



Office of the Town Manager  
Frank Cassidy

**Warrenton Town Council**  
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James Hartman, Ward 4 Vice Mayor  
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David McGuire, At Large

# STAFF REPORT

<b>Council Meeting Date:</b>	June 11, 2024
<b>Agenda Title:</b>	An Ordinance Exempting Real Property Owned by the PATH Foundation Pursuant to Va. Code § 58.1-3651
<b>Requested Action:</b>	Consider the exemption request and adopt the ordinances
<b>Department / Agency Lead:</b>	Finance
<b>Staff Lead:</b>	Stephanie Miller, Finance Director

## EXECUTIVE SUMMARY

Virginia Code Section 58.1-3651 provides that a town may by designation or classification exempt from real or personal property taxes, or both, by ordinance adopted by the local governing body, the real or personal property, or both, owned by a nonprofit organization, including a single member limited liability company whose sole member is a nonprofit organization, that uses such property for religious, charitable, patriotic, historical, benevolent, cultural, or public park and playground purposes.

The Fauquier County Commissioner of the Revenue serves as the assessor for real and personal property located in the Town of Warrenton. Nonprofit organizations may apply to the Commissioner for exemption under 58.1-3651. If approved, those parcels are marked as exempt in the Commissioner's database. As such, those properties are not included in the land book provided by the County to the Town.

During Fiscal Year 2024, the County has exempted the property of three additional organizations – the Cortona Foundation, the PATH Foundation, and Hero's Bridge. This staff report applies to the PATH Foundation.

## BACKGROUND

Virginia Code Section 58.1-3651 provides that "Before adopting any such ordinance, the governing body shall consider the following questions:

1. Whether the organization is exempt from taxation pursuant to § 501(c) of the Internal Revenue Code of 1954;
2. Whether a current annual alcoholic beverage license for serving alcoholic beverages has been issued by the Board of Directors of the Virginia Alcoholic Beverage Control Authority to such organization, for use on such property;
3. Whether any director, officer, or employee of the organization is paid compensation in excess of a reasonable allowance for salaries or other compensation for personal services which such director, officer, or employee actually renders;

4. Whether any part of the net earnings of such organization inures to the benefit of any individual, and whether any significant portion of the service provided by such organization is generated by funds received from donations, contributions, or local, state or federal grants. As used in this subsection, donations shall include the providing of personal services or the contribution of in-kind or other material services;
5. Whether the organization provides services for the common good of the public;
6. Whether a substantial part of the activities of the organization involves carrying on propaganda, or otherwise attempting to influence legislation and whether the organization participates in, or intervenes in, any political campaign on behalf of any candidate for public office;
7. The revenue impact to the locality and its taxpayers of exempting the property; and
8. Any other criteria, facts, and circumstances that the governing body deems pertinent to the adoption of such ordinance.

The PATH Foundation applied to the Commissioner for a real property exemption under 58.1-3651. The application package submitted to the Commissioner is attached to the agenda item and provides answers to each of the above questions. The Fauquier County Board of Supervisors approved an ordinance to exempt the requested property on December 14, 2023. The County requires that entities that are approved for this exemption submit annual renewal applications to ensure that the conditions for eligibility still apply.

The assessed value and tax impact to the Town is shown below:

Owner	Address	PIN	Assessed Value	Tax
PATH Foundation	511 Falmouth St.	6983-69-5456-000	\$1,380,800	\$553.70
PATH Foundation	unassigned (PCL B)	6983-69-7548-000	\$150,000	\$60.15
Total Tax Amount				\$613.85

#### **STAFF RECOMMENDATION**

Consider adopting An Ordinance Exempting Real Property Owned by the PATH Foundation Pursuant to Va. Code § 58.1-3651.

#### **Service Level/Policy Impact**

There is no service level impact. From a policy perspective, exempting the properties could be viewed as providing support for the non-profits on the list.

#### **Fiscal Impact**

Based on the latest assessment and current real estate tax rate of \$0.0401 per \$100 of assessed value, the annual fiscal impact is \$613.85 based on current assessed value and current tax rate.

#### **Legal Impact**

- Va. Code § 58.1-3651 requires a public hearing prior to passing an ordinance to exempt property from local taxation.

#### **ATTACHMENTS**

1. ORD-24-06-02: An Ordinance Exempting Real Property Owned by the PATH Foundation from Taxation Pursuant to Virginia Code Sec. 58.1-3651.