

## **City Budget Passes**

Meal, Lodging Tax Increases Opposed

**By PRESTON KNIGHT**

*Daily News-Record*

**HARRISONBURG** — City Council passed a fiscal 2013 budget Tuesday night that restaurant and hotel owners unsuccessfully lobbied against.

The budget was approved by a 4-1 vote, with Councilman Kai Degner the lone opponent.

The \$199.2 million spending plan, which takes effect July 1, includes the city's first real estate tax rate increase since 1994. The rate will go up from **59** cents per \$100 of assessed value to 63 cents so the city can recoup funds lost after Harrisonburg had a decline in assessed property value in the fall.

But no residents spoke against that proposal during a public hearing before Tuesday's vote.

Instead, an increase in the meals and lodging tax rates — from **6** to **6.5** percent — drew the ire of several local business owners and was also the reason for Degner's dissenting vote.

Jennifer Jackson, the general manager at the Comfort Inn, said 18 businesses signed a letter in opposition to the tax increase, and she was expecting to triple the number by the end of the week.

The tax discriminates against tourists, she said, and Harrisonburg already has the highest lodging tax and second-highest meals tax in the region.

"We will lose business," Jackson said. Sean Pugh, co-owner of the Joshua Wilton House, said the proposal was an inequitable way to increase revenues. "It does not further our reputation as the 'Friendly City,'" he said.

## **Personal Property Debated**

Council members did not want to raise taxes, they said, but increased spending requirements from the General Assembly left them no choice. City officials say that higher costs attributed to the Virginia Retirement System and Line of Duty Act, which covers benefits for public safety employees killed or injured on the job, added \$1.5 million to the new budget. Expenditures could not be cut any further or else city services, which are already losing 13 employees through attrition next year, would be compromised, officials said. The council's debate, then, was how to generate more revenue.

Councilman Charles Chenault tried to persuade his colleagues to raise the city's vehicle tax instead of the meals rate. He said the hospitality industry was "essential" to the city and could not be lost.

Degner agreed, but the rest of council did not. He said he approved of the rest of the plan,

however.

Meanwhile, Chenault said he would not vote against the budget simply based on the tax issue.

The budget is \$2.5 million below the current year's spending plan. It includes \$ 58.1 million for Harrisonburg City Schools.

The city's allocation to schools next year is \$40,000 above the current budget's school expenditure. Many localities have not been as fortunate with meeting the increased funding demands of education.

In Rockingham County, for example, the school division seeks almost \$5 million more from the Board of Supervisors in fiscal 2013 than what it received this year.

The city budget must be approved again at the council's May 8 meeting, but passage during the second reading is typically a formality.

Contact Preston Knight at 574-6-272 or [pknight@dnronline.com](mailto:pknight@dnronline.com)