

## VACo's 2009 Legislative Program

Thank you for reviewing VACo's 2009 Legislative Priorities.

The membership adopted the legislative program during the annual business meeting on Nov. 11. The program helps to guide the membership and VACo staff during the 2009 legislative year. It is posted on VACo's Web site ([www.vaco.org](http://www.vaco.org)). This brochure outlines VACo's identified priorities.

The Commonwealth and its local governments face difficult and unique budget challenges. In addition to addressing decreasing local revenues, county governments also are preparing to manage the consequences of significant state budget reductions. In the coming months, local governments will consider and enact sweeping budget actions. Specific reductions will impact a wide array of core government services, including but not limited to, public education and public safety. In addition to absorbing significant reductions, many local governments may have to increase property taxes to help ensure the continuation of vital public services.

This year's program includes several recommendations intended to assist counties with existing mandates and the forthcoming state budget reductions.

VACo's legislative team is honored to serve Virginia's 95 counties and work with the governor and General Assembly.

Sincerely,



James D. Campbell  
VACo's Executive Director

Maintenance projects should be eligible for matching funds under the revenue sharing program.

### **Unfunded Mandates**

VACo opposes unfunded mandates by the Commonwealth. When funding for a mandated program is altered, the mandate should be suspended until full funding is restored. When legislation with a cost to localities is passed by the General Assembly, the cost should be borne by the state and the legislation should contain a sunset clause providing that the mandate is not binding on localities until funding by the Commonwealth is provided. Furthermore, VACo opposes the shifting of fiscal responsibility from the state to localities for existing programs. Any unfunded mandate or shifting of responsibility should be accompanied by a full fiscal and program analysis to determine the relative costs to the state and to the locality and to assure the state is meeting its full funding responsibility before taking effect.

### **Water Quality Improvement Funding**

VACo supports additional state funding and technical assistance to help localities improve water quality in a manner consistent with tributary strategies, implementation of Total Maximum Daily Loading goals, and water quality standards established by the State Water Control Board. VACo strongly opposes the imposition of a state fee, tax or surcharge on water, sewer, solid waste or any other service provided by a local government or authority.

## Overarching Priority

### State and Local Fiscal Sustainability

VACo is committed to protecting state and local fiscal stability, which will enable the Commonwealth to provide core public services that are critical to the long-term economic vitality of Virginia.

Fiscal stability also ensures the Commonwealth and its local governments can continue to provide cost effective, quality services with equitable and sufficient tax structures. However, difficult financial times require government at all levels to evaluate its service delivery to determine the continued importance and viability of the programs created to meet critical needs.

The counties in Virginia stand ready to partner with the Commonwealth to make the tough decisions required. State and local leaders must continue to thoroughly evaluate difficult decisions and work together to maintain a structural balance between revenues and expenditures, which promotes the long-term viability of our Commonwealth.

VACo is concerned with protecting the reliability and sustainability of the Commonwealth's general fund, which is critical to state funding of its partnership with local government.

The general fund supports most core government functions—public education (K-12 and higher education), health and human resources, public safety, natural resources and environmental services. If one level of government establishes a priority, it is then incumbent upon that level of government to adequately fund the services necessary to meet that priority. The current economic environment threatens the sustainability of

the fee schedule provided by the VSMP regulations.

### Transportation Funding

VACo continues to maintain that an efficient transportation network is crucial to sustainable economic growth, a cleaner environment, and enhanced public safety and quality of life. VACo therefore urges the Governor of Virginia and the Virginia General Assembly to enact a significant transportation funding package to include dedicated, new, significant and recurring annual revenues to address the Virginia's documented transportation infrastructure needs. New revenues should include but not be limited to gas tax revenues. Dedicated, new, significant and recurring annual revenues are required to eliminate the road maintenance shortfall; increase funding directed to interstate and primary highways, urban and secondary roads, and transit projects; guard against the transfer of general funds to transportation; and address the unique transportation needs of specific regions of the Commonwealth including Hampton Roads and Northern Virginia.

Transferring state general funds to transportation neither adequately supports documented and recurring transportation infrastructure investment needs, nor serves to protect the Commonwealth's additional core services including public education, health care, mental health and retardation, and public safety.

### Transportation Revenue Sharing

VACo supports restoration of the Revenue Sharing program to the structure that existed prior to the 2006 session with robust funding.

ensure the Commonwealth's at-risk families have access to high quality and appropriate services. The Commonwealth should fully fund localities for state mandated human services and provide the necessary program flexibility to enable localities to provide comprehensive and case-tailored services.

