

**VMI**

February 9, 2009

# Legislative Bulletin

A digest of legislative news from the General Assembly affecting local governments.

## Find it fast

➤ *Indicates active link*

- Budget
- Education
- Eminent Domain
- Environment
- FOIA
- Human Services
- Land Use
- Local Authority
- Personnel
- Public Safety
- Retirement/Benefits
- Taxes/Revenues
- Transportation
- Utilities
- Miscellaneous

## Upcoming

The complete text for all budget amendments proposed by the House Appropriations and Senate Finance committees is scheduled to be available by noon on Tuesday (Feb. 10). VML will provide an analysis of the amendments for its members.

## Waiting game: Committees adopt budgets, await word on finances

THE GENERAL ASSEMBLY'S two budget-writing committees produced their required proposed budgets on Sunday, acknowledging that their final products are likely to look substantially different.

Two crucial pieces of information are necessary before any more meaningful work can be completed: The governor is scheduled to release a revised revenue forecast next week and Congress is poised to finish work on a stimulus package.

In the House Appropriations Committee, delegates from both parties unanimously approved a package of amendments. The vote in the Senate Finance Committee was closer. All nine Democrats supported the package. The Republicans, however, split almost down the middle with four voting to oppose the bill and three choosing to abstain.

The House and Senate budget committee chairmen expressed concern and uncertainty about how well their versions of the budget would hold up

*Continues on next page*

## What's next ...

- Governor's revised revenue forecast coming next week; Congressional action on stimulus package pending.
- Details of all House and Senate budget amendments released Tuesday (Feb. 10).
- House and Senate vote on respective budgets Thursday (Feb. 12).
- House, Senate reject each other's budgets and appoint conferees to negotiate a compromise.
- Adjournment Feb. 28

## Legislative links

- [Find a bill \(state LIS\)](#)
- [State budget Web site](#)

## Dialogue

***"This budget ... is a 'halftime' budget."***

... House Appropriations Committee Chairman Del. Lacey E. Putney, acknowledging that the budget put forth by his committee on Sunday was little more than a placeholder until a revised state revenue forecast is released and the state has a better idea of how much federal stimulus money it will receive.

## Cover story continued ...

when the House and Senate vote on Thursday (Feb. 12).

Two major events unfolding in the next week will determine the outcome of state spending and revenues. First, Gov. Tim Kaine will release another revenue forecast Feb. 16. Most delegates and senators expect state revenues to continue a downward slide. Second, if the federal stimulus package is signed into law by President's Day, details of the stimulus package would then be incorporated into the work of a House-Senate budget conference committee. The two money committees are looking to the stimulus package to help Virginia transition through the punishing recession.

The information included in this *Legislative Bulletin* reports on the small, albeit significant number of House and Senate budget amendments released Sunday. The majority of the amendments will be released after noon on Tuesday (Feb. 10). VML will offer a more detailed presentation following public release of those amendments.

In the meantime, here is a summary of the amendments that were available on Sunday:

## Revenues

**Water Quality Improvement Fund.** The House Appropriations Committee proposed to transfer \$149 million from the Water Quality Improvement Fund (WQIF) to the general fund. The cash is already committed to specific local projects. House amendment proposed use of federal incentive dollars or state debt to replenish the WQIF. There is no comparable Senate amendment. **Note:** VML will provide more information about this proposal, including the localities affected by it, in the next *Legislative Bulletin*.

**Dealer Discount.** Both the House and Senate money committees rejected the governor's proposal to end the practice of paying retailers to collect and remit sales tax to the state. In its place, House Appropriations proposed to cap the dealer discount at \$800 a month per retailer. Also, retailers with annual sales greater than \$20 million would be required to remit sales tax collections bi-monthly. According to the House subcommittee report, these amendments would produce \$111.9 million in FY10. Senate Finance also adopted an accelerated sales tax collections program that would provide a one-time infusion of \$100 million in FY10.

**Tax Amnesty.** Both committees adopted tax am-

nesty programs, projecting \$43.3 million for the state general fund and \$2.9 million for localities in FY10.

