

## **Response to Questions on the FY 2016 Budget**

**Request By:** Supervisor Herrity

**Question:** Provide details on Loudoun County's tax exemption program for nonprofit organizations.

**Response:** Loudoun County provides real and personal property tax exemption to non-profit organizations by classification and considers exemption by other non-profits by designation. Determinations of property tax exemption by classification are made by the Commissioner of the Revenue, a prime example being church-owned property used for worship. This same process is administered by DTA in Fairfax County, as governed by the Code of Virginia.

Like all Virginia localities, Loudoun County is also subject to the January 1, 2003 amendment to the Virginia Constitution. Since 2003, charitable, non-profit organizations, that are not otherwise automatically exempt by classification, can only be exempted by local designation by the governing body pursuant to adoption of a local ordinance. Similar to Fairfax County, Loudoun County has been operating on a self-imposed moratorium for new exemption applications from charitable, non-profit organizations. Their self-imposed moratorium has been in effect since October 2008.

However, in December 2013, the Loudoun County Board of Supervisors lifted their self-imposed moratorium and Loudoun is now accepting new applications to consider for local exemption designations. Non-profit organizations that do not qualify for exemption by classification may seek property tax exemption by designation by completing an application that is first considered by the Board's Finance/Government Services and Operations Committee (FGSO). The FGSO committee's recommendations for property tax exemptions are then provided to the full Board of Supervisors for consideration. Loudoun County's application for non-profit property tax exemption is attached.

Since lifting the moratorium, Loudoun approved approximately 20 exemption applications in 2014, and approximately 9 applications have been received for consideration in 2015.

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Commissioner of the Revenue**

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**STERLING OFFICE**

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## 2015 APPLICATION FOR EXEMPTION FROM PROPERTY TAXATION

**Filing Deadline: APRIL 1, 2015**

**Any exemption, if granted, is for the subsequent tax year**

This application is for use by nonprofit organizations seeking exemption from taxes on property used for religious, charitable, patriotic, historical, benevolent, cultural, or public park and playground purposes only. The application and supporting documents are considered public information and will be made available for public review during the application process. Please complete the application in its entirety and mail it to the Commissioner of the Revenue's Leesburg address. A letter acknowledging receipt will be mailed to the organization within ten business days of receipt of the application. Questions that cannot be answered within the space provided may be answered by attaching additional sheets to this application. Failure to answer all questions and/or provide required documentation may result in a delay in processing the application. The application must be signed by a duly authorized officer, director or member who is knowledgeable as to the organization's activities and operations, and who can attest to the accuracy of the information provided. A written notification of determination will be mailed to the applicant after the application and all supporting documentation have been reviewed.

Applications from nonprofit organizations that are not eligible for property tax exemption by classification pursuant to § 58.1-3600 et seq. of the *Code of Virginia* may be forwarded to the Board of Supervisors for consideration for exemption by designation. In the event that the Board of Supervisors wishes to move forward with the adoption of a resolution granting a property tax exemption by designation, a public hearing will be held to allow citizen input. The cost of publishing the notice of the hearing will be the responsibility of the applying organization. Unless and until an organization has been notified that it is exempt from property taxes, the organization is instructed to continue filing all appropriate tax documents and returns, and continue to pay all taxes in a timely fashion. Failure to file required returns may result in an assessment of penalties or loss of eligibility, if an exemption is not granted. As part of our review, it may be necessary to request and review additional records. If you have any questions regarding the application for exemption process, please call (703) 777-0260.

