



Office of the City Auditor (OCA)

Richmond City Council

DATE: November 25, 2025

TO: Mr. Odie Donald II
Chief Administrative Officer

FROM: Riad Ali
City Auditor

SUBJECT: Non-audit Service: Real Estate Tax Rebates

The City Auditor's Office reviewed the Real Estate Tax Rebate process and calculations authorized by Ordinance 2024-276. In March 2025, the City issued rebate checks for taxpayers. After this first batch of checks were issued, errors were identified with some of the checks and the process was stopped before all checks were mailed. The Finance Department completed a new calculation and issued a second batch of checks. The OCA review was requested by the City Administration and is based on data provided by the Department of Finance and the City's Real Estate Assessor's Office. This review was completed as a non-audit service and does not constitute an audit conducted under Generally Accepted Government Auditing Standards (GAGAS).

As requested by City Administration, we performed the following tasks:

- Assessed the rebate calculation in accordance with Ordinance 2024-276.
- Determined the cause(s) for the rebate issues identified in the rebate process performed by the City and offered recommendations.

Overall Conclusion

In summary, the OCA found that a majority of taxpayers received an accurate rebate payment after the second batch of checks.

However, the OCA identified a small number of potential issues, totaling at least \$115,072.99 in potential overpayments and \$80,910.12 in potential underpayments. These discrepancies resulted from the absence of a formal implementation plan, calculation errors, or calculation methods warranting further review used in the second batch of checks, and incorrect payments issued during the first batch.

- In the second check run, rebates were either calculated incorrectly (\$4,011.81 overpaid; \$8,638.40 underpaid) or calculated using methods not specified by the ordinance (\$28,534.80 overpaid; \$71,681.12 underpaid).

- In the first check run, \$82,526.38 in checks were overpaid and not recouped and \$590.60 remained underpaid.

Additional overpayments and underpayments likely exist and cannot be quantified until further research is performed by Finance, primarily involving properties sold or transferred before January 1, 2024. In addition, the noted transfers may correct some of the issues noted in the report but cannot be quantified until the Finance Department reviews the transfers and sales.

The OCA notes that the rebate program likely incurred substantial cost and administrative burden because of errors in the first batch of checks and subsequent reissuances. When implementing a plan to address the issues in this report, the City should weigh the cost and time of addressing minor issues against the broader benefit to taxpayers of using resources in a fiscally responsible manner. In fact, more than 20% of the potential over and under payments in this report total less than \$5 individually, with 49 parcels over or under billed less than a \$1.

The OCA issued three recommendations, three of which were concurred with. The OCA will assess the implementation status of all recommendations as part of its Quarterly Open Recommendation Follow-Up Review. A detailed listing of recommendations and management responses are included in **Appendix A**. This report also includes observations from other rebate programs recently implemented. These examples may offer practical insights that could support the development of future rebate programs by the City.

Background

Richmond's Real Estate Assessor's Office (Assessor's Office) performs the assessments for which the City's real estate taxes are based. In November of each year, the Assessor's Office creates the land book which notates the assessed values and owners of the City's real estate by parcel at that point in time and establishes the value as of January 1st of the following calendar year. Any changes after this date are made to the Assessor's database and website through roll corrections and updates.

Some parcels are exempt from real estate taxes or have their taxes reduced through relief/abatements. Exemptions mean the parcel is not taxable while abatements/relief reduce the amount of applicable taxes that are to be paid by the taxpayer. The Assessor's Office manages the exemptions (e.g., Disabled Veterans Program) and compiles the relief/abatement calculations for Rehabilitated Properties¹ while the Department of Finance manages the Older Adults and Persons with Disabilities (OAPD) Real Estate Tax Relief Program.

¹ Property owners in Richmond can apply for the rehabilitation rebate if they plan to substantially rehabilitate their property. The increase in the assessed value created by the rehabilitation can be excluded from taxation for multiple years upon application and approval.

The Real Estate Unit within the Department of Finance manages the City’s real estate taxes. The Real Estate Unit bills the taxes to the owners based on the assessed values per the land book as of January 1, less any relief provided to the taxpayer. Real estate taxes are due semi-annually with the first half payable by January 14 and the second half by June 14. Taxes are calculated as \$1.20 for every \$100 of assessed value.

