



VML Legislative Committee Actions Sept. 6, 2018

I. Legislative positions adopted (listed in alphabetical order)

Closure of State Facilities

VML supports the development and implementation of a process by which the Commonwealth would provide ample notice and work with a community when a state facility located in or adjacent to that community is slated for significant downsizing or closure that would affect jobs, utility agreements or have an impact on the surrounding communities.

Communications Sales and Use Tax

The Virginia Communications Sales and Use Tax was enacted to establish a statewide tax rate and to pre-empt local taxes on communications sales and services. VML supports setting the tax rate at the same level as the state sales tax rate and broadening the coverage of the tax to include audio and video streaming services and prepaid calling cards. VML opposes transfers of these revenues to the state general fund for purposes other than those stipulated in the Code of Virginia.

Distracted & Inattentive Driving

VML supports legislative efforts to protect the public and prevent private property damage resulting from individuals who are distracted and inattentive while driving, regardless of the causes of distraction. Local governments should be authorized to enforce state laws and local ordinances dealing with this problem.

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.

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.

Any approach to improving low-performing schools must include adequate state financial support. VML supports increased state funding for the Virginia Preschool Initiative, the K-3 reduced class size program and Early Reading Intervention program. VML also supports increased state stipends for highly effective teachers in high-poverty schools, and other innovative programs for teachers and students.

Funding the real cost of education

The state funding formula for education operating costs breaks down on a statewide level as 55 percent state/45 percent local funding. However, the Standards of Quality do not recognize the true costs of education, including pupil transportation, school support staff, providing and updating broadband and other technology, and instructional staff salaries. Neither does it recognize most construction and renovation costs.

Local governments match more than is required for basic state education dollars, pay the majority of public school capital costs and struggle to find scarce local tax dollars to keep up with the demands for meeting additional and expanding state requirements and for creating 21st century learning environments for our children to master the challenges of tomorrow's workplace. VML supports actions for the Commonwealth to recognize and fund the true costs of public education.

Local and Regional Taxing Authority for Transit Capital Needs

Public transportation is critical to the economy and quality of life of all Virginians. VML supports legislation that would allow localities to adopt additional regional or local taxes to provide needed capital funds.

Local option regulation of disposable plastic bags

VML supports legislation to allow local option authority to develop incentives or regulations to decrease or otherwise regulate the distribution, sale, or offer of disposable plastic bags.

Mental health alternative transportation and access to beds

VML supports stable, sustained state funding and adequate safety standards for the use of alternative transportation for individuals experiencing a mental health crisis who need evaluation and potentially in-patient services. VML supports the goal of creating more ready access to short-term, in-patient crisis services, including the use of public-private partnerships, to end the need to transport adults and children long distances to receive needed services and support.

Proffers

The authority to impose impact fees should include calculations for the cost of all public infrastructure, including local transportation, transit, and school construction costs, caused by growth. Until a comprehensive impact fee system is authorized, the state code should extend to all localities full authority for conditional zoning to meet the needs to new citizens for public infrastructure.

Removing barriers to distributed solar

VML supports removal of barriers and creation of stronger market for distributed solar. Reforms include:

- Lifting the one percent cap on the total amount of solar that can be net metered in a utility territory; and
- Allowing local government entities to install solar facilities of up to 5 MW on government-owned property and use the electricity for schools or other government-owned buildings located on nearby property, even if not contiguous

Sidewalks

VML supports the General Assembly providing local governments the authority to enter into agreements with developers to have a payment in lieu option for sidewalk installation. These agreements would include language allowing the locality to install a sidewalk somewhere else that is beneficial.

State and Federal Funding for Public Transit

VML supports increased federal and state funding for public transit; policies that allow for the equitable distribution of such funding, and dedicated sources for such funding, to ensure the state of good repair of transit equipment and facilities as well as service expansion.

State and Local Government Fiscal Relationship

Governance at the local level becomes ever more challenging as the Commonwealth and the Federal government add new programs, or modify existing program guidelines, and promulgate complex regulations and higher standards for local governments to implement. It is not uncommon for the state and federal governments to either underfund their share of the costs or to ignore them altogether.

To that end, the Virginia Municipal League holds as essential these principles on local taxing and budget authority.

