

Capitol Contact

Virginia General Assembly

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Constitutional Amendments Advance in Senate, Stall in House

A handful of Constitutional amendments have been passed by the Senate and await action in the House. Of particular interest to local governments are the following:

- [SJ 231 \(McPike\)](#) would extend the current real property tax exemption for the surviving spouse of any member of the armed forces of the United States who was killed in action to surviving spouses of servicemembers who die in the line of duty with a Line of Duty determination from the Department of Defense. Legislation enacted in 2022 authorizes localities to declare property owned by these surviving spouses as a separate class of property and impose a different rate of taxation than that imposed on the general class of real property (this rate can be lower than the general real property tax rate but cannot be zero).
- [SJ 247 \(Hashmi\)](#), as introduced, would allow the General Assembly to authorize local governing bodies to fully or partially exempt from property taxes real estate that is designed for continuous habitation and owned and occupied by persons of low income or low financial worth. The introduced version would allow a local governing body to establish its own income limitations or financial worth limitations, or both, in order to qualify for such relief. A floor substitute approved by the Senate on February 6 revised the proposal by requiring the statutory provisions that would govern the program to be more prescriptive. The Constitutional language in the floor substitute would require the enabling statutes to establish annual household income limits, stipulate that the real property be designed for single-family habitation and owned and continuously

occupied as the sole dwelling of the person for a prescribed minimum number of years, require that the assessment on the property has increased by a prescribed minimum percentage over the previous year or years, and require that the taxes on the property are current or that the person has entered into a plan for payment of any delinquent taxes.

Constitutional amendments that were not taken up in the House prior to “crossover” included the following:

- [HJ 458 \(Anderson\)](#), which would have imposed term limits on state legislators and local and Constitutional officers.
- [HJ 459 \(Rasoul\)](#), which would have allowed persons 16 or older to vote in local elections.
- [HJ 462 \(Anderson\)](#), which would have exempted motor vehicles (defined as automobiles, motorcycles, and pickup trucks) owned by an individual for personal, noncommercial use from taxation.
- [HJ 497 \(Reid\)](#), which would have provided for a tax exemption for the real property of a surviving spouse of a member of the armed forces of the United States who died in the attack on the Pentagon on September 11, 2001.
- [HJ 517 \(Leftwich\)](#), which would have enabled the General Assembly to authorize localities to provide for full or partial exemption from real property taxation of real estate on which housing is to be constructed.
- [HJ 531 \(Hope\)](#), which would have provided for a tax exemption for property owned by a chartered organization and used solely for the purpose of supporting one or more scouting units holding a charter issued by the Boy Scouts of America or Girl Scouts of the United States of America.

VACo Contact: [Katie Boyle](#)

VACo Supports Advance of False Reporting Bills

Legislation supported by VACo that aims to discourage and hold individuals accountable for making false reports that result in the deployment of law enforcement or other first responders is advancing through both chambers of the General Assembly.

[HB 1590 \(Sullivan\)](#) / [SB 1034 \(McPike\)](#) modernize the harassing phone call statute to include any communications that may ring or otherwise signal or alert. Under current law, only telephones and digital pagers are included within the ambit of the statute. These good government bills will help discourage harassment of Public

Safety Answering Point (PSAP) employees, which ties up local government resources and increases employee burnout. HB 1590 passed the House unanimously and was most recently reported from the Senate Judiciary Committee, unanimously, 11-0. SB 1034 passed the Senate unanimously and was referred to the House Courts of Justice Committee.

[HB 1572 \(Walker\)](#) / [SB 1291 \(Deeds\)](#) create a Class 1 misdemeanor for any person to knowingly report, or cause another to report in reliance on intentionally false information provided by such person, a false emergency communication to any emergency personnel that results in an emergency response. The bills make it a Class 6 felony if such false emergency communication results in an emergency response during which and because of such emergency response any person suffers a serious bodily injury and a Class 5 felony if any person is killed. The bills authorize any locality to provide by ordinance that a person convicted of such false emergency communication shall be liable for the reasonable expense in responding to such false emergency communication. HB 1572 passed the House on a vote of 92-6 and has not yet been referred to a Senate Committee. SB 1291 passed the Senate unanimously on a vote of 40-0 and has not yet been referred to a House Committee.

