

7686 Richmond Hwy, Suite 203A I Alexandria, VA 22306 703-360-6925 | MountVernonSpringfield.com

CHAMBER OFFICERS

Chairman Eric Christensen Springfield Town Center Vice Chairman Roberta Tinch Inova Mount Vernon Hospital Secretary Phyllis Sintay McEnearney Associates Treasurer Indre Bauza Supporting Strategies Northern Virginia President Holly Hicks Dougherty

Josefina Reck Burke & Herbert Bank

Education Partnership Alex Thalacker Fairfax County EDA

BOARD OF DIRECTORS

Don Cammarata Reworld Paul Dean The Dean Law Firm Michael Drobnis OptfinITy Marissa Evon FASTSIGNS Springfield George Faulk K & B Property Solutions Tammy Finnell CALIBRE Systems Inc. James Heo Cox Communications Tiffany Holliday Hilton Springfield Jamie Hubans National Museum of the United States Army Dan LaMay Dan's Van Lines Ben Migliaccio State Farm Insurance Matthew Moore Edward Jones Old Town Brian Moran CCA Floors & Interiors Mark Viani Bean, Kinney & Korman PC

PLATINUM STRATEGIC PARTNERS

Army Retirement Residence Foundation - Potomac CALIBRE Systems Inc. **Dominion Energy** Inova Mount Vernon Hospital

Ourisman Automotive Group

Wegmans Food Market GOLD STRATEGIC PARTNERS

Burke & Herbert Bank Covanta Fairfax LLC Cox Communications Dan's Van Lines

Hilton Springfield

LeMay & Company

Springfield Town Center

SILVER STRATEGIC PARTNERS

AT&T

Courtyard by Marriott Springfield

Dave & Buster's

Dominion Surveyors Inc.

Embassy Suites by Hilton Springfield

ServiceMaster Restore - National Capital Restoration

Spectra Federal Credit Union

Yard House

BRONZE STRATEGIC PARTNERS Alexandria Quality Inn Mount Vernon

Allstate Northern Virginia-Ray Manfredi Agendy

Bean Kinney & Korman, PC

CDI LLC

Christian Relief Services

ECCA Payroll Services / Benefit Providers

Genuario Construction Companies

George Washington's Mount Vernon

Glory Days Grill

John Brothers Service Distributing of Virginia

National Museum of the United States Army

Northern Virginia Community College

OptfinITy

Palo Alto Networks

Paul Spring Retirement Community

Sunrise at Mount Vernon

The Fairfax Retirement Community

The St. James Transurban

Waimart

MEDIA STRATEGIC PARTNERS

Inside NOVA

Mount Vernon Gazette

The Honorable Pat Herrity Springfield District Supervisor West Springfield Government Center 6140 Rolling Road Springfield, VA 22152

RE: Proposed Meals Tax

Dear Pat.

On behalf of our member businesses in the Mount Vernon, Franconia and Springfield areas of Fairfax County, we are writing to express our concerns over the May 21st Board of Supervisors' affirmative vote to consider a meals tax of up to 6 percent on all prepared food and drinks sold in Fairfax County.

It was a disappointment to see this matter come before the Board when the voters in Fairfax County have soundly rejected this proposal twice. Voters who are also business owners have worked diligently to counter inflation, increasing costs for labor, and rising interest rates which are cutting into their profit margins. Rather than increasing new ways of burdening the voters and businesses with additional taxes, we would encourage the Board to identify ways to find efficiencies and financial savings within the County's operating budget.

In addition to this concern, a meals tax has specific problems which we encourage you and the entire Board to consider:

This is a single industry tax and harmful to an important industry that employs hundreds of Fairfax County residents and pays thousands of dollars in taxes to the county. While total sales numbers have surged on a per-dollar basis due to inflation, restaurateurs tell us that their customer counts are still very much down since the pandemic, while their costs in nearly every single line item have gone up, from labor to food to energy to rent to interchange fees and beyond. Prices are already at a level that is pushing customers to lower-cost restaurants.

There is a myth that the majority of income from a meals tax will be paid by visitors to Fairfax County and not residents. There will be some income from visitors, but the reality is that most prepared food purchased in Fairfax County is purchased by residents. Residents are already paying more in property taxes, more in various fees, a higher sales tax and a bag tax. All these taxes and fees contribute to the greater issue of "affordability" or what it costs to live in Fairfax County.

A meals tax will impact lower-income Fairfax County residents more. The USDA reports that as incomes rise, U.S. households spend more money on food, but it represents a smaller share of their income. In 2022, households in the lowest income quintile spent an average of

\$5,090 on food (representing 31.2) percent of income), while households in the highest income untile spent an average of \$15,713 on food (representing 8.0) percent of income). This means that the lowest income Fairfax residents are the ones who will feel the most pain from this proposed meals tax.

It will be expensive for small restaurants to implement a meals tax. These small, independently run establishments will have to revamp their entire systems to collect and send a meals tax to the county. They do not have dedicated IT departments like chain restaurants and will have to deal with this on an individual basis, incurring additional costs. Additional operating expense imposed by the county puts small businesses at risk for failure.

In addition, this proposed tax will only serve as a general revenue boost of between \$33 and \$200 million out of a total budget of \$3.5 billion and these funds are not currently dedicated to the promotion of tourism/dining in the county as other jurisdictions with a meals tax have done.

Restaurants are part of the entire business ecosystem in Fairfax County and should not be singled out for a separate tax that will place burdens on owners. Let's keep the advantage we have in Fairfax County with a meals tax free zone and encourage visitors and residents alike to come and enjoy our restaurants.

Sincerely,

Eric Christensen Chairman

