

2015 Thomas Jefferson Planning District Legislative Program

Representing the Local Governments of:

**Albemarle County
City of Charlottesville
Fluvanna County
Greene County
Louisa County
Nelson County**

October 2014

**Allen Hale, Chairman
Chip Boyles, Executive Director
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TOP PRIORITY and LEGISLATIVE REQUEST

EQUALIZED REVENUE AUTHORITY

The Planning District localities urge the governor and legislature to equalize the revenue-raising authority of counties with that of cities.

Background:

Over the years, national economic conditions, increased federal and state requirements, declining aid to localities and increased taxpayer resistance to local levies have challenged local government ability to generate revenues, appropriate funds and set priorities in an attempt to meet the service needs of local citizens. Despite political hurdles, many localities have increased existing taxes and fees, or adopted new ones. Local governments also have taken significant actions to control spending, to include deferring maintenance and capital outlays and reducing their workforces.

Rationale:

A number of State-level studies, dating back as far as the early 1980's, have noted that the differences between city and county taxing authority exist due to historical distinctions in the levels of services provided, and that they should be eliminated. This distinction has become less prevalent with increased urbanization and suburbanization, as a growing number of counties now provide levels of services similar to cities. In fact, the State requires cities and counties to deliver, to participate in the delivery of or to fund many services in the areas of education, the environment, human services, public safety, courts and judicial administration, and election administration, among others. Levels of funding, the degree of service responsibility and standards related to delivery of such services often are topics of debate between the State and localities.

Virginia's localities utilize a revenue base that relies largely on the real property tax, which of late, is providing a smaller percentage of local resources (due to slow growth or decline in assessments) and which in the future, likely will not grow commensurate with the needs of the locality. Also affecting the real property base is the extent of tax-exempt property (both government and non-government) within local boundaries.

This proposal essentially removes the caps that currently apply to county authority to levy the meals, lodging and amusement taxes, as well as the requirement that meals taxes in counties be subject to approval by referendum. It stands to help diversify and broaden the revenue base of counties by further reducing dependency on the real property taxes. We further believe that, at a minimum, equalizing revenue authority for counties should be on the table as Virginia examines modernizing its tax system to comport with the realities of a global, information-driven economy, which will rely less on federal and other government spending and more on new, private sector business models. State laws, local ordinances, tax structures, and licenses and regulations will have to be re-evaluated and likely re-shaped without sacrificing the overall quality of government services, including education, public health and public safety.

OTHER LEGISLATIVE PRIORITIES

STATE MANDATES AND FUNDING OBLIGATIONS: The Planning District localities urge the governor and legislature to 1) not impose financial or administrative mandates on localities; 2) not shift costs for state programs to localities; and 3) not further restrict local revenue authority.

Locality budgets continue to be challenged by slowly-recovering local revenues, stagnant state funding and additional requirements. While state general fund appropriations have increased by \$2 billion since FY09, state assistance to local government priorities has been taking a backseat to fast growing state Medicaid and debt service expenditures. As the State faces another budget shortfall in the current biennium, we urge policymakers to preserve existing funding formulas rather than altering them in order to save the state money and/or shift costs to localities. The State should undo the across-the-board reductions in aid-to-localities that are helping to balance the state budget.

We oppose unfunded state and federal mandates and the cost shifting that occurs when the state fails to fund requirements or reduces or eliminates funding for state-supported programs. Doing so strains local ability to craft effective and efficient budgets to deliver services mandated by the state or demanded by residents. The State should examine how services are delivered and paid for in the future as a different economy takes hold in Virginia. Finally, the State should not alter or eliminate the BPOL and Machinery and Tools taxes, or divert Communications Sales and Use Tax Fund revenues intended for localities to other uses. Instead, as stated in our top legislative priority, the legislature should broaden the revenue sources available to localities.

PUBLIC EDUCATION FUNDING: The Planning District localities urge the State to fully fund its share of the realistic costs of the Standards of Quality without making policy changes that reduce funding or shift funding responsibility to localities.

