

Capitol Contact

Virginia General Assembly

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Legislation on Assessment Increases Passes in Significantly Amended Form

[HB 1010 \(Durant\)](#) has passed in significantly amended form relative to its original version. As introduced, the bill would have imposed 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 opposed the original version of the bill.

The bill was amended in the House Finance Committee to pertain only to the notice for the public hearing that is required to be held if the governing body does not reduce the tax rate to generate no more than 101 percent of the previous year's real property tax levies. The substitute version requires those localities that conduct reassessments more than once every four years to publish the notice of this hearing on a different day than the notice of the annual budget public hearing, and in a separate notice from the notice of the annual budget hearing. Proponents of the bill argue that this separate notice would provide more information to taxpayers.

The legislation was heard last week in the Senate Finance and Appropriations Committee and initially failed to report due to concerns about potential future amendments that might broaden the scope of the bill or return it to its original form. The bill was subsequently reconsidered, and after receiving assurances that the Governor would not propose amendments to the bill, the Committee opted to report the bill. The bill subsequently passed the Senate.

VACo appreciates its members' advocacy in ensuring that the original version of HB 1010 (as well as its Senate companion, [SB 620 \(Cosgrove\)](#)), did not move forward.

VACo Contact: [Katie Boyle](#)

Statewide “Halifax” Taxing Authority Effort Ends for 2022 Session

On February 25, legislation giving local governments additional voter referendum approved revenue raising authority was laid on the table in the House Finance Committee’s Subcommittee #3. As previously [reported](#), [SB 472 \(McClellan\)](#) would permit any county or city to impose an additional local sales and use tax of up to 1 percent, if initiated by a resolution of the local governing body and approved by voters at a local referendum. The revenues of such local tax would be used solely for capital projects for the construction or renovation of schools. Any tax imposed shall expire when the costs for capital projects are to be repaid and shall not be more than 20 years after the date of the resolution passed.

Currently, this authority is limited to the qualifying localities of Charlotte, Gloucester, Halifax, Henry, Mecklenburg, Northampton, Patrick, and Pittsylvania Counties and the City of Danville. [SB 37 \(Norment\)](#) would expand this authority to Isle of Wight County and is also supported by VACo, while [SB 298 \(Deeds\)](#), would do the same for the City of Charlottesville. These bills expand on the authority first given to Halifax County in 2019 and passed the Senate by wide, bipartisan margins. Unfortunately, all three bills were defeated in subcommittee by a vote of 4-3.

Though the outcome was not necessarily surprising given the similar [fate](#) of the House companion bills in the same subcommittee earlier this session, it is nonetheless disappointing. Both the House and Senate budget proposals contain \$500 million or more in dedicated funding to support local governments with school renovation and repair. These proposals are certainly welcome and appreciated. However, given that more than half of K-12 school buildings in Virginia are more than 50 years old and the amount of funding needed to replace these buildings is estimated to cost \$24.8 billion, additional local funds will need to be leveraged if the Commonwealth has any hope of addressing this issue in a timely manner. The problem is that many localities face significant challenges in raising sufficient funds to undertake these projects. These challenges include over-reliance on real property taxes to generate revenue, which can have vastly different yields depending on the locality and disproportionately burden a subset of taxpayers within a jurisdiction. This raises concerns over equity and diversity of revenues.

The defeat of these bills ends any chance for a change to the Code of Virginia expanding the special authority this session. Though some members of the subcommittee raised concerns about these proposals at the meeting on the 25th, it must be noted that at no point was there any public testimony in opposition to any of these proposals. Furthermore, in addition to strong in-person public testimony in favor of the bills, numerous written public [comments](#) were provided in support.

VACo sincerely thanks Senator McClellan and Delegate Hudson for carrying the statewide authority bills. VACo also would like to thank its members who responded to our [Action Alerts](#) for these bills. We will continue to advocate for, and provide updates on, other legislative actions related to the issue of school construction.

VACo Contact: [Jeremy R. Bennett](#)

Bill Mandating Exclusion of Rooftop Solar from Real Property Amended to Limit Impact on Local Revenues

A bill mandating that rooftop solar installations be exempt from local taxation was amended to limit its scope and application so as to lessen its impact on local revenue collection. [SB 686 \(Mason\)](#), as introduced, would have mandated that any rooftop or ground-mounted solar installations, serving just the energy needs of the property to which they are located (i.e., behind the meter), shall be a separate class of property and entirely exempt from local real estate taxes.

