

Inside

Voting machine initiative scrutinized by registrars >

State budget issues capture attention >

House panel delays vote on stormwater fee exemption for churches >

CSA parental referral bill advances >

Bills on low performing schools advance in House, Senate >

General Assembly 2015 links

Budget Links:
<http://www.vml.org/budget-links>

Look up a bill online:
<http://1.usa.gov/1xxkDW7>

2015 Calendar:
<http://1.usa.gov/1Dpx32T>

House members:
<http://bit.ly/1mCMoFb>



Senate members:
<http://1.usa.gov/1nT7Hnt>

House and Senate Committee lists:
<http://1.usa.gov/13Td282>

Reminder

Register now for VML Day at the Capitol on Jan. 28.

<http://www.vml.org/node/703>

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Tax preference preserved for online hotel bookings

House, Senate tax committees get busy

TWO SUBCOMMITTEES OF the [House Finance Committee](#) met Wednesday, deciding or postponing the fate of a number of bills, some of which are of interest to local governments.

[House Finance Subcommittee #1](#) and its Republican majority disposed of one of Gov. Terry McAuliffe's "tax preference" bills on a party line voice vote. [HB 2117](#) (Mason) would have changed the basis for applying the state sales and use tax and local transient occupancy taxes on rooms reserved through online travel companies like Expedia or hotels.com. The Virginia Department of Taxation conservatively estimated a revenue gain for state and localities in the range of \$6 million to \$7 million each year. VML

has supported the basis change for several years, meaning taxes should be applied to the charge a consumer pays rather than to the discount the online travel company negotiates with the hotel/motel.

HB 2117 was the first tax preference bill taken up by any House or Senate committee. If this precedent is followed for the other measures, the \$114 million in tax preference savings McAuliffe is using to balance his budget amendments (and avoid



further spending cuts in K-12) will be in trouble. It is unclear how the Senate Finance Committee will react to the bills or to the authorizing language the governor included in the Budget Bill that mirrors his tax preference proposals. (If the Senate approves the Budget Bill language, it would force the House to consider the tax preference issues as part of the budget conference.)

Also awaiting subcommittee action is another bill that affects local real estate taxes. [HB 1576](#) (Pogge) would give a homeowner the right to arbitrate his assessment appeal without having a local assessor's agreement. There would be no presumption that the tax assessment is correct and neither party would have the burden of proof. The issues that may be raised before the arbitrator are whether at the time of assessment, the assessed value of the property was at fair market value; the assessed

General Assembly 2015



Continues on next page

General Assembly



Tax preferences continued ...

value is uniform in its application; or the assessed value was arrived at in accordance with generally accepted appraisal practices. The bill does not seem to address who and how the arbitrator is paid. It is also unclear if a taxpayer could appeal to the circuit court an unfavorable ruling made by the arbitrator.

In [House Finance Subcommittee #2](#), a bill to allow contractors to deduct from their gross proceeds the amounts paid to subcontractors was carried over until next week. The deduction included in [HB 1352](#) (Ramadan) would become effective in the license year beginning in 2016. The potential local revenue loss from this bill could be substantial, according to the Tax Department. A survey of the Commissioners of the Revenue conducted in 2013 by VML and VACO showed that 7 percent or \$50 million of BPOL collections is from contracting. HB 1352 would seriously reduce that amount. VML asks members to urge their delegates and senators to oppose the bill.

The [Senate Finance Committee](#) this week reported out 17 bills. Few generated any controversy, and even fewer were of interest to most localities. However, [SB 1046](#) (Hanger) would authorize the governing bodies of three or more cities, counties, or school boards to form a benefits consortium for the purpose of establishing a self-funded employee welfare benefit plan. The benefits consortium would be a nonstock corporation established to operate a benefits plan and be exempt from taxation and insurance regulations. The bill was re-referred to the [Senate Commerce and Labor Committee](#). ☺

Elections

Voting machine initiative scrutinized by registrars

GOV. TERRY MCAULIFFE'S proposal to add \$28 million to the budget for a one-time purchase of voting machines across the state has prompted registrars to ask questions.

Secretary of Administration Nancy Rodrigues told a Senate Finance subcommittee that deals with general government and technology issues on Tuesday that the failure of 50 voting machines in the last election prompted the governor to act.

