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Tuesday, June 17, 2014
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Fairfax County task force debates voters' appetite for another meals tax referendum.



Joseph Johnston, representing the Sully District Council of Citizens Associations, disputes several points with Arthur Purves, who heads the Fairfax County Taxpayer's Alliance, during the May 29 meeting. Photo by <u>Victoria Ross</u>.

By Victoria Ross

Wednesday, June 11, 2014

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It has been 22 years since Fairfax County asked voters to approve a tax on restaurant meals, an issue that ignited protests, caused deep divisions among community leaders and threatened to melt down several political careers.

The reverberations of that epic failure — what many consider the third rail of county politics — continue to echo in the ears of county politicians.

But after another punishing year of budget battles, and continuing shortfalls in revenue resulting from the recession, county leaders are once again eyeing the meals tax as a way to raise revenue for schools and other county services.

On April 22, Fairfax County Board of Supervisors Chairman Sharon Bulova (D-at-large) convened a task force to consider the pros and cons of putting another meals tax referendum on the ballot — possibly as early as this November.

Bulova said a four-percent tax on meals and beverages at the county's nearly 3,000 restaurants would generate approximately \$90 million in new revenue for schools, public safety, parks, libraries and human services.

She cited the fact that all of the cities and towns "around and within Fairfax County" have adopted a meals tax, and that there has been "a growing sentiment during recent years for our board to once again allow the voters to decide whether or not they wish to avail themselves of this additional source

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of revenue."

In Northern Virginia, similar meals taxes have been implemented in Alexandria, Arlington County, the City of Fairfax and other smaller municipalities.

However, Loudoun and Prince William county officials recently rejected the idea of a meals tax after restaurant groups successfully argued the tax would unfairly target an industry that is facing pressure to increase the minimum wage while still struggling to recover from the 2008 recession.

While much has changed in Fairfax County since 1992, the mere mention of a meals tax still stirs up vehement reactions.

"This is a charged issue," said Supervisor Jeff McKay (D-Lee) "The task force was set up deliberately to have a third-party group come to us with recommendations. We will have the benefit of public input from a fairly politically-balanced group. I think it's brilliant that Sharon got both sides that would not necessarily talk to each other together in the same room ... That's the Fairfax County way."

"Keep an open mind. And, listen to each other," Bulova urged the 40 members of the super committee during the first meeting on May 15.

Chaired by Kate Hanley, a former Democratic chairman of the board and Tom Davis, a former Republican congressman who chaired the Board of Supervisors during the 1992 meals tax battle, the task force was charged with answering three questions before delivering its final recommendation to the board on June 17:

- Whether or not to recommend the board put a meals tax referendum on the ballot
- If recommending going to referendum, when should that referendum take place; and
- If recommending going to referendum, should any revenues from a meals tax be dedicated to specific issues?

But the first meeting had barely begun before members began taking swipes at each other, arguing over marginal details and data, and delivering doomsday proclamations if their side did not prevail.

The Fairfax County Federation of Teachers launched a series of newspaper ads asking readers to "Save Our Starving Schools," by supporting the meals tax. Steven Greenburg, president of the teachers union and a member of the task force, argued that the county's school system — which recently approved a \$2.5 billion budget for FY 2015 — will be forced to lay off workers if the county does not transfer more money to the schools.

After the second meeting, Jim Corcoran, president of The Fairfax Chamber, issued a statement declaring the chamber's opposition to the tax.

"We have been down this road before in Fairfax, and in almost every case, voters continue to oppose such measures," Corcoran said. "This is not a time for rehashing failed policies of the past. County leaders, the business community, and citizens all need to work together to grow and diversify the economy in Fairfax County, not tax our way to a solution."

Hanley and Davis moderated the next meeting on May 29 with humor, easing some of the tension in the room.

"Kate and I come at this issue from different angles," Davis joked during the meeting.

"Is that why I voted for it the first time," Hanley said, pausing. "And you did too?"

"Hey, it passed in my precinct," Davis shot back.

Rex Simmons, who represents the Fairfax County Democratic Committee, drew applause when he thanked Hanley and Davis for "doing an excellent job summarizing the views of the task force ..." in the draft report.

But the warm feelings dissipated when a heated discussion began over the image of the restaurant industry, and the perception that restaurants don't support schools because the industry does not support a meals tax.

"It's an overall fairness issue," said Jim Wordsworth, owner of one of the county's first steakhouses — JR Stockyards Inn steakhouse in Tysons Corner. He argued that meals tax would drive customers away and could keep large restaurants from relocating to Tysons.

"When you have a meals tax, you know what else happens? New restaurants are less likely to come to Fairfax County," said Mark Tate, public affairs director for Restaurant Association of Metropolitan Washington.