On November 12, 2024, Ordinance 2024-276 was adopted by City Council.² Its intent was to return a surplus of up to \$16,000,000³ to real estate taxpayers through a one-time rebate as residents had expressed concerns with the increased real estate tax assessments. The ordinance established eligible properties and the applicable recipient of the one-time rebate as follows:

- **Eligible Property** means a parcel of real estate separately assessed for real estate taxes by the City on January 1, 2024, provided that the term “Eligible Property” does not include any parcel of real estate that is entirely exempt from real estate taxation or for which no tax bill would otherwise be issued.
- **Eligible Taxpayer** means the person or persons listed as the owner of an Eligible Property in the 2024 records of the City Assessor as of January 1, 2024.

Per the ordinance, the payments were to be calculated as \$0.04 for every \$100.00 of the assessed value of the eligible property on January 1, 2025, and were to be payable to the Eligible Taxpayer for each eligible property. Payments of \$30 and greater were to be mailed to the eligible taxpayer, while payments under \$30 could be credited on the next real estate tax bill. If the taxpayer was delinquent in real estate taxes, the City could apply the rebate towards the delinquency.

In March 2025, the City created 59,376 rebate checks for taxpayers totaling \$14,691,474.92. After the first batch of checks were issued, errors were identified within some of the checks and the process was stopped before all checks were mailed. The OCA noted that 17,067 checks from the initial run were cashed before cancellation. Additionally, the Finance Department did not post credits to taxpayer accounts during the first rebate process.

For eligibility and payee selection, Finance did not determine which parcels and owners were eligible as of January 1, 2024 (the required date). Instead, they used 2025 ownership data and calculated amounts from 2025 billed figures rather than the predetermined assessed values. These choices caused problems with both recipients and check amounts. Examples include:

² [Ordinance No. 2024-276](#). To return surplus real estate tax revenues to taxpayers.

³ [Ordinance No. 2024-275](#) created a new reservation of fund balance called the 2024 Real Estate Tax Relief Reserve and [Ordinance No. 2024-277](#) reappropriated up to \$16,000,000 to the 2024 Real Estate Tax Relief Reserve.

- **Incorrect Payees:** 8,359 checks incorrectly had the same payee. In addition, some of these, as well as other checks, were issued to the 2025 owners rather than the owner of record as of January 1, 2024, as required by the ordinance.
- **Incorrect Calculations:** By deriving rebate amounts from the 2025 taxes billed (which include fees/fines and other charges), Finance inflated the amounts used to calculate the rebates for some calculations.
- **Incorrect Parcel Inclusion/Exclusion:** Parcels exempt from taxes in 2024 were rebated because they were taxable in 2025. Conversely, parcels taxable in 2024 but exempt in 2025 were not given a rebate. In addition, parcels that did not exist in 2024 were issued rebates as they received and paid a 2025 bill.

When some of these issues surfaced, City Administration asked the OCA to review the rebate process against the ordinance and identify any variances or improvement opportunities.

Methodology

- The OCA interviewed Finance Department staff to understand the process for the rebate calculation.
- The OCA interviewed Real Estate Assessor’s Office staff to understand assessment processes, timing, and available data.
- The OCA received the land books, rehab abatement data, tax relief data, and delinquent account data from the City’s Finance Department and Assessor’s Office. The OCA performed limited analysis of the accuracy of this data (e.g., reasonableness checks and data consistency).
- The OCA reviewed the Finance Department’s rebate calculation files for both the first and second rebate issuance.
- The OCA recalculated the rebates using the data from the Finance Department, City Assessors Office, and reports generated by the OCA from CORERP and compared our analysis with the Finance Department’s analysis and payments.

Results

Observation: The City’s Rebate Process lacked an implementation plan, creating inaccurate rebate payments and calculations warranting further review.

In reviewing the ordinance and the process to prepare the rebates, the OCA noted that the City did not establish a detailed implementation plan for the ordinance, and the ordinance did not specify how to handle several scenarios. As a result, Finance staff made case by case decisions during calculations.

