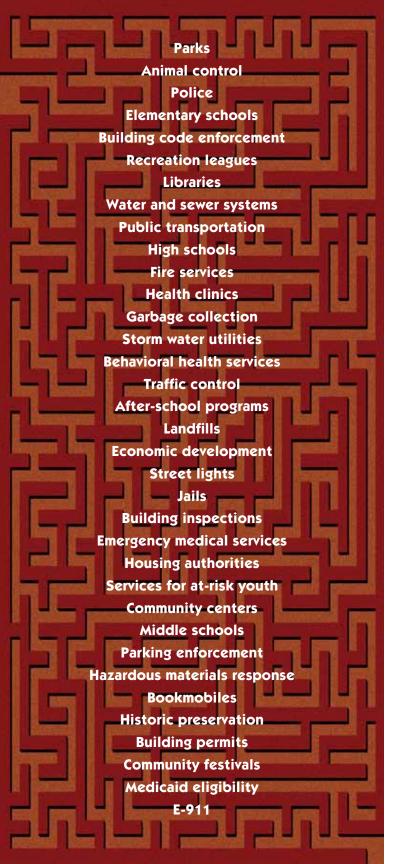


Legislative rogram



Dear Legislator:

As the economy begins to recover, albeit slowly, there finally appears to be a glimmer of hope for some improvement in the state revenue picture. Income and sales tax collections are on the rise. Employment is picking up some.

The revenue outlook for most local governments, however, is still not good because of the lingering effects of what is now being called the Great Recession. The housing market continues to experience declining values, substantial foreclosures, and a large inventory of unsold homes. Housing values in Virginia, according to the latest predictions, will not begin to recover in any meaningful way until after 2013. Because real estate taxes make up more than half of local revenues, local officials will continue to juggle declining revenues and increased demands for services.

As you struggle with monetary and policy issues in the 2011 session of the General Assembly, we implore you not to take any actions that would harm the ability of battered local governments to collect revenues. Do not take any actions that further restrict our already limited sources of revenue. In particular, we ask you to oppose any efforts to reduce or limit local revenues collected from the business, professional and occupational license tax or the machinery and tools tax. In the absence of a thorough study and identification of revenueneutral alternatives, such actions increase local government dependency on real estate taxes at a time when many hard working Virginians are struggling to keep their homes.

We further ask you to refrain from imposing new service requirements on local governments or mandating new employee benefits without providing requisite state funding. Please keep in mind that the term "state aid" is a misnomer. Most state aid is state payment for services that local governments are required to provide. Local governments do not have the choice of turning down those assignments or meeting state-imposed standards.

State and local governments serve the same citizens and ultimately have the same purpose of providing essential services efficiently and effectively. The state-local partnership, however, has become increasingly frayed as the state has shifted more and more costs to local governments. We pledge to work with you in every way possible to repair this relationship to better serve all of our citizens.

Sincerely.

Dule Amy

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2011 Legislative Program

VML has adopted six legislative priorities for 2011:

State Budget & 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:

- 1. Restrict further local revenue authority or sources.
- 2. 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.
- 4. Impose state fees, taxes or surcharges on local government services.
- 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.
- 2. 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 wellbeing 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.

^{*} Phone numbers area code 804.

Transient Occupancy Tax and On-line Travel Companies

VML supports legislation to ensure that transient occupancy taxes be based on the cost of the room as paid by the customer.

Local Business Tax Reform Policy: BPOL and Machinery and Tools Tax

VML supports the continuation of local government tax authority and encourages the study of revenue-neutral or enhanced local tax authority. Until a thorough study is completed, VML continues to oppose efforts to limit local government taxing authority, including Business, Professional and Occupational License (BPOL) tax and Machinery and Tools (M&T) tax. The burden of taxation, as well as the benefits of services, should be shared and enjoyed by all whether they are residents or local businesses.

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.

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. Additionally, VML requests the General Assembly to address costs associated with the permit requirements of Municipal Separate Storm Sewer Systems (MS4) and new EPA regulations.

Education Funding

Good schools will attract more employers and thus greater economic development. VML supports full funding of state education programs including the Standards of Quality, incentive, categorical, and school facilities programs. The state has a constitutional duty to meet its education funding obligations. 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.

Improvements to public education will not happen without additional funding. The General Assembly should initiate a study of new funding resources for K-12 education. New state innovation strategies require new funding and should not rely on existing funding for K-12 education; nor should localities be expected to underwrite the costs of these initiatives.

VML opposes policies, such as the dramatic decrease in funding for support positions, that lower state contributions to education under the Standards of Quality or other programs, but do 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. The State Board of Education should identify areas within the Standards of Quality and other educational requirements that can be modified or eliminated in order to provide localities with greater flexibility in their use of scarce education funds.