The state will spend about \$5.55 billion on public education in FY15, about 32% of its general fund budget. The level of state funding for FY15 represents a \$250 million increase from FY14, though state per pupil expenditures for FY15 of \$5,035 are still well below the FY09 high of \$5,274 per pupil. Meanwhile, local governments boost education funding by spending over \$3.5 billion more per year than required by the state.

Reductions in state public education dollars the last four to five years have been accomplished mainly through policy changes that are decreasing the state's funding obligations moving forward. The State also made policy changes to the Virginia Retirement System (mandatory teacher 5% for 5%) that increased local costs and did nothing to reduce a \$15 billion unfunded teacher pension liability. Education expenditures are expected to continue increasing, as the percentage of at-risk students continues to rise (they have risen from 26% in 2007 to over 33% in 2013) and VRS contribution rates for teachers, which jumped 24% this biennium, experience additional, albeit smaller, hikes in the coming years.

TRANSPORTATION FUNDING and DEVOLUTION: The Planning District localities urge the State to find additional revenues for secondary/urban construction and for unpaved roads. We oppose any legislation or regulations that would transfer responsibility to counties for construction, maintenance or operation of current or new secondary roads.

We urge the state to restore formula allocations for secondary/urban construction and for unpaved roads, and we support stable and increasing dollars for cities and towns to maintain their roads. Previous legislative changes (2012) authorize \$500 million off the top for Commonwealth Transportation Board priorities before funds are provided to the construction fund. Accordingly, construction funding for secondary and urban roads, suspended in 2010, has not been restored and will continue to be elusive given recent reductions in revenues. State revenues for the current Six-Year Improvement Program are expected to be down nearly \$500 million from the previous plan, which itself fell by more than \$900 million.

We believe that efficient and effective transportation infrastructure, including the secondary road system, is critical to a healthy economy, job creation, a cleaner environment and public safety. Accordingly, we oppose shifting the responsibility for secondary roads to local entities, which could result in vast differences among existing road systems in different localities, potentially placing the state at a competitive economic disadvantage with other states when considering business and job recruitment, and movement of goods.

WATER QUALITY: The Planning District localities support the goal of improved water quality, but as we face mounting costs for remedies, we believe major and reliable forms of financial and technical assistance from the federal and state governments is necessary if comprehensive improvement strategies for local and state waters emptying into the Chesapeake Bay are to be effective.

As local governments are greatly impacted by federal and state initiatives to reduce pollutants into state waters, it is imperative that aggressive state investment in meeting required milestones for reducing Chesapeake Bay pollution to acceptable levels occurs. This investment must take the form of authority, funding and other resources to assure success, and must ensure that cost/benefit analyses are conducted of solutions that generate the greatest pollution reductions per dollar spent. This includes costs associated with stormwater management, for permitted dischargers to upgrade treatment plants and for any retrofitting of developed areas, and to aid farmers with best management practices.

We also believe that implementation of the Nutrient Trading Act to allow exchange of pollution allocations among various point and nonpoint sources should contain such exchanges within a particular watershed, so as to improve the health of local waters.

LAND USE AND GROWTH MANAGEMENT: The Planning District localities encourage the state to provide local governments with additional tools to manage growth, without preempting or circumventing existing authorities.

In the past, the General Assembly has enacted both mandated and optional land use provisions. Some have been helpful, while others have prescribed one-size-fits-all rules that hamper different local approaches to land use planning. Accordingly, we support local authority to plan and regulate land use and oppose legislation that weakens these key local responsibilities.

Current land use authority often is inadequate to allow local governments to provide for balanced growth in ways that protect and improve quality of life. Therefore, we believe the General Assembly should grant localities additional tools necessary to meet important infrastructure needs. These include the following: 1) impact fee and proffer systems that are workable and meaningful for various parties, without weakening our current proffer authority; 2) impact fee authority for costs for facilities other than roads; 3) authority to enact adequate public facility ordinances for determining whether public facilities associated with new developments are adequate; and 4) state funding and incentives for localities, at their option, to acquire, preserve and maintain open space.