## Expenditures

### Aid to local governments

**State Aid to Local Law Enforcement (HB 599).** The House gave no indication of its intentions regarding this program; the Senate noted that it would not recommend further reductions.

### K-12 education

**Overview.** The House education budget apparently aimed for a permanent reduction in K-12 education while the Senate budget intended for the cuts included in the introduced budget to be temporary, one-time actions that should not be included in next year's rebenchmarking process. Going forward, therefore, the Senate budget is more supportive of public education than the House, even though there is slightly less funding on a per-pupil basis in FY10 in the Senate budget.

Major education budget provisions proposed in the House budget include:

**Support positions.** The House accepted the cap on the number of support positions funded by the state that was included in the introduced budget; the end result would be a permanent reduction in funding for these positions.

**Local match requirements.** The House eliminated the local match requirement for any programs funded through lottery dollars, for textbooks, or for technology grants. This provision may be helpful to some local governments, but many already far exceed required local effort for these programs, which helps ensure that students pass required standardized tests and schools meet state accreditation standards.

**Early retirement program for school divisions.** The House created a workforce transition act-type program for school divisions (i.e., teachers at least 50 years of age with 25 years of service may receive additional years of service and take early retirement). However, these programs are cost effective only if the positions are not refilled.

Major education provisions proposed in Senate budget include:

**One-time reductions.** The Senate authorized a one-time FY10 reduction amount of \$368.4 million which reflects the cuts in the introduced budget for

four policy changes (cap on the number of support positions, lottery non-recurring, school construction expenditure reduction proposals, and the hold harmless funding) but specified that these cuts are temporary, one-time actions. The amendments include language making it clear that these cuts should not be included in the rebenchmarking of public education costs for the 2010-2012 biennium.

**Teacher health insurance.** The Senate established a statewide health insurance pool for teachers.

**Textbooks.** The Senate reduced textbook funding by one-half for a savings to the state of \$40 million in FY10.

## Retirement and compensation

**VRS.** The House accepts the language in the introduced budget allowing political subdivisions to have their retirement contributions based on the same assumptions as the state; the Senate rejects that language. Using the same assumptions as the state may lower retirement contribution rates in the immediate future, but potentially can result in higher rates in the long run.

**Employee compensation.** Neither committee proposed any changes to the introduced budget's actions regarding state and state-supported employee compensation.

## Public safety

**Courthouse facilities.** The House budget included language temporarily suspending the authority of circuit courts to enter orders requiring localities to repair or replace court facilities. The Senate had no similar proposal but instead proposed that the Joint Legislative Audit and Review Commission study the funding of courthouse construction, operation, and maintenance.

**Jail and sheriff funding.** The House found \$8.3 million to add back to the Compensation Board's budget. The money would reduce reductions made to sheriffs and local and regional jails in the introduced budget from 7 percent to 5 percent.

**Jail financing study.** Both the House and Senate included language proposing a joint legislative subcommittee to determine the state's future policy for reimbursement of jail costs (construction and operating). The Senate noted its committee's support for SB 1386 (Stolle), which eliminates the authority for approval and payment of the state share for new jail

capital projects. Both the House and Senate included language that continues funding for three projects that are underway: Western Virginia and Meherrin River Regional Jails and replacement of the Patrick County jail. The Senate included state funding for approved capital costs for a number of local and regional jails construction and renovation projects, including Loudoun, Virginia Beach, Riverside, Prince William/Manssas, Newport News and New River Valley.

**Drug courts.** The House eliminated all state funding for drug courts.

**Clerks of court fees.** The Senate gave with one hand and took with the other by eliminating language from the introduced budget that increased the state's share of clerks' excess fees from one-third to two-thirds, and paying for it by reducing aid to local governments by \$6 million in FY10.

## Human services

### **Southeastern Virginia Training Center.**

The House restored operating funds for the Southeastern Virginia Training Center (SVTC) in Chesapeake. It proposed the construction of a smaller state facility and 12 community facilities to take the place of SVTC, and gradual transition of some residents of SVTC to other community housing that can meet their needs beginning next year. The Senate would delay the closure of SVTC until the end of the calendar year to give community service boards in Hampton Roads and the state time to find appropriate placements for facility residents.

