organization that has any rule, regulation, policy,
19 or practice that unlawfully discriminates on the basis of religious conviction, race, color, sex, or national
20 origin.

21 B. Any ordinance exempting property by designation pursuant to subsection A shall be adopted only
22 after holding a public hearing with respect thereto, at which citizens shall have an opportunity to be
23 heard. The local governing body shall publish notice of the hearing once in a newspaper of general
24 circulation in the county, city, or town where the real property is located. The notice shall include the
25 assessed value of the real and tangible personal property for which an exemption is requested as well as
26 the property taxes assessed against such property. The public hearing shall not be held until at least five
27 days after the notice is published in the newspaper. The local governing body shall collect the cost of
28 publication from the organization requesting the property tax exemption. Before adopting any such
29 ordinance the governing body shall consider the following questions:

30 1. Whether the organization is exempt from taxation pursuant to § 501(c) of the Internal Revenue
31 Code of 1954;

32 2. Whether a current annual alcoholic beverage license for serving alcoholic beverages has been
33 issued by the Board of Directors of the Virginia Alcoholic Beverage Control Authority to such
34 organization, for use on such property;

35 3. Whether any director, officer, or employee of the organization is paid compensation in excess of a
36 reasonable allowance for salaries or other compensation for personal services which such director,
37 officer, or employee actually renders;

38 4. Whether any part of the net earnings of such organization inures to the benefit of any individual,
39 and whether any significant portion of the service provided by such organization is generated by funds
40 received from donations, contributions, or local, state or federal grants. As used in this subsection,
41 donations shall include the providing of personal services or the contribution of in-kind or other material
42 services;

43 5. Whether the organization provides services for the common good of the public;

44 6. Whether a substantial part of the activities of the organization involves carrying on propaganda, or
45 otherwise attempting to influence legislation and whether the organization participates in, or intervenes
46 in, any political campaign on behalf of any candidate for public office;

47 7. The revenue impact to the locality and its taxpayers of exempting the property; and

48 8. Any other criteria, facts and circumstances that the governing body deems pertinent to the
49 adoption of such ordinance.

50 C. Any ordinance exempting property by classification pursuant to subsection A shall be adopted
51 only after holding a public hearing with respect thereto, at which citizens shall have an opportunity to
52 be heard. The local governing body shall publish notice of the hearing once in a newspaper of general
53 circulation in the county, city, or town. The public hearing shall not be held until at least five days after
54 the notice is published in the newspaper.

55 D. Exemptions of property from taxation under this article shall be strictly construed in accordance
56 with Article X, Section 6 (f) of the Constitution of Virginia.

57 E. Nothing in this section or in any ordinance adopted pursuant to this section shall affect the
58 validity of either a classification exemption or a designation exemption granted by the General Assembly
59 prior to January 1, 2003, pursuant to Article 2 (§ 58.1-3606 et seq.), 3 (§ 58.1-3609 et seq.) or 4
60 (§ 58.1-3650 et seq.) of this chapter. An exemption granted pursuant to Article 4 (§ 58.1-3650 et seq.) of
61 this chapter may be revoked in accordance with the provisions of § 58.1-3605.