In addition to the money, McAuliffe's introduced

budget included language requiring localities to replace direct-recording electronic voting machines and any other non-qualifying voting equipment with equipment approved by the State Board of Elections by Aug. 1, 2015. The budget also includes \$1.6 million in FY16 to reimburse localities that have replaced equipment prior to Jan. 1, 2015. The intent is that these localities will be reimbursed for the purchases over a three-year period, with the \$1.6 million paying for one-third of the costs. The amendment also states that the funding is a one-time program to enable local governments to make all voting equipment in compliance with policies and procedures approved by the State Board of Elections. ([Item 83 H](#), Item C-46.30). Cities and counties are responsible for the purchase of voting equipment; this \$28 million would represent the first time in recent memory that the state had used its resources to pay for voting equipment.

Given the equipment failures, Rodrigues said she was only comfortable with the equipment available in 400 out of 2,500 polling places statewide. She said that those 400 had newer, verifiable equipment.

Rodrigues also said that the state has contracts with vendors that could handle the needs of the state, and that the Department of General Services would be in charge of procurement for these machines.

Subcommittee members asked if this purchase would mean the state would be struck with the cost forever, letting local governments off the hook for this responsibility. Another asked if localities could be asked to pick up half of the cost using a zero-percent loan. Rodrigues replied that she would prefer to use a "carrot" approach to get newer equipment in place; that the revenue bonds to be used for the purchase could not work this way; and that localities would still have to pay the cost for the initial set-up for new machines, as well as privacy booths for the machines. She added that the lifespan for the machines is seven to 10 years, which is why the state is looking at seven-year revenue bonds.

Local registrars, however, have raised several concerns about the proposal. They say that while the state will cover the cost of one machine per precinct, some large precincts will require two machines in order to keep the voting lines moving. Further, the initial set-up costs and privacy booths are not insignificant costs, and would have to be completed by August 2015, early in the budget year.

Registrars also question whether the Department of General Services was a good choice to select the

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General Assembly



Sample continued ...

equipment, particularly without the input of election administrators who would have knowledge of what features would make the equipment easier to use from the viewpoint of the voters and from the viewpoint of the registrars and other election officials.

Sen. Emmett Hanger, who chaired the meeting, said he had not heard much from local governments about the issue, and asked Rodrigues if she had heard much. She said that she had heard from localities that they would like to choose the machines they want, and that once she explained the circumstances, they generally understood why the state was promoting a particular type of machine. These circumstances include the loss of employees at the State Board of Elections and greater dependence on e-poll books.

Finally, Rodrigues alerted the subcommittee to the looming need for funding for the State Board, because 60 percent of agency's funding comes from federal funds (HAVA) that will be completely spent by 2018.

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Budget

State budget issues capture attention

SUBCOMMITTEES OF THE House Appropriations and Senate Finance committees are dissecting and analyzing Gov. Terry McAuliffe's budget amendments for the 2014-2016 biennium. The House and Senate have also raised money issues outside of the governor's amendments, such as salary increases for state employees, state troopers, teachers and others.

Also this week, the budget amendments submitted by delegates and senators were released along with a detailed analysis made by House Appropriations and Senate Finance staff of the McAuliffe amendments. (See the budget amendments here: <http://bit.ly/1JtWbaj>. See the analysis here: <http://1.usa.gov/1GIpDNH>.)


Three budget issues strongly supported by VML are included in the submissions.

Sens. Kenneth Alexander, Louise Lucas, William Stanley and Charles Colgan introduced amendments to eliminate the \$30 million "local aid to the commonwealth" in FY16 – [Item 471.30 #1s](#), [Item 471.30 #2s](#), [Item 471.30 #3s](#) and [Item 471.30 #4s](#). Del. Matthew

James offered an amendment to accomplish the same aim in the House – [Item 471.30 #1h](#).

Concerning the perennial state effort to take a portion of local fines and fees, Senate and House amendments were introduced to alter the threshold triggering state action, virtually exempting all localities from the state initiative. Sens. Lucas, Stanley and Charles Carrico introduced [Item 37 #1s](#) and [Item 3-6.05 #1s](#), [Item 37 #2s](#) and [Item 3-6.05 #2s](#), and [Item 37 #3s](#) and [Item 3-6.05 #3s](#), respectively. In the House, James sponsored [Item 37 #1h](#) and [Item 3-6.05 #1h](#).

VML also supported amendments to remove language tied to the governor's plan to increase salaries for certain pay grades affecting deputy sheriffs. The language removes an unfunded salary mandate beginning in FY17 for all cities and counties. Sen. Thomas A. Garrett introduced [Item 66 #2s](#), and Del. Roslyn Tyler introduced [Item 66 #5h](#).

