

Business Tax Reform Task Force

Solicitation of Public Comment (revised request for comments)

October 28, 2013

At the request of City Council members Lovain, Smedberg and Wilson, City Council directed the City Manager to form a Task Force to examine ideas for business tax reform. This communication solicits public opinion to assist the Task Force in its activities. The Task Force intends to present some preliminary findings and recommendations so that they may be beneficial for the Fiscal Year 2015 budget process. Additional findings and recommendations may be presented at a later date for incorporation into the FY 2016 budget process.

The overarching objective of the Task Force is to analyze the alternatives available to City Council to promote business growth and commercial activity in Alexandria, identify the most promising alternatives that align with City Council's strategic economic development objectives, and increase the number of businesses and jobs in Alexandria. While these alternatives do not need to be revenue neutral in the short term, in the long term there should be a realistic prospect that growing commercial activity will generate more revenue than the costs to implement the alternatives or the revenue foregone as a result of any changes in taxes or fees. The ultimate long-term objectives stated by Council are to "ease the burden on our residential taxpayers by increasing the share of taxation that derives from commercial activity" and "provide jobs for our residents and help support the services our community relies on."

Pursuant to the intent of City Council and at the request of the City Manager, the proposed scope of the Task Force's study includes possible changes in:

1. taxes and fees affecting businesses,
2. other possible monetary and non-monetary incentives, and
3. changes in the administration of any tax or fee.

The alternatives to be presented for City Council's consideration will be accompanied by a specific statement for each of the expected results in the costs and feasibility of implementation, City budget revenue impacts, and the specific level of expected growth in business and commercial activity over time attributable to the alternative. Objective criteria, specific measures and feasible methods will be recommended for tracking the impact of alternatives on the City's revenue and expenditures and the growth in business and commercial activity. To the extent practicable, changes attributable to individual alternatives would be tracked separately.

In addition to the presentation and analysis of alternatives, the Task Force plans to present a statistical picture of business and commercial activity based on the most recent available data to describe the current situation in Alexandria and its unique features and characteristics. Such

features, in addition to taxes and fees, will include a description of the number and size of firms and the number of their employees, and their classification into different lines of business. Also, some basic trends will be described to assess the growth in businesses and jobs over the last several decades, depending on data availability.

The Task Force invites the public to provide in writing on the following:

1. What are the major impediments to and incentives for business retention and attraction?
2. What alternatives are feasible to address these impediments and what incentives might be effective? Please consider:
 - a. the costs and feasibility of implementation,
 - b. City budget revenue impacts, and
 - c. the specific level of expected growth in business and commercial activity over time attributable to the alternative.
3. What objective criteria, and/or specific measures and feasible methods exist for tracking the impact on the City's revenue and expenditures and the growth in business and commercial activity?

Written Comments may be submitted by November 15, 2013 to the following address:

Bernard Caton
The Business Tax Reform Task Force
Room 3400
301 King Street
Alexandria, VA 22314

Electronic comments may also be submitted by November 15, 2013. They should be emailed to bernard.caton@alexandriava.gov, or faxed to Bernard Caton at 703.836.6476.