



VMI

February 10, 2010



Legislative Bulletin

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

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Upcoming

Gov. Bob McDonnell was expected to unveil legislation this afternoon that would loosen the state's charter school laws, according to *The Virginian-Pilot* newspaper. McDonnell also was expected to propose measures that would shift school money away from administrative spending to instructional spending.

Panel grants authority to regulate roadside solicitation of contributions

A BILL THAT WOULD GRANT all local governments the power to prohibit and/or regulate the distribution of handbills, solicitation of contributions, and sale of merchandise and services on roads located within their boundaries passed the [House Transportation Committee](#) unanimously Tuesday afternoon.

[HB 350](#) (Rust), originally drafted to add just the Town of Herndon to the 11 localities granted the authority under [Virginia Code Section 46.2-931](#), was amended in subcommittee and has the support of both VML and VACo. Specifically, the bill would allow localities to prohibit:

- the distribution of handbills, leaflets, bulletins, literature, advertisements, or similar material to the occupants of motor vehicles on highways or on public roadways and medians;
- the solicitation of contributions of any nature from the occupants of motor vehicles on highways or on public roadways and medians; and
- the sale of merchandise or services or the attempted sale of merchandise or services to the occupants of motor vehicles on highways or on public roadways and medians. Staff contact: Joe Lerch jlerch@vml.org.



**VML/VACo
Legislative
Day will go on
as scheduled
Thursday**

Legislative links ➤ [Find a bill \(state LIS\)](#)
➤ [State budget Web site](#)

Dialogue

“ ... Cities and counties are desperate for more revenue now. For the state to mandate less by eliminating one of their sources without a suitable replacement should be unthinkable.”

... From a Feb. 10 editorial in *The Roanoke Times* regarding a proposal by Del. Bob Purkey of Virginia Beach to phase out the machinery and tools tax that generates more than \$200 million revenue for local governments.

Education

New information released on composite indexes

The Virginia Department of Education released information Tuesday afternoon on the fiscal impact of using updated composite indexes in FY 11.

As it turns out, the fiscal impacts cannot be determined by simply “flipping” the numbers previously released for not using updated composite indexes, as was stated in the Feb. 9 *Legislative Bulletin*.

[Details of estimated impact on your locality of using the updated composite indexes in FY11.](#)

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Finance / Taxes

Exemption bill for aviation companies flies high

[HB 1347](#) (Gear) provides exemptions from the sales and use tax, as well as the business, professional, and occupational license tax, for aviation companies that facilitate and support the U.S. Department of Defense in active missions / sorties, simulations, and training of personnel.

Without hearing any testimony, a House Finance subcommittee recommended on Monday that the bill be reported by the full committee. The House Finance Committee could act on the bill this week. The Department of Taxation reported in its fiscal impact statement that [HB 1347](#) would result in an unknown loss of both state and local revenue.

There is no companion measure in the Senate.

Senate Finance Committee deals with host of tax bills

Mindful of fast-approaching deadlines, the Senate Finance Committee will meet at least three times this week to deal with a crush of tax measures.

Bills dealing with transportation funding were referred to the committee’s Transportation subcommittee. These include:

Bill #	Description
SB 223	Replaces the current fuels tax on gasoline, gasohol, and diesel fuel with a tax that is a percentage of the wholesale price of a gallon of self-serve unleaded regular gasoline.
SB 164	Creates additional sources of revenue for transportation by increasing the motor vehicle sales and use tax by one-half percent and the motor vehicle rental tax by one percent, and by imposing a five percent tax on the wholesale price of gasoline.
SB 343	Adjusts fuels taxes each year on April 1 by the percentage increase in the Corporate Average Fuel Economy (sales volume weighted), Total Fleet (the CAFE) for the immediately preceding calendar year over the CAFE for calendar year 2009.
SB 684	Provides new and increased taxes, tolls, royalties from offshore natural gas and oil drilling, and general fund revenues for transportation funding.
SB 717	Establishes regional accounts to be used by the CTB for allocation of funds for specific transportation projects within the region where the revenue is generated. This allocation would be in addition to and not a replacement for other transportation construction allocation formulas.
SB 76	Allocates funds for the Salem Highway Construction District from revenue attributable to a economic growth due to or facilitated by the yet-to-be-constructed Inland Port in Montgomery County.