As noted above, instead of calculating rebates from 2024 tax payments received, the ordinance required Finance to determine eligibility using 2024 records as of January 1, 2024, and calculate rebate amounts using 2025 assessments as of January 1, 2025. This multiyear design introduced additional decisions and extended preparation, review, and issuance time. Key complexities include:

- **Assessment changes year to year:** Assessed values can rise or fall materially between 2024 and 2025.
- **Retroactive adjustments:** Assessed values may be revised after the fact through roll corrections or other adjustments.
- **Exemption status shifts:** Parcels may be exempt one year and taxable the next (and vice versa), affecting eligibility.
- **Ownership turnover and record lag:** Sales/transfers occur throughout the year and are reflected only when reported to the City.
- **Abatement variability:** Abatement amounts can change by year and can depend on the assessed value.
- **Parcel reconfiguration:** Parcels may be added, merged, split, or removed, altering parcel counts, assessed values, and tax status.

Tying eligibility to ownership as of January 1, 2024, while basing rebate amounts on assessed values as of January 1, 2025, may result in a mismatch between the rebate recipient and the individual who paid the 2024 tax bill. In such cases, a former owner, who neither owned the property during the tax year nor paid the associated taxes, could receive the rebate. Meanwhile, the current owner, who did pay the 2024 taxes, would not receive any rebate.

Considering the year-to-year changes in assessed values and exemption status, the lack of a predefined plan, and ongoing ownership and parcel updates, the rebate process required additional review. Based on these conditions and the checks cashed from the first issuance, the OCA noted the following observations:

- For the majority of identified “Eligible Properties,” the OCA calculated the same rebate amount as the Finance Department using the 2025 land book. However, the OCA identified a small percentage of variances involving 1,667 parcels. Some variances were calculation errors, and others warrant further review by Finance as the ordinance did not specify what to do for certain situations.
- Excess payments were made for parcels due to errors in the first check issuance, the identification process for owners, and the identification process for eligible parcels.
- The City distributed more funds than appropriated per the ordinance.

A. The City’s second rebate calculation contained a small percentage of errors and some calculations that warrant further review.

For the majority of identified “Eligible Properties,” the OCA calculated the same rebate amount as the Finance Department using the 2025 land book. However, the OCA identified a small percentage of variances involving 1,667 parcels. These variances reflected a mix of calculation errors and differences arising from the Finance Department determinations in areas not specified by the ordinance. The OCA provided both the calculation errors and the differences to the Finance Department for review and to determine whether any additional actions are warranted.

It is important to note that additional errors exist in the rebate payments based on property sales, transfers, mergers, splits and other anomalies that are discussed in **Section B** below. These errors are not included in the amounts above as they relate to payment errors. Some of these anomalies need to be researched before they can be quantified.

Calculation Errors

The OCA identified calculation errors totaling at least \$4,011.81 in overpayments and at least \$8,638.40 in underpayments as follows:

- **Area Tax and Special Assessments:** The Finance Department calculated 63 rebates for exempt parcels using the area tax⁴ or special assessments⁵ that were placed on the real

⁴ Area taxes are defined in City Code [Sec. 24-64](#). - Assessor area taxes for use of streets.

⁵ Per the Finance Department, these are charges placed on parcels by other City departments and are part of the Transfer to Tax program, which moves unpaid charges from other departments into the tax system for collection.

estate tax bills. Finance staff performing the calculations believed these to be non-exempt portions of the parcels, however upon review, the OCA noted they were the area taxes and special assessments. These taxes and assessments are not considered real estate taxes and were not subject to the rebates. As such, this led to \$415.81 in additional rebates being calculated with variances ranging from \$.02 to \$150.83.