The problem of false reporting, also known as “swatting,” was brought to VACo’s attention during our legislative process by Arlington County. Individuals targeted schools in Arlington County and elsewhere with false reporting of threats that led to the deployment of significant county resources to ensure public safety. These bills are meant to modernize and close loopholes in Code that will hopefully discourage this practice in Virginia going forward. **VACo supports** these efforts and has testified in favor of the bills.

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

Update on Finance Legislation

After crossover, two finance-related bills of concern remain under consideration.

[HB 2200 \(Robinson\)](#) deals with BPOL taxes for oncology practices and would require a deduction from gross receipts for any amount paid for anti-cancer drugs that are purchased by a medical practice and administered to patients whose treatment is paid for by Medicare, Medicaid, or TRICARE. VACo is opposed to a mandatory approach to tax relief for these businesses.

Although the proponents of the legislation intend to address a specific type of business and provide for a narrow carveout, the legislation sets a precedent for other types of businesses seeking similar exemptions in the future. VACo has encouraged proponents of the legislation to explore existing regulatory authority available to localities to establish subclassifications within the existing BPOL

business categories and impose taxes at lower rates on businesses within such subclassifications.

HB 2200 passed the House and will be considered by the Senate Finance and Appropriations Committee next week.

[HB 1470 \(Watts\)](#) provides that taxpayers who are eligible for the real property tax exemptions for disabled veterans and their surviving spouses and for the surviving spouses of servicemembers killed in action are entitled to refunds of taxes paid retroactive to their date of eligibility, potentially extending back to the date the exemptions were first enacted (2011 for the disabled veterans and surviving spouse exemption and 2015 for the exemption for surviving spouses of servicemembers killed in action). Refunds for most local taxes extend back to the current and three prior years. The bill seeks to clarify some ambiguity between the statutes enacting the property tax exemptions and the general statute governing tax refunds. VACo has been working with the patron and seeks to establish a reasonable lookback period that does not expose localities to potentially large, unanticipated refunds while also affording taxpayers a fair opportunity to apply for exemptions. This bill will likely also be heard by the Senate Finance and Appropriations Committee next week.

Other finance-related bills of interest that “crossed over” from their originating chambers include the following.

- [HB 1442 \(McNamara\)](#) requires local tax-assessing officers to report transient occupancy tax rates to the Department of Taxation for publication on the Department’s website and specifies that tax-assessing officers must provide adequate information to accommodations intermediaries to enable them to identify transient occupancy rates and any discounts, deductions, or exemptions. The bill includes reporting requirements for accommodations intermediaries. This bill is headed to the Senate floor.
- [HB 1486 \(Webert\)](#) expands the list of certain farm machinery and farm implements that a locality may exempt from personal property taxes to include motor vehicles used primarily for agricultural purposes, privately owned trailers primarily used by farmers in their farming operations, and season-extending vegetable hoop houses used for in-field production of produce. Equipment and machinery used in a nursery are currently included in the list of allowable exemptions; the bill expands the definition of “nursery.” This bill is headed to the Senate floor.
- [HB 1685 \(Greenhalgh\)](#), as introduced, would have capped the maximum penalties that could be assessed on certain unpaid business taxes, in addition to requiring certain notice to the taxpayer. After discussions with VACo and the Commissioners of the Revenue Association and the Treasurers’ Association, the patron removed provisions dealing with penalties, instead focusing the legislation on notice requirements. The bill now requires license

application forms to include the due date for the application, and the amount of the penalty charged for late application filing, the underpayment of estimated tax, and the late payment of tax. Language also requires the assessing official, upon assessing any penalty or interest, to notify the affected taxpayer of the amount of such penalty, any interest assessed, and the total amount of tax owed. This bill is headed to the Senate floor.

