Policy Briefing Summary
City Council

Regarding:	**Resolution Initiating a Referendum to Authorize Imposition of a Local General Retail Sales Tax Not to Exceed One Percent, the Proceeds of Which Would Be Used Solely for Capital Projects for the Construction or Renovation of Public Schools Serving the City of Charlottesville**
Staff Contact(s):	John Maddux, City Attorney, James Freas, Deputy City Manager, Krisy Hammill, Director of Budget, Samuel Sanders, Jr., City Manager
Presenter:	**John Maddux, City Attorney**
Date of Proposed Action:	July 20, 2026

Issue
Whether City Council should adopt a resolution initiating a referendum on the question of whether the City should be authorized to impose a local general retail sales tax of up to one percent, with the revenues used solely for capital projects involving the construction or renovation of public schools serving the City.

Background / Rule
Whether City Council should adopt a resolution initiating a referendum on the question of whether the City should be authorized to impose a local general retail sales tax of up to one percent, with the revenues used solely for capital projects involving the construction or renovation of public schools serving the City.

Analysis
Adoption of the resolution would initiate the referendum process but would not impose the tax. If the referendum is approved by the voters, City Council would then decide whether to impose the tax and, if so, would be required to do so through a separate ordinance. Any ordinance imposing the tax must provide for an effective date on the first day of a month at least 120 days after its adoption.

The resolution provides that any tax imposed following voter approval would expire on June 30, 2046. Revenues could be used to pay directly for eligible school construction or renovation projects, to pay bond or loan financing costs associated with those projects, or for a lawful combination of those purposes. The revenues could not be used for other City expenses.

Financial Impact
Adoption of the resolution does not impose a tax or immediately generate revenue. There may be limited court, publication, election-administration, and ballot-related costs associated with conducting the referendum.

If the referendum is approved and City Council subsequently adopts an ordinance imposing the tax, the City would receive revenue from an additional local retail sales tax at a rate established by Council, not to exceed one percent. The amount of revenue would depend upon the rate ultimately selected and taxable retail sales within the City. The tax would not apply to food purchased for human consumption or essential personal hygiene products. All revenues would be restricted to eligible public school construction and major renovation projects and related financing costs, and the tax would expire on June 30, 2046.

Recommendation
Staff recommends that City Council adopt the proposed resolution initiating the referendum.

Recommended Motion (if Applicable)
I move to adopt the resolution initiating a referendum pursuant to Virginia Code §§ 58.1-605.1 and 24.2-684 concerning the imposition of a local general retail sales tax of up to one percent for public school construction and renovation projects.

Attachments
1. Charlottesville Sales Tax Referendum Resolution - Final