

# Policy Briefing Summary

## City Council



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| <b>Regarding:</b>               | <b>Resolution to authorize a refund of \$159,947.55 to a taxpaying entity or business</b> |
| <b>Staff Contact(s):</b>        | Jason Vandever, City Treasurer, John Hunt, Chief Deputy City Attorney                     |
| <b>Presenter:</b>               | <b>Todd Divers, Commissioner of the Revenue</b>   |
| <b>Date of Proposed Action:</b> | March 16, 2026  |

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### Issue

For the City Council of the City of Charlottesville, Virginia's ("City Council"), review and consideration, attached is a Resolution authorizing the refund taxes paid in error by a City business.

### Background / Rule

An out-of-state contracting business ("Taxpayer") erroneously filed for and paid a business license tax in the City of Charlottesville, Virginia ("City"), on work performed in Albemarle County, Virginia ("County"), for tax years 2023 through 2025. The error was subsequently discovered by a City business tax auditor, who advised the Taxpayer to contact the County about acquiring the necessary County business license and that the COR's Office would begin the process of issuing a refund.

In accordance with Sec. 14-12 of the Charlottesville City Code and § 58.1-3703.1 of the Code of Virginia, 1950, as amended, a refund is due, with interest, to the Taxpayer for business license taxes paid in error for the current year and prior three years. Since the business had not yet paid for a 2026 business license, no refund is due for 2026.

### Analysis

The total amount of tax paid in error is \$159,947.55:

2025 - \$58,281.15  
2024 - \$36,000.34  
2023 - \$65,666.06

It is the determination of the Commissioner of the Revenue ("COR") that this amount should be refunded to the taxpayer. City Code Sec. 30-6(b) requires City Council approval for any tax refunds resulting from an erroneous assessment in excess of \$10,000.

Per City Code Sec. 30-6(b), the COR has provided the City Attorney information necessary to enable him to consent to the COR's determination that the tax paid by the taxpayer was erroneous and should therefore be refunded. The City Attorney, COR, and City Treasurer have therefore approved the refund for presentment to City Council.

### Financial Impact

The refund will reduce current year Business License Tax revenue (GL 410150) by \$159,947.55, plus a yet to be determined amount of interest.

### Recommendation

City Staff recommend City Council adopt the attached Resolution approving the above-described tax refund.

**Recommended Motion (if Applicable)**

*"I move to adopt the attached Resolution authorizing a refund of \$159,947.55 to a taxpaying entity or business, for business license tax and business tangible personal property tax paid in error for 2023, 2024, and 2025."*

**Attachments**

1. taxrefundresolution2026