Unfinished Buildings

The General Assembly should broaden the laws on dealing with blight and dealing with building permits issued for repairs or renovation to require timely completion of the work or, failing a legitimate plan by the owner, diligently pursued, to complete the work, authorizing local government action to correct the public safety problems created by projects that are not completed and to either seize available assets of the owner and use them to fund corrective action, or recover the locality's costs on a priority basis in the same manner as unpaid taxes. Further, the definition of derelict building should be expanded to include buildings which are never completed to a stage that would meet the definition in Va. Code § 15.2-907.1.

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VML has determined that the following issues also merit specific legislative attention for the 2011 session of the General Assembly:

Keys to Virginia's Economic Growth and Development

The Governor and 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 Commonwealth 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 should alleviate transportation funding problems for the Commonwealth and should promote transportation priorities to promote public transportation modes as well as pedestrian and bicycle transportation. Further, to make movement into urban centers attractive, the education policies and funding must promote high quality educational facilities, opportunities and services. Further, the Commonwealth must provide funding to help urban centers attract and retain high quality jobs.

Impact Fees

The General Assembly should enact laws to broaden impact fee authority to allow the adequate 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.

ABC Privatization

If privatization of the sale of liquor is to occur, local governments must have full authority to apply zoning laws to businesses selling liquor and must retain full authority to participate in the ABC licensing process of those businesses and of transfers of licenses. Further, if privatization occurs, the licensing process must fully accommodate the ability of small, minority and women-owned businesses to procure licenses, and not be priced out by large corporate interests. VML opposes any legislative effort to supersede local authority to impose and collect taxes related to the sale of alcohol. Moreover, state revenues from liquor that support behavioral health and other state services must be maintained on an annual basis at no less than current levels. If the state receives any profits from privatization, a portion of such money should be distributed to Virginia's cities, towns, and counties similar to the revenues promised by Va. Code § 4.1-117.

Predatory Lending

The Commonwealth should limit the effective interest rate charged by payday lenders, car title lenders and similar businesses to 36% per year, including all fees and charges thereby conforming with the Virginia Small Business Loan Act and the Military Lending Act, 10 USC 987. Local governments must have full authority to regulate the number and location of such predatory lending businesses.

Uranium Mining

Uranium mining, milling and waste disposal of generated wastes poses potential health and environmental problems for Virginians. Prior to uranium mining activities being permitted in Virginia, VML supports studies, including those currently underway, that would evaluate the impacts of radiation and other pollutants from mill tailings on (1) downstream water supplies; and (2) the health and safety of uranium miners.

VML supports the current moratorium on the mining and milling of uranium in the Commonwealth of Virginia until studies demonstrate 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.

Line of Duty

VML supports efforts to return funding responsibility for the Line of Duty program to the state. Should local governments be required to pay these benefits, VML supports legislative changes to allow local government to have the authority to establish these benefits.

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2011 VML Legislative Program

VRS

VML has grave concerns over the underfunding of the Virginia Retirement System. The General Assembly should refrain from the practice of underfunding retirement rates. Further, VML believes that despite the changes in retirement adopted in 2010, there will need to be continued study of the sustainability and desirability of the defined benefit retirement plan.

VASAP

VML supports an amendment to Va. Code §18.2-271.1 to increase fees for participation in the Virginia Alcohol Safety Action Program to ensure an appropriate level of funding for the program.

Local Government Investment Pool

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" which requires portfolio managers to manage funds for the benefit of participants.

Animal Control Officers

VML opposes mandates to require (1) animal control officers (ACOs) to be sworn law-enforcement officers (LEOs); and (2) local sheriffs, deputies and police officers undergo the same mandatory training for ACOs as required by the Code of Virginia.

Dangerous Dogs – Breed-Specific Regulation

VML opposes legislation that would limit local animal shelters authority to euthanize or restrict the adoption of any dog. VML supports further study by the state of the public safety risks related to specific breeds of dogs and steps needed to prevent cruelty to dogs.

Weapons in Government Buildings

VML supports legislation to allow local governments to prohibit or restrict the carrying of weapons in city and town halls, county administration buildings, and any other building where a meeting of a local governing body meets, to the same extent weapons are prohibited in public schools.

Fraud Against Taxpayers Act – Sovereign Immunity

The Fraud Against Taxpayers Act does not need to be amended to waive sovereign immunity. Unlike employees of private businesses, employees of local governments are currently protected by the statewide grievance procedure. Therefore, additional legislation is not needed.

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.

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2010-2011 Legislative

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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 39 cities in the state, 156 towns and 10 counties.



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