

June 25, 2010

The Honorable Jim Webb  
248 Russell Senate Office Building  
Washington, DC 20510  
Fax: 202-228-6363

The Honorable Mark R. Warner  
459A Russell Senate Office Building  
Washington, DC 20510  
Fax: 202-224-6295

Communication via facsimile of June 25, 2010

Dear Senators Webb and Warner:

As you work towards recess, VACo urges you to consider three issues of immediate concern.

Collective Bargaining—

The VACo Board of Directors previously advised you of its opposition to the Public Safety Employer-Employee Cooperation Act. This proposal mandates that state and local governments enter into collective bargaining agreements with their public safety employees. This legislation imposes an unfunded mandate and provides for public safety employee wages and benefits different from their public sector peers, many of whom also perform important and unique duties. Additionally, the legislation preempts the authority of state and local governments over a segment of their workforce. As you may know, a significant number of Virginia's public safety personnel currently receive enhanced benefits. These benefits have been granted without a federal mandate by the Commonwealth and in some cases by local governing bodies. In summary, the pending legislation is a solution in search of a problem.

VACo respectfully urges you to oppose this legislation.

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#### Lodging Taxes—

VACo associates itself with the June 24 letter you received from a host of groups, including the National Association of Counties and the Government Finance Officers Association, opposing restrictions on state and local governments collecting lodging taxes from online travel companies (OTCs). The proposal has been referred to as the “Internet Travel Tax Fairness Act.”

The passage of such a preemption reduces state and local investments in tourism (the bulk of Virginia’s lodging taxes are reinvested in local tourism initiatives), and favors out-of-state and online vendors at the expense of local “main street” vendors who dutifully pay their taxes. The online companies are not remitting obligated and collected taxes (i.e. they generally remit taxes based on the wholesale price, that which they pay a hotel for a room, rather than on the retail price, that which they charge the customer). The proposal is a blatant attempt to bypass state and local authorities. Moreover, lodging tax revenues are ideal: they are largely paid by out-of-area customers, and as mentioned, reinvested in local tourism promotion.

VACo respectfully urges you to oppose this legislation.

#### Tax Extenders—

VACo is grateful for your support of the legislation. It includes vital Federal Medical Assistance Percentages (FMAP) funding and important bond provisions.

Virginia’s share of federal FMAP dollars totals more than \$417 million. The new federal dollars will help to: offset reductions to eligibility determinations in local departments of social services; offset reductions to the Healthy Families program; offset reductions in companion services for the elderly; offset reductions for the care and rehabilitation of adults and children through the Centers for Independent Living; and support the Children’s Health Insurance Program for pregnant women.

The Build America Bonds and Recovery Zone Economic Development Bonds have been important programs in Virginia. As you know, current market conditions are ideal for localities to initiate key capital projects. Through our joint finance program with the Virginia Municipal League, VACo has assisted local governments in accessing capital during the recent economic turmoil. In March 2010, VACo/VML Finance successfully issued approximately \$45 million of Build America and Recovery Zone Bonds for 14 local governments. VACo/VML Finance is planning more bond issues to take advantage of the program benefits. Local governments’ budgets are still under pressure; these two bond programs are especially critical in making capital available and more affordable.

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VACo respectfully urges you to continue supporting this legislation.

Thank you for your time, consideration and continued leadership, and please call on VACo to be of service.

Sincerely,

James D. Campbell, CAE  
Executive Director

CC: Members, VACo Board of Directors  
Larry Naake, NACo