

Capitol Contact

Virginia General Assembly

Virginia Association of Counties • 1207 E. Main Street, Suite 300 • Richmond, VA 23219
www.vaco.org • 804.788.6652

Tuesday, January 12, 2021

Virginia General Assembly Convenes Tomorrow



As was the case during the 2020 Special Session, it is expected that the House of Delegates will be meeting in virtual sessions, while the Senate will be meeting at the Science Museum of Virginia.

The schedule for the session is uncertain as of the time of publication of this edition of Capitol Contact. Although the Virginia Constitution provides for a 30-day session during odd-numbered years, the legislature has historically voted to extend the “short” session to 46 days under the Constitution’s provision enabling such an extension by a two-thirds vote of members in each chamber. General Assembly Republicans reportedly plan to refuse to vote for an extension of the session, citing the length of the special session last summer and fall and the limitations of convening under restrictions necessitated by the COVID-19 pandemic, so it is possible that the regular session will be as short as 30 days. Governor Ralph Northam has indicated that he is willing to call a special session to allow legislative work to continue; what topics might be covered in a special session, and how it would interact with an abbreviated regular session, remain to be seen.

In anticipation of a potentially shortened session and in recognition of the limitations on public access to the legislative process, General Assembly leadership has proposed limiting the volume of legislation to be considered. Delegates and Senators will be restricted to seven and 12 bills, respectively (House members have been limited to 15 bills in short sessions since 2009, but Senators have typically operated without limits on legislation as long as it was filed by the first day of the session). Similarly, the House Appropriations Committee has advanced the deadline for House members to submit budget amendments to January 8 (traditionally, amendments would be due on the first Friday of the session, or January 15 this year).

Key issues expected to be topics of consideration this year, whether in a regular or special session, include:

- Additional efforts to address effects of the COVID-19 pandemic, including assistance for individuals and businesses and paid sick leave
- Potential extension of the one-year authorization for “games of skill” or their permanent legalization; potential legalization of video gaming terminals instead of, or in addition to, the games of skill and establishment of a regulatory and taxation structure for the machines
- Legalization of marijuana, which was the subject of a Joint Legislative Audit and Review Commission and Governor’s workgroup in 2020
- Additional work on criminal justice issues that were not resolved during the 2020 special session, including expungement of certain criminal records and governmental immunity

- Deployment of federal funds from the relief package enacted in December

Whether the session lasts 30 days or 46 days, important issues to counties will be on the table, the time for considering bills will be short, and our usual ability to speak with members in person will be limited. VACo staff are working to be sure that the county perspective is heard during these discussions, but we will need our members' help. Stay tuned for regular updates in Capitol Contact to be sure you are up to date on discussions at the legislature.

VACo Contact: [Katie Boyle](#)

VACo President Jeff McKay, County Representatives Speak to Joint Subcommittee on Local Government Fiscal Stress

The Joint Subcommittee on Local Government Fiscal Stress, which draws its membership from the House Appropriations Committee and Senate Finance and Appropriations Committee, met on January 11 to discuss the effect of the COVID-19 pandemic on localities, how localities have used federal relief funds to meet local needs, and how the state might assist localities moving forward. Committee staff provided a briefing on the recent work of the subcommittee, as well as aggregated information on local use of Coronavirus Relief Fund dollars (as reported to the Department of Accounts for its September 30 reporting date). The bulk of spending was concentrated in several main categories: payroll for public health and safety employees, distance learning, certain personnel costs for employees whose time is spent on a different, COVID-related use than what was originally budgeted, and small business assistance. Staff also provided an overview of the key elements of funding flowing to the state from the most recent federal relief package. Presentation slides may be found at [this link](#).

The Joint Subcommittee invited a panel of local representatives to discuss the local response to the pandemic and financial pressures facing localities in the short- and long-term. VACo President Jeff McKay expressed appreciation to the Joint Subcommittee for its attention to local issues and members' work to secure additional options for counties to raise needed revenues. He also thanked legislators for shielding aid to localities from recent rounds of budget reductions, and offered special thanks for efforts to hold school divisions harmless from funding losses that would otherwise result from fluctuations in enrollment due to the pandemic, a

concern that was echoed by the other panelists. He reiterated the importance of the ongoing state-local partnership and offered some suggestions for areas in which that partnership could be strengthened: public safety, broadly considered to include behavioral health and the overall justice system; election administration; and school capital needs.

Meghan Coates, Henrico County's Finance Director, discussed how the County has managed its budget during the pandemic, noting some of the significant expenses it has incurred for overtime, pandemic-related sick leave, and personal protective equipment. She discussed the County's process for allocating its Coronavirus Relief Fund dollars, despite challenges posed by evolving federal guidance. She outlined some of the County's concerns about future economic challenges, such as potential changes to the commercial real estate tax base generated by a move away from employees working in offices, losses to the regional travel and tourism industry that Central Virginia localities have been working to develop, and potential impacts of future interest rate increases on the residential real estate market. In addition to advocating for the continuation of assistance to local school divisions, Coates encouraged legislators to restore funding to localities that received distributions of recordation tax revenue prior to changes in 2020 and to assist localities with marketing funding to reinvigorate travel and tourism industries.