The committee did unanimously approve one transportation funding bill [SB 115](#) (Petersen). The bill authorizes each city and county to impose a one percent surcharge on the retail price of motor fuels sold at retail in the city or county. The Tax Commissioner would collect the surcharge in the same manner that

he collects the retail sales and use tax. Revenues would be used solely for funding of roads or highways in the urban or the secondary system of state highways. The fiscal impact statement estimates the bill could raise as much as \$146.2 million in FY12.

The committee also addressed economic legislation. [SB 730](#) (Reynolds) is part of the governor's economic development package, and was unanimously approved. The measure establishes the Major Employment and Investment Project Site Planning Grant Fund to award grants to political subdivisions to assist in site development work for certain prospective projects.

Other bills ...

The short-term daily rental bill ([SB 355](#)) that threatened to take BPOL away from cities and counties who wished to impose a short-term daily rental tax unanimously passed the Senate on Tuesday. The measure that ultimately passed was amended in the Senate Finance Committee to permit localities to impose both the BPOL and the short-term daily rental tax. The bill should be referred to the House Finance Committee.

Land use

Temporary structures bill remains troubling

Legislation will be considered in the House over the next two days that would allow a new kind of temporary structure to be placed on residential lots regardless of existing zoning limits.

[HB 1307](#) (Griffith) is aimed at allowing smaller residential units to be placed on a lot that has a house. The unit, akin to a hospital room, would be used for a relative of the person who owns or lives in the main house during the time the relative is ill or disabled.

The bill would allow a mobile home any place an accessory structure would be allowed. The typical residential accessory structure is a tool shed or garage. In many residential zoning districts, accessory structures may be placed near or on the property line. The legislation would require cities, towns and counties to permit the structures in places that could impact the neighbors for significant time periods.

The goal of the bill is laudable – to allow a sick relative to remain at home, by staying in the unit. The unit would have medical equipment similar to a hospital room. As written, however, it will likely lead to mobile

homes being placed on lots and then remaining for years.

The bill will be taken up by a House Counties, Cities and Towns subcommittee on Thursday and likely by the full committee on Thursday.

Local authority

Special elections bill moves forward in House

A second piece of legislation is working its way through the General Assembly dealing with special elections.

[HB 1401](#) (Athey) requires that special elections be held promptly on a Tuesday within 55 days prior to a general or special election. The bill takes away the authority to make appointments to fill out a vacated officer occurring within 120 days of an election, removes the exemption for localities under 3,500 population and removes the exemption for localities under 3,500 population.

[HB 450](#) (Ware) already has passed the House. It allows (but does not require) a local government to hold the special election during a broader time period. The election could be held at any time from 90 days after the general election following the vacancy up to the next general election. If a vacancy occurs within 120 days of a general election, currently that vacancy cannot be filled by special election in most local governments until the next general election.

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Transportation

Tunnel toll bill carried over; special session in works

The [House Transportation Committee](#) voted 18-3 Tuesday afternoon to carry over a controversial bill to charge tolls on the Monitor Merrimac and Hampton Roads Bridge Tunnels in Tidewater.

Although the measure – [HB 1323](#) (May) – failed to be reported out of a subcommittee, its patron, Del. Joe May, utilized his power as chairman of the full committee to move it forward for consideration.

The bill was carried over in anticipation of Gov. Bob McDonnell calling a special session on transportation funding. Strong opposition to the proposal was voiced by several delegates representing the Hampton Roads region. Staff contact: Joe Lerch (jlerch@vml.org)