



## **Friends of Alexandria Restaurants**

May 21, 2018

### **Re: Actions to reduce burden of Meals Tax increase and restore confidence in City Council.**

Dear Mayor Silberberg and Members of City Council,

*Friends of Alexandria Restaurants* was formed in response to City Council's 11<sup>th</sup>-hour attempt to increase Alexandria's Meals Tax. As Council passed this ordinance in an ill-advised 4-3 vote, our efforts now focus on reversing that increase and fighting current and future City-imposed business disadvantages, particularly those that target and discriminate against specific business types. **The restaurant community whole-heartedly supports greater availability of affordable housing - and daily works to make it a reality - but we oppose this regressive approach.**

Our first step was to circulate a petition to inform the public and gauge opposition to the Meals Tax increase. Over 500 signatures and 100 comments have been collected from citizens, business owners, restaurateurs, and restaurant groups<sup>1</sup>. Formal statements of opposition were submitted by the Alexandria Chamber of Commerce, Alexandria Economic Development Partnership, Restaurant Association of Metro Washington, Del Ray Business Association, and others.

This response indicates two things: 1) Opposition to the Meals Tax is strong and wide-spread; 2) Members of our community were caught off guard by news of the increase, a result of its rushed introduction and City Staff's repression of public notification. In fact, we recently learned that a local business membership group was advised NOT to inform (and thereby, mobilize) affected parties. And surprisingly, the City's own Economic Development Partnership was not invited to offer input or analysis during the process.

To clarify our position, we assert the following:

1. Industry-targeted taxes are wrong.
2. Raising taxes without formal public notification and public hearings is wrong.
3. Selecting and presenting only data that favors a particular legislative outcome, as was done by the City Manager and City Staff, is wrong.
4. Businesses paying out-of-pocket in order to collect and remit the City's taxes is wrong.
5. Raising taxes higher than neighboring jurisdictions threatens our City's already fragile Restaurant and Retail community and tarnishes Alexandria's reputation as a place to start and grow businesses.
6. Taxing and spending is a flawed approach to meeting our worthy affordable housing goals. Instead, easing zoning restrictions and encouraging smart development will provide more sound, long-term solutions.

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<sup>1</sup> Petition results are included in a separate document.

The way the tax increase was introduced and passed destroyed our trust in City Council's judgement, calling into question the ethics, motives, and priorities involved. The only way to repair some of this damage is to take both long-term *and* near-term actions.

#### Long-Term Actions

- 1. As part of the FY2020 budget process, vote to right these wrongs by reversing the 1% Meals Tax increase and crafting more equitable and effective methods to bolster affordable housing. *Friends of Alexandria Restaurants* will keep a scorecard; all City Council members, current and future, will be held accountable for their records on this critical step.**
- 2. As part of the FY2021 budget process, vote to fully phase out the Meals Tax and craft more equitable and effective methods to fund the City's budget. *Friends of Alexandria Restaurants* will keep a scorecard; all City Council members, current and future, will be held accountable for their records on this agenda.**

We also propose the following near-term solutions, which can be enacted by the *current* City Council. These solutions will help ease the burden of the new (and existing) taxes.

#### Near-Term Actions

- 1. Beginning July 1<sup>st</sup>, 2018, provide a 3% rebate to Restaurants for Meals Tax revenues collected and remitted to the City of Alexandria. This will help to balance credit card fees and administrative costs of collecting and remitting the Meals Tax.**
- 2. Beginning July 1<sup>st</sup>, 2018, reduce the penalty for late payment of Meals Tax to the City from 10% to 2%. Introduce a reasonable grace period before penalties and interest are imposed.**
- 3. Immediately amend the budget process such that formal public notification and public hearings are required before any tax increase is proposed, and again after the add/delete process (prior to adopting any budget or ordinance).**

To do our part, *Friends of Alexandria Restaurants* will form a work group whose mission it is to assess business conditions and recommend further improvements before the next City Council takes office.

We remain optimistic that City Council can make vast improvements and we look forward to working together to make this happen.

Sincerely,  
Friends of Alexandria Restaurants  
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