

#### Dear Legislator:

Local governments were heartened in 2013 by the General Assembly's ability to forge a bipartisan solution to the state's longstanding deadlock over transportation funding. Cities, towns and counties across the Commonwealth hope that a similar spirit of cooperation will pervade your deliberations on issues in 2014. The 8.1 million Virginia residents that we represent as elected officials deserve no less.

There is no shortage of legislative issues crucial to helping local governments build vibrant communities where businesses thrive, and where people want to live, work and play. Local governments depend on a fair, reliable partnership with state government to carry out their numerous responsibilities, many of which are mandated by the General Assembly.

To improve the effectiveness of this state-local partnership, VML's 2014 Legislative Program clarifies the obligations and responsibilities owed by each on issues affecting transportation and education funding, as well as taxing authority. The specifics are spelled out in this booklet.

As always, we stand ready to work with you in meeting our mutual goals to promote the long-term prosperity of Virginia. Please call on us as you seek solutions to the many issues that you will confront during the upcoming legislative session.

Sincerely,

David P. Helms

Mayor, Town of Marion

VML President

## VML 2014 Legislative Program

Legislative positions approved by the VML membership at the annual business meeting held Oct. 15, 2013.

## Transportation funding

Urban highways are essential to moving goods and people. Cities, towns and counties that own and maintain their roads should receive the same level of financial support as state-maintained roads. Unless that happens, Virginia will be left with a disjointed statewide system that will adversely affect commerce, commuting and quality of life. To accomplish this, the 2014 General Assembly should:

- Immediately revise the current formula for new construction adopted in 2012 that excludes money for urban roads until 2017. A revised formula should ensure that these local governments begin receiving a fair share of the construction money being generated by new transportation funding legislation adopted by the 2013 General Assembly (HB 2313). Given that urban localities have received no construction funds since 2010, implementing a revised formula immediately is crucial to building much-needed road improvements.
- Revise the definition of "state primary system of highways" to include those primary roads within the urban system. Doing so will guarantee that all primary roads in Virginia receive the same level of funding for maintenance and repair.

State budget and local revenues

The member local governments of the Virginia Municipal League hold the following principles on state budget issues.

The Governor and General Assembly should not:

 Further restrict local revenue authority or sources without providing alternative revenue authority and sustainable revenue sources. This includes, without limitation, the BPOL and M&T taxes.

- Confiscate or re-direct local general funds and special funds to the state treasury.
- Impose new funding requirements or expand existing ones on services delivered by local governments.
- Shift state funding responsibilities onto local governments, including law enforcement and public safety activities.
- Impose state fees, taxes or surcharges on local government services.
- Place additional administrative burdens on local governments.

The Governor and General Assembly should:

1. Immediately examine state requirements and service expansions to determine those that can be suspended or modified to alleviate some of the financial burden on state and local taxpayers.

Here are two specific examples of what the state needs to do:

- Critique the Standards of Accreditation and Standards of Learning to determine which standards impose costs on local governments that are not recognized in state funding formulas. In particular, changes adopted since 2009 to SOAs and SOLs should be examined as state funding on a per-pupil basis is now below 2009 levels.
- Re-examine those Standards of Quality that the Board of Education has adopted, but that the General Assembly has not funded. These standards reflect prevailing practices necessary to improve children's academic performance. Their academic performance is crucial to students and schools meeting the accountability standards

under the SOL and SOA. If funding is not available to pay for prevailing practices, the accountability standards should be adjusted so that local governments are not in the position of having to bear the entire burden of meeting

these unfunded mandates.

- Develop spending and revenue priorities. State tax credits, tax deductions and tax relief policies must receive the same scrutiny as spending programs.
  - After all other actions have been taken including eliminating unnecessary programs, achieving greater program efficiencies, and streamlining service delivery, the state



- has the obligation to look at ways to increase revenues in order to meet its constitutional and statutory obligations to Virginia citizens.
- 4. Local government representatives should be included on any "blue ribbon" commission or other body established by the state that has as its purpose changes to local revenue authority or governance.

## **Education funding**

A strong public school system is essential to economic development and prosperity. The state must be a reliable funding partner in accordance with the Virginia Constitution and state statutes. The Standards of Quality should recognize the resources, including positions, required for a high-quality public education system. VML opposes changes in methodology and changes in the division of financial responsibility that result in a shift of funding responsibility from the state to localities. As an example, VML opposes the elimination or decrease of state funding for state-mandated benefits for school employees.

Further, VML opposes policies that lower state contributions but do nothing to address the cost of meeting the requirements of the Standards of Accreditation and Standards of Learning. The State Board of Education should identify areas within the Standards of Quality and other educational requirements, such as mandates for expenditures in the area of student health services that can be modified or eliminated in order to provide localities with greater flexibility in their use of scarce education funds.

VML supports a study by the Joint Legislative Audit and Review Commission to determine how the SOQ may be revised and adequately funded to meet the requirements contained in the Standards of Learning and Standards of Accreditation. VML also supports implementation of JLARC recommendations to promote 3<sup>rd</sup> grade reading performance.

