



February 3, 2010

Legislative Bulletin

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

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- Education
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Upcoming

Don't forget to register to attend VML-VACo Legislative Day Feb. 11 at the Richmond Marriott in downtown. [Registration information](#) is on the VML Web site. Questions: Contact Sherall Dementi at 804/523-8533 or sdementi@vml.org.

Delegate questions deferring use of updated composite indexes

NORTHERN VIRGINIA Del. Jim Scott lashed out Tuesday at a policy decision to defer the use of updated composite indexes as a way to help balance the proposed state budget.

“You needed a pot of money and this is a target,” said the Democrat, who represents Falls Church and a portion of Fairfax County.

The composite index determines the state/local shares for education funding. When the new composite indexes were released earlier this fall, 97 localities saw their composite indexes increase while 31 had their indexes decrease. (The higher the index, the larger the local share.) The introduced budget proposes delaying the use of the new indexes until FY12. The deferral helps the 97 localities that saw their indexes increase, but hurts the 31 who had their indexes decrease.

Scott's remarks were aimed at Assistant Superintendent Kent Dickey during a presentation on the K-12 budget to the House Appropriation Elementary & Secondary Education Subcommittee. When asked by Scott if deferring the use of update composite indexes had been done before, Dickey

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Inside ...

- Senate Finance reports out short-term rental property bill
- Governor's economic agenda inches forward

Legislative links

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- State budget Web site

Dialogue

“Virginia has experienced a 40 percent increase in its SNAP (food stamps) caseload since July 2008.”

... Interim Social Services Commissioner Margaret Schultze, briefing House human services budget writers Monday on Virginia's social services caseloads and trends.

Cover story continued ...

said that he was not aware of any other attempts to delay the use the updated figures. Scott went on to say that the deferral clearly set a precedent that the composite index could be changed at any time.

Voicing frustration over the difficulty the subcommittee is having dealing with the K-12 budget, Del. Bob Tata said: “We have not heard anything from the administration. We are sort of floundering.” Tata asked if the Department of Education had heard from the governor’s office about education budget issues. Dickey replied that the department had received information requests from the governor’s office. Tata is the subcommittee chairman.

Scott then made a push for subcommittee members to attend a Feb. 3 meeting of a House Finance subcommittee to support HB 1150, which would allow cities and counties to increase the sales tax by one-half cent and use the proceeds for education.

Finance / Taxes

Senate Finance Committee reports out short-term rental property bill

The Senate Finance Committee voted unanimously this morning to roll [SB 662](#) (Hanger) into a substitute version of Sen. Mark Obenshain’s [SB 355](#).

The introduced version of SB 355 would have authorized localities to impose a BPOL tax or a short-term daily rental tax, but not both, on certain businesses. The bill, in effect, would have overturned an agreement reached in last year’s session.

In the substitute version, SB 355 honors the 2009 compromise authorizing localities with BPOL to impose a short-term daily rental tax if the business qualifies under state statute. The substitute also authorizes localities with merchants’ capital taxes to impose on qualified businesses either the short-term daily rental tax or the lower-rate merchants’ capital tax, but not both. The substitute does have a retroactive effective date of Jan. 1, 2010. The bill is headed to the Senate floor.

Senate panel decides fate of tax and revenue bills

With less than three weeks remaining before the Senate Finance and House Appropriations Committees must report their amended versions of the state budget, the pace has picked up in all of the money committees.

In Tuesday’s meeting of the Senate Finance Committee, action was taken on these bills:

Bill	Description/Action
SJ 81 and SB 362	The constitutional amendment would increase the size of the Revenue Stabilization Fund (“Rainy Day Fund”) by 50 percent. Reported to floor.
SJ 97 and SB 547	The constitutional amendment would permit localities to establish their own income or financial worth limitations for purposes of granting property tax relief for homeowners not less than 65 years of age or permanently and totally disabled. Reported to floor.
SB 722	Expands the recipients of the health insurance credits currently going to retired teachers to all retired employees of local school divisions. The adopted substitute provides for local option, and assumes that local governments will assume the total cost. Reported to floor.
SB 601	The adopted substitute directs 70 percent of any royalties resulting from offshore oil and gas wells to the general fund, 20 percent to the Virginia Coastal Energy Research Consortium, and 10 percent to localities for improvements to infrastructure and transportation. Reported to floor.
SB 232	Changes the early and normal retirement ages for a person who first commences employment on or after July 1, 2010, to coincide with the person’s early and normal retirement ages as provided under the Social Security Act. Reported to floor.

Bills would alter laws regarding assessments

The General Assembly is wrestling with a group of bills that would affect the assessment of real estate. One bill – [HB 570](#) (Iaquinto) -- is extremely harmful to localities; another one is somewhat harmful; and two companion bills provide useful guidance for assessment of affordable housing.

[HB 430](#) (Griffith) was scheduled to be considered by a House Finance subcommittee this afternoon (Wednesday). VML, VACo, the assessors and private property groups have been negotiating on compromise language.

In the form most likely to be proposed this afternoon, if the locality-wide assessment is 130 percent above what a subsequent tax department ratio study shows it should be, state funding would be cut to the locality. The ratio study law provides that actual sales prices of a sample of properties are compared with the most recent assessment. The law, as it is written now, provides that if the assessment is below 70 percent of current fair market value, state funding is cut.

The bill also requires the locality to provide an independent appraisal of a property if the assessor asks to have the assessment increased during the appeal of the original appraisal, and the property is multi-family, commercial or residential. In addition, the bill provides that in an appeal, if the assessor fails to make available the information on which the assessment is based, he or she may not use the withheld information in the appeal.

