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MAGAZINE

VIRGINIA TOWN & CITY

January 18, 2010

The Honorable Lacey E. Putney
Chairman, House Appropriations Committee
P.O. Box 406, Room 947
Richmond, VA 23219

The Honorable Harry R. Purkey
Chairman, House Finance Committee
P.O. Box 406, Room 415
Richmond, VA 23219

The Honorable Charles J. Colgan
Chairman, Senate Finance Committee
910 Capitol Street, Room 626
Richmond, VA 23219

Dear Gentlemen:

Local government officials recognize that flooding your committees with amendments to restore spending reductions in the proposed budgets would not be particularly useful. Instead, we ask you to keep in mind some principles that will be helpful in determining how best to preserve the investments and progress Virginia has made in the past fifty years.

Local government officials appreciate the difficult fiscal pressures that you face. Local revenues have declined precipitously during the recession, too. Cities, counties and towns are struggling with declining state *and* local revenue while striving to meet increased service demands.

Unfortunately, many of the reductions in the introduced budgets simply cut state funding for services without addressing the requirements that drive the cost of those services. Instead, the costs too often are passed onto local governments, and ultimately to homeowners and Main Street businesses.

The Virginia Municipal League asks that you do not take actions that jeopardize basic public services that families depend upon or worsen the already difficult financial situation confronting local governments.

Specifically, VML promotes the following principles:

1) The General Assembly should strengthen the stability of the state general fund through significant tax reforms. In addition to stabilizing the general fund, reforms would reduce the necessity for local governments to raise real estate taxes to make up for state reductions in public education and public safety.

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2) The General Assembly should not place additional restrictions on local revenue sources. Restricting the ability of local governments to raise revenues would further erode funding for basic services required by the state.

3) If the state chooses not to make up the spending reductions in the proposed budgets or reduce mandates, local governments should be granted additional revenue authority to alleviate escalating pressures on real estate and personal property taxes.

4) The proposed budget would spend less on K-12 education than in 2006-2008. In fact, proposed state general fund support is \$1.3 billion less than in the 2006-2008 budget. If this is the level of funding the state chooses to support, then the standards of learning and accreditation that have driven education spending since that date should be suspended or deferred. In the past year alone, the state Board of Education revised the Standards of Quality to include a number of new requirements. The state budget, however, includes no new state funding to meet these requirements. The requirements include:

- Requiring students, beginning in middle school, to have an Academic and Career Plan.
- Requiring students to take a course in economics and personal finance.
- Expanding the types of diplomas that must be offered to include a standard technical and an advanced technical diploma.
- Raising the Graduation and Completion Index points required for full accreditation.

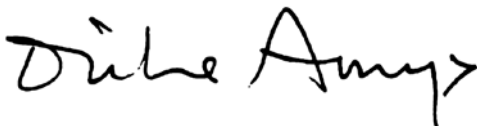
Deferring only these requirements, however, would not address the continuing failure of the SOQ to reflect the costs of meeting the Standards of Learning and the Standards of Accreditation.

5) If state requirements are not sufficiently compelling to receive state funding, then there is no rational reason to require local governments to pay those costs. Rather, the mandate, assuming it is not federally-required, should be suspended or deferred.

6) The proposed biennial budget does not include appropriations for the Personal Property Tax Relief Act. As such, the localities that bill in the spring will not receive reimbursement, if the income tax surcharge or some other approach is not adopted. All owners of personal use vehicles will have to pay a greater personal property tax beginning in the 2010 tax year if another revenue source is not found.

You face a daunting task. Local government officials want to work with the money committees, the General Assembly and Governor Robert F. McDonnell in charting a prudent course without resorting to fiscal gimmicks that will undermine the future of the Commonwealth.

Sincerely,

A handwritten signature in black ink that reads "Dike Amy" with a stylized flourish at the end.

Executive Director

Cc: Members of the General Assembly
Robert Vaughn
Betsey Daley
Richard D. Brown