



VML

February 16, 2010



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
- Finance/Taxes
- FOIA
- Human Services
- Land Use
- Local Authority
- Personnel
- Public Safety
- Retirement/Benefits
- Transportation
- Miscellaneous

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Upcoming

Today is Crossover Day – the deadline for each chamber to pass most of its own bills and send them to the opposite chamber. Hundreds of bills will be voted up or down as the day winds down. VML will keep you apprised of the issues of most interest to local governments. The deadline for each chamber to produce budget bills is Feb. 21.

Chart shows amount of tax hikes needed to cover state budget cuts

Beware: Locality-specific figures likely to jump

THE HOUSE APPROPRIATIONS and Senate Finance Committees will issue their respective reports on the state budget this Sunday. With roughly half of the state's general fund appropriated to state programs delivered by – or in cooperation with – local governments, the stakes are huge for cities, towns and counties. Affected programs include public education, law enforcement and other public safety services, and health and human resources.

To begin to answer the question how cuts in state spending will affect real estate taxes, VML and VACo asked Jim Regimbal, a principal in the consulting firm Fiscal Analytics in Richmond, to prepare an analysis identifying the reduction amounts by locality in public education, local law enforcement (“599” program), and the multitude of government services funded through the Compensation Board. Regimbal’s analysis also estimates the increase needed in each city’s and county’s real estate tax rate to make up for the cuts. [Click here for analysis \(Excel\)](#).

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Inside ...

- Senate panel flattens bill to raise state revenues
- Sovereign immunity study dies in Senate committee

Legislative links

- Find a bill (state LIS)
- State budget Web site

Dialogue

“What we have here is a classic case of shifting the fiscal burden to the locality and setting up a condition in which the locality feels the complete brunt of the pressure. The state does not appear to have an appetite for addressing revenues, and that position is something that localities will live with for years.”

... Hanover County Schools Superintendent Stewart D. Roberson responding to a reporter’s questions about state budget cuts in the Feb. 16 *Richmond Times-Dispatch*.

Cover story continued ...

Keep in mind that the analysis does not take into consideration *all* of the state budget reductions that will affect local governments. Nor does the analysis include any tax hike contemplated by a locality to make up for the loss in local revenue related to the drop in real estate and vehicle assessments or resulting from shrinking retail sales.

Perhaps the most important caveat about Regimbal's analysis is that it does *not* recognize the impact to local budgets *if* the money committees decide to restore the Car Tax Relief Program by cutting another \$1.9 billion in state spending.

VML asks you to review the analysis and to contact your delegates and senators. The General Assembly must understand that local governments cannot preserve state services by raising real estate taxes.

Finance/Taxes

Senate panel flattens bill to raise state revenues

The Senate Finance Committee defeated a bill this morning to increase or alter individual and corporate income taxes, expand the services subject to the sales and use tax, and reinstate the estate tax.

SB 705 (Locke), which the Virginia Department of Taxation estimated would have raised about \$550 million in FY11 and \$1.1 billion in FY12, was defeated on a 5-10 vote. Almost all of the money would have been used to fund public education.

Sen. Mamie Locke of Hampton presented SB 705 at the beginning of this morning's committee meeting, but no senator made a motion to report the bill. Just before the meeting concluded, Sen. Roscoe Reynolds reminded the committee chairman that SB 705 was still before the committee. Reynolds said that he was troubled about the impending cuts to state education dollars and that the issue of education funding warranted discussion. Sen. Thomas Norment asked Reynolds if he would second a motion to report. Reynolds replied that he would. A voice vote defeated the motion to report, but the bill's supporters insisted on a recorded **vote**. A reluctant chairman ordered the clerk to call the roll.

SB 705 was the only comprehensive measure introduced in the Senate to address the state's responsibility to fund quality education.

Other bills ...

Elimination of triennial census – **HB 669 (May)** / **SB 413 (Vogel)**

Summary: The bills use an estimate of school age population (ages 5-19) produced by the Weldon Cooper Center in lieu of the triennial census conducted by school divisions for the distribution of the state sales tax dedicated to public education and for the distribution of the portion of the one percent local option sales tax to towns. The substitute versions of these bills also require the Cooper Center to modify the current process used for estimating school age population to count students attending institutions of higher education in the division in which the students' parents reside (which is the current process). The substitutes also require the Department of Education to add the population of students with disabilities, ages 2-5 and ages 20-21, as provided to the department by school divisions.

Action: House Appropriations reported the substitute for HB 669 on Feb. 12 (a subcommittee had previously made no motion on the bill), and the bill is on the House floor. SB 413 is on the Senate floor.

Local Authority

Sovereign immunity study dies in Senate committee

A Senate bill designed to do away with sovereign immunity for local governments died in the Senate Rules Committee on Friday.

SJ 30 (Edwards), concocted and pushed by the Virginia Bar Association, was defeated when no Senator would second a motion to send it to the Senate floor.

Defeat of the bill is beneficial for Virginia local governments. VML is convinced that ending sovereign immunity would produce a proliferation of lawsuits that would prove costly for cities, towns and counties to defend.

Given the dire economic strait of local governments, defeat of SJ 30 is an important win. Passage would have amounted to a double-whammy given the likelihood of staggering state budget cuts.

Other bills ...

Local regulation of pay-day lenders - **HB 412 (Oder)**

Summary: Would have authorized the governing body of any locality to adopt a resolution or ordinance that reasonably limits the number of payday lenders and of lenders engaged in the business of making secured or unsecured open-end loans that may operate within the locality. **HB 413 (Oder)** was slightly different and would have authorized a locality to adopt an ordinance requiring that a special exception or a special use permit be obtained before a payday lender makes a payday loan from a location within the locality.

Action: Both bills were tabled in the House Commerce and Labor Committee.

Removes option for locality to require applicant to submit fingerprints for concealed handgun permit - **SB 79 (Reynolds)**

Summary: Removes the option for a locality to require that an applicant for a concealed handgun permit submit fingerprints as part of the application.

Action: The Senate Courts Committee failed to report the bill.

Personnel

E-Verify legislation imposes new mandates on hiring

HB 737 (Albo) requires all local governments with more than 15 employees and the state government to enroll in the federal E-Verify program prior to Dec. 1, 2010. These agencies would be required to use the program software to screen all new hires and verify legal presence in the United States. The bill is intended to keep undocumented aliens from being hired and displacing legal citizens from the employment rolls.

As introduced the bill applied to all employers in the Commonwealth, including the private sector. In the face of severe opposition from the business community, the patron amended the bill to apply only to public employers.

Some consequences of the bill:

- Local governments would be required to enter into an agreement which sets forth how the program is to be used and obtain the software (which may be free).
- Human resource officers or other employees would have to be trained on how to use the software

and the program.

- The bill imposes an unfunded mandate on local governments at a time when budgets are already under severe stress.

- The bill was approved unanimously by the House Appropriations Committee and is likely to pass the House.

The bill is on the House floor for final passage today. Similar legislation was killed in the Senate earlier in the session. Staff contact: Randy Cook, wrcook@mmeccp.com.

Other bills ...

Law-enforcement employees; overtime compensation - **HB 992 (Nutter)**

Summary: Would have required employers of more than 10 law-enforcement employees to pay overtime compensation at a rate of one and one-half times an employee's regular rate of pay. Current law requires this of employers of more than 100 law-enforcement employees. The Housing Subcommittee of General Laws recommended tabling the bill. **HB 712 (Peace)** also dealt with overtime compensation and would have removed the restriction that the overtime compensation rate only applies to law enforcement agencies of 100 or more.

Action: The bill was tabled in the House General Laws 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.

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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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