As this edition of the *Legislative Bulletin* went to press, the bill was being negotiated and provisions may change. You will be kept up to date on changes.

The Virginia Housing Commission had approved a bill aimed at requiring that affordable housing projects be assessed, taking the restrictions in rents into account. After a draft was approved by the commission, the patrons of the bills agreed to an amendment that accomplishes the goal, but helps keep the assessments at fair market value. [SB 273](#) (Whipple) has been approved by the Senate. The House version of the legislation – [HB 233](#) (Dance) – should be amended to mirror [SB 273](#). It was scheduled to be heard in subcommittee this afternoon.

[HB 570](#) (Iaquinto), on the other hand, turns assessment disputes on their heads by switching the burden of proof from the landowner who complains about his assessment, to the locality to prove the assessment is correct. As reported in Tuesday's *Legislative Bulletin*,

the House Finance Committee has approved the bill.

Please contact your delegate to oppose [HB 570](#). The bill overturns a provision of law that was only enacted in 2003; it is a major re-write of assessment law. No courts have weighed in on the standards. Nothing has happened to show that the rules need to be changed.

Land Use

Bills dealing with signs in rights of way look OK

Two bills that started out attempting to legalize campaign signs, Realtor open house signs and other temporary signs in the public streets and roads have been modified.

[SB 64](#) (Lucas) and [HB 553](#) (D. Marshall) have a very limited effect on counties, and none on cities and towns. The bills provide that if a county enters into an agreement with VDOT for the county or its volunteers to remove temporary signs from public rights of way, the county's staff and the volunteers must obey the law.

As originally written, the bill made a few categories of signs essentially legal, despite their being in public rights of way. Through negotiations, the patrons reduced the scope of their bills significantly.

The bills do not apply to cities and towns because the state constitution requires city or town approval for any use of public rights of way.

Miscellaneous

Governor's economic agenda inches forward

Just last week, Gov. Bob McDonnell disclosed what he is calling a jobs and opportunities legislative agenda. Here is an update of where the bills are 10

days later.

Two bills have passed the Senate. One House bill is being debated on the House floor. Senate committees have reported two bills. One House bill has been reported.

The rest of the package is under review by a number of House and Senate committees.

Bill title	Description	Status
Opportunity Fund – Grant and loan criteria HB 380 SB 475	Includes job creation, capital investment, and new tax revenue as criteria to be used in awarding grants and loans	HB 380 is on House floor. SB 475 passed the Senate.
Opportunity Fund – Authority to grant awards HB 1244 SB 554	Governor's decision may include a requirement for local match in cash or in-kind; or may waive match for certain projects	HB 1244 is in committee. SB 554 passed the Senate.
Enterprise Zones HB 555	Changes eligibility for EZ job grants based on unemployment rates; designates job grants as higher priority than real property investment grants; lowers from 175 percent to 150 percent of federal minimum wage jobs eligible for grants	HB 555 is in committee.
Historically Underutilized Business Zones HB 1228 SB 658	Supports companies in rural and economically distressed urban areas by requiring at least 15 percent of state procurement contracts be awarded to qualified small businesses in these areas	Both bills are in committee.
Major Business Facility Job Tax Credit – Lowers threshold for qualifying jobs HB 624 SB 472 HB 853 SB 481	Lowers threshold from 100 new full-time positions to 50 (and to 25 jobs in enterprise zones); permits tax credit to be taken in 2 years rather than over 3 years	All 4 bills are in committee.
Permit Fees – Veterans Waiver HB 262 SB 455	Waives state agency administrative fees for issuing permits for veterans to establish and operate a small business	Both bills are in committee.
Income Taxes – Capital Gains HB 523 SB 428	Grants tax exemption for any gain taxed as a capital gain for federal income tax purposes if qualified investment is related to technology and science start-up business	Both bills are in committee.
Motion Picture Film Production Tax Credits HB 861 SB 257	Provides credits to production companies with qualifying expenses of at least \$250,000	Both bills are in committee.

Bill title	Description	Status
Specialized Biotechnology Research Grants HB 677 SB 644	Provides grants for nonprofits engaged in R&D and production related to molecular diagnostics and drug development	Both bills are in committee.
PPEA SB 181	For approved public-private partnership projects, bill allows private entities be paid from a portion of the growth in state taxes attributable to the project's development; Allows localities to join in agreements entered into between private entities and the state	Reported from Senate Finance
Small Business Investment Company Credit	Provides for creation of private investment funds that will invest in small businesses in Virginia	Not yet introduced
Mega-site Fund	Establishes a mega-site fund of \$5 million for FY12 to improve site location development for large businesses locating in the state	Not yet introduced
Wine Liter Tax HB 588 SB 237	Requires portion of tax collected from sale of wine produced by farm wineries be deposited in VA Wine Promotion Fund	Both bills are in committee.
Temporary Business Licenses HB 792 SB 474	Allows companies operating in good standing in another state to receive a temporary business license to operate in Virginia	Both bills are in committee.
Clean Energy Development HB 928 SB 326	Creates the Virginia Universities Clean Energy Development and Economic Stimulus Foundation	Both bills are in committee.
Offshore Drilling Royalties HB 756 SB 601	Requires 80 percent of any revenues and royalties paid to Virginia be used for transportation; Remaining 20 percent to be used for renewable energy R&D	Both bills were reported and headed to House & Senate floors.
Green Jobs Tax Credit HB 803 HB 1132 SB 623	Allows a \$500 credit for creating green jobs for up to 350 new jobs	HB 1132 was rolled into HB 803 in committee. SB 623 is in committee.

More ...

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

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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 look up budget bill information.

[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.

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

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[Legislative Meeting Schedule >](#)

Up-to-date listing of legislative committee meetings.



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