

**Parks** Animal control Police **Elementary schools Building code enforcement** Recreation leagues Libraries Water and sewer systems Public transportation High schools Fire services Health clinics Garbage collection Storm water utilities Behavioral health services Traffic control After-school programs Landfills Economic development Street lights Jails **Building inspections Emergency medical services Housing authorities** Services for at-risk youth **Community centers** Middle schools Parking enforcement Hazardous materials response **Bookmobiles** Historic preservation **Building permits** Community festivals Medicaid eligibility E-911

#### Dear Legislator,

Two years of steadily declining local tax revenues – combined with unprecedented state budget cuts and the end of federal economic stimulus funding – are forcing local elected officials to make some of the toughest decisions of their lifetimes. Local governments cannot continue to make up for additional reductions in state aid without serious consequences. Unlike federal or state governments, local officials cannot pass along the cost of delivering essential services to another level of government. Closing fire stations, eliminating 24-houra-day police patrols, shuttering libraries and curtailing high school sports are all possibilities.

As you work to balance the budget, keep in mind that the term "state aid to localities" is a misnomer. Most state aid is simply a state payment for services it requires local governments to provide. State standards prescribe what and how these services are to be delivered. Local governments have to meet these standards regardless of the cost.

For example, take public education. Local governments contribute more money for K-12 education than required because funding formulas don't reflect the true cost of meeting numerous policies and accountability standards. Any reductions in state aid must be accompanied by meaningful changes in the Standards of Learning, Standards of Accreditation and other regulations that drive the cost of K-12 education. Local governments will not have the resources to replace additional reductions in state aid to public education.

We ask that the budget cuts you make be equitable and be accompanied by meaningful reductions in state mandates. We also ask that you resist any efforts to place new constitutional, legislative or administrative restrictions on local government authority and resources.

In addition to the budget, you will consider other issues important to local governments. Virtually every legislative committee considers measures that affect cities, towns and counties

VML staff pledge to work with you and the new administration to find solutions to the serious problems confronting us. Please call on us for any information or assistance that we can provide.

Sincerely,

**R. Michael Amyx** Executive Director

mamyx@vml.org, 387-9692 (c), 523-8521 (o)

# VML staff & assignments



Mary Jo Fields

mfields@vml.org 400-0555 (c); 523-8524 (o) Directs lobying staff. Education, elections, retirement and rules.



Neal Menkes

nmenkes@vml.org 400-1191 (c), 523-8523 (o) Taxation and finance, state budget, transportation funding, community and economic development.



Janet Areson

jareson@vml.org 400-0556 (c); 523-8522 (o) Health and human services, state budget.



**Kimberly** Pollard

kpollard@vml.org 400-1987 (c); 523-8528 (o) General laws, public safety.



Mark Flynn

mflynn@vml.org 400-1321 (c); 523-8525 (o) Legal, housing, blight, land use, zoning, telecommunications and technology.



Joe Lerch

jlerch@vml.org 640-5615 (c); 523-8530 (o) Environment, natural resources and transportation.



Jessica Stuart

jstuart@vml.org 523-8532 (o) Public safety.

# **Consultants**

Randy Cook McCaul, Martin, Evans & Cook wrcook@mmecpc.com 746-3773 (o) Courts, criminal law, civil law, eminent domain, FOIA, procurement, general laws.

#### Marianne Radcliff

Kemper Consulting Inc. mradcliff@kemperconsult.com 649-7945 (o) Transportation.

<sup>\*</sup> Phone numbers area code 804.

# 2010 Legislative Program

The Virginia Municipal League has adopted five priority issues for 2010. They are:

## State budget

# The Governor and General Assembly should not:

- 1. Restrict further local revenue authority or sources.
- Impose new funding requirements or expand existing ones on services delivered by local governments.
- Shift state funding responsibilities, including law enforcement and public safety activities, onto local governments.
- 4. Impose state fees, taxes or surcharges on local government services.
- 5. Place additional administrative burdens on local governments.

