



VMI

February 27, 2009

Legislative Bulletin

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

Find it fast

➤ *Indicates active link*

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- Education
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- Environment
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- Human Services
- Land Use
- Local Authority
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- Public Safety
- Retirement/Benefits
- Taxes/Revenues
- Transportation
- Utilities
- Miscellaneous

Upcoming

Will conferees agree on a budget in time for the General Assembly to adjourn by Saturday as scheduled? That's the \$10,000 question, although the word is that the conferees are nearing agreement. A major issue still outstanding evidently is whether the state should cap its funding of education support personnel.

Clean energy loan program endorsed

Stimulus funds could be used as financing

BOTH THE SENATE and the House have endorsed [SB 1212](#) (Deeds), which gives localities the authority to create a clean energy loan program as a means of fostering the installation of renewable energy systems and/or energy efficiency improvements. If set up as revolving loan program, the program would be eligible to receive federal funding through the [Energy Efficiency and Conservation Block Grants \(EECBG\)](#). Virginia will receive \$71.5 million in EECBG funds as part of the federal stimulus package.

The legislation also allows for repayment on loans to be combined with billings for water and sewer charges or real property tax assessments and would be applicable to both residential and commercial property.

Staff Contact: Joe Lerch (jlerch@vml.org)

Inside ...

- Gun buy-back bill is in workable shape
- Green property constitutional amendment adopted
- Transportation trust fund roadblock appears likely

Legislative links

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

Dialogue

“Every time I feel encouraged, something happens, but we’ve made some progress today.”

... Del. Lacey Putney, Chairman of the House Appropriations Committee describing the status of the budget. From the Feb. 27 *Roanoke Times*.

Public Safety

Gun buy-back bill is in workable shape

HB 2528 (Cole) was amended by the Senate to remove the requirement that would have required a city that holds a gun buy-back program to sell the guns collected to local gun dealers. The amendment, proposed by Senator Ken Stolle, allows the locality to dispose of the guns instead of selling them.

The House accepted the Senate amendment; the effect of the bill now is to require the locality to adopt an ordinance for the program prior to holding a gun-buy back day.

Staff Contact: Kimberly Pollard (kpollard@vml.org)

Taxes/Revenues

Green property constitutional amendment adopted

The House and Senate have adopted a version of **SJR 332** (Petersen) that authorizes the General Assembly to allow localities to exempt or partially exempt from taxation “property, including real or personal property, equipment, facilities, or devices” that meet green criteria. The amendment does not allow the General Assembly to grant those exemptions, however, as was the case in the original version of the resolution. The amendment will be back before the 2010 session; if enacted again it would go before the voters in November 2010.

Staff Contact: Mary Jo Fields (mfields@vml.org)

General Assembly accepts compromise proposal on daily rental tax

The General Assembly passed **HB 2472** (Hugo) and **SB 1419** (Watkins) on February 24 and February 25, respectively, and with significantly different provisions from those in the introduced versions of the two bills.

As introduced, the legislation would have provided loopholes in the current statute for almost any item subject to business personal property tax (e.g., heavy equipment, computers, and office furniture) to be taxed at a much lower rate.

VML, VACo, the statewide association for the commissioners of revenue, and a number of cities and counties negotiated with the rental industry to hammer out a compromise that would help address problems experienced by heavy equipment rental companies but not cripple the business personal property tax.

The compromise proposal makes clear that 1) localities other than those imposing merchants’ capital tax could enact the daily rental tax; 2) brings the daily rental tax under the local business tax appeals process; and 3) creates a new category for heavy equipment rental businesses. These will be subject to a daily rental tax rate of 1.5 percent (rather than the 1.0 percent imposed on all other rental businesses).

All parties to the compromise worked together to persuade legislators to support the agreement. The final versions of **HB 2472** and **SB 1419** were unanimously approved on the Senate and House floors.

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General Assembly approves measure on recordation taxes

SB 1157 (Saslaw) as originally proposed would have required the recordation tax on deeds to be based solely on actual consideration, even when the consideration is less than the actual value of the real estate conveyed by the deed. The bill was altered in the Senate to specify that any person who knowingly misrepresents the consideration for the interest in a property conveyed by a deed would be guilty of a Class 1 misdemeanor. In addition, if an understatement of the consideration was fraudulent with intent to evade a tax, the penalty would equal 100 percent of the tax due on the understatement along with interest. The provision dealing with actual consideration being the sole basis for the recordation tax was dropped. The Senate also approved a budget amendment directing the Department of Taxation to review the dollar magnitude of changing the recordation tax to actual consideration only.

The House returned **SB 1157** to its original language, forcing a conference. The conferees approved the version of the bill as it passed the Senate, and both chambers voted today to accept the conferees action. The Senate unanimously approved the conference substitute. The House voted 95 to 1 to accept the conference substitute.

As for the House companion measure to **SB 1157**,

HB 2135 (Miller, J.) passed the General Assembly, and was signed by the Governor on February 25. HB 2135 is identical to the conference substitute for SB 1157.

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Transportation

Transportation trust fund roadblock appears likely

The House and Senate appear to be stuck in their perennial battle over the adoption of a constitutional amendment establishing a Transportation Trust Fund. The House position supports a “single lock box” that prevents the diversion of funds from the Transportation Trust Fund to the general fund. The Senate supports a “double lock box” that also limits the diversion of additional dollars from the general fund to the transportation fund. In addition, the House supports a broader definition than the Senate of how transportation trust fund dollars can be used. This year’s constitutional amendments in conference are **HJR 620** (Oder), which currently represents the Senate’s position, and **SJR 361** (Norment), which currently represents the House’s. It would be surprising if the two bodies were able to reach agreement on their differences before adjournment.

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Miscellaneous

LGIP bill with re-enactment passes

HB 2583 (Merricks), which requires that at least 10 percent of the assets in the Local Government Investment Pool (LGIP) be invested in financial institutions in Virginia, was approved by the General Assembly earlier this week with a re-enactment clause added to the bill. The re-enactment clause was added by the Senate Finance Committee.

A re-enactment clause means that the bill has to be approved by the 2010 General Assembly in order to go into effect.

The re-enactment clause was added with the direction that the state treasurer work with the interested parties (banking industry, local treasurers, and local government) before the next session to see if differences could be worked out. For local governments,

the major issues that would have to be resolved are to ensure that any change in the LGIP’s investment policies would not 1) impede local governments’ ability to gain immediate access to their funds; 2) create a negative impact on local government bond ratings; and 3) create a riskier investment environment for pool users.

VML would like to thank the local governments that responded to our action calls on this legislation. Without those calls and emails, the bill likely would have been approved out-right.

Staff Contact: Janet Areson (jareson@vml.org)

Definition of domicile is subject of conference

HB 1878 (Cosgrove), **SB 848** (Edwards) and **SB 1188** (Blevins) take different approaches to defining the qualifications of voters. HB 1878, currently representing the Senate’s position, states that both domicile and abode are required for determination of the qualification to vote. The bill requires that to establish domicile, a person must live in a particular locality with the intention to remain there. The House, whose position is currently reflected in SB 848 and SB 1188, supports language that is broader: to establish domicile, a person must live in a particular locality with the intention to remain there for an unlimited time. Both bills define abode as the physical place where a person dwells. The bills differ slightly in other regards, but the primary sticking point appears to be the definition of domicile. HB 1878 and SB 1188 are considerably watered down from the introduced versions, which required the use of electronic poll books and the hiring of additional poll workers.

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More ...

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

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[House Membership >](#)

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

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

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

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

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

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[Legislative Meeting Schedule >](#)

Up-to-date listing of legislative committee meetings.



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