- Use of the 2024 Assessed Value:** The Finance Department calculated 60 rebates using the 2024 assessed value when a 2025 value was available. These parcels became exempt in 2025 but still had an assessed value. Finance indicated it used the 2024 assessed value because that was the basis for the taxes paid. However, for all rebates, the ordinance specifies the 2025 value is the basis for the rebate. The OCA could not conclude on four parcels because the calculations also used 2024 rehabilitation abatements discussed in the next section. One parcel belonged to the City and did not receive a rebate. For the remaining 55 parcels, rebates were either underpaid or overpaid as follows:

Table 1: Effect of using 2024 Assessed Value instead of 2025 on Rebate Calculations

Category	Count	Effect on Rebate Calculation
Assessed Value in 2024 was lower leading to an underpaid rebate	47	(\$8,638.40) ⁶
Assessed Value in 2024 was higher leading to an overpaid rebate	8	\$2,098 ⁷

Source: Prepared by OCA from City land book data and City Finance files.

- Inactive Parcels Prior to January 1, 2024:** The city issued rebates to 13 parcels that were inactive prior to January 1, 2024. These parcels were included in the land book created in November 2023; however, they were made inactive in December 2023, and did not receive a tax bill. Since the City used the land book for determining eligible properties, these parcels were calculated for rebates totaling \$1,498 with individual rebates ranging from \$89.20 to \$191.20.

Calculations Warranting Further Review

The OCA identified calculations warranting further review totaling potentially \$28,534.80 in overpayments and \$71,681.12 in underpayments. City Administration would need to research these payments and decide on a course of action moving forward. The issues identified are as follows:

- Use of 2024 Rehabilitation Abatements with 2025 Assessments:** The ordinance states: “For each Eligible Property, the Director of Finance shall pay the Eligible Taxpayer \$0.04 for every \$100.00 of the assessed value of the Eligible Property on January 1,

⁶ Variances per parcel ranged from \$.80 to \$7,951.60.

⁷ Variances per parcel ranged from \$112 to \$633.60.

2025, after the application of any partial exemption...” The ordinance does not specify which abatement year to use when applying the partial exemption.⁸

For 1,468 parcels in the second rebate calculation, Finance reduced the 2025 assessed value by the 2024 rehabilitation abatement and then calculated the rebate rather than reducing the 2025 assessed value by the 2025 rehabilitation abatement. The OCA notes that rehabilitation abatements are produced each year with the land book and the 2025 rehabilitation abatement corresponds to the 2025 assessed value. As shown in **Exhibit 1**, the normal method to derive the taxable value for the year pairs the abatement and assessment from the same year.

Exhibit 1: How to Calculate Real Estate Taxes for Parcels with Abatements

$$(2025 \text{ assessed value} - 2025 \text{ Rehab abatement}) / 100 * (1.2) = \underline{2025 \text{ Real Estate Tax}}$$

Source: OCA prepared.

In the second rebate calculation, Finance paired the 2025 assessed value with the 2024 rehabilitation abatement. Finance reported this was done because abatements do not change assessed value and because 2024 abatements were associated with the 2024 surplus. Cross pairing the abatement year and the assessment year produced anomalies. In at least one case it produced a negative rebate amount, after which Finance substituted the 2024 assessed value for that parcel. That substitution was not consistent with the ordinance requirement to use 2025 assessed values.

In the OCA recalculation, the 2025 assessed value was paired with the 2025 rehabilitation abatement. These values correspond to the same tax year and to the taxable value, both were available at the time of calculation, and this method did not produce anomalies. The effect of Finance’s cross year pairing on taxpayer amounts is shown in **Table 2**.

Table 2: Effect of using 2024 Abatements instead of 2025 on Rebate Calculations

Category	Count	Effect on Taxpayer Rebate Calculation
City calculated a higher rebate amount	30 ⁹	\$18,255.20 ¹⁰
City calculated a lower rebate amount	1,438 ¹¹	(\$71,681.12) ¹²

Source: Prepared by OCA from City land book data and City Finance files.

⁸ The OCA sought legal advice to clarify how the ordinance applies to parcels with rehabilitation abatements. We asked whether the 2024 or 2025 abatement amount should be used in the calculation and were advised that the ordinance does not expressly identify the tax year to be used.

⁹ The OCA noted one of these parcels used the 2024 assessed value too, contributing to the total.

¹⁰ Variances for these parcels ranged from \$.40 to \$11,586.40.

¹¹ The OCA noted 161 parcels were issued and cashed checks within the first issuance using the 2025 abatement value, and therefore, matched the OCA’s calculation. Also, the OCA noted at least 6 parcels were issued and cashed checks within the first issuance for an amount higher than both the OCA and Finances calculations. The OCA noted 3 of these parcels used the 2024 assessed value too, contributing to the total.

