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April 12, 2011

Mayor Baroukh, Vice Mayor Snyder

and Members of the City Council

City of Falls Church

300 Park Avenue

Falls Church, VA 22046

Dear Mr. Mayor, Mr. Vice Mayor and Members of City Council:

In regards to the proposed commercial transportation tax overlay ("CTTO") (5 cents per \$100), our organization has conducted an in-depth review of the issues, heard multiple presentations by Assistant City Manager Cindy Mester, received input from many of our members, and held meetings of our Legislative Committee. Following this review, **the Falls Church Chamber of Commerce strongly urges the FC City Council to drop consideration of imposing a CTTO** pending the completion or occurrence of the following steps, which are discussed in more detail below: 1) development of specific, concrete proposals for use of funds on previously unfunded projects (or portions thereof) in commercial corridors which would benefit the business community as a whole, 2) revival in the Virginia legislature of a proposal to enact legislation by which certain state funding would be available only to those localities that have adopted a CTTO, and 3) a thorough re-evaluation of all taxes imposed on businesses in the City of Falls Church.

**Specific Proposal for Use of Funds** – The use of funds generated from any CTTO has been discussed only in general terms. We request that any future CTTO proposal contain concrete specifics regarding the nature of the target projects, that such projects be intended to benefit the business community as whole, and that details regarding the current status and funding of such projects be disclosed. For example, we believe that the CTTO funds should not be used for Streetscape or to replace funds that are already designated for projects or which have already been obtained from developers. Any proposal for use of CTTO funds should seek maximum benefit to the City of Falls Church business community as a whole. Since commercial property owners across the city would bear the burden of any CTTO, the Chamber suggests that any CTTO funds be leveraged for maximum impact on the entire business community rather than a specific street or neighborhood.

**Availability of Additional Funding from Legislature** – Until the Virginia legislature makes a CTTO a prerequisite for obtaining other funds, the Chamber believes there is no compelling reason to impose a CTTO on the City's businesses. Imposing such a tax, especially in the current economic climate, would in fact be overly burdensome and perhaps crippling, to many of these businesses which provide valuable services to City residents.

417 W. Broad Street, Suite 205, Falls Church, VA 22046

Phone: 703-532-1050 Fax: 703-237-7904 Email: [info@fallschurchchamber.org](mailto:info@fallschurchchamber.org)

***Logo created by Matt Smith of Smith Gifford***

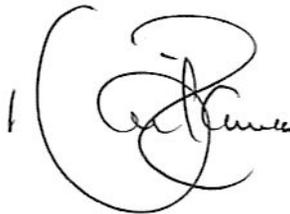
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**Review of Business Taxes** – Falls Church City businesses pay among the highest taxes (i.e., real estate plus business services and professional BPOL) in the area. While a tax increase imposed in the form of a CTTO may have an immediate positive net return to the City, it would also likely have a significant medium and long-term negative impact on economic development. *The same is true of an increase to the personal property tax rate, particularly for doctors, dentists and other businesses that rely on expensive equipment.* We urge the Council to establish a commission to review the comprehensive impact of all of these taxes and how the taxation of City business might be restructured to make Falls Church more competitive with surrounding jurisdictions, while at the same time achieving City budget revenue objectives. Such a review should include a comparison with the business taxes imposed in other local jurisdictions. We would be happy to participate in or lead such a review.

Please note that the Chamber is not opposed to the goals of the proposed CTTO. We believe, however, that the proposed CTTO as set forth in the FY2012 budget would be unnecessarily burdensome to City businesses, and unwarranted given the state legislature's decision NOT to make such action a prerequisite to receive funding. The current combined tax burden on Falls Church businesses is already straining many of them to the breaking point in this economic climate. We are sympathetic to the challenges facing the Council in funding a budget that meets the needs and goals of The Little City®. It is our belief that allowing businesses to retain more of their revenues will best promote business growth, development, and retention in the City, which will both strengthen our business community and ultimately increase the City's revenue from the commercial tax base. We believe that imposing an additional business tax now would in fact create an opposite result.

The Falls Church Chamber of Commerce respectfully urges you to decline to enact a CTTO or to increase the personal property tax rate in the FY 2012 budget. We are grateful for the opportunity to provide this input and would be happy to engage in any continuing dialogue with you regarding this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Ankuma". The signature is stylized with large, overlapping loops and a prominent initial "M".

Michael Ankuma  
Chairman  
Falls Church Chamber of Commerce

Cc: Wyatt Shields, City Manager  
Cindy Mester, Assistant City Manager  
David Tarter, Chairman, FC EDA  
Melissa Teates, Chair, FC Planning Commission  
Rick Goff, EDO  
Becky Witsman, EDO  
Jim Snyder, Planning  
Nick Benton, Falls Church News-Press

