VIRGINIA BEACH
RESTAURANT ASSOCIATION

October 16, 2026

Dear Mayor Dyer and Members of City Council,

As City Council seeks public input regarding a proposed additional 1% sales tax to fund flood mitigation, schools, and other critical infrastructure projects, I urge you to consider the cumulative impact this increase would have on Virginia Beach's restaurant, hotel, and hospitality industries.

Let me be clear: The Virginia Beach Restaurant Association recognizes the importance of addressing flooding, maintaining our infrastructure, and investing in our community's future. These are legitimate priorities that benefit residents and businesses alike. However, we must also recognize that there is a limit to how much additional taxation our residents, visitors, and local businesses can reasonably absorb.

Virginia Beach diners are already paying a combined 12% tax on prepared meals, including the City's 6% meals tax. An additional 1% sales tax would bring that total to 13%, further increasing the tax burden on dining out and potentially placing Virginia Beach at a competitive disadvantage compared with other destinations.

Our hotel industry would face similar challenges, with the combined sales and lodging tax increasing from 15% to 16%, plus the existing $2 per room, per night charge.

At what point do we begin pricing ourselves out of the market?

This discussion comes at a particularly difficult time for our restaurant community. Many operators are reporting year-over-year sales declines of 5% to 10%, while continuing to navigate rising food costs, labor expenses, insurance premiums, and other operational challenges. Consumers are increasingly price-conscious, and discretionary spending on dining out is already under pressure.

Although restaurants collect these taxes, it is our residents and visitors who ultimately pay them. Higher dining costs influence consumer behavior, discourage additional spending, and potentially impact the frequency with which families choose to dine out.

Equally concerning is the potential impact on our workforce. Collectively, the restaurant and hospitality industry represents one of Virginia Beach's largest employment sectors, providing thousands of jobs and opportunities for individuals from all walks of life. Our industry is often the first employer for young adults, a source of flexible employment for students and working families, and an important pathway to economic independence for individuals who may face barriers to employment in other industries.

Many of these individuals might otherwise struggle to find comparable employment opportunities. When restaurants experience declining sales, the impact is felt immediately by their employees through reduced hours, fewer shifts, declining tip income, and potentially the elimination of positions altogether. We cannot overlook the fact that policies affecting the financial stability of our restaurants directly affect the livelihoods of thousands of Virginia Beach residents and their families.

Virginia Beach cannot promote itself as an affordable, competitive culinary and tourism destination while simultaneously pursuing tax policies that make dining and lodging increasingly expensive.

Our city has invested significant resources in positioning itself as a premier tourism destination. Yet, we must ask whether continuing to increase taxes on the very experiences we promote—dining, lodging, and entertainment—undermines those investments and places us at a competitive disadvantage.

If City Council is seriously considering an additional 1% sales tax, then meaningful relief from the existing meals tax must be part of that conversation.

VBRA has consistently advocated reducing the City's meals tax and establishing a responsible path toward its eventual elimination. This proposal makes that discussion even more urgent.

Furthermore, before asking taxpayers to support an additional tax, Council should clearly define the specific infrastructure projects that would benefit from this dedicated revenue stream. While flood mitigation and infrastructure improvements are broad priorities that we support, residents and businesses deserve to understand exactly which projects would be funded, their estimated costs, anticipated completion timelines, and how the additional revenue would be restricted and accounted for. A dedicated tax should come with a clearly defined purpose, measurable outcomes, and public accountability.

I encourage Council to consider the following:

- Meals Tax Relief: Pair any proposed sales tax increase with a meaningful reduction in the existing 6% meals tax, rather than adding another layer of taxation to dining out.
- Public Evaluation of Tax Offsets: Publicly evaluate what reduction in the meals tax would be necessary to offset the proposed 1% sales tax increase. For example, reducing the meals tax from 6% to 5% would prevent the combined dining tax from increasing beyond its current 12%. This provides a measurable policy alternative while preserving VBRA's broader objective of meaningful meals tax reduction and a responsible path toward eventual elimination.
- Economic and Workforce Impact Analysis: Commission an independent study evaluating the cumulative impact of sales, meals, and lodging taxes on consumer spending, restaurant profitability, employee earnings, employment opportunities, tourism competitiveness, and long-term economic growth.
- Clear Definition of Dedicated Projects: Identify the specific flood mitigation, infrastructure, and other eligible projects that would receive funding, including projected costs, priorities, timelines, and anticipated benefits. Establish clear safeguards to ensure that revenues are dedicated to their stated purposes and provide regular public reporting on expenditures and project progress.
- Fiscal Accountability: Demonstrate how existing tax revenues are being allocated, identify opportunities for efficiencies, and evaluate alternative funding mechanisms before asking taxpayers to contribute more.
- Hospitality Industry Engagement: Include restaurant and hotel representatives in discussions before advancing proposals that directly affect our industry's competitiveness, economic stability, and workforce.

The hospitality industry is a significant economic driver for Virginia Beach, supporting thousands of jobs, generating substantial tax revenues, and contributing to the quality of life that makes our city attractive to residents, businesses, and visitors.

We are not simply advocating for restaurant owners. We are advocating for the thousands of employees who depend on this industry for their livelihoods, the families who depend on their earnings, and the residents and visitors who support our local businesses.

We cannot continue to rely on this industry as an increasingly convenient source of revenue without considering the long-term consequences.

Our message to City Council is simple: Before asking Virginia Beach residents and visitors to pay more, clearly demonstrate what additional tax revenues will fund, how those funds will be managed, and what relief will be provided from the taxes they are already paying.

Investing in our city's future should not come at the expense of making Virginia Beach less affordable, less competitive, or less attractive as a place to dine, stay, work, and visit.

VBRA welcomes the opportunity to participate in these discussions and work collaboratively toward solutions that address our infrastructure needs while protecting the economic vitality of our hospitality community and the thousands of employees who contribute to its success.

Respectively,



Debbie Lou Tucker-Hague
VBRA President