# 2015 LOUDOUN COUNTY TAX EXEMPTION APPLICATION

For Real and/or Personal Property

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<b>Organization's Name</b>					
<b>Organization's Federal Identification Number</b>		____ - ____ - ____ - ____		<b>Date Organization Began Operations in Loudoun County</b>	
<b>Contact Name</b>		<b>Phone Number</b>		(____) ____ - ____	
<b>Contact Title</b>		<b>E-Mail Address</b>			
<b>Mailing Address</b>					
Street Address or P.O. Box		City / Town		State	Zip Code
<b>Loudoun Location</b>					
Street Address NO P.O. Box		City / Town		State	Zip Code
<b>1. What is the organization's purpose?</b>					
<b>2. Briefly describe the services provided to the residents of Loudoun County by the organization.</b>					
<b>3. What is the organization's federal tax designation?</b>					
<input type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c)(4) <input type="checkbox"/> 501(c)(6) <input type="checkbox"/> 501(c)(7) <input type="checkbox"/> Other: _____					
<b>4. Please provide a detailed list of all real estate, tangible personal property, or vehicles owned by the Organization for which a Loudoun County property tax exemption is sought.</b>					
<b>REAL ESTATE</b>					
<b>Property Identification Number (PIN)</b>	<b>Property Address</b>		<b>Date Began use of property exclusively for organization's non-profit purpose</b>		<b>Use of Property</b>
<b>Vehicle Identification Number (VIN)</b>	<b>Year Acquired</b>	<b>Purchase Price</b>	<b>Vehicle Year</b>	<b>Vehicle Make</b>	<b>Location where vehicle is normally garaged, docked or parked</b>
					<b>Is the vehicle exclusively used for the organization's nonprofit purpose?</b>
					<input type="checkbox"/> YES <input type="checkbox"/> NO
					<input type="checkbox"/> YES <input type="checkbox"/> NO
					<input type="checkbox"/> YES <input type="checkbox"/> NO

OTHER TANGIBLE PERSONAL PROPERTY (e.g., computer equipment, furniture and fixtures, etc.)			
Description	Location as of January 1 <sup>st</sup>	Year Acquired	Original Cost

**5. Please select the Category of Exemption requested.**

<input type="checkbox"/> Church/Religious Body <input type="checkbox"/> Non-profit Cemetery <input type="checkbox"/> Library/Non-profit Institution of Learning <input type="checkbox"/> Museum <input type="checkbox"/> Young Men's Christian Association or similar religious organization <input type="checkbox"/> Park/Playground <input type="checkbox"/> Benevolent or charitable Lodge organization <input type="checkbox"/> Volunteer fire department or rescue squad <input type="checkbox"/> Society for the Prevention of Cruelty to Animals	<input type="checkbox"/> Club affiliated with the Boys Clubs of America and Girls Clubs of America <input type="checkbox"/> Boy Scouts and Girl Scouts of America <input type="checkbox"/> Home Demonstration Club/4-H Club/Future Farmers of America, Inc. <input type="checkbox"/> American National Red Cross <input type="checkbox"/> College Alumni Association or foundation <input type="checkbox"/> Farm Club Association <input type="checkbox"/> The State Future Farmers of America/Future Homemakers of America /Future Business Leaders of America <input type="checkbox"/> Auxiliaries of the Veterans of World War I
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If a specific category was selected in Question 5 above, please skip to the last page of the application and complete the Appointment of Representative statement, if applicable, and sign the application acknowledging the accuracy of the data provided and submit along with a copy of IRS Tax Exempt Status Determination Letter and a Copy of Board minutes authorizing signatory to file application on organization's behalf.

If the organization does not fit any of the categories listed in Question 5, please continue to Question 6 and complete the application in its entirety.

**6. Please list salaries or other compensation, if any, received by the organization's officers, directors and Board members and three highest paid employees.**

Name	Title	Annual Compensation

**7. What is the dollar value of the services provided by the organization last calendar year? What was the source of funds in percentages for last calendar year for each of the following categories? A. Cash contributions, B. in-kind or material services, and C. local, D. state or E. federal funds or grants?**

\$ \_\_\_\_\_ (dollar value of services provided)    A. \_\_\_\_\_ %    B. \_\_\_\_\_ %    C. \_\_\_\_\_ %    D. \$ \_\_\_\_\_ %    E. \_\_\_\_\_ %

**8. Does the organization have a current alcoholic beverage license for serving alcoholic beverages issued by the Virginia Alcoholic Beverage Control (ABC) Board for use on the property listed on this application?**