- [HB 1942 \(Durant\)](#) adds to the required components of the notice of changes in assessments that is mandated to be provided to property owners. The bill requires that in any locality that conducts an annual or biennial reassessment of real estate or in which reassessment of real estate is conducted primarily by employees of the county, city, or town under direction of the commissioner of the revenue, the notice would have to include the effective tax rate increase if the proposed rate exceeds the lowered tax rate (the tax rate which would levy the same amount of real estate tax as the previous year). This information is already required to be included in the notice advertising the public hearing that is required if a locality is not proposing to reduce the tax rate so as to generate no more than 101 percent of the previous year's real property tax levies. This bill is headed to the Senate floor.
- [HB 2110 \(Bourne\)](#) extends the maximum duration of an installment agreement to pay delinquent taxes from 60 to 72 months. This bill is headed to the Senate floor.
- [HB 2414 \(Scott, D.\)](#) allows a disabled veteran or surviving spouse to claim the real property tax exemption required by the Virginia Constitution prior to purchasing a qualifying dwelling by submitting required documentation to the commissioner of the revenue or other designated officer. The exemption would not take effect until the veteran takes ownership of the property, but the commissioner or designated officer would be required to process the application and notify the veteran within 20 business days following receipt of the application.
- [SB 1511 \(Hanger\)](#) provides that property that formerly participated in a state or federal soil and water conservation program and continues to meet the qualifications of the program, but no longer receives payments, still qualifies as real estate devoted to agricultural or horticultural use for purposes of land use value assessment. A landowner in this situation would be able to certify on the application form that the land continues to meet the requirements of the program. The bill also provides that the presence of noxious weeds or woody growth on the property may not be the sole reason for denying a designation as real estate devoted to agricultural use if the property owner provides documentation of a control method of such weeds or growth.

The following legislation did not advance beyond its originating chamber:

- Legislation dealing with the sales and use tax on food for human consumption and essential personal hygiene items was passed by indefinitely in the Senate early in the session, and the remaining House bills did not make it to the House floor. [HB 1484 \(McNamara\)](#), which would have eliminated the local option sales tax on groceries, with lost revenue replaced via a supplemental schools payment, and [HB 2196 \(Byron\)](#), which would have exempted essential personal hygiene products and infant formula from the local option sales tax, were reported from the House Finance Committee and sent to the House Appropriations Committee, where they were not heard. [HB 1686 \(Greenhalgh\)](#), which would have permitted localities to exempt groceries from sales tax, was not heard in House Finance.
- [HB 1749 \(Walker\)](#), which would have limited local ability to raise revenues by imposing a new process for adoption of the real estate tax rate in situations in which real property assessments are increasing, failed to emerge from a subcommittee of House Finance. Under the bill, if the proposed increase to the tax rate (above the lowered rate that would otherwise be required to limit real property tax revenue growth to 1 percent or less) is less than three percent, the increase could be approved by a majority vote of the governing body after a public hearing, which could not be held on the same day as the annual budget hearing. A proposed increase of more than three but less than five percent could be approved after public hearing but would require a supermajority vote of two-thirds of the governing body. An increase to the rate of levy of 5 percent or greater would require a referendum. VACo spoke against the bill during its initial hearing and members opted against proceeding with the bill during a second subcommittee meeting on January 31.
- [HB 2176 \(Sickles\)](#), as introduced, would have required five percent of the individual income tax revenues collected from residents of a locality to be distributed to that locality, to be used for school construction or renovation purposes. Under the bill, a locality would be required to maintain its level of expenditure for public school purposes; however, a locality could reduce this level of expenditure to account for a loss of revenues resulting from a reduction in the machinery and tools tax rate. This bill was tabled in a subcommittee of House Finance. VACo has spoken to the patron about continued discussion of the concept.
- [SB 1032 \(Stuart\)](#) would require the Commonwealth to subsidize local real estate tax relief for disabled veterans and surviving spouses of members of the United States Armed Forces killed in action for localities where more than one percent of the real estate tax base is lost due to such state-mandated tax relief programs. VACo has historically supported this legislation, which was passed by indefinitely in Senate Finance and Appropriations.

VACo Contact: [Katie Boyle](#)

License Reciprocity Bills for Waterworks Make it to Crossover

[SB 999 \(Mason\)](#) and its companion bill, [HB 1940 \(Runion\)](#), would allow for waterworks employees licensed in other states to be issued the equivalent license in Virginia. These bills would help localities recruit and retain these necessary public works employees as staffing issues continue at the local level.

[As previously reported](#), VACo supports the passage of these bills and was delighted to see both pass their original chambers unanimously. Since crossover, SB 999 has been referred to the [House General Laws Committee](#) while HB 1940 is awaiting referral in the Senate. VACo appreciates Senator Mason and Delegate Runion for introducing this legislation and hopes to see the bills pass their new chamber of designation. VACo will continue to support and report on SB 999 and HB 1940 as they move through the process.

