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# **—ALERT—**

## **Capitol Contact**

Wednesday, February 9, 2022

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### **Bill placing restrictions on local budget process to be heard tomorrow in House Finance – please call legislators to oppose**

[HB 1010 \(Durant\)](#) would impose new restrictions on the local budget process by requiring a referendum if growth in real estate assessments would generate more than 101 percent of the previous year's collections and the locality did not reduce the tax rate accordingly.

VACo is opposed to this legislation, which is on the docket for the [House Finance Committee](#) for Thursday morning, February 10.

Under current law, when any annual assessment, biennial assessment, or general reassessment of real property by a county, city, or town would result in an increase of one percent or more in the total real property tax levied, the locality has two options:

- Reduce the tax rate for the forthcoming tax year so as to produce no more than 101 percent of the previous year's real property tax levies, OR
- If deemed necessary by the governing body, a rate that produces more than 101 percent of the previous year's levies may be imposed after conducting a public

hearing on the issue. Statutory provisions govern the timing and manner of public notice of the hearing, as well as the contents of the notice.

HB 1010 would eliminate the public hearing requirement and instead require any increase in the rate of levy above the reduced rate to be approved by a referendum.

**VACo encourages members to register opposition to this legislation with their legislators.**

## **KEY POINTS**

- Property taxes are the mainstay of local government revenues, representing approximately 55 percent of revenues for counties in FY 2020. Revenues derived from property taxes fund important shared services, such as K-12 education, public safety, election administration, social services, and behavioral health.
- Local governments are already required by § 58.1-3321 to hear public comment in circumstances when assessments are increasing, and the tax rate is not proposed to be reduced accordingly. Local governments are also required to hold a separate public hearing on the proposed local budget. These two venues afford residents the opportunity to provide important feedback about their priorities for public services and how the revenue to fund those services should be raised. Decisions about the tax rate must be weighed along with decisions regarding demands for services and other spending pressures.
- Local elected officials have the ability to provide targeted tax relief to residents with disabilities or who are 65 or older, subject to locally-established income or financial worth limitations.
- Local elected officials are accountable to their constituents for all decisions they make, including the establishment of tax rates and the use of revenues derived from local taxes.

## **KEY CONTACTS**

**House Finance Committee:** [Robinson \(Chair\)](#), [Fowler \(Vice Chair\)](#), [Orrock](#), [Ware](#), [Byron](#), [Freitas](#), [McNamara](#), [Campbell](#), [R.R.](#), [Walker](#), [Runion](#), [Wiley](#), [Durant](#), [Watts](#), [Keam](#), [Sullivan](#), [Murphy](#), [Hudson](#), [Willett](#), [Scott, D.L.](#), [Mundon](#), [King](#), [Simon](#), [Bennett-Parker](#)

**VACo Contact:** [Katie Boyle](#)