

Local Option Referendum for School Construction and Maintenance

Background:

HB334 (Rasoul), SB66 (McPike), and SB607 (Lucas) allow for the statewide authority for all cities and counties to impose a sales and use tax of up to one percent dedicated solely to school construction if approved by voter referendum and local ordinance. This authority has been granted to nine localities with dozens of additional localities seeking the same authority over the last several years.

SB66 was incorporated into SB607 which was then left in the Senate Finance and Appropriations Committee but has since been added to the Senate budget. HB334 is currently in the committee.

HB334 and SB66 allowed the optional local tax to be used for previous indebtedness and removed the cap on the duration of the tax. This language was added to the bill following stakeholder negotiations and working with the House Finance Committee Chair to ensure that all localities have the flexibility to use the taxing authority as deemed fit for each community. Localities may have construction needs but have reached their debt capacity making it difficult to build new facilities and upgrade older school buildings.

Request:

To ensure this local option sales and use tax is available to all localities that have approved it by referendum, we request the previous debt services language in HB334 and SB66 be added to the language in the Senate Budget [Item 4-14 #1s](#).

Summary:

In summary, the one percent local sales tax can only be implemented in a locality following the approval of an ordinance by a local governing body and a referendum allowing citizens to decide for themselves if they are in favor of a tax increase. Funds must be used solely for school construction and maintenance needs. Allowing funds to be used for previous debt incurred, along with new debts, would help all localities to begin addressing the nearly \$26 billion construction worth of construction needs across the Commonwealth.

Contact Josette Bulova, VML (jbulova@vml.org) with any additional questions.