

Summary of Proposed Changes to Chapter 15 – Taxation

Below is summary of the proposed ordinance changes to Albemarle County Code Chapter 15 – Taxation.

Real Estate Tax Exemption for Surviving Spouses of Certain Persons Killed in the Line of Duty

Virginia Code § 58.1-3219.13 through 58.1-3219.16 grants localities the authority to exempt from real estate taxation properties of surviving spouses of certain persons killed in the line of duty. The program applicant must be a surviving spouse of individuals identified in the State's Line of Duty Act (Virginia Code § 9.1-400). The applicant must own the real property for which the exemption is sought and must occupy the property as their principal residence. The applicant shall retain program eligibility so long as they do not remarry. The amount of the exemption shall be full exemption up to the average assessed value of a single-family residence. If the assessed value is more than the average, only the amount in excess of the average will be subject to real property taxes. The start date for this program is January 1, 2022. If adopted, the proposed ordinance (Attachment B) would expand County Code Chapter 15 – Taxation, Article 7 to include the new real estate exemption program.

Real Estate Tax Relief for the Elderly and Disabled

Albemarle County Code Chapter 15 – Taxation, Article 7, Division 2 describes the real property tax relief for the elderly and disabled. The proposed ordinance (Attachment C) would modify the current program by increasing the income threshold to \$75,100. For reference, this metric is the County's FY 2020 Housing and Urban Development's 80% of area median income for a family of four. Further, the modification simplifies the relief percentage brackets into three tiers; \$0 to \$37,550 for 100% relief, \$37,551 to \$56,325 for 75% relief, and \$56,326 to \$75,100 for 50% relief. In addition, the financial net worth criteria is expanded to be less than \$200,000 for all three of the proposed tiers. The start date for this program is January 1, 2022.

Transient Occupancy Tax

If adopted, the proposed ordinance (Attachment D) would revise Chapter 15 – Taxation, Article 9, Transient Occupancy Tax. The transient occupancy tax would increase from five percent to eight percent. Effective date for the rate increase is July 1, 2022.

Food and Beverage Tax

If adopted, the proposed ordinance (Attachment D) would revise Chapter 15 – Taxation, Article 10, Food and Beverage Tax. The food and beverage tax would increase from four percent to six percent. Effective date for the rate increase is July 1, 2022.

Plastic Bag Tax

Virginia Code § 58.1-17.45 through 58.1-17.48 grants localities the authority to impose a five cent per bag tax on disposable plastic bags provided by grocery stores, convenience stores or pharmacies. Durable plastic bags designed for repeated use, as well as plastic bags used solely to wrap, contain, or package certain goods to prevent damage or contamination are exempt from this tax. This exclusion would include packaging for ice cream, meat, fish, poultry, produce, unwrapped bulk food items, perishable food items, dry cleaning, prescription drugs and multiple bags sold in containers for use as garbage, pet waste, or leaf removal bags. Revenues from such tax shall be used for programs supporting environmental cleanup, litter and pollution mitigation, environmental education efforts or to provide reusable bags to SNAP or WIC benefit recipients. If adopted, the proposed ordinance (Attachment E) would create a new article (Article 8.1) to Chapter 15 of the County Code. Collection of the plastic bag tax would be

performed by the State Department of Taxation. State Code requires localities to provide a certified copy of the ordinance to the Tax Commissioner of the Commonwealth at least three months prior to the date the tax is effective. The effective date for the disposable plastic bag tax will be January 1, 2023.