Sales Tax Referendum

July 15, 2026

Introduction

Request for the Board of Supervisors to adopt a resolution petitioning the Albemarle County Circuit Court to order a referendum on a 1% local sales and use tax dedicated exclusively to school capital projects.

Legislative Authority

- Virginia General Assembly authorized localities to adopt an additional 1% sales and use tax for school construction and renovation.
- Tax must be approved by voters in a referendum.
- Authority established under:
  - Virginia Code § 58.1-605.1
  - Virginia Code § 24.2-684

Referendum Details

- Proposed question: Whether voters authorize an additional 1% sales tax dedicated to school capital needs.
- Tax expiration: No later than June 30, 2046.
- Allows placement on the November 3, 2026 ballot.

Current Funding Context

- Albemarle County funds most CIP needs through tax revenues and bond issuances.
- A dedicated 1% tax would diversify revenue and support school capital projects.

Proposed Tax Details: Revenues

- 1% local sales and use tax
  - Exemption for food and personal hygiene products
  - Preliminary estimate of at least $20 million annually, projection under review with the State
- If approved, collection could begin April 1, 2027
- Tax would expire after 20 years

Proposed Tax Details: Expenditures

- Dedicated revenue stream restricted to school capital projects: construction & renovation
- Cannot be used for operational purposes
- Specific projects would be considered by Board of Supervisors in future long-range financial planning and budget discussions

Recommendation

Staff recommends adopting the resolution requesting the Circuit Court to order a referendum for November 3, 2026.

Motion

"I move to adopt the resolution attached to the staff report as Attachment A."