VML staff will discuss these amendments and other budget issues during the VML Day at the Capitol program in Richmond on Wednesday. 

Stormwater

House panel delays vote on stormwater fee exemption for churches

A subcommittee of the House Agriculture, Chesapeake and Natural Resources Committee put off voting to exempt churches from paying local stormwater utility fees for the week. [HB 1293](#) (Morris), which also extends this exemption to religiously-affiliated schools and universities, will be taken up again next Thursday afternoon at 4 p.m.

VML testified against the bill Thursday afternoon. Local governments are authorized to establish a stormwater utility whereby charges are determined by the amount of impervious surfaces such as pavement and rooftops. Such an exemption would likely result in other classes of non-profit property owners (including federal and state government) seeking relief, thereby further diminishing revenues.

Talking points:

- Virginia's localities are required under federal and state law to meet new requirements for reducing stormwater pollution.
- Recent cost estimates for Virginia to comply exceed \$10 billion, with the majority of the costs

continues on next page

General Assembly



Stormwater continued ...

falling on local governments.

- Stormwater utility fees provide a limited source of revenue for locals to tap into to finance costly projects to reduce pollution.

- Any state-mandated reductions to this revenue source will place additional financial burdens on localities.

If you have not already done so, please call or e-mail these subcommittee members in opposition to HB 1293:

House Agriculture, Chesapeake and Natural Resources subcommittee

Name	Email	Telephone
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Wilt, Tony O. Del	TWilt@house.virginia.gov	(804) 698-1026

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Human services

CSA parental referral bill advances in Senate

A BILL TO require local governments to create a policy to allow parents/guardians to refer a child to a Family Assessment and Planning Team (FAPT) under the Comprehensive Services Act for At-Risk Youth and Families (CSA) was reported by the Senate Rehabilitation and Social Services Committee and re-referred to the Senate Finance Committee today. [SB 1041](#) (Hanger) was amended to remove the word “direct,” as in make a direct referral to FAPT, but it still requires the Community Policy and Management Team (CPMT) to develop a policy to allow for parent/guardian referrals to the FAPT. The bill leaves it open to local governments to determine how it would create this policy.

VML testified that although there was no state fiscal impact statement given for the bill, it would create new costs – both for the state and for local governments. If more families come before FAPT for evaluation, it is pretty certain there will be new services to be paid for by the state and local governments, and for local governments there will also be additional administrative costs.

VML pointed out that the state has not increased its share of administrative funding to local govern-

ments since the 1990s, and there did not appear to be budget amendments submitted by the proponents of the bill to increase funding to local governments. The representative from the state CSA office denied there would any additional service costs from this bill.

Also on the human services side, the committee reported [SB 967](#) (Favola), to extend foster care services and supports, including foster care maintenance payments, to qualifying individuals 18-21 years old who were formerly in the custody of a local board of social services. The goal is to give these young adults a better chance to finish their education and get established.

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Education

Bills on low performing schools advance in House, Senate

SCHOOL DIVISIONS WITH low performing schools would have increased flexibility with regards to calendars under [HB 1585](#) (Stolle), which is on the House floor for second reading today.

If more than 15 percent of the schools within a division have failed to meet full accreditation, the bill would allow the superintendent and school board the flexibility to operate year-round schools or open

continues on next page

General Assembly



Education bills continued ...

before Labor Day. Another section of the bill allows the superintendent and school board similar authority for any school within a division that is not fully accredited.

[SB 821](#) (Miller) simply eliminates the Opportunity

Educational Institution. That bill is on the Senate floor.

Other bills that would encourage or force school boards to take particular actions or that would strengthen the role of the state Department of Education in overseeing low-performing schools remain in committee in both the Senate and the House.

Staff contact: Mary Jo Fields, mfields@vml.org. 

Taxes

Contact House panel in opposition to property tax exemption

PLEASE CONTACT MEMBERS of the Constitutional Amendments Subcommittee of the House-Privileges & Elections Committee in opposition to [HJR 597](#) (Hugo). The bill is before subcommittee on Monday at 8 a.m.

This constitutional amendment would allow the General Assembly to exempt from real estate taxation the primary residence of the surviving spouse of any law enforcement officer, firefighter, search and rescue personnel, or emergency medical services personnel killed in the line of duty. Current surviving spouses

would be eligible for the exemption, and the surviving spouse would not have to have lived in the locality or even the state at the time of the death of the public safety officer.