## State takeover of persistently low-performing schools

The impact of failing schools is threefold: 1) students are deprived of their right to a quality education; 2) taxpayer dollars are wasted, and 3) an inadequate education system hinders economic development. Any solution, however, must comply with the state Constitution and must be effective. The current approach embodied under the Opportunity Educational Institution (OEI) may not meet the constitutional test as evidenced by an impending lawsuit and by remarks by the Virginia Attorney General. It is also

based on a model that has produced, at best, questionable results in other states.

VML offers to be a part of the solution to improving the performance of troubled and failing schools. Any solution must include the state's providing sufficient funding to meet its constitutional obligations to education, must be rooted in the Constitution and must involve the local community. The JLARC report on options for improving low-performing schools will be released in June 2014 and should provide guidance to proven and effective solutions.

In the meantime, VML supports efforts to delay the implementation of any legislation on the issue, including the OEI, until the constitutional. financial and related issues are resolved.

## Water quality funding

Virginia's local governments face mounting costs for water quality improvements for sewage treatment plants, urban stormwater, combined sewer overflows (CSOs), and sanitary sewer overflows (SSOs). In response to federal and state legislation, regulation and policies, VML urges the federal government and the Commonwealth to provide adequate funding for these water quality improvements.

# First day introduction for bills with local fiscal impact

VML supports reinserting the requirement for first day introduction of bills with a local fiscal impact in the procedural resolution that governs the conduct of the General Assembly session. Possible language is as follows:

"Local fiscal impact bill" shall mean, in accordance with § 30-19.03, any bill that mandates a county, city, or town to incur an additional net expenditure or a net reduction of revenues. The first-day introduction deadline shall not apply to any local fiscal impact bill whose only impact is to create a misdemeanor or increase or decrease a penalty to a misdemeanor.

## Reforms to the Comprehensive Services Act for At-Risk Youth and Families

State administrative funding to local governments for the Comprehensive Services Act for At-Risk Youth and Families (CSA) program should be increased to meet the increased costs of program administration.

The Office of Comprehensive Services (OCS) and the State Executive Council (SEC) should come under the Virginia Administrative Process Act to ensure consistency of rule making and ability for meaningful public input.

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2014 VML Legislative Program

## State shift of FAMIS administrative responsibility to localities

Any shift in administrative responsibility for the FAMIS program must be accompanied by sufficient state funding to offset the increased costs to local governments.

## Workers' Compensation medical costs in Virginia

Virginia should adopt Medicare-based fee schedules for setting medical provider fees in workers' compensation cases, instead of the prevailing community rate standard now used. This will make providing workers' compensation coverage more affordable and will adequately protect the financial interests of the medical providers of Virginia.

## Town/county police powers and building code enforcement

#### Police powers

The Code of Virginia should be amended to clarify the relationship of the exercise of powers by a town and the county in which it sits. The law must make it clear that county-wide powers apply in or as to the town only until the town council adopts an ordinance regulating the same topic; that in the appropriate case, local county powers do not apply in or as to towns in the county unless the town so ordains; and that each county is protected from the obligation to exercise county powers solely in or as to towns in the county.

#### **Building code issues**

Because all town residents are also county citizens and taxpayers, the county building department should enforce within the towns all parts of the building code that apply to the areas outside the towns, unless the town has created a building department. However, if the county has adopted Part III of the building code, the Virginia Maintenance Code, it should be enforced by the county only in towns that have agreed to apply Part III in the town. If the county has not adopted the Virginia Maintenance Code, it should not be required to enforce those provisions in towns. The code should facilitate cooperation between towns and the county in which they sit for building and property maintenance code enforcement.

### Liability for teacher retirement plan

The unfunded liability associated with the teacher retirement plan should be a shared responsibility of the state and local government. VML supports legislation that would

provide for the Virginia Department of Education to pay its share of retirement costs directly to the Virginia Retirement System in order to facilitate the sharing of these liabilities.

## Hydraulic fracturing petroleum extraction

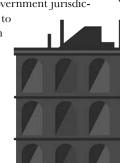
Advances in technology for the extraction of natural gas known as "hydraulic fracturing" has the potential to tap vast reserves in what are known as the Marcellus shale and Taylorsville Basin deposits. Concerns about how the process of hydraulic fracturing could impact both public and private groundwater supplies have been raised both regionally and nationally. VML supports a state regulatory program that addresses these concerns while protecting the authority of local governments to regulate this type of mining activity through its land use ordinances.

### Uranium mining

Uranium mining, milling and waste disposal of generated wastes poses health and environmental problems for Virginians. If these uranium mining activities are permitted in Virginia, VML is concerned that radiation and other pollutants from mill tailings may occur, downstream water supplies may be contaminated, water supplies near uranium mines may disappear or be severely reduced, and the health and safety of uranium miners might be jeopardized.

VML supports the moratorium on the mining and milling of uranium in the Commonwealth of Virginia. Any studies or efforts to develop a regulatory framework should address the concerns, warnings, and conclusions contained in the National Academies of Sciences report to the Commonwealth entitled "Uranium Mining in Virginia" and dated December 2011. Furthermore, the state should take no action to preempt, eliminate, or preclude local government jurisdiction with respect to

whether uranium mining would be allowed in the respective jurisdiction.



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The Virginia Municipal League is a statewide, nonprofit, nonpartisan association of city, town and county governments established in 1905 to improve and assist local governments through legislative advocacy, research, education and other services. The membership includes all 38 cities in the state, 160 towns and 8 counties.



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