



FAIRFAX COUNTY BOARD OF SUPERVISORS

2016 Meals Tax Referendum It's Your Decision

Meals Tax Question on the Nov. 8 Ballot

In the Nov. 8 General Election, **Fairfax County voters will be asked to vote YES or NO on a meals tax question.** The Board of Supervisors does not have the authority to implement a meals tax unless approved by voters. The question asks voters to allow the Board of Supervisors to impose a 4 percent **meals tax on certain prepared foods, which would be paid by residents, commuters and tourists.** If the majority of voters approve the meals tax, the Board of Supervisors would dedicate the revenues to two purposes, which are specified in the ballot question. First, **70 percent of the net revenues would be dedicated to Fairfax County Public Schools.** Second, **30 percent of the net revenues would be dedicated to county services, capital improvements and property tax relief.**

If approved by voters, the meals tax is estimated to generate approximately \$99 million in the first year - with 28 percent of that amount coming from non-county residents.

Meals Tax Ballot Question

For the purpose of reducing dependence on real estate taxes, shall the Board of Supervisors of Fairfax County, Virginia, be authorized to levy a tax on prepared food and beverages, otherwise known as a meals tax, as allowed by Virginia Code § 58.1-3833, at a rate not to exceed four percent (4%) of the amount charged for prepared food and beverages (which, based upon state law, is applicable only to sales outside of the town of Clifton, and towns of Herndon and Vienna that have already implemented a meals tax)? The revenues generated shall be dedicated to the following purposes:

1. 70 percent of the net revenues to Fairfax County Public Schools.
2. 30 percent of the net revenues to County services, capital improvements and property tax relief.

What Is a Meals Tax?

A meals tax is a tax on all ready-to-eat prepared food and beverages and would apply at restaurants, lunchrooms, cafeterias, coffee shops, cafes, taverns, delis, push cart operations, hot dog stands and food trucks. It would include alcoholic and non-alcoholic beverages served with a meal. It would also apply to ready-to-eat foods (such as deli or salad/hot food bars) at grocery and convenience stores.

The meals tax would not apply to groceries and vending machines. Additional exceptions under state law are found on the next page of this pamphlet.

Exceptions to the Meals Tax Include (per Va. Code § 58.1-3833(A):

- Cafeterias operated by industrial plants for employees only.
- Restaurants to their employees as part of their compensation when no charge is made to the employee.
- Churches that serve meals for their members as a regular part of their religious observances.
- Public or private elementary or secondary schools, colleges, and universities to their students or employees.
- Hospitals, medical clinics, convalescent homes, nursing homes, or other extended care facilities to patients or residents.
- Day care centers.
- Homes for the aged, infirm, handicapped, battered women, narcotic addicts, or alcoholics.
- Age-restricted apartment complexes or residences with restaurants, not open to the public, where meals are served and fees are charged for such food and beverages and are included in rental fees.
- Nonprofits and organizations, such as volunteer fire companies, that serve meals as a fundraising activity, the gross proceeds of which are to be used exclusively for nonprofit educational, charitable, benevolent or religious purposes. There are limits to this exception.

If the referendum is approved by voters, the Board of Supervisors may hold one or more public hearings to determine if additional exceptions are appropriate prior to adopting a meals tax ordinance.

Why a Meals Tax Now?

1) A meals tax would diversify the county's tax revenue base. The Board of Supervisors is seeking authority to impose a meals tax to **reduce the county's dependence on real estate taxes**. Currently, about 65 percent of Fairfax County's General Fund budget relies upon real estate taxes. State law limits what the county can tax and how it may otherwise raise revenue. Almost 90 percent of Fairfax County non-property tax revenues are capped, limited, or controlled by the state.

A 4 percent tax is equivalent to over 4 cents on the current (FY 2017) real estate tax rate. **When the real estate tax is increased, this impacts all property-owning residents.** These tax increases are also typically passed through to renters. If a meals tax is approved by voters, it would apply to tourists, commuters and travelers, as well as residents who dine out.