LEGISLATIVE POSITIONS and POLICY STATEMENTS

EDUCATION:

The Planning District's member localities believe that state funding for K-12 education in Virginia should be realistic and recognize actual needs, practices and costs; otherwise, more of the funding burden will fall on local taxpayers.

School Division Finances:

- The State should not eliminate or decrease funding for benefits for school employees.
- We support establishment of a mechanism for local appeal of the calculated Local Composite Index to the State.
- We believe that unfunded liability associated with the teacher retirement plan should be a shared responsibility of state and local government.

Literary Fund:

- The State should discontinue seizing dollars from the Literary Fund to help pay for teacher retirement.
- We urge state financial assistance with school construction and renovation needs, including funding for the Literary Loan and interest rate subsidy programs.

FINANCE:

The Planning District's member localities believe the State should refrain from establishing local tax policy at the state level and allow local governments to retain authority over decisions that determine the equity of local taxation policy.

Local revenues:

The State should not confiscate or redirect local general fund dollars to the state treasury, as was done in 2012 when it directed to the Literary Fund, a portion of fines and fees collected at the local level pursuant to the enforcement of local ordinances.

Fiscal Impacts:

We support reinstatement of the "first day" introduction requirement for bills with local fiscal impact.

TOT:

The State should ensure the appropriate collection of transient occupancy taxes from online transactions.

TRANSPORTATION:

The Planning District's member localities recognize that state leaders took a big step in 2013 toward addressing transportation infrastructure needs by approving a transportation funding package that is expected to generate nearly \$800 million per year by 2018, with funding targeted primarily for road maintenance, rail and transit. We urge the State to 1) remain focused on providing sufficient revenues to expand and maintain all modes of our transportation infrastructure; 2) provide more dedicated revenues for transit and rail operations and capital in order to keep pace with growing public needs and expectations; and 3) provide additional authority to establish mechanisms for funding transit and non-transit projects in our region.

Transportation and Land Use Planning:

- We support ongoing state and local efforts to coordinate transportation and land use planning, and urge state and local officials to be mindful of various local and regional plans when conducting corridor or transportation planning within a locality or region.
- While we opposed closing of VDOT's Louisa residency facilities and support its reopening, we also support the option for the locality to purchase the property if available.

PUBLIC SAFETY:

The Planning District's member localities encourage state financial support, cooperation and assistance for law enforcement, emergency medical care, criminal justice activities and fire services responsibilities carried out locally.

Funding:

- We urge the State to make Compensation Board funding a top priority, fully funding local positions that fall under its purview. It should not increase the local share of funding constitutional offices or divert funding away from them, but increase money needed for their operation.
- We support restoration of state funding responsibility for the Line of Duty Act.
- We urge continued state funding of the HB 599 law enforcement program (in accordance with *Code of Virginia* provisions).
- The State should increase funding to the Virginia Juvenile Community Crime Control Act program, which has cut in half the number of juvenile justice commitments over the past decade.
- We support funding for mental health and substance abuse services at juvenile detention centers.

Jails:

- The State should continue to allow exemptions from the federal prisoner offset and restore the per diem payment to localities for housing state-responsible prisoners to \$14 per day.
- The State should not shift costs to localities by altering the definition of state-responsible prisoner.

Offender Programs and Services:

- We support continued state funding of the drug court program and the Offender Reentry and Transition Services (ORTS), Community Corrections and Pretrial Services Acts.
- We support continued state endorsement of the role and authority of pretrial services offices.
- We support authorization for the court to issue restricted driver's licenses to persons denied them because of having outstanding court costs or fees.