¹² Variances for these parcels ranged from \$.40 to \$4,811.20.

- Parcels without 2025 Assessed Values:** The ordinance defined “Eligible Properties” as of January 1, 2024, and required use of the value as of January 1, 2025. This created issues for 67 parcels that no longer existed as of January 1, 2025, because they were split, merged, or removed, and therefore did not receive a 2025 assessment. Under the ordinance’s calculation mechanics, the absence of a 2025 assessed value would result in a rebate amount of zero. Finance used 2024 assessed values for these parcels because they were eligible and no 2025 value existed, which produced rebates totaling \$10,279.60. The ordinance does not address whether substituting a 2024 value is permissible, and the OCA cannot conclude on allowability.¹³ As such, the OCA treated this amount as needing further review and a potential \$10,279.60 overpayment with parcels ranging from \$.80 to \$3,903.20.

B. Payments for the tax rebate program contained issues that led to potential under or over payment for parcels.

Although the OCA agreed with a majority of the rebate calculations in the second issuance, 17,067 checks from the first issuance were cashed, with some paid to incorrect payees and/or for the wrong amount. Finance considered these cashed checks when issuing the second checks or credits. The OCA therefore analyzed results by parcel to identify overpayments and underpayments in addition to the calculation variances noted in **Section A**. This analysis identified at least \$82,526.38 in overpayments and \$590.60 in underpayments. Additional overpayments and underpayments exist and some of the noted errors may be correct due to property sale and transfer issues described below and can only be quantified after further research by Finance. A breakdown by category follows.

- First Check Potentially Cashed by Incorrect Taxpayer:** The first checks were addressed to either the 2025 owners or the incorrect payee. For 877 parcels, the first check was potentially cashed by someone other than the eligible taxpayer as of January 1, 2024. A second check was issued to correct the owner or address so the eligible taxpayer would receive the rebate. The OCA notes an overpayment exists due either to the first check payment or the second check payment because of ownership transfer issues occurring before or after the land book was created. For example, a taxpayer who purchased a property after the land book was created but before January 1, 2024, may have received a correct rebate in the first check run but not have received a rebate at all in the second check run because the rebate went to the prior owner. Alternatively, the first check payment may be incorrect because the first rebate payment may have been sent to the owner who purchased the property after January 1, 2024, instead of the eligible owner as of January 1, 2024. Ultimately, further research into ownership transfers and the status of the second check would be needed by Finance to fully assess the impact. Additional

¹³ When a 2024 parcel is merged into an existing 2025 parcel, issuing a separate rebate to the predecessor parcel risks a duplicate payment if the successor parcel’s 2025 assessment already includes the merged value.

ownership transfer issues are discussed below. Using the first payment to the 877 parcels as a baseline, the OCA estimated the overpayments to total \$73,359.31.

- **First Rebate Check Cashed for Wrong Amount:** When the first checks were issued, 599 were cashed for amounts higher than they should have been. These parcels were omitted from the second payment; however, they remained overpaid. For six of these parcels, 2024 rehabilitation abatement values were used, and the OCA cannot conclude the overpayment amount. For the remaining 593 parcels, the overpayment totaled \$6,804.09 with parcel overpayments ranging from \$.03 to \$110.80.
- **Did not issue 2nd Checks:** Five parcels did not receive a second check because Finance thought the first checks were cashed. The OCA review found the first checks were not cashed, resulting in underpayments totaling \$485.60. One additional parcel did not receive a second check for an undetermined reason, resulting in an underpayment of \$105.00.
- **Ineligible Parcels:** The first check run was created using 2025 tax bills. As such, 43 checks totaling \$2,362.98 were mailed and cashed for parcels that were ineligible for the rebate as they did not exist in the City’s records as of January 1, 2024.
- **Parcels not in the 2024 Land Book:** The OCA identified at least 87 parcels that were not in the 2024 land book but appeared in the 2025 land book, received a first check, did not cash it, and were not included in the second calculation. An additional 17 parcels received and cashed the first check totaling \$946.80. These 104 parcels may have existed as of January 1, 2024, but had not yet been entered in City records. For example, 20 of these parcels had notes in the Assessor’s records that address changes prior to January 1, 2024, however, further research by the Finance Department is needed to determine whether these parcels were eligible for the rebate.
- **Ownership Changes from Parcel Transfers/Sales:** The ordinance defines the “Eligible Taxpayer” as the owner of record on January 1, 2024. The OCA’s analysis found that some transfers and sales occurring in 2023 were not reflected in the 2024 land book. Because the City used the 2024 land book as the final ownership source, transfers that occurred and were not yet included in the City’s records when the land book was created in early November were not captured. As a result:
 - The owner of record on January 1, 2024, who may have paid the 2024 taxes, may not have received a rebate because not all transfers/sales were captured in the 2024 land book. In this instance, the rebate could be issued to the previous owner as they would be noted as the current owner in the 2024 land book.

