March 19, 2025

Chair Takis P. Karantonis
Arlington County Board
2100 Clarendon Blvd, Suite 300
Arlington, VA 22201

Dear Chair Karantonis,

As Arlington County finds itself facing new uncertainties in the proposed Fiscal Year 2026 budget, it is crucial that the County approach the budget by encouraging, rather than deterring, preferred sectors and industries that generate new investment in our county.

To that end, we strongly request that the Arlington County Board reject any proposed meals tax increase. We further request revisions to the development and permitting fee schedule to lower the proposed fee increases. These two proposals would have a negative impact upon critical retail and commercial sectors that generate jobs, economic growth, and new tax revenue, all at a time of great economic uncertainty.

Arlington County has sought to support the restaurant industry, particularly in the wake of the COVID-19 pandemic. Arlington restaurants today continue to face ongoing labor shortages, supply chain disruptions, and the rising costs of staple ingredients. The proposed meals tax would be an additional burden to our local restaurants by making them more costly to consumers and less competitive with nearby jurisdictions.

The proposed meals tax rate would be higher than that of Washington, D.C. and the County's peer Northern Virginia jurisdictions, except Alexandria. Many Arlington restaurants compete with those in Washington D.C. for customers, and this increase would make it more expensive to have a comparable meal in Arlington.

As inflation continues to have an impact upon spending habits, this tax increase would discourage dining in Arlington and add financial strain to restaurants operating on razor-thin margins, while potentially leading to minimal gains in revenue.

With respect to the proposed land development fee increases, the County has prioritized investment in our commercial spaces as we reckon with a historically high office vacancy rate. Policies such as the Commercial Market Resiliency Initiative seek to make Arlington a competitive location for new office tenants and for redevelopment of office space. Certain fee increases to enhance service levels or to prevent the loss of related staff are understandable. However, the proposed fee schedule, particularly the increases to the General Land Use Plan (GLUP) amendments, adaptive reuse amendments, and child care facility permits, run counter to established County goals and make Arlington a less attractive location for development and investment.

Increasing the review fee for adaptive reuse amendments would make Arlington less competitive for adaptive reuse projects as County policies are beginning to encourage these projects to spur development that reduces our surplus of obsolete office space.

The proposed increases do not merely affect major developments. Under the new fee schedule, a nonprofit organization like Melwood (which underwent a GLUP Study concluding last year) would now have to pay three times the cost to go through the GLUP process application, in addition to increased costs for a 4.1 site plan application.

Furthermore, significant increases to the child care facility permits create a greater cost in resources to the opening and expansion of child care facilities as the County tries to champion greater affordability and accessibility of child care.

Another source of outside investment and spending in Arlington is our tourism sector. Arlington is rightfully proud of being one of the most popular destinations in the Commonwealth. As the County aims to reach pre-pandemic levels of tourism, it is crucial that Arlington Convention and Visitor Service has sufficient resources and funding to execute its mission in promoting Arlington as a destination to stimulate economic growth.

The Chamber acknowledges that this year’s budget is a challenging one with tough decisions. It is important that the County adopt a final budget with the mindset that we must foster, and not hinder, industries and sectors that provide investment and direct economic benefits to our county. To that end, we strongly urge the County Board to adopt a final budget without the meals tax increase and without significant fee increases. We thank you for your consideration of our comments, and all your efforts for our community.

Sincerely,

Kate Bates

Kate Bates
President & CEO

CC: County Board Vice-Chair Matt de Ferranti; County Board Members Maureen Coffey, Susan Cunningham, and JD Spain, Sr.; County Manager Mark Schwartz; Chief Financial Officer Maria Meredith; Budget Director Richard Stephenson.