



VMI

February 17, 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

 Follow us on Facebook  
 Follow us on Twitter

## Upcoming

The House Appropriations and Senate Finance Committees will present their version of the state budget Sunday afternoon. VML will provide more information as soon as the numerous amendments can be digested.

## McDonnell releases details on additional budget cuts

GOV. BOB MCDONNELL proposed an additional \$2 billion in budget reductions today, with the brunt falling on local governments, the Virginia Retirement System and poor people. The budget relies on a revised revenue forecast that will result in \$200 million in increased state revenues in FY10, FY11 and FY12.

VML will provide more information as soon as the budget amendments can be digested. Some of the significant proposals are outlined below. The reductions are far-reaching and affect about every area of state aid to local governments.

Here are just a few of the items:

- Restore \$950 million in funding for the car tax relief program.
- Reduce spending for public education by another \$731 million (11 percent over the biennium). The governor says in a letter to the chairmen of the Senate Finance and House Appropriations committees that “all but \$200 million of these reductions can be offset from local savings in VRS...” {In other words, local governments can use savings from their reduced

*Continues on next page*

### Inside ...

- House defeats bill eliminating machinery & tools tax – barely
- House advances retirement overhaul

**Legislative links** ➤ Find a bill (state LIS)  
➤ State budget Web site

## Dialogue

*“As a final comment, let me just say this. I’ve really never been afraid for my life at the Red Lobster.”*

... Sen. Mary Margaret Whipple of Arlington, speaking against a bill to allow concealed-weapons permit holders to carry guns in restaurants that serve alcohol as long as they refrain from drinking. The bill passed the Senate 22-18.

## Cover story continued ...

payments to VRS (briefly explained below) to make up for reductions in state funding, while the state uses its savings from VRS for other priorities.}

- Reduce spending on health and human resources programs by \$316 million, including an additional 5 percent reduction to community services boards, non-Medicaid general fund appropriations for CSA and elimination of funding for the Healthy Families program. These examples just scratch the surface.

- Institute five days of unpaid leave for state employees a year for the next two year (total of 10 days)

- Change actuarial assumptions for VRS (for teacher retirement, results in a savings of \$275.2 million to the state and an estimated \$369 million for localities).

- Change funding for group life and teacher retiree health care credit to produce an additional savings in public education (\$41.4 million for the state, an estimated \$82 million for local governments)

- Restore the \$50 million a year across-the-board flexible spending cuts to cities and counties, following the same parameters as the current program.

- Restores \$9.5 million a year in funding for deputy sheriffs. Governor's staff told VML that there was restoration of *some* of the funding for HB 599, but there is no mention of 599 in the information provided so far.

- Eliminate the proposal in the introduced budget for existing state employees to pay 1 percent of their salary to VRS in FY11 and 2 percent in FY12.

- Support the overhaul of retirement benefits for new employees (as of July 1, 2010) as contained in HB 1189.

[Background information posted on governor's Web site.](#)

## Finance / Taxes

### House defeats bill eliminating machinery & tools tax – *barely*

In a surprisingly close vote, the House of Delegates defeated legislation twice Tuesday afternoon that would have eliminated – over time – local taxation of machinery and tools. Opponents of [HB 613](#) prevailed by a slim three-vote margin on the first vote and by an even slimmer two-vote margin on the second vote, when the bill was reconsidered.

Del. Rosalyn Dance, speaking on behalf

of Petersburg and the counties of Chesterfield and Prince George, urged delegates to vote no, saying that local governments use the machinery and tools tax as the equivalent of a Governor's Opportunity Fund. She said that the tax should not be eliminated at this time when local fiscal resources are already in such difficult straits.

Del. James Edmunds said that local governments depend on the machinery and tools tax, and that local governments can waive the tax as a way to attract jobs.

Del. Bud Phillips said that the bill would have grave consequences, and that most localities did not have a lot of options to raise revenues. "Under the Dillon rule, we tell them what they can tax, and we are taking away one of their options ... We are going to mandate that localities make that up from some other source..." and that source will be landowners. Phillips said that the bill would shift more of the cost of local government from businesses to landowners.

Evidently forgetting that Virginia is a Dillon rule state, Del. Kathy Bryon said that "local governments needed to start thinking about other ways to raise money or they will find themselves without jobs." As a member of the [House Finance Committee](#), Byron has voted consistently to reject legislation designed to give localities alternatives to their limited revenue options. Byron even voted against a bill allowing Alleghany County to impose a transient occupancy tax.