- A taxpayer’s rebate could be calculated from the wrong parcel, for example when the amount is based on a parcel the taxpayer sold rather than the parcel owned on January 1, 2024, creating over or underpayments.

In addition, some parcels that were due a rebate were transferred or sold between January 2, 2024, and June 26, 2025. ¹⁴ Finance applied credits to parcel accounts for rebates under \$30 and for parcels with delinquent balances. When a credit is posted to the parcel account rather than issued as a check, the current owner may receive the benefit instead of the eligible taxpayer as of January 1, 2024.

Table 3 shows the number of parcels potentially affected by ownership changes not captured in the 2024 land book and by transfers between January 2, 2024, and June 26, 2025.

Table 3: Count of Parcel Transfers

Timeframe	Number of Transfers/Sales where Ownership would not Match the 2024 Land Book
January 1, 2023 – January 1, 2024	875 ¹⁵
January 2, 2024 – June 26, 2025	833

Source: Prepared by the OCA from City land book data and City Finance files.

Some of the parcels noted in **Table 3** were sold/transferred in both periods, thus further complicating the issue of ownership. The OCA did a limited analysis of accounts that were delinquent in the 833 parcels above and noted the credits were applied to the delinquent bills on the parcel which may have been for the correct owner, however without further research, the OCA could not conclude. Finance would have to research each of these parcels to address any issues with the correct taxpayer receiving the rebate check or credit. These ownership changes could potentially correct some of the issues noted throughout the report and/or create additional errors.

C. The City’s total tax rebate payment exceeded the Council approved appropriation.

The City paid a total rebate of \$16,025,686.72 to parcel owners from March 2025 to June 2025. As noted previously, City Council approved the amount of the rebate for up to \$16,000,000. This overage was caused by the issuance of incorrect checks in the first batch that were cashed and had to be issued again so that the correct taxpayer could get the correct rebate. This total does not include any payments that may be necessary to reimburse taxpayers for any of the identified issues within this report after City Administration determines what course of action to take. The table below shows a breakdown of payments made by the City.

¹⁴ June 27th was the date credits were applied. Therefore, the date of transfer last used was June 26th.

¹⁵ The OCA only included parcels that qualified for a rebate.

Table 4: Amount of Rebates Paid by the City

Category	Amount
Checks Cashed from First Issuance	\$1,373,075.70
Credits Applied to Parcel Bills	\$541,023.01
Checks Cashed or Negotiable from Second Issuance	\$14,111,588.01
Total Amount Paid	\$16,025,686.72

Source: Prepared by OCA from CORERP data and City Finance files as of August 4, 2025.

The OCA noted that some checks from the second issuance were voided totaling \$14,924.70. Finance informed us that some of them were due to taxpayers requesting credits. Finance should review these accounts and determine the amounts needed to be reissued in order to determine the total amount of rebates paid by the City.

Ultimately, the City should work with the Office of the City Attorney to determine if any additional actions are necessary due to potential payments and credits exceeding \$16,000,000.

