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Self-tax allowed for N.Va. businesses to fund Metro stations

By Derek Kravitz
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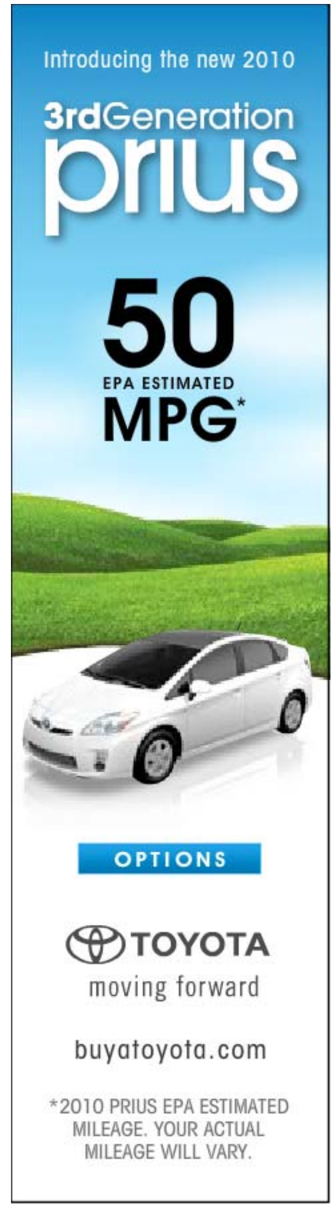

Asking business owners to tax themselves is never an easy sell. Asking about three dozen Northern Virginia landowners to tax themselves $330 million could be seen as an unlikely, if not impossible, task.

But with cash-strapped Fairfax County looking to help pay its $850 million share of the second portion of the 23-mile Metrorail extension to Dulles International Airport, the landowners had a choice: Tax yourselves, or risk losing potentially profitable Metrorail stops in Fairfax and Loudoun counties.

The Fairfax County Board of Supervisors unanimously approved the creation of a tax district in a special meeting Monday afternoon, after officials and business leaders worked for 5 1/2 years to rally support for the unusual self-taxing plan. The district will impose rates starting at 5 cents per $100 of assessed value next year and increase to 20 cents in 2013. The public funding provided by the landowners, who own about $8 billion worth of property on the western side of Dulles, will provide about $330 million for the project, which will extend from Wiehle Avenue in Reston and Tysons Corner to the airport and Route 772 in Loudoun County.

Fairfax County is to contribute $90 million for the rail stops, but officials are still debating how to pay for an additional $120 million needed for the three stations at Reston Parkway, Herndon and Route 28. Officials are looking at pulling money from a commercial and industrial tax already on the books in Fairfax or asking for more federal funds.

Despite the lingering financing questions, Fairfax Board of Supervisors Chairman Sharon S. Bulova (D) said the tax district's creation is a boon for transit-oriented development in the region.

"This has not been an easy road, but landowners knew if the tax district wasn't established, we could very well have an express lane to Tysons Corner," she said.

The plan crafted by the Western Alliance for Rail to Dulles, a nonprofit agency made up of the landowners, has been in the works since the group was created in June 2004. It includes several money-back safeguards for the property owners in the event the second phase of the project falls apart or is not funded by the federal government. Commercial property owners in the Tysons Corner area have agreed to a tax to pay for the project's first phase, from West Falls Church to Tysons Corner. Property owners in Reston and Herndon did not want to be included in the Tysons tax district and formed their own group.

Since October, an undisclosed number of additional landowners have signed onto the tax plan, bringing the percentage of landowners approving the tax to nearly 61 percent, said C. Lee Fifer, legal counsel to the Western Alliance for Rail to Dulles. With its creation Monday, the tax will be in place by the start of the next fiscal year July 1, allowing the county to build cash reserves that can be used to pay down bonds once they are issued.

Many of the landowners, Fifer said, are hopeful that the rail stops will bring with them opportunities for increased density and development. "To not have rail would hurt us in the long run," he said.

U.S. Rep. Gerald E. Connolly (D-Va.), a former chairman of the Fairfax board who pushed for the project for nearly four years before being elected to Congress in 2008, said the funding plan, simply put, "is critical for bringing in rail, and all of the development and jobs it brings with it."

"There were a lot of pockmarks along the way but this was really the only way to do it," Connolly said.

The idea to create a special real estate tax first started with the Route 28 tax district to widen the highway. Property owners along the route, frustrated by the state's inability to fund the project, created a special tax district to help pay for the road improvements.

But in Reston and Herndon, Fifer's group struggled initially to get people to sign onto the tax plan. About 31 percent of the area's landowners agreed in principle to the tax district before the Washington Metropolitan Airports Authority took control of the Metrorail project in 2006. At that point, the group essentially had to start collecting signatures from scratch.

"It was rigorous, to start when the economy is struggling as it has and to ask people to tax themselves when they're not sure of their positions or their company's position," Fifer said.

Critics of the tax district say it is yet another unneeded expense placed on area businesses. Christopher W. Walker, a venture capitalist who owns land in the affected area and serves as president of the Dulles Corridor Users Group, has campaigned against the tax district, saying the Metro extension is not cost-effective and would do little to ease gridlock.

"It would be much easier, and much cheaper, to have bus service, but the politicians just wanted to spend the big money on rail," said Walker, who is considering filing a lawsuit to block the tax district from collecting funds. "We're basically taxing people in the future without giving them a chance to weigh in on it."

An advisory board for the tax district will be created by Jan. 12.

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