VACo spoke in opposition to the bill stating that localities should be given the flexibility, as is current law, to exempt these improvements wholly or partially from local real estate tax. It is important to note that any county that does not currently provide a full tax exemption to such improvements to real property will see a reduction in revenue. SB 686 passed unanimously in the Senate.

In order to address the concerns raised by VACo, the patron of the bill agreed to limit its application only to (1) residential and agriculturally zoned property; and (2) to installations with a rated capacity or 25 kilowatts or less. Additionally, and at the request of VACo, the effective date of the legislation is now January 1, 2023. The purpose of this amendment was to avoid counties having to provide rebate assessments for the current calendar tax year.

The bill as amended in committee passed the House and will now go back to the Senate to get their approval of the changes.

VACo Contact: [Joe Lerch, AICP](#)

School Resource Officer Unfunded Mandate Bill Defeated

On February 24, legislation that would have required each local school board to employ at least one school resource officer or one school security officer at each

public elementary and secondary school was recommended to be laid on the table by the Senate Education and Health Committee's Public Education Subcommittee by a vote of 3-2. VACo testified in opposition to the bill.

[HB 873 \(Greenhalgh\)](#), as originally drafted, was identical to [SB 415 \(DeSteph\)](#). As previously [reported](#), though not opposed to the policy intent of these bills, VACo voiced concerns over these proposals based on the potential local fiscal impact. According to the Commission on Local Government's local fiscal impact [statement](#), most localities reported a large negative fiscal impact equivalent to the cost of hiring and training the additional full-time employee (FTE) needed to meet the staffing ratios. The bills would represent a recurring cost increase to these localities. Additionally, localities noted that the bills do not indicate if the staffing requirements would extend to all alternative and program sites which serve students; as such, some estimates include the costs of staffing those sites while others do not. Including these sites in the bill's requirements would increase the fiscal impact on affected localities. For one locality, the estimated fiscal impact could range as high as \$19 million.

VACo thanks its members for contacting legislators with their concerns over the fiscal impact of this legislation.

VACo Contact: [Jeremy R. Bennett](#)

Increased Retirement Contribution for Deputy Sheriffs Tabled

[SB 507 \(Lewis\)](#) would have required local governments prospectively electing enhanced retirement benefits to use the 1.85 percent multiplier for determining the annual retirement allowance for deputy sheriffs. As previously [reported](#), local governments currently may elect to provide a 1.7 percent multiplier in lieu of the 1.85 percent multiplier. Eliminating this option would require local governments currently opting for the 1.7 percent multiplier to increase funding for the higher multiplier. The bill was passed unanimously by the Senate on a vote of 40-0.

On February 25, the bill was heard by the House Appropriations Committee. The Committee Chair noted that the bill would create an unfunded mandate for many local governments. As a result, the Committee opted to table the bill on a vote of 19-3. VACo thanks its members who responded to our article on this issue and contacted members of House Appropriations with their concerns.

VACo Contact: [Jeremy R. Bennett](#)

Key Dates for the 2022 General Assembly

As part of its organizational work on the first day of the 2022 session, the General Assembly adopted a procedural resolution on January 12 that sets out important dates and deadlines for the 2022 legislative session.

Key dates for the 2022 Session

- **January 12:** General Assembly convened at noon. Bills that were “prefiled” were due to be submitted by 10 a.m. All bills and regulations affecting the Virginia Retirement System or creating or continuing a study were required to be filed before adjournment. Governor Northam delivered the State of the Commonwealth address at 7 p.m.
- **January 14:** Deadline for submission of budget amendments
- **January 15:** Joint Assembly for inaugural ceremonies
- **January 17:** Joint Assembly for address by Governor Youngkin
- **January 21:** Deadline for all bills or joint resolutions to be filed by 3 p.m. (with some exceptions, such as legislation introduced at the request of the Governor or legislation allowed to be introduced after deadlines by unanimous consent)
- **February 15:** “Crossover” deadline for each chamber to complete work on legislation originating in that chamber (except for the budget bill)
- **February 20:** Money committees report budgets by midnight
- **February 22:** Money committee budget proposals available by noon
- **February 24:** Houses of introduction must complete work on budget
- **March 2:** Deadline for each chamber to complete work on other chamber’s budget proposal and revenue bills and appoint conferees
- **March 7:** Deadline for committee action on legislation by midnight

- **March 12:** Scheduled adjournment *sine die*
- **April 27:** Reconvened session for consideration of Governor's amendments and vetoes

VACo Contact: [Katie Boyle](#)