D. Observations from other rebate processes researched.

The OCA reviewed two recent Virginia rebate programs to understand how eligibility and payee criteria were defined and to potentially assist the City in developing any future rebate programs. The programs were the Commonwealth of Virginia income tax rebate issued in October 2025 and the City of Richmond five cent real estate tax rebate adopted in December 2022. Key features included:

- **Commonwealth of Virginia, October 2025 Income Tax Rebate:**¹⁶ The program provided a flat rebate amount. Eligibility was tied to a filed return and to tax liability after credits, deductions, and subtractions. Taxpayers with liability greater than zero received a rebate equal to their liability up to \$200 for individual filers and \$400 for joint filers.
- **City of Richmond, February 2023 Real Estate Tax Rebate:**¹⁷ Eligibility was tied to the most recent paid real estate tax bill, and the recipient was the payer of that bill. Fully exempt parcels did not receive a rebate. Parcels with partial exemptions received a prorated amount.

The OCA noted the following takeaways from those rebate programs that the City could use in future efforts:

- Use a single anchor year for both eligibility and amounts.
- Link eligibility to a completed taxpayer action (for example, a filed return or the most recent paid tax bill).

¹⁶ Virginia Department of Taxation - [What You Need to Know About the 2025 Tax Rebate | Virginia Tax](#)

¹⁷ Ordinance 2022-305 passed in December 2022 by City Council established the Five-Cent Rebate. [City of Richmond - File #: ORD. 2022-305](#)

- Define the recipient by that action (the filer or the bill payer).
- Use a simple calculation method, such as a flat amount or capped liability.

The OCA noted rebate programs incur administrative costs in addition to the rebate amounts. Time to prepare datasets, review calculations, and issue payments contributes to the total cost. By using the above methods, the City could potentially reduce administrative costs for any future rebates.

Recommendations

Recommendation 1

High Priority

We recommend that the Director of Finance develop an action plan to address the issues identified throughout this report. In formulating this plan, consideration should be given to both the cost-effectiveness of proposed measures and their overall benefit to individual taxpayers as well as the City's taxpayer base as a whole. Any action plan should first consider ownership change issues identified throughout this report.

Recommendation 2

High Priority

We recommend that the CAO work with the Office of the City Attorney to determine if any additional actions are necessary due to potential payments and credits exceeding \$16,000,000.

Recommendation 3

High Priority

We recommend the CAO develop a process to ensure proper implementation plans for any new programs launched through a City Council ordinance. The process should provide for coordination before ordinance approval to obtain stakeholder input and shared understanding on process, timing, definitions, and data sources, and coordination after approval to finalize the plan, launch the program, and monitor results.



MANAGEMENT RESPONSES

OCA 2026-06

Real Estate Tax Rebates

RECOMMENDATION #1	
<p>We recommend that the Director of Finance develop an action plan to address the issues identified throughout this report. In formulating this plan, consideration should be given to both the cost-effectiveness of proposed measures and their overall benefit to individual taxpayers as well as the City's taxpayer base as a whole. Any action plan should first consider the ownership change issues identified throughout this report.</p>	
Concur (Yes/No)	Yes
ACTION STEPS	
<i>(Please describe the steps you will take or have taken to address the recommendation)</i>	
<p>The Administration and the Department of Finance appreciate the Office of the City Auditor's efforts in identifying potential discrepancies within the 2025 Real Estate Tax Rebate program. After reviewing the findings, the Administration concurs with the recommendation and has evaluated both the magnitude of the variances and the operational effort required to address them.</p> <p>The report identifies potential overpayments totaling \$115,072.99 (0.72%) and potential underpayments totaling \$80,910.12 (0.51%), representing a combined variance of 1.23% of the \$16 million rebate program. Importantly, a significant number of these discrepancies are extremely small: more than 20% of all over- and underpayments identified are less than \$5, and 49 parcels reflect variances of less than \$1.</p> <p>While accuracy in tax administration remains a priority, the City must weigh the cost and time required to resolve these minor variances against the broader obligation to use public resources in a fiscally responsible manner. Reconstructing parcel-level ownership, recalculating abatement-year values, and pursuing recovery or redistribution efforts would require substantial staff time, contractor or legal support, and system rework—costs that would exceed the value of the discrepancies themselves and ultimately burden taxpayers.</p> <p>For these reasons, the Administration has concluded that a full parcel-by-parcel review is not an efficient or cost-effective use of taxpayer resources. However, to safeguard individual taxpayers, the Department of Finance will validate rebate calculations for any resident who requests a review, and any confirmed adjustments will be applied to the 2026 second-half Real Estate tax bills (May 2026).</p> <p>To ensure stronger alignment and controls for future ordinance-driven programs, the Department of Finance will also develop a standardized Standard Operating Procedure (SOP) outlining pre-launch coordination, data validation expectations, documentation of assumptions and sources, and post-implementation monitoring requirements.</p>	
Target Date or Date Implemented	May 2026
Title of Responsible Employee	Director of Finance