As one town manager eloquently stated: “As a matter of principal, the state should bear the costs of its mandates. If the state wants to give this tax relief, it should set up a state fund to reimburse the spouse for the amount of the real estate tax. Legislators must stop this continual assault on local revenues. The meltdown of the economy isn’t just a state budget crisis. Localities are struggling to provide the most basic of services!”

The subcommittee also will take up amendments allowing the Board of Education to establish charter schools, to restore voting rights and other measures.

The members of the subcommittee are:

House Privileges and Elections Constitutional Amendments Subcommittee

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General Assembly

Public Safety

Photo-red bill to be reconsidered on Thursday

DESPITE THE FACT that [HB 2163](#) (Cline), which would repeal photo red systems for every locality, was tabled in the House Militia, Police and Public Safety subcommittee #2 earlier this week, the patron plans to bring the bill back up in the same subcommittee Thursday morning at 7:30.

Please contact Del. Ben Cline, the bill’s sponsor, as well as other members of the subcommittee to voice your opposition to this legislation.

House Militia, Police and Public Safety subcommittee #2

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Miscellaneous

Press beats back legal advertising alternatives

TWO MEASURES THAT would have allowed local governments to use advertising alternatives to newspapers were defeated in a House Counties, Cities and Towns subcommittee meeting on Wednesday.

Committee members asked whether a newspaper could volunteer to run notices that it obtains from a city’s website and asked about pricing when the local newspaper has a monopoly on advertising. VML thanks Dels. Christopher P. Stolle, William R. DeSteph Jr. and K. Robert Krupicka Jr. for voting to report [HB 1405](#) (Head) and [HB 1438](#) (R.P. Bell), and Del. Todd E. Pillion for voting to report HB 1438.

Staff contact: Mark Flynn, mflynn@vml.org.

House committee kills bill allowing removal of appointees at will

A HOUSE COMMITTEE easily defeated legislation that would have allowed a local governing body to remove the members of any board of commission it appointed at will.

[HB 1383](#) (Morris) had been amended in a subcommittee of the Counties, Cities and Towns Committee to require a two-thirds vote of the governing body.

The legislation would have put the work of planning commissions at risk. Not infrequently, a planning commission faces a politically difficult vote on a subdivision plat, when the neighbors object to the idea of a new subdivision. If the applicant has met all the locality’s regulatory standards, a planning commission must approve the subdivision. The opposition of neighbors is irrelevant. If a planning commissioner could be removed by the governing body, the work of the commission would be put at risk.

At the meeting, numerous school board members who serve on appointed school boards objected. Based on those objections and other issues raised by committee members, the bill was defeated.

General Assembly



Other bills we are following ... Best permitting practices

Summary: Bills to require local governments to be a one-stop permitting portal for all local, state and federal permits have been introduced in recent years. Local governments have been successful in pointing out that local building and zoning departments do not have the information needed to fill this formidable task. Nonetheless, the bills keep getting introduced.

Action: This year's version, [HB 1404](#) (Head), is headed to the Small Business Commission via a letter from Del. Riley Ingram, chair of the House Counties, Cities and Towns Committee. VML has committed to working with the patron and the commission to help develop best practices in permitting processes that citizens go through when dealing with a local government.

Staff contact: Mark Flynn, mflynn@vml.org

Public safety

Summary: [HB 1521](#) (Lindsey) would have required that any sheriff or police force that employs more than 100 officers, no later than Jan. 1, 2018, implement and operate a body-worn camera system.

Action: The bill was tabled and sent to the Governor's Secure Commonwealth Council, which will be looking all technology law enforcement bills.

Staff contact: Kimberly Pollard, kpollard@vml.org

Summary: [HB 2024](#) (BaCote) would allow a locality to adopt an ordinance to prohibit firearms in libraries. Similar bills in previous sessions have been killed in subcommittee.

Action: The bill is in the House Militia, Police and Public Safety subcommittee #1.

Staff contact: Kimberly Pollard, kpollard@vml.org

Summary: [HB 1390](#) (Berg) would prohibit a locality from adopting or regulating firearms or ammunition except as expressly authorized by statute. Anything adopted prior to July 1, 2015, without express statutory authority, would be invalid.

Action: The bill has been referred to the House Militia, Police and Public Safety Committee.

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