

MVCCA-EDUC-2014-1

Resolution in Support of a Meals Tax in Fairfax County

(1) WHEREAS Virginia law empowers Fairfax County citizens to adopt by referendum a sales tax of up to 4% on restaurant meals in the jurisdiction ("Meals Tax") and Fairfax County to receive and apply the generated revenue for County purposes; and

(2) WHEREAS a Meals Tax at the 4% rate is projected to generate \$80-100 Million, providing an additional diversified and predictable revenue stream for the County which at present derives the bulk of its funding from the single source of real property tax, both residential and commercial; and

(3) WHEREAS prior efforts to institute a meals tax were defeated, most likely because of (1) a postulated negative effect on the hospitality business and (2) concern that the intended use of the revenue was not adequately defined; and

(4) WHEREAS in the years since the referendum defeat surrounding jurisdictions have adopted a meals tax with no apparent effect on restaurant business, and which Fairfax residents, tourists, and business visitors pay in those jurisdictions without any reciprocal ability to capture similar revenue in Fairfax County; and

(5) WHEREAS greater specificity with verifiable results as to the use of Meals Tax funds would be a positive factor encouraging passage of an appropriate referendum; and

(6) WHEREAS one such specific and verifiable purpose would be augmenting the current level (\$155M in FY2014) of County bond sales for school construction, renovation and capital purposes pursuant to the Capital Improvement Plan (CIP) for the following reasons:

- (1) Citizens have shown consistent strong support for schools and specifically school bonds but concern for preservation of County bond ratings, excessive debt service and prudent fiscal management restrict the annual funds available, and
- (2) The current bond sale allocation (\$155M in FY2014) for the Fairfax County Public Schools (FCPS) capital budget is severely inadequate to meet needs, resulting in a much longer than normal renovation schedule, the highest usage of trailers in the Metropolitan area, higher operating costs inherent in aging and overcrowded facilities, higher construction costs as projects push further into the future, and poor learning environments for students, and
- (3) Every magisterial district has unmet or long delayed renovation and/or construction needs, and citizens would be able to see the results of increased funds in improvement of local schools, and
- (4) Capital construction backlogs could be addressed expeditiously and without incurring further debt or debt service costs and, eventually, there is potential for reducing bonding indebtedness, thus freeing some funds for other County capital use; and

(7)WHEREAS FCPS currently faces a well-publicized operating budget structural deficit of more than \$100Million in FY2015 and succeeding years so that dedication to FCPS' operating budget to close the long-standing gap would be another valuable use, provided that Meals Tax revenue augments but does not replace funding which the County provides to FCPS, and does not play a direct role in setting of the annual property tax rate so that funds available to all County services might be reduced;

(A)THEREFORE BE IT RESOLVED that the Mount Vernon Council of Citizens Associations (MVCCA), reaffirms its past support for imposition of a meals tax and urges the Fairfax County Board of Supervisors to develop a Meals Tax referendum for inclusion in the nearest election cycle after adequate time for public dissemination of information and public comment; and

(B)BE IT FURTHER RESOLVED that MVCCA respectfully suggests that the Meals Tax provisions so developed specify:

- (1) Revenue realized will be devoted to FCPS capital projects pursuant to the CIP and in augmentation of, and not replacement of, funds available through sale of already voter-approved bonds and future bonds, or, in the alternative;
- (2) Revenue realized will be added to the annual FCPS transfer to address the serious deficits that have existed for several years and will continue into the future, and that any revenue so applied will not be considered or used as a setoff against support customarily expected from the County budget.

**THIS RESOLUTION WAS PASSED BY THE MVCCA GENERAL COUNCIL AT THEIR MEETING ON 2.26.2014**