DATE: August 16, 2018

TO: Division Superintendents

FROM: James F. Lane, Superintendent of Public Instruction

SUBJECT: August Sales Tax Distributions to School Divisions

In the online Locality Ledger report on the Virginia Department of Education (VDOE) website, school divisions will notice August sales tax revenue amounts that are lower than expected. August sales tax payments to school divisions are based on sales taxes from June sales and, previously, on accelerated sales taxes that are remitted to the state each June. The decrease in August sales tax payments is related to amended language in the appropriation act affecting the June accelerated sales taxes previously distributed to school divisions in August.

The distribution of accelerated sales taxes is governed by §3-5.06 of the appropriation act (Chapter 2). This section was amended during the 2018 legislative session to provide more time for certifying the availability of the June accelerated sales taxes to ensure their accuracy. With the extension of time for certifying the June accelerated sales taxes, the sales tax payments to school divisions in August will not reflect the June accelerated sales taxes. Instead, school divisions will realize those sales tax revenues at a later date following certification by the Department of Taxation.

It is expected that the June accelerated sales tax portion of the 1.125 percent sales tax dedicated to public education will be paid to school divisions by the end of the second quarter of fiscal year 2019. Please note that school divisions will receive the non-accelerated portion of June sales taxes in August as normally occurs.

If you have questions, please contact Kent C. Dickey, Deputy Superintendent for Finance and Operations, or the Budget Office at DOEBUDGETOFFICE@doe.virginia.gov or (804) 225-2025.