VACo Contact: [James Hutzler](#)

VACo Supports Advance of Early Childhood Education Bills

Legislation supported by VACo that aims to create a Commission on Early Childcare and Education is moving through the General Assembly without opposition. [HB 1423 \(Coyner\)](#) / [SB 1404 \(Barker\)](#) renames the School Readiness Committee as the Commission on Early Childhood Care and Education and makes several changes to the Commission, including adjusting its purpose, increasing and adjusting its membership, and establishing eight enumerated powers and duties for the Commission. VACo advocated prior to the session to have a seat on the Commission should it be enacted. HB 1423 passed the House unanimously, 98-0, and has been referred to the Senate Rules Committee. SB 1404 passed the Senate unanimously and was reported unanimously from the House Education Committee on a vote of 22-0.

Access to high-quality and affordable childcare is essential to ensuring strong building blocks for the long-term success of children. Childcare is often also important factor in attracting and retaining economic development opportunities. For these reasons, VACo has adopted a position supporting efforts to increase access to high-quality enriching environments and providing localities with additional resources and flexibility. These bills are important steps in achieving these goals, and VACo has testified in support of the legislation.

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

Rural Electric Vehicle Fund Bill Survives the Senate but Dies in the House

VACo spoke in support of [SB 1466 \(Marsden\)](#) and [HB 1588 \(Sullivan\)](#), which would create the Electric Vehicle Rural Infrastructure Program and Fund. This Fund would make available up to \$25 million each fiscal year and assist developers by offsetting up to 70 percent of the cost of electric vehicle charging stations. According to the provisions outlined in the bill, smaller and more rural localities across the Commonwealth would benefit from the passage of these bills. These bills met separate fates as crossover approached.

SB 1466 was reported out of the Senate Transportation Committee and referred to Senate Finance and Appropriations Committee by a vote of [14-1](#). The bill reported out of Senate Finance and Appropriations by a [16-0](#) vote and passed the Senate 40-0. The House version reported out of subcommittee [unanimously](#) and referred to the House Appropriations Committee. In the House Appropriations Committee, the bill was laid on the table by a vote of [12-9](#), halting the legislation from moving forward. While SB 1466 has yet been assigned to a docket to the House of Delegates, VACo will continue to support this bill and advocate for its passage.

VACo for the first time added a position to its legislative platform supporting funding that provides for the availability and installation of electric vehicle charging stations. VACo staff was excited to stand in support of SB 1466 and HB 1588 and thanks the patrons for introducing the legislation. We will continue to update you as SB 1466 is heard in the House.

VACo Contact: [James Hutzler](#)

Bill to Mandate Live Broadcast and Video Archive of Board of Supervisors Meetings Fails

Legislation to require that localities provide a live video broadcast of public meetings of the local governing body and to archive such broadcasts on their websites failed on a [close vote](#) on the House floor earlier this week.

[HB 1487 \(March\)](#), for those localities that do not currently live broadcast and archive, would have caused a one-time increase in capital expenditures due to purchases of technology equipment. Additionally, the bill could cause recurring expenditures from increased employment costs (e.g., hiring additional personnel to conduct these live broadcasts), and/or changing licenses for their current webpage services. VACo expressed these concerns in committee in opposition to the measure.

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

Delegate Emily Brewer | Commonwealth Conversations



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Key Dates for the 2023 General Assembly

As part of its organizational work on the first day of the 2023 session, the General Assembly adopted a procedural resolution on January 11 that sets out important dates and deadlines for the [2023 legislative session](#).

January 11: 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 Youngkin delivered the State of the Commonwealth address at 4 p.m.

January 13: Deadline for submission of budget amendments

January 20: 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 5: Money committees report budgets by midnight

February 7: Money committee budget proposals available by noon; “crossover” deadline for each chamber to complete work on legislation originating in that chamber (except for the budget bill)

February 9: Houses of introduction must complete work on budget

February 15: Deadline for each chamber to complete work on other chamber’s budget proposal and revenue bills and appoint conferees

February 20: Deadline for committee action on legislation by midnight

February 25: Scheduled adjournment *sine die*

April 12: Reconvened session for consideration of Governor's amendments and vetoes

VACo Contact: [Katie Boyle](#)