2) 70 percent of the net meals tax funds generated would be dedicated to Fairfax County Public Schools (FCPS). More than 52 percent of the county's General Fund budget is dedicated to FCPS. State and federal budget cuts have made FCPS more reliant on county revenue, at the same time that FCPS costs have increased. This has required the county to use more tax dollars (primarily real estate) to maintain a quality school system.

3) 30 percent of the net meals tax funds will be dedicated to county services, capital improvements and property tax relief. Examples of capital improvements include renovations, updates and new construction of schools, fire and police stations, libraries, among other county facilities.

4) The county's budget continues to be impacted by the effects of sequestration, the economic downturn and the increasing costs of providing quality services to our residents. In order to maintain a balanced budget, the Board of Supervisors will have to either increase revenue or reduce spending on core county services, including schools and infrastructure. A meals tax is a common source of revenue for local governments in Virginia.

How Much Would the Meals Tax Cost?

If approved, a 4 percent meals tax would add 4 cents to every dollar spent on dining out in Fairfax County. For example:

- \$5 fast food meal would cost an additional 20 cents.
- \$10 fast casual meal would cost an additional 40 cents.
- \$100 restaurant meal would cost an additional \$4.

A meals tax applies in addition to other applicable taxes, such as sales taxes.

Based on information from the Virginia Tourism Corporation, it is estimated that approximately 28 percent of meal expenditures in Fairfax County are generated by non-county residents.

Many Local Jurisdictions Have a Meals Tax

If you go out to eat (outside of our county), you may already be paying a meals tax to another local government.

Examples of our neighbor jurisdictions that have a meals tax in place include:

- Alexandria: 4 percent.
- Arlington: 4 percent.
- Falls Church: 4 percent.
- Fairfax City: 4 percent.
- Herndon: 2.5 percent.
- Vienna: 3 percent.
- District of Columbia: 10 percent.

Based upon state law, the county's meals tax would not apply in the towns of Herndon, Vienna or Clifton.

Timeline for Meals Tax Referendum

Nov. 8: Election Day.

February 2017: If the meals tax referendum is passed by voters, the Board of Supervisors may hold public hearings to adopt an ordinance establishing the rate and terms of the meals tax, including allowing the businesses that must collect and remit the tax to retain a small percentage to compensate them for their effort and cost.

July 1, 2017: If the proposed meals tax referendum passes, it would become effective at the beginning of Fiscal Year 2018 (July 1, 2017).

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Plan Now: Your Nov. 8 Election Day Checklist

- **Make sure you can vote on Nov. 8. Check your voter registration status** to make sure it is up to date. Not registered to vote? Do it today. Deadline for voter registration and updates is Oct. 17.
- **Consider absentee voting.** There are 19 valid reasons to vote absentee before Election Day, either in person or by mail. Absentee voting begins Sept. 23.
- **Stay informed.** Follow us on Twitter @fairfaxvotes and @fairfaxcounty. Subscribe to Fairfax Alerts, look for “Election Updates and News.”

Go to www.fairfaxcounty.gov/elections
703-222-0776 (TTY 711) or email: voting@fairfaxcounty.gov

Planee ahora para el día de elecciones: 8 de noviembre, 2016 Revise su estado de votante

- **Asegúrese que podrá votar el 8 de noviembre. Revise que su registración de votante este al día.** ¿No esta registrado para votar? Hágalo hoy mismo. El último día de registración para votar es el 17 de octubre.
- **Considere votar en ausencia.** Hay 19 razones válidas para votar en ausencia antes del día de las elecciones, ya sea en persona o por correo. La votación en ausencia comienza el 23 de septiembre.
- **Manténgase informado.** Síguenos en Twitter @fairfaxvotes y @fairfaxcounty. Suscríbese a las alertas de Fairfax, busque “Election Updates and News.”

Visite www.fairfaxcounty.gov/elections
703-222-0776 (TTY 711) or email: voting@fairfaxcounty.gov

To request this information in an alternate format, call the Office of Public Affairs at 703-324-7329, TTY 711.

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2016 Meals Tax Referendum Information for Voters

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