York County Administrator Neil Morgan provided an overview of York County's experience in navigating the uncertainty associated with the pandemic, noting that residential real estate and sales tax revenues had performed well (largely due to collections from online sales), while transient occupancy and meals taxes suffered significant losses. He encouraged continued state support of K-12 in order to assist local finances, particularly the hold-harmless funding to address temporary enrollment losses. Pittsylvania County Administrator David Smitherman provided a perspective from a rural community, explaining that the County used its Coronavirus Relief Fund allocation as a "local stimulus package," moving through a deliberative process to plan for the uses of the funds, which included assistance to the local school division, HVAC improvements to county buildings, expanded voting options to improve social distancing at the polls, and assistance with critical supplies and equipment for the local rescue squads to enable them to respond to the pandemic. He also discussed the challenges of maintaining school capital facilities, particularly in a geographically large area, which requires more buildings spread throughout the county in order to avoid students traveling long distances to larger facilities.

Subcommittee members plan to hold a follow-up meeting after the legislative session concludes, and several members expressed interest in further work on the issue of state assistance with school capital needs. VACo appreciates the work of the Joint

Subcommittee in examining issues of importance to local governments and is grateful for its members' participation in the meeting.

VACo Contact: [Katie Boyle](#)

Governor's Budget Proposes Formula Update for Local Health Departments

The Governor's introduced budget includes a proposed update to the Cooperative Health Budget, the state-local partnership that funds local health departments. Under the proposal, the local shares would be recalculated, resulting in increased state contributions (and lower local matches) in 59 localities and decreased state contributions (and increased local matches) in 54 localities. Twenty localities are already contributing the maximum 45 percent, which would remain unchanged. A spreadsheet prepared by the Virginia Department of Health displaying current and proposed local match rates may be found [at this link](#).

The Cooperative Health Budget structure was established in 1954 and slightly revised in 1964; it established a range of local contributions, with the minimum and maximum local matches set at 18 and 45 percent, respectively. The formula was revised in the early 1990s, in keeping with the recommendations of a 1988 JLARC study, to base local contributions on local revenue capacity and median household income (rather than the estimated true value of real property, as had previously been used to determine local shares). The revised formula retained the 18-45 percent range of local contributions. Since that time, the formula has not been updated regularly. In materials prepared by the Virginia Department of Health as part of the agency's budget proposals, the Department points out that the outdated local match rates have "resulted in a growing set of localities (predominantly urban and rural) that have seen their cooperative budget match rate remain the same despite significant improvement or declination in their financial/revenue capacity."

Under the Governor's proposal, local match rates would be recalculated using current revenue capacity, and an amount not to exceed \$10.2 million would be provided in order to fund the additional state contribution that would be required in localities whose ability to pay has decreased, as well as to hold harmless localities that would otherwise be required to contribute an increased local share. Budget language warns that the hold-harmless funding should not be assumed in future years, and directs the Virginia Department of Health to conduct an analysis of match rates and report to the

Governor every two years. VACo is working to request additional time to phase in the increased local contributions for affected localities and is interested in working with the Administration and the legislature on additional support to local health departments, as the COVID-19 pandemic has underscored the importance of a robust public health system.

VACo Contact: [Katie Boyle](#)

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[Petersen \(Chair\)](#), [Hanger](#), [Ruff](#), [Obenshain](#), [Stuart](#), [Marsden](#), [Stanley](#), [Lewis](#), [Suetterlein](#), [Mason](#), [McClellan](#), [Favola](#), [Morrissey](#), [Pillion](#), [Hashmi](#)

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[Saslaw \(Chair\)](#), [Norment](#), [Newman](#), [Obenshain](#), [Lucas](#), [Spruill](#), [Edwards](#), [Deeds](#), [Barker](#), [Marsden](#), [Ebbin](#), [Lewis](#), [Surovell](#), [Mason](#), [Bell](#)

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JUDICIARY

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2021 House Standing Committees

AGRICULTURE, CHESAPEAKE, AND NATURAL RESOURCES

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RULES

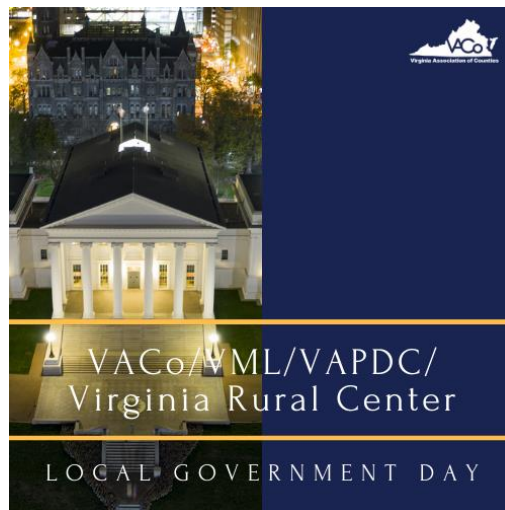
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Advocate for your locality at the VACo Local Government Day

In Partnership with VML, VAPDC and the Virginia Rural Center



Thursday, January 28, 2021 | Webex
[Registration Form](#) | [Register Online](#)

Join us at the VACo/VML/VAPDC/Virginia Rural Center Local Government Day on Thursday, January 28! This is our day to advocate for localities at the 2021 General Assembly Session.

The event kicks off at 9am. Governor Ralph Northam has been invited to speak. In addition, state legislators have been invited to participate and share their thoughts for the 2021 General Assembly Session. Also, VACo and VML staff will provide legislative reports on the major issues facing localities.

- Welcome and Introductions
- Governor Ralph Northam
- State Legislators Roundtable
- Team Legislative Reports

For information on how to reach your representatives, see the [Virginia House of Delegates](#) and the [Senate of Virginia](#) member websites. Find information about VACo's positions in the [2021 Legislative Program](#). We will distribute the Local Government Day Bulletin before the event.

Be a part of the legislative process at the 2021 General Assembly Session.

Register for the event at [VACo Local Government Day Online](#) or fax the [Registration Form](#) to 804.788.0083.

VACo Contact: [Valerie Russell](#)