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# **Joint Board Matter**

**Chairman McKay  
Supervisor Walkinshaw**

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As Board members are aware, the General Assembly is currently considering proposals to eliminate the state sales tax on groceries. HB 90 (McNamara), SB 451 (Boysko), and budget proposals being considered by both the Virginia Senate and House of Delegates all address this matter, which we have discussed at Legislative Committee.

While eliminating the sales tax on groceries is something we support, it is essential that the state fully replace the revenue to K-12, localities, and transportation, as the state continues to underfund core services in those areas, even with current revenues. There has been significant discussion about the portion of the sales tax that goes to localities and the additional portion that is distributed based on school age population. However, addressing any potential revenue loss through General Fund (GF) appropriations that must be reapproved each year is not an adequate replacement for the dedicated revenues provided by the existing tax, since appropriations will be vulnerable to caps or reductions in future years. The current sales tax on groceries generates approximately \$60-70 million per year in Fairfax County, with a significant portion being dedicated to K-12 funding.

Unfortunately, none of the proposals currently under consideration mitigate the projected \$135 million annual reduction in sales taxes directed to the Commonwealth Transportation Fund (CTF). The CTF provides necessary funding for Highway Maintenance and Operations (including repaving, snow removal, and mowing in the right-of-way); construction programs (including Smart Scale and Revenue Sharing); and, public transportation. By not addressing the loss in state revenues over the long-term, there will be less of vital funding available for new projects, state road maintenance, and continued state assistance for local and regional transit systems. Further exacerbating this issue is that our regional revenues have not yet been fully restored. In 2018, the GA diverted \$102 million in regional revenues to the Washington Metropolitan Area Transit Authority (WMATA), which addressed WMATA funding needs at the expense of other critical projects throughout Northern Virginia. The GA has successfully restored approximately \$63.5 million annually, but we have not yet been made whole, which has affected the timelines for numerous existing County projects. Until such funds are fully restored, and until the state can fully meet its obligations to adequately fund transportation, reducing state transportation revenues, even temporarily, should not be considered.

Therefore, we move that the Board send the attached letter, under the Chairman's signature, to the County's General Assembly delegation, expressing concern with proposals to eliminate the state sales tax on groceries without dedicated revenues to fully mitigate the impacts.