### **Commonwealth Center for Children and Adolescents and Southwestern Virginia MH Institute in Marion.**

The House restored operating funds for the center (CCCA) and requested a state-community-provider working group to examine the future role of the state in providing acute psychiatric care for youth. It did not address Marion. The Senate proposed a 50 percent reduction in the use of CCCA and Marion by July 1, and accepted the proposal from the introduced budget to use \$2.1 million for treatment at private hospitals.

## More ...

See next page for a listing of VML legislative staff, contact information and responsibilities.

## VML staff & assignments

### R. Michael Amyx

[mamyx@vml.org](mailto:mamyx@vml.org)  
387-9692 (c); 523-8521 (o)  
*Executive Director*

### Mary Jo Fields

[mfields@vml.org](mailto:mfields@vml.org)  
400-0555 (c); 523-8524 (o)  
*Directs lobbying staff. Education, elections, retirement and rules.*

### Janet Areson

[jareson@vml.org](mailto:jareson@vml.org)  
400-0556 (c); 523-8522 (o)  
*Health and human services, state budget.*

### Mark Flynn

[mflynn@vml.org](mailto:mflynn@vml.org)  
400-1321 (c); 523-8525 (o)  
*Legal, housing, blight, land use, zoning, telecommunications and technology.*

### Tim Ailsworth

[tailsworth@vmlins.org](mailto:tailsworth@vmlins.org)  
310-3097 (c); 273-0038 (o)  
*Insurance, workers' compensation.*

### Neal Menkes

[nmenkes@vml.org](mailto:nmenkes@vml.org)  
400-1191 (c); 523-8523 (o)  
*Taxation and finance, state budget, transportation funding, community and economic development.*

### Kimberly Pollard

[kpollard@vml.org](mailto:kpollard@vml.org)  
400-1987 (c); 523-8528 (o)  
*Public safety, general laws.*

### Joe Lerch

[jlerch@vml.org](mailto:jlerch@vml.org)  
640-5615 (c); 523-8530 (o)  
*Environment, natural resources and transportation.*

## Consultants

### Randy Cook

McCaul, Martin, Evans & Cook  
[wrcook@mmeccpc.com](mailto:wrcook@mmeccpc.com)  
746-3773 (o)  
*Courts, criminal law, civil law, eminent domain, FOIA, procurement, general laws.*

### Marianne Radcliff

Kemper Consulting Inc.  
[mradcliff@kemperconsult.com](mailto:mradcliff@kemperconsult.com)  
649-7945 (o)  
*Transportation.*

## At your fingertips ...

### [Find a bill \(state LIS\) >](#)

A link to the state's Legislative Information System, is the fastest, easiest way to check on the status of a bill.

### [State budget details >](#)

A link to the state's Legislative Information System, is the fastest, easiest way to check on the status of a bill.

### [House Membership >](#)

Link to General Assembly Web site listing all members of the House of Delegates and their contact information.

### [House Committees and Subcommittees >](#)

Link to General Assembly Web site listing membership of all House committees and their contact information.

### [Senate Membership >](#)

Link to General Assembly Web site listing all members of the Senate and their contact information.

### [Senate Committees and Subcommittees >](#)

Link to General Assembly Web site listing membership of all Senate committees and their contact information.

### [House of Delegates Live Audio Stream >](#)

Link to live audio stream of House of Delegates floor sessions.

### [House of Delegates Live Video Stream >](#)

Link to live video stream of House of Delegates floor sessions.

### [Senate Live Audio Stream >](#)

Link to live audio stream of Senate floor sessions.

### [Senate Live Video Stream >](#)

Link to live audio stream of Senate floor sessions.

### [Legislative Meeting Schedule >](#)

Up-to-date listing of legislative committee meetings.



P.O. Box 12164, Richmond, VA 23241

(804) 649-8471

Fax: (804) 343-3758

E-mail: [e-mail@vml.org](mailto:e-mail@vml.org)

[www.vml.org](http://www.vml.org)