#### **Land Use/Growth Management Tools**

Authority to plan and regulate land use should remain with local governing bodies and VACo opposes any legislation to weaken that authority. Furthermore, the General Assembly should grant localities the tools necessary to adequately meet citizens' increasing transportation, education, public safety and other vital public infrastructure needs that are driven by new development. Such additional tools may include broad impact fee authority for all counties, adequate public facilities provisions in subdivision ordinances, state funds for the purchase of development rights, and real estate transfer charges.

#### **Stormwater**

VACo urges the Soil and Water Conservation Board, prior to approving the newly proposed Virginia Stormwater Management Program (VSMP) permit regulations, to analyze the potential fiscal impacts of these rules on local governments. Any expenses imposed by these new regulations must be born 100 percent by the Commonwealth. The new VSMP regulations expected for final approval in mid-2009 must have achievable objectives tested in "real world" situations, streamlined to minimize administrative reviews by state agencies, and provide localities with flexibility to make appropriate decisions about drainage and land use. Localities enforcing state regulations require full cost recovery through

these critical services if the Commonwealth reduces its contribution to our financial partnership.

The use of the state's Revenue Stabilization Fund in 2009 will help to buffer the Commonwealth from cuts that will harm the important results that have been achieved.

To that end, and to allow Virginia's economy the opportunity to grow back to support these critical advances, the state should budget a withdrawal from the state's Revenue Stabilization Fund ("Rainy Day Fund") for consecutive years (one for FY 2009 and an additional withdraw for FY 2010). Without the General Assembly and governor authorizing using a portion of the Rainy Day Fund in FY 2009 and 2010, it is apparent that delivery of the core government services will be decreased to the detriment of Virginians.

VACo also calls upon the Commonwealth to strengthen the stability of the Commonwealth's general fund by initiating state tax reform. Significant tax reform will help reduce pressure on local government leaders who continually must consider raising real estate tax rates to fund K-12 public education, public safety, the comprehensive services act, mental health and mental retardation, and other critical local services.

Tax reform should include a restructuring of the state income and sales and use taxes with the intent to stabilize and increase revenues to meet current and foreseeable core service demands. Reform should also include a revisiting of specific state tax reductions the Commonwealth made during good economic times that may no longer be affordable. A critical evaluation of

the user fee structure that funds transportation should be made to allow the Commonwealth to address deteriorating transportation systems throughout the Virginia. Although a core government service, the Commonwealth historically has funded transportation with dedicated non-general funds in order to reserve the general fund for the additional core services.

To meet its mandated level of service delivery local governments require sufficient and sustainable revenue streams. VACo suggests that the Commonwealth grant counties and cities the option, by action of the local governing body without a referendum, to adopt a 0.5 percent sales and use tax to offset state budget reductions to localities.

If appropriate to a particular jurisdiction, the new dollars will help local leaders to fund adequately K-12 public education and the other critical government services; while lessening continued pressure on local property taxes, including real, personal and business. VACo also continues to support equal taxing authority for cities and counties.

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## VACo's Priorities

### **Aid to Localities**

VACo requests the Commonwealth to use the most current population statistics available, such as those developed by the Weldon Cooper Center for Public Service, for the purposes of determining state aid to those localities that have experienced growth since the last census. Those localities that have remained stable or have lost population should be held harmless and funded based on the last U.S. Census results.

### **Annexation Moratorium**

VACo supports full funding of the Commonwealth's HB 599 commitments. VACo also supports the continuation of the current moratorium on city annexations regardless of whether those commitments have been met. The moratorium has promoted more intergovernmental cooperation between cities and counties; has allowed counties to plan for future growth and economic development within their borders; and has enabled counties to protect their tax base in order to provide needed services to citizens.

### **Deployment of Broadband Internet Services**

VACo urges the Commonwealth to assist communities throughout Virginia in providing connectivity or universal access to broadband Internet services. Assistance should include a combination of economic incentives as well as statewide budgetary and statutory policies. Universal access throughout the state will enhance economic growth. Broadband refers to the high-speed transmission of electronic information usually in connection with the Internet.

### **Education Funding**

VACo supports full state funding for public education (including the SOQ, targeted incentive programs, capital and maintenance support, and teacher salaries). Full state funding should be achieved without reduction to other parts of the federal and state public education budgets or to the other core services. As state general funding diminishes local autonomy should be increased and state education mandates reduced.

### **Health and Human Resources Funding**

VACo supports state policies and funding to