COMPREHENSIVE SERVICES ACT:

The Planning District localities urge the State to be partners in containing costs of the Comprehensive Services Act (CSA) and to better balance CSA responsibilities between state and local government. Since the inception of CSA in the early 1990's, there has been pressure to hold down costs, to cap state costs for serving mandated children, to increase local match levels and to make the program more uniform by attempting to control how localities run their programs.

CSA Administration:

We request increased state dollars for local CSA administrative costs, as localities pay the overwhelming majority of costs to administer this shared program. State dollars for administration have not increased since the late 1990's, while at the same time, administrative costs have jumped due to additional data collection and reporting requirements.

Pool Expenditures:

- The State should provide full funding of the state pool for CSA, with allocations based on realistic anticipated levels of need.

- The State should establish a cap on local expenditures in order to combat higher local costs for serving mandated children, costs often driven by unanticipated placements in a locality.
- Categories of populations mandated for services should not be expanded unless the State pays all the costs.

Efficiency:

- The State should be proactive in making residential facilities and service providers available, especially in rural areas.
- In a further effort to help contain costs and provide some relief to local governments, we recommend that the State establish contracts with CSA providers to provide for a uniform contract management process in order to improve vendor accountability and to control costs.

ECONOMIC and WORKFORCE DEVELOPMENT:

The Planning District's member localities recognize economic development and workforce training as essential to the continued viability of the Commonwealth. We support policies and additional state funding that closely link the goals of economic and workforce development and the state's efforts to streamline and integrate workforce activities and revenue sources, and to align workforce supply with anticipated employer demands. We also support state efforts to clearly define responsibilities of state and local governments and emphasize regional cooperation in economic, workforce and tourism development.

Planning District Commissions:

- We support increased state funding for regional planning district commissions.
- We encourage opportunities for planning districts to collaborate with state officials and state agencies on regional program and projects, and support funds for the Regional Competitiveness Act to initiate and sustain such efforts.

Economic Development:

- We support increased state funding for the Industrial Site Development Fund, the Governor's Opportunity Fund and tourism initiatives that help promote economic development.
- We support legislation that dedicates income and sales tax revenues generated by corporations and limited liability companies within an economic development project to such locality in cases where the locality has expended local funds for such project and state grants funds or incentives were not involved.

Broadband:

We encourage continuing state incentives and support for expediting deployment and reducing the cost of broadband technology, particularly in underserved areas.

Agricultural Products and Enterprises:

We encourage state and local governments to work together and with other entities to identify, to provide incentives for and to promote local, regional and state agricultural products and rural enterprises, and to encourage opportunities for such products and enterprises through a balanced approach.

ENVIRONMENTAL QUALITY:

The Planning District's member localities believe that environmental quality should be funded and promoted through a comprehensive approach, and address air and water quality, solid waste management, land conservation, climate change and land use policies. We are committed to protection and enhancement of the environment and recognize the need to achieve a proper balance between environmental regulation and the socio-economic health of our communities within the constraints of available revenues. Such an approach requires regional cooperation due to the inter-jurisdictional nature of many environmental resources, and adequate state funding to support local and regional efforts.

Chesapeake Bay Preservation Act:

We oppose legislation mandating expansion of the Chesapeake Bay Preservation Act's coverage area. Instead, we urge the state to 1) provide legal, financial and technical support to localities that wish to comply with any of the Act's provisions, 2) allow localities to use other practices to improve water quality, and 3) provide funding for other strategies that address point and non-point source pollution.

Water Supply:

The State should be a partner and advocate for localities in water supply development and should work with and assist localities in addressing water supply issues, including investing in regional projects.

Alternate On-Site Sewage Systems:

We support legislative and regulatory action to 1) ensure operation and maintenance of alternative on-site sewage systems in ways that protect public health and the environment, and 2) increase options for localities to secure owner abatement or correction of system deficiencies.

Biosolids:

We support legislation enabling localities, as a part of their zoning ordinances, to designate and/or reasonably restrict the land application of biosolids to specific areas within the locality, based on criteria designed to further protect the public safety and welfare of citizens.