#### The Governor and General Assembly should:

 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.

Specific examples include:

- 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. These standards should be suspended until the state meets its funding commitment. An example would be the recently imposed requirement for all 7<sup>th</sup> grade students to have an individualized academic and career plan.
- 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.

- Empower local governments to deal with the problem of stormwater runoff resulting from construction activities. Local governments need the authority to review, inspect and maintain stormwater best management post-construction practices. Further, local governments need the authority to adopt their own fee schedules designed to meet local needs.
- Develop spending and revenue priorities. State tax credits, tax deductions and tax relief policies must receive the same scrutiny as spending programs.
   To do otherwise means that tax policies are more important than the education and well-being of our children, the safety of our families and other basic government functions.
- 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.

### **Transportation**

The General Assembly should provide adequate, sustainable and dedicated state funding to meet the state's responsibility to provide an effective network that supports Virginia's economy and also meets the required federal construction match. Under no circumstances should Virginia be in a "donor state" position.

#### **Education**

The state has a constitutional duty to meet its education funding obligations. VML supports full funding of state education programs, including the Standards of Quality, incentive, categorical, and school facilities programs. 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. The state should consider alternatives to generate additional funds to fulfill the constitutional commitment to education. Alternatives could include raising the sales tax or decreasing the amount of funding for the personal property tax exemption program.

VML opposes policies that lower state contributions to education under the Standards of Quality or other programs, but do no nothing to address the cost of meeting the requirements in the Standards of Accreditation and Standards of Learning. The state should not continue to maintain and increase educational requirements while at the same time decreasing state funding.

## **Economic development**

In order to ensure that Virginia is competitive with other states and nations in attracting, retaining and expanding business development, the state government is encouraged to greatly increase its efforts to market the Commonwealth to the business community on the local, regional, national and international fronts. The General Assembly is further encouraged to fully fund the Governor's Opportunity Fund and similar programs needed to make economic development efforts possible. The executive branch is further encouraged to coordinate its efforts with local governments across Virginia, to assist local governments with labor, technical and infrastructure programs so that together, local and state government can put forth the most effective economic development proposals possible. The executive branch should work to provide state incentives to bring economic development to Virginia.

# Local investments in Local Government Investment Pool (LGIP)

VML opposes efforts by the General Assembly to direct a portion of the pool's assets (at least 10 percent) to unrated financial institutions. Such action will jeopardize the pool's rating; thereby diminishing the pool's earnings, subjecting localities to penalties and costly delays in accessing funds, and causing localities to note on their financial statements that they have investments in unrated institutions. Simply put, this intrusion by the General Assembly into the management of local tax dollars violates the "prudent person rule" that requires portfolio managers to manage funds for the benefit of participants.

The Governmental Accounting Standards Board (GASB) is an independent organization that establishes standards of accounting and financial reporting for U.S. state and local governments. It is recognized by governments, the accounting industry, and the capital markets as the official source of generally-accepted accounting principles for state and local governments. GASB standards govern the type of information governments present in their financial reports. GASB standards are enforced through state laws and through the audit process.

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In addition to the five priority items, VML supports these specific positions.

#### Health of urban centers

The General Assembly should continually evaluate the limitations on local authority and land use management tools provided in the state code to ensure that the policies of the Commonwealth encourage and support healthy cities and towns. The General Assembly must end state laws that encourage sprawl. Instead, the policies of the Commonwealth should support sustainable growth in and around urban centers to help local governments create more livable, environmentally responsible communities, thus reducing the environmental impact of growth. In addition, the policies will help alleviate transportation funding problems for the Commonwealth. Further, to make movement into urban centers attractive, the education policies and funding must promote high quality educational facilities, opportunities and services.

#### **Impact fees**

The General Assembly should enact laws to broaden impact fee authority to allow the assessment of the fees for all public infrastructure, including school construction costs, caused by growth. The General Assembly should take all steps needed to assist towns and cities to work with the surrounding counties to promote growth in patterns that help the vitality of the municipalities. Any change must not shift the burden of paying for new infrastructure to existing citizens through increased real estate taxes.