- Specific local revenue authority and sources cannot be further restricted without first granting and providing alternative revenue authority with reliable, sustainable revenue sources. This includes, without limitation, the BPOL and M&T taxes.
- Local governments should be involved in any discussions relating to local taxing authority including legislation that exempts specific industries from local taxes and fees.
- Local general fund revenue and special funds cannot be confiscated or re-directed to the state treasury.
- Placing additional administrative burdens on local governments without sufficient resources or administrative flexibility jeopardizes the quality of services delivered at the local level. Local governments cannot be expected to bear the expenses related to the imposition of new funding requirements or the expansion of existing ones on services delivered at the local level without a commensurate increase of state financial assistance or new local taxing authority.
- Shifting traditional state funding responsibilities onto local governments for services including public education, law enforcement, and public safety activities and any core services affecting local government, is bad fiscal policy, resulting in stress on local finances without reductions in overall program costs.
- Imposing state fees, taxes or surcharges on local government services impedes transparency at both the state and local level.
- Any efforts at tax reform must begin with a thorough examination of state tax reform and the financing of state services. The State should reform its own tax structure before taking on the topic of local taxes. State and/or local tax changes should not negatively affect local revenues.

- State budget cuts to state mandated and other high priority programs should specify the programs to be affected by the cuts.

The Commonwealth should:

- Enter a dialogue with local governments to examine state requirements and service expansions that can be suspended or modified to alleviate to the degree possible the financial burden on state and local taxpayers.
- Examine models in other states that allow for modernizing state and local taxing authority.
- Develop spending and revenue priorities that support economic development, public safety, education and other public goals. State tax credits, tax deductions and tax relief policies must receive the same scrutiny as spending programs as part of the prioritization process.
- In times of revenue crises, review ways to increase revenues to meet constitutional and statutory obligations to Virginia citizens after all other actions have been taken.
- Include local government representatives on any “blue ribbon” commission or other body established by the state that has as its purpose changes to local revenue authority or governance.

State Assistance to Local Police Departments (HB 599)

Almost 70 percent of Virginians live in communities served by police departments. The state created a program of financial assistance to local police departments (HB599) when it imposed an annexation moratorium on cities more than 30 years ago. It has increasingly de-emphasized this funding obligation as a priority but has never compromised on the annexation moratorium. VML calls for the state to honor its commitment to local governments and public safety by funding the program as stipulated in the Code of Virginia.

Stormwater Local Assistance

VML supports continued investment in the Stormwater Local Assistance Fund to assist localities with critical stormwater projects to meet federal and state clean-water requirements.

Taxing, Licensing, and Regulating Internet-based Businesses and Services

In taking state action to regulate private enterprises employing a business model that emphasizes the use of the Internet to either provide retail or facilities or ride-sharing services, local government interests should be acknowledged, and localities should be included in the decision-making.

As general principles, VML believes state and local policies should (1) encourage a level playing field for competing services in the market place; (2) not provide a tax preference or tax policy advantage for one group at the expense of another group in the same competitive field; (3) seek to preserve and/or replace local and state tax revenues; (4) ensure safety, reliability, and access for consumers, providers, and the public; and (5) protect local government’s ability to regulate businesses whether they are traditional, electronic, Internet-based, virtual or otherwise.

VML also believes that the state should not prohibit the sharing of financial information between the Commonwealth and appropriate local authorities that is normally treated as part of the public domain. VML further believes that the state should not prohibit a locality from

exercising its authority to enter into voluntary collection agreements provided that such agreements include provisions to protect the public's interest.

Use of Locally-owned Rights-of-Way

Private use of public rights-of-way significantly increase management responsibilities and maintenance costs. VML supports fair market value funding for private use of locally owned rights-of-way. These costs should not be disproportionately borne by local taxpayers.

II. Proposed legislative position considered Sept. 6; to be voted on at Sept. 30 meeting

Restoring reductions to community services boards

Community services boards are slated for substantial state general fund reductions in fiscal years 2019 (\$11 million) and 2020 (\$25 million). Health care expansion through Medicaid may eventually make up for these reductions, but the timing of implementation leaves the boards with six months to make up for a year's worth of reductions in fiscal year 2019 and puts them at risk of service and staffing disruptions. VML supports the restoration of funding to community services boards in fiscal year 2019. VML also supports the revisiting of slated reductions in fiscal year 2020 and beyond, specifically to ensure that the state's goal of providing more services at the community level, including new STEP-VA service requirements, can be achieved without shifting funding burdens to local governments.