



OFFICE OF
THE MAYOR

Media Advisory
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Mayor, members of Council propose five-cent tax rebate for city real estate property owners

Administration's "Five Back Initiative" would use up to \$18 million in FY22 budget surplus to provide one-time relief equivalent to a five-cent reduction in city property tax

Richmond – Mayor Levar M. Stoney, joined by members of Richmond City Council, today proposed a one-time, five-cent real estate tax rebate city property owners.

The Administration's "Five Back Initiative" is the equivalent of the current tax rate of \$1.20 of assessed value being cut to \$1.15. It would be funded by up to \$18 million in surplus from the city's Fiscal Year 2022 budget and would be provided in the form a check mailed to qualifying real property owners early next year.

"While increased property values are a sign of our success and growth as a city, we must be mindful that it does not place an undue burden on our property owners," said Mayor Levar M. Stoney. "Our Five Back Initiative will allow us to provide relief, while being fiscally responsible in meeting our obligations, maintaining the delivery of services and protecting our city's strong financial standing."

The Mayor's announcement precedes a City Council meeting this Monday to introduce the proposed ordinance, which will be co-sponsored by Council members Andreas Addison, Dr. Michael Jones, Katherine Jordan, Anne-Frances Lambert, Stephanie Lynch and Council President Dr. Cynthia Newbille. The Mayor thanked members of Council for working with the Administration to advance this relief proposal and reaffirmed his commitment to continued cooperation and collaboration with members.

Given the uncertain economic climate, and the overwhelming operations and capital project needs of the city, the Administration is not recommending a reduction in the real property tax rate at this time. Each penny reduction in the real estate property tax rate equates to \$3.4 million in lost revenue and reduces the city's debt capacity by approximately \$4.2 million.

Permanently cutting the tax rate would impact the city's ability to provide core services to our residents and our community, and hamper the city's ability to keep up with the increasing maintenance needs of roadways, parks, libraries and schools.

The Mayor also announced the Administration's intention to ask the Virginia General Assembly to allow the City of Richmond to offer a Longtime Owner Occupants Program (LOOP) to qualifying longtime property owners. Such an exemption would effectively keep assessments level in future years and protect this vulnerable population.

Finally, the Administration will work with City Council's Assessor to better align the city's assessing and budget cycles so future budget proposals can be based on actual assessments rather than assessment projections.

"We must be careful stewards of our taxpayer dollars," said Mayor Stoney. "I'm looking forward to working with members of Council to provide this one-time relief and to implement reforms that can ensure more accurate assessments and more precise budgeting in the future."

For more information, please visit www.rva.gov and this Frequently Asked Questions reference:

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Real Estate (Property) Tax Rebate – Frequently Asked Questions

Who is eligible to receive a rebate?

Eligible taxpayers will be those who owed and/or paid real estate property tax as of the second billing of the fiscal year ending June 30, 2022. Taxpayers who paid the fiscal year 2022 real property taxes in full on the January 2022 billing and are the property owner of record as of the second billing of the fiscal year ending June 30, 2022, are eligible to receive the rebate.

Any of these taxpayers who received a partial exemption will receive a five-cent rebate at a prorated amount.

Any of these taxpayers who were fully exempt from real property tax will not be eligible for a rebate.

Delinquent credits will be applied as part of the overall pool. Those who have a delinquent balance will see the rebate amount applied. The rebate will be first applied to the oldest delinquent amounts. If the rebate exceeds the delinquent amount, the balance will be credited to the next tax bill.

How is the rebate calculated?

The rebate is calculated by dividing the total taxable value of the property by \$100, then multiplying the result by .05. For example, a \$260,000 taxable value/ \$100 x .05 would result in a \$130.00 credit.

Property owners who owe delinquent taxes to the city will see that credit applied to their outstanding balance (and then applied to their upcoming bill if the credit amount exceeds the delinquency).

How is the tax rebate possible?

A tax rebate is possible because the city has surplus dollars available from Fiscal Year 2022.

Because of this, the City can provide a one-time tax rebate across the board for all property owners.

Why not permanently cut the tax rate?

The tax rate should not be permanently cut because the nation's economic climate is uncertain, and the City's financial advisors do not recommend cutting the tax rate, which is currently at \$1.20 per \$100 of assessed value, at this time.

It is important to note that each penny reduction in real estate tax is equivalent to \$3.4 million in lost revenue and each penny reduction also reduces the city's debt capacity by approximately \$4.2 million.

A permanent tax cut impacts the City's ability to provide core services to residents, such as paving roads and garbage collection.

I haven't been able to pay the full amount of tax due for this year. Will I be eligible for a rebate?

No. All real estate taxes owed for the tax year 2022 must be paid in full to qualify for the rebate.

I owe delinquent taxes from prior tax years. Am I eligible for a rebate?

All delinquent taxes from prior tax years must first be paid.

I moved into the City of Richmond after June 30, 2022, will I be eligible for a rebate?

No.