Alleghany Highlands Public Schools

Local Sales Tax for School Construction & Renovation

Community Fact Sheet

What is being proposed?

In 2026, the Virginia General Assembly approved legislation allowing counties and cities to ask voters to approve an additional local sales and use tax of **up to 1%** to help pay for eligible school construction and major renovation projects.

Alleghany County and Covington voters will vote on the referendum on Tuesday, November 3, 2026. The referendum was allowed to proceed by the **Alleghany County Board of Supervisors and Covington City Council**.

Several Virginia communities are also considering similar referendums as a new option for funding school construction and renovation.

Why is this being considered?

Alleghany Highlands Public Schools has several important building and facility needs. These include **new roofs at Clifton Academy and Mountain View Elementary School**, along with other repairs and improvements.

The proposed sales tax would provide an **additional source of funding to help address these needs**.

If the referendum is not approved, school construction and renovation projects could continue to be funded through existing local funding sources, including funds provided by **Alleghany County, the City of Covington, and local taxpayers.**

How would the 1% tax work?

If approved by voters and implemented by the Board of Supervisors and City Council, the additional **1% sales and use tax** would apply to taxable purchases made in the Alleghany Highlands.

The tax would be paid by:

- Local residents

- Visitors and tourists
- Commuters
- Other nonresidents making taxable purchases locally

The Alleghany Highlands' location along **Interstate 64**, along with attractions such as **Douthat State Park, Lake Moomaw, Falling Spring Falls, and other outdoor and cultural destinations**, brings visitors and travelers into the area.

This means people who live outside the Alleghany Highlands would also contribute to the revenue generated by the tax when they make taxable purchases locally.

What purchases would be exempt?

The additional tax would apply only to purchases that are subject to Virginia's sales and use tax.

Purchases already exempt under Virginia law would remain exempt. These generally include certain **groceries and food for home consumption, prescription drugs, and other exempt purchases**.

How would the money be used?

By law, the revenue must be used **only for eligible school construction and major renovation projects**.

It may also be used for related bond or loan financing costs.

The money cannot be used for regular school operating expenses such as salaries, supplies, or day-to-day operations.

How could this help local taxpayers?

The sales tax would provide **another source of funding for major school facility projects**.

Instead of relying only on local property-tax-supported funds, the cost would be shared by people making taxable purchases in the community, including **residents, visitors, commuters, and other nonresidents**.

This could help reduce the amount of local funding needed for eligible school construction and renovation projects.

How is this different from Virginia Lottery funding?

Virginia Lottery funding helps support public education throughout Virginia. However, lottery funds are **limited and are part of the state's overall education funding system**. They are not a dedicated, unlimited source of money for local school construction.

Do lottery tickets purchased locally directly benefit AHPS?

No. Virginia Lottery profits are dedicated to K-12 public education statewide, with the money distributed to school divisions through the state.

The proposed sales tax would be **additional local revenue dedicated specifically to eligible school construction and major renovation projects**.

Simply put: Lottery funds help support education. The proposed sales tax would provide an additional source of funding specifically for major AHPS school facility needs.

How much could the tax generate?

(Revised 8.18.26) The tax is expected to generate about **$1.55 million each year** for school capital needs, based on current estimates of **$787,858 from the city and $762,096 from the county**. The county estimate may be updated based on additional information from the Commissioner of the Revenue. **Because sales taxes are paid by anyone making taxable purchases in the area, the cost would not be borne solely by local residents; visitors and other non-residents would also contribute to the revenue.**

What will voters decide?

If approved: The additional 1% sales and use tax could be implemented, and the revenue would be dedicated to eligible school construction and major renovation projects.

If not approved: The additional tax would not be implemented. The school division and local governments would continue to develop other funding sources to address school facility needs.

Bottom Line

The proposed 1% local sales tax would give Alleghany Highlands Public Schools **an additional funding source for major school construction and renovation projects**. It would allow people who make taxable purchases in the community, including visitors and nonresidents, to contribute to these costs.

If approved by voters, the revenue would be dedicated to eligible school capital projects and could help address facility needs while reducing reliance on existing local funding sources, and ultimately, local taxpayers.