



**Contact**

Eric Terry, President  
Virginia Restaurant, Lodging & Travel Association  
[eric@vrlta.org](mailto:eric@vrlta.org) | 804.288.3065 | c: 214.215.8534

**New Study: Meals Tax Hikes Could Starve Virginia Localities**

*Beacon Hill report finds lost jobs, millions of dollars in lost consumer income from tax hikes*

**Richmond, Va. – August 10, 2017** - Today, the National Restaurant Association, in partnership with the Virginia Restaurant, Lodging & Travel Association (VRLTA), called attention to a new report estimating the impact of meals tax increases in Virginia localities. The research, conducted and released by the Beacon Hill Institute for Public Policy Research in Massachusetts, finds that Virginia localities would see steep declines in investment and consumer income, as well as job loss, should a meals tax increase be enacted.

The study, which includes meal tax estimates for eight Virginia towns/cities and four counties, can be found here: [http://www.vrlta.org/BHI\\_MealsTax](http://www.vrlta.org/BHI_MealsTax)

The Beacon Hill Institute study uses a 4 percent meals tax, or a 4 percent increase in the selected locality's meals tax, as a metric. The study arrives as lawmakers in some Virginia counties and cities debate an increase in their meals tax. In historic Williamsburg, the City Council is [debating](#) an increase in the city's meal and room taxes from 5 percent to 7 percent in order to finance a tourism development fund.

Using the study's model, a meals tax increase in Williamsburg, Virginia would result in roughly 160 lost jobs, over \$2 million in lost investment, and over \$11 million in lost real disposable income. In Alexandria, another tourist destination, an increase in the meals tax would result in roughly 530 lost jobs, \$8 million in lost investment, and over \$38 million in lost disposable income.

Larger counties within Virginia would experience the largest impacts. Just over 2,000 jobs would be lost in Fairfax County, over 1,000 jobs in Arlington County, and roughly 650 jobs in Loudoun County. In these three counties, investment would fall by \$39 million, \$16 million, and \$12 million respectively. Real disposable income would fall by \$200 million, \$77 million and \$63 million for these same counties.

In Fiscal Year 2016, over 70 of Virginia's cities and towns and 45 counties imposed a meals tax averaging five percent across all localities. The State of Virginia [authorizes](#) counties to levy a meals tax of up to 4 percent with the approval of voters in a referendum. Some counties and all cities in Virginia are allowed to levy a meals tax without a voter referendum. Voters in Virginia's counties have [rejected](#) meals taxes in 47 of the last 60 referendums, with 57.4 percent of all votes cast against a meals tax.

"The restaurant industry employs more than 360,000 Virginians across the state," said **Mike Whatley, Vice President of State and Local Affairs, National Restaurant Association**. "Adding another tax on restaurants could negatively impact these employees by forcing restaurant owners to cut jobs or hours in their local communities."

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“Meal tax increases continue to be an unpopular avenue for increasing local tax revenues, as indicated by overwhelming voter sentiment,” explained **Eric Terry, President, Virginia Restaurant, Lodging & Travel Association**. “The restaurant industry continues to be an industry of low profits, adding a meals tax further exacerbates this trend.”

**About the Virginia Restaurant, Lodging & Travel Association (VRLTA)**

The Virginia Restaurant, Lodging & Travel Association is the only unified voice for the restaurant, lodging, travel and hospitality suppliers associations. VRLTA creates value for members by promoting the legislative interests of the industry, networking, educational opportunities, and protecting free enterprise. Inquiries about membership and VRLTA services should be directed to VRLTA at (804) 288-3065 or [VRLTA.org](http://VRLTA.org).

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