Program Administration:

The State should not impose a fee, tax or surcharge on water, sewer, solid waste or other local services to pay for state environmental programs.

HEALTH and HUMAN SERVICES:

The Planning District's member localities recognize that special attention must be given to developing circumstances under which people, especially the disabled, the poor, the young and the elderly, can achieve their full potential. Funding reductions to community agencies are especially troublesome, as their activities often end up preventing more costly services later. The delivery of health and human services must be a collaborative effort from federal, state and local agencies.

Funding:

- We oppose changes in state funding or policies that increase the local share of costs for human services. We also oppose any shifting of Medicaid matching requirements from the State to localities.
- The State should provide sufficient funding to allow Community Services Boards (CSBs) to meet the challenges of providing a community-based system of care, including maximizing the use of Medicaid funding. We believe children with mental health needs should be treated in the mental health system, where CSBs are the point of entry.
- We support increased investment in the MR waiver program for adults and young people and Medicaid reimbursement for children's dental services.
- We urge full state funding to offset any increased costs to local governments for additional responsibilities for processing applications for the FAMIS program.
- We support sufficient state funding assistance for older residents, to include companion and in-home services, home-delivered meals and transportation.

Social Services:

We support the provision of sufficient state funding to match federal dollars for the administration of mandated services within the Department of Social Services, and to meet the staffing standards for local departments to provide services as stipulated in state law. We believe the current funding and program responsibility for TANF employment services should remain within the social services realm.

Prevention:

We support continued operation and enhancement of early intervention and prevention programs, including school-based prevention programs. This would include the state's program for at-risk four-year-

olds and the Child Health Partnership and Healthy Families programs, as well as Part C of the Individuals with Disabilities Education Act (infants and toddlers).

Childcare:

The legislature should provide full funding to assist low-income working and TANF (and former TANF) families with childcare costs. These dollars help working-class parents pay for supervised day care facilities and support efforts for families to become self-sufficient.

HOUSING:

The Planning District's member localities believe that every citizen should have an opportunity to afford decent, safe and sanitary housing. The State and localities should work to expand and preserve the supply and improve the quality of affordable housing for the elderly, disabled, and low- and moderate-income households. Regional planning and solutions should be implemented whenever possible.

Affordable Housing:

We support the following: 1) local flexibility in the operation of affordable housing programs and establishment of affordable dwelling unit ordinances; 2) creation of a state housing trust fund; 3) grants and loans to low- or moderate-income persons to aid in purchasing dwellings; and 4) the provision of other funding to encourage affordable housing initiatives.

Homelessness:

We support measures to prevent homelessness and to assist the chronic homeless.

Historic Structures:

We support incentives that encourage rehabilitation and preservation of historic structures.

Green Buildings:

We encourage and support the use of, and request state incentives for using, environmentally friendly (green) building materials and techniques.

GENERAL GOVERNMENT:

The Planning District's member localities believe that since so many governmental actions take place at the local level, a strong local government system is essential. Local governments must have the freedom and tools to carry out their responsibilities.

Local Government Operations:

- We oppose intrusive legislation involving purchasing procedures; local government authority to establish hours of work, salaries and working conditions for local employees; matters that can be adopted by resolution or ordinance; and procedures for adopting ordinances.
- We support allowing localities to use alternatives to newspapers for publishing various legal advertisements and public notices.
- We oppose attempts to reduce sovereign immunity protections for localities.

Freedom of Information Act:

- We request that any changes to the Virginia Freedom of Information Act (FOIA) preserve 1) a local governing body's ability to meet in closed session, 2) the list of records currently exempt from disclosure under FOIA, and 3) provisions concerning creation of customized computer records.
- We support changes to allow local and regional public bodies to conduct electronic meetings as now permitted for state public bodies.

Quality of Life Issues:

- We oppose any changes to state law that further weaken a locality's ability to regulate noise or the discharge of firearms.
- We support expanding local authority to regulate smoking in public places.