#### Water and sewer lateral markings

The General Assembly should adopt legislation to clarify that local government entities are not obligated under the Underground Utility Damage Prevention Act to go onto private property where there is no easement for access to mark private sewer or other lines. Local governments accept responsibility for marking its lines in the public right of way, when the location is known to them. Additionally, the General Assembly should clarify that a local government entity is not obligated under the Act to mark underground utilities which it neither owns or operates.

#### Dangerous weapons in government buildings

Local governments should have the authority to prohibit or restrict the carrying of dangerous weapons in city and town halls, county administration buildings, public libraries, public community and recreation centers and public convention/conference centers.

#### Solicitations in public-rights-of-way

The General Assembly should authorize localities to prohibit or regulate the sale of goods, solicitation of donations or the offering of services by pedestrians to motor vehicle occupants within the public streets and rights of way in order to reduce associated traffic safety hazards.

# Transient occupancy taxes from online travel companies

VML supports state legislation to make explicit local governments' authority to collect transient occupancy taxes based on room rates charged to the public.

### Fuel fee for public safety

VML supports the authority for local governments to establish a fee on motor vehicle violations to help defray the cost of the operation and maintenance for local law enforcement vehicles.

#### Tax relief for disabled veterans

A constitutional amendment to grant an exemption from real estate taxation for veterans who have a 100 percent service related disability represents an inefficient and inequitable way to recognize the sacrifices that veterans have made. The amendment enacted in the 2009 session

#### poses several policy issues:

- Not all veterans would be eligible for the benefit; many of those are already eligible for local real estate tax exemptions for the elderly and the disabled.
- Surviving spouses of those who died while in service are not eligible.
- Veterans who do not own houses are not eligible.
- Veterans with a disability rating of less than 100 percent are not eligible.
- The exemption is granted with no regard to income level.
- The State is providing tax relief using the revenues of local governments, instead of using its own revenues.

Should the state wish to assist veterans with service-related disabilities, it has many potential avenues it could follow that could assist all veterans with service-related disabilities, including those who do not have the means to own their own homes or who are homeless. Some options include:

- Provide a state tax credit based on the real estate
  tax paid by the eligible veteran. The tax credit
  could be prorated to the level of disability and
  to the income level of the veteran, and could be
  extended to surviving spouses who have not remarried. Survivors of those who die while in service
  could be eligible to receive the credit at the same
  level as veterans with a 100 percent level of disability.
- Not tax the unearned income of veterans with service-connected disabilities. While veterans' disability income is not subject to state income taxation, unearned income is.
- Increase services available to homeless veterans.
- Provide a refundable income tax credit for qualified veterans.

# Crisis and acute psychiatric services for children and adolescents

The state should continue to support and provide crisis and acute inpatient psychiatric services for children and adolescents as a part of a behavioral health continuum of care. Services offered at the state facilities should include the use of telemedicine, training for community service providers, and technical assistance to help communities with diagnostic and treatment questions.

#### Water quality funding

Virginia's local governments face mounting costs for water quality improvements for sewage treatment plants, urban stormwater, combined sewer overflows, and sanitary sewer overflows. 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.

VML supports dedicated and adequate state appropriations to the Water Quality Improvement Fund to make full and timely payments under point source upgrade contracts with local governments.

#### **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 current moratorium on the mining and milling of uranium in Virginia until evidence demonstrates that it is safe for the environment and health of citizens. Any studies must include, but not be limited to, modeling and simulation studies that show the consequences of probable maximum precipitation storms on containment cells.

#### Transmission lines

Local governments are increasingly burdened by participating in cases before the State Corporation Commission to protect the interests of local property owners with respect to high-voltage transmission lines proposed by electric utility companies. As such, to fully protect consumers and local taxpayers VML encourages the General Assembly to develop creative solutions to aid local governments to actively participate in transmission line issues before the SCC.

# **VML Executive Committee**



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