MANAGEMENT RESPONSES

OCA 2026-06

Real Estate Tax Rebates

RECOMMENDATION #2	
<p>We recommend that the CAO work with the Office of the City Attorney to determine if any additional actions are necessary due to potential payments and credits exceeding \$16,000,000.</p>	
Concur (Yes/No)	Yes
ACTION STEPS	
<i>(Please describe the steps you will take or have taken to address the recommendation)</i>	
<p>The Department of Finance consulted with the Office of the City Attorney on November 20, 2025, to evaluate the legal and operational considerations related to rebate payments and credits exceeding the authorized \$16 million program amount. Their advice and recommendation is as follow:</p> <ol style="list-style-type: none"> 1. Fixing the overpayment will be tricky because of the nature of the rebate payments. The rebates were authorized pursuant to Va. Code 15.2-2511.1, which permits payment of rebates only out of surplus real estate or personal property tax funds. No other funds may lawfully be spent on rebates, and it will not be possible to move unencumbered funds from other pots of money to the surplus rebate fund. 2. Make reasonable efforts to recover these overpayments from the individuals who received them. To the extent that these overpayments are in fact recovered, these payments would offset the overage. However, collecting these overpayments may be a lengthy and difficult process. 3. If it's not possible to collect the overpayments, or if the amount of overpayments doesn't cover the shortage, or if you want to fill the hole in the interim pending overpayment collection, it will be necessary to seek a new appropriation. A budget amendment will likely be needed to establish an appropriation. Which is problematic since the 2024 surplus funds have been spent, and indeed overspent. <p>Finance staff reached out to the City's third-party collection partners to obtain estimates for pursuing the approximately \$115,000 in potential real estate rebate overpayments.</p> <ul style="list-style-type: none"> • One partner indicated they could issue a mass collection mailing but cautioned that doing so would likely create negative public perception given the small dollar amounts involved. They also noted they do not have an established fee structure for this type of activity. • Another partner provided a preliminary estimate of \$20,000–\$30,000, but clarified that this estimate does <i>not</i> reflect the full administrative cost to the City, including data cleanup and preparation, staff time, and potential court appearances. They also advised that, given the volume of accounts with minimal balances, the effort could result in a net loss for the City. <p>After consultation with the City Attorney's Office and discussions with the City's collection partners, the Administration has determined that pursuing recovery of the potential \$115,000 is not financially feasible when weighing the administrative cost, time required, and overall impact on taxpayers.</p>	
Target Date or Date Implemented	November 2025
Title of Responsible Employee	Director of Finance



MANAGEMENT RESPONSES

OCA 2026-06

Real Estate Tax Rebates

RECOMMENDATION #3	
<p>We recommend the CAO develop a process to ensure proper implementation plans for any new programs launched through a City Council ordinance. The process should provide for coordination before ordinance approval to obtain stakeholder input and shared understanding on process, timing, definitions, and data sources, and coordination after approval to finalize the plan, launch the program, and monitor results.</p>	
Concur (Yes/No)	Yes
ACTION STEPS	
<i>(Please describe the steps you will take or have taken to address the recommendation)</i>	
<p>The CAO office will actively engage City Council to emphasize the importance of early coordination with Administration on new policy concepts before ordinance introduction. This collaborative approach will reduce the risk of insufficiently vetted programs, ensure fiscal sustainability, and promote effective and timely implementation once legislation is adopted.</p>	
Target Date or Date Implemented	June 2026
Title of Responsible Employee	Chief Administrative Officer