"I don't want to present the image that only restaurants are opposing this tax. In 1992, there was a lot of animosity among teachers and PTO organizations to restaurants over this issue," Tate continued. "But if you look beyond this framework, local restaurants are incredibly generous to PTO groups and other county non-profits; they sponsor non-profit events and benefits; they care deeply about the community they live and work in."

Davis agreed that the restaurant industry is not the "bad guy" for opposing the meals tax. "I can't go to a school fair, a 5K race, or any other school event where local restaurants don't contribute in some way"

"Can we say 'restaurants are good corporate citizens'?" Tate asked, requesting a change in the task force document.

Greenburg and others who support the meals tax quickly took issue with Tate's statement.

"I don't feel like restaurants have supported us ...," Greenburg said. "And we're not here to write a polemic for the restaurant industry..."

"How about we try it this way," Hanley said, offering to rewrite a statement in the draft report: "Resistance to a referendum may create a false assumption that food services don't support government services.' What do you think?"

After the group signaled approval, Hanley encouraged them to "hang on.

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"We're doing well folks, only 3 more pages to go"

For more information on the meals tax referendum task force, go to http://www.fairfaxcounty.gov/mealstax/

Supervisors' Comments on a Meals Tax Referendum

"There are many contradictions with the meals tax. We all complain about the county's over reliance on the property tax and talk about the need to diversify revenue sources, but don't do a meals tax! It's also a contradiction for Republicans to adopt party platforms, as we have at all levels, that call for greater use of initiative and referendum and trusting the people and yet we oppose putting the meals tax question before the voters. I have consistently supported putting the issue to the voters, and I will do so this time. I have not taken any position on the tax itself and don't expect to. People are smart enough to make up their own minds without me sticking my nose in!"

- Supervisor Michael Frey (R-Sully)

"We have no revenue options other than the property tax and with assessments on homes rising there is no room, in my view, to increase the rate to get more revenue. The meals tax is the only other revenue option we have which is why we are looking at it. But we have not made any decisions."

- Supervisor John Cook (R-Braddock)

"I have and will continue to be adamantly opposed to a meals tax and any referendum on this issue as it is directed at a single industry. I believe this is the wrong time to add another tax on our county residents and while some of it will be paid by visitors the bulk will be paid by our county residents."

— Supervisor Pat Herrity (R-Springfield)

Task Force Members

Task Force Co-Chairs

Honorable Katherine K. Hanley and Honorable Thomas M. Davis III

Fairfax County Democratic Committee

Rex Simmons

Fairfax County Republican Committee

James Parmelee

Fairfax County Chamber of Commerce

Jim Corcoran

Restaurant Association of Metropolitan Washington

Mark Tate

Visit Fairfax

Barry Biggar

Fairfax Federation of Civic Associations

Morgan Jameson

League of Women Voters

Helen Kelly

Fairfax County Taxpayers Alliance

Arthur Purves

Fairfax County Council of PTAs

Ramona Morrow

Fairfax County Education Association

Kimberly Adams

Fairfax County Federation of Teachers

Steve Greenburg

Service Employees International Union (SEIU Virginia 512)

David Broder

Fairfax Library Foundation

Brian Engler

Fairfax County Park Foundation

Bruce McLeod

Fairfax County Alliance for Human Services

Frank Blechman

Dulles Region Chamber of Commerce

Eileen Curtis

Greater McLean Chamber of Commerce

Marcia Twomey

Greater Reston Chamber of Commerce

Mark Ingrao

Central Fairfax Chamber of Commerce

Doug Church

Mount Vernon/Lee Chamber of Commerce

Holly Dougherty

Asian American Chamber of Commerce

Cindy Shao

Human Services Council

Kevin Bell

Northern Virginia Tea Party

Bob Parks

National Active and Retired Federal Employees, Fairfax Chapter

Ralph Thompson

Virginia Hospitality and Travel Association

Eric D. Terry

Falls Church Chamber of Commerce

Sally Cole

Greater Springfield Chamber of Commerce

Nancy-Jo Manney

Fairfax County Police Employee Pay and Benefit Committee

Sean Corcoran

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John Niemiec

Braddock District Council

Barbara Varvaglione

Providence District Council

Gabriel Goldberg

Dranesville Budget Task Force

Tim Hackman

Lee District Citizens Budget Advisory Committee

Suzette Kern

Arts Council of Fairfax County

Jay Dick

Mount Vernon Council of Citizens Association

Judy Harbeck

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South County Federation

Christine Morin

Tysons Regional Chamber of Commerce

Mark Rogoff

Hunter Mill District Citizen Budget Committee

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