



ALEXANDRIA CHAMBER OF COMMERCE

Comments on Additional Tax on Commercial Real Property
December 14, 2007

This year, the Alexandria City Council is considering implementing a higher real estate tax rate for commercial property, which would alter the tax rate equality between commercial and residential property. The recent Virginia transportation bill has allowed an increased tax on commercial property of up to 25 cents to be used to fund transportation. If such a tax is implemented, it will, in many cases, be passed through to the tenants of commercial properties; Alexandria's businesses.

The Alexandria Chamber of Commerce does not favor any implementation of taxes which would alter the tax rate equality applicable to commercial versus residential property. Half of the City's tax and non-tax revenue already comes in because business takes place in Alexandria. The Alexandria Chamber has consistently supported growing our City's revenue by growing the amount of business that takes place in our City.

Increased transportation funding has long been a focus of the Chamber of Commerce, and we support the spirit of the state legislation which enabled supplemental funding sources to be explored. However, the proposed additional tax on commercial property by itself would be arbitrary and out of proportion to the use of City resources. As shown by the City's Economic Sustainability Task Force, business already brings more value to the City budget and costs the City less in demand for services than residential property. We support the Economic Sustainability Work Group's findings and recommendations, therefore further unequal taxation would, we believe, discourage commercial growth and could cause Alexandria to become a bedroom community without the tax base to sustain public programs and services the citizens want and need.

The Chamber is pleased to give its input into the newly formed workgroup created by City Council to address the transportation tax.

Adopted by the Board of Directors 12/19/07