There were two crucial votes to defeat HB 613, and local officials need to be sure to send letters or emails thanking their delegates for either of these "no" votes.

Thank these delegates who voted "no" and defeated the bill the first time around:

**NAYS** – Abbitt, Abbott, BaCote, Barlow, Bell, Richard P., Brink, Bulova, Carr, Carrico, Cleaveland, Cox, M.K., Crockett-Stark, Dance, Ebbin, Edmunds, Herring, Hope, James, Johnson, Jones, Keam, Kory, Landes, Lohr, Loupassi, McClellan, McQuinn, Miller, P.J., Morefield, Morgan, Morrissey, Nixon, Nutter, Oder, Orrock, Phillips, Plum, Rust, E.T. Scott, J.M Scott, Shuler, Sickles, Spruill, Surovell, Torian, Toscano, Tyler, Ward, R.L. Ware, Watts, Wright – 51.

The vote to HB 613 was the reconsidered, and another vote taken on its passage. The bill was again defeated, with the following delegates voting no. Thank:

**NAYS** – Abbitt, Abbott, Alexander, BaCote, Bell, Richard P., Brink, Bulova, Carr, Carrico, Cleaveland, Cox, M.K., Crockett-Stark, Dance, Ebbin, Edmunds,

Herring, Hope, A. Howell, James, Johnson, Kory, Landes, Lewis, Lohr, Loupassi, Marshall, D.W., McClellan, McQuinn, Merricks, Miller, P.J., Morefield, Morgan, Nutter, Orrock, Phillips, Plum, Rust, E.T. Scott, J.M. Scott, Shuler, Sickles, Spruill, Surovell, Torian, Toscano, Tyler, Ward, R.L. Ware, Watts, Wright – 50.

Staff contact: Neal Menkes ([nmenkes@vml.org](mailto:nmenkes@vml.org))

## Senate Finance approves royalties bill dealing with offshore drilling

The Senate Finance Committee reported [HB 756](#) (Stolle), a bill to require that 70 percent of any revenues and royalties resulting from offshore oil and natural gas drilling will be deposited to the Transportation Trust Fund, 20 percent of the revenues to the Virginia Coastal Energy Research Consortium, and 10 percent of the revenues to localities for improvements to infrastructure and transportation.

The measure passed on a close 8-6 vote, with two Democrats joining the committee's six Republicans. The bill is substantially similar to [SB 601](#), which was carried over to the 2011 session on a 22-18 vote on the Senate floor.

## Retirement / benefits

### House advances retirement overhaul

As expected, the House adopted a bill on Tuesday to raise the age of retirement, require employee contributions to VRS, and decrease retirement benefits for local employees, teachers and state employees hired after July 1, 2010. A complete explanation of [HB 1189](#) was included in the Feb. 12 issue of the Legislative Bulletin. Next stop is the Senate Finance Committee.

Also stay tuned for the release of the House and Senate budgets this Sunday, Feb. 21, for word on whether current state employees will be required to pay 1 percent of their credible compensation into the retirement trust fund in FY11, and 2 percent in FY12. This provision was included in the budget introduced by former Gov. Tim Kaine. Local governments are given the authority to require their employees to contribute between one and five percent in that introduced budget. Staff contact: Mary Jo Fields ([mfields@vml.org](mailto:mfields@vml.org))

## Transportation

### Pedestrian safety measure is defeated in House

A bill that would have required drivers to stop for pedestrians in marked crosswalks where the speed limit is 35 mph or less was tabled by [House Transportation Sub-committee #2](#) this morning.

No public testimony was allowed on [SB 228](#) (Barker). The bill's patron, Sen. George L. Barker, told the subcommittee that the current law requiring drivers to "yield" was too vague to enforce and that courts were not convicting drivers under the statute.

Committee chairman [Del. Charles W. Carrico](#) and committee member [Del. Glenn Oder](#) wanted to know the names of those judges who refused to convict under the current statute. In their opinion, educating drivers and judges would solve the problem, clearly expressing their desire not to change the statute.

VML has recommended that the state code be amended to clarify the respective rights and duties of pedestrians and drivers. Drivers should be required to stop, not just yield, for pedestrians in all marked and unmarked crosswalks. Staff contact: Joe Lerch ([jlerch@vml.org](mailto:jlerch@vml.org))