☐ YES    ☐ NO

<b>9. Does the organization provide services exclusively to Loudoun County residents?</b>
<input type="checkbox"/> YES <input type="checkbox"/> NO, If no, please list other localities where those residents receiving services reside:
<b>10. Does the organization engage in any activities unrelated to the purpose for which it was established?</b>
<input type="checkbox"/> NO <input type="checkbox"/> YES, If yes, please describe:
<b>11. Does the organization have any rule, regulation, policy, or practice that unlawfully discriminates on the basis of religious conviction, race, color, sex, or national origin?</b>
<input type="checkbox"/> YES <input type="checkbox"/> NO
<b>12. Does any part of the earnings of the organization inure to the benefit of any individual?</b>
<input type="checkbox"/> YES <input type="checkbox"/> NO
<b>13. Is the organization involved in carrying on propaganda, or otherwise attempting to influence legislation?</b>
<input type="checkbox"/> YES <input type="checkbox"/> NO
<b>14. Does the organization participate or intervene in any political campaign on behalf of any candidate for public office?</b>
<input type="checkbox"/> YES <input type="checkbox"/> NO
<b>15. Please provide copies of the following documents along with the completed application.</b>
a. IRS Tax Exempt Status Determination Letter
b. IRS forms 990/990T for two prior years
c. Income and Expense statements for two prior years
d. Certificate of Good Standing from the Virginia State Corporation Commission
e. Mission Statement, if any
f. Articles of Incorporation or Organization, and any amendments thereto
g. Current alcoholic beverage license issued by Virginia Alcoholic Beverage Control, if any
h. Pamphlets, brochures, weekly bulletins or any literature that describes the religious, charitable, patriotic, historical, benevolent, cultural, public park or playground purposes of the organization
i. Copy of Board minutes authorizing signatory to file application on organization's behalf
j. Statement of Justification describing the organization, its services, and why Loudoun County should consider granting it a tax exemption ( <i>maximum 3 pages in length</i> )
<b>16. Describe how funds received by the organization are used.</b>
<b>17. Describe how the property requested for exemption is currently used and how it will be used in the future.</b>
<b>18. Please provide the following fiscal impact information:</b>
a. Total number of persons employed by the organization as of December 31, 2014.
b. Number of employees residing in Loudoun County as of December 31, 2014
c. Place of residence of other employees as of December 31, 2014
d. Average annual income (all employees) during 2014
e. Average annual income (employees residing in Loudoun County) during 2014

<b>19. Describe the extent to which services provided by the applicant organization directly benefit Loudoun residents and businesses.</b>			
<b>20. If not specifically identified in the financial statements provided with this application, please state the annual amount spent by the applicant during the preceding two fiscal years for the following purposes:</b>			
Fiscal Year Period (start and end dates):		to	
Marketing or Promotion	\$ _____		
Government Relations	\$ _____		
Fiscal Year Period (start and end dates):		to	
Marketing or Promotion	\$ _____		
Government Relations	\$ _____		

### APPOINTMENT OF REPRESENTATIVE

*(Not required, complete only if you wish to appoint a representative)*

I hereby appoint \_\_\_\_\_ whose telephone number is \_\_\_\_\_ and mailing address is \_\_\_\_\_ to represent me during the tax exemption application process this year. I hereby give my permission to Commissioner of the Revenue employees to discuss this application with my representative and I agree to provide the necessary information should my appointed representative fail to do so.

***By my signature, I willfully declare that the information provided is true, correct and complete, and I am authorized to file this form on behalf of the organization.***

***I acknowledge that the application and supporting documents are considered public information and will be made available for public review during the application process.***

***I further certify that any change in the use of any property listed in this application will result in immediate notification to the Office of the Commissioner of the Revenue since it may affect the property's tax status.***

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

FOR OFFICE USE ONLY			
Date Received:		TOTAL Assessed Value	TOTAL Taxes
Real Estate:			
Vehicle Personal Property:			
Other Tangible Personal Property:			