

# Capitol Contact

## Virginia General Assembly

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

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# General Assembly Adopts “Skinny Budget,” Adjourns *Sine Die*

The 2023 session adjourned *sine die* on Saturday, February 25, as scheduled, but without resolving differences between the House and Senate on revisions to the biennium budget. Instead, budget conferees proposed, and both chambers adopted, a “skinny budget” that addresses four priority items:

- Includes \$115.9 million GF in FY 2023 and \$125.8 million GF in FY 2024 for the combined impact of K-12 technical adjustments related to average daily membership (ADM) changes, sales tax revenue forecast changes, and program participation updates. Also provides an additional \$16.8 million GF in FY 2023 to ensure that the sum of basic aid and sales tax payments a school division receives in FY 2023 is at least the sum of basic aid and sales tax payments that was communicated to school divisions in June 2022; this action addresses the error in the Department of Education’s calculation tool.
- Provides \$904.6 million to the Revenue Stabilization Fund to meet the Constitutionally-required FY 2024 deposit.
- Provides the \$250 million deposit to the Virginia Retirement System that was included in the budget adopted last year as a contingent appropriation to address unfunded liabilities. An estimated \$147.5 million would be provided to the teacher retirement plan out of this funding.
- Provides \$100 million in FY 2023 to address cost overruns for previously authorized capital projects.

Media reports indicate that budget negotiators intend to continue working toward agreement on the larger array of spending items and tax policy changes under consideration in conference, and the Governor indicated a willingness to continue to work with the legislature to finalize a budget, although no dates have been provided for a potential special session as of yet.

**VACo Contact:** [VACo Legislative Team](#)

## VACo Opposes Towing Bill Headed to Governor's Desk

[SB 979 \(Marsden\)](#) and [HB 1649 \(Wyatt\)](#), as introduced, would prohibit localities from setting limits on towing fees and other associated fees for trespassing passenger vehicles that are in localities without a local ordinance setting these fees. VACo opposed the initial legislation as we believe this pre-empts local authority and restricts the ability of local governments to respond to constituent concerns.

As previously reported, [SB 979 died early](#) in the Senate while HB 1649 would be [significantly amended](#) and pass through the House of Delegates. HB 1649 was amended to now only allow towers and recovery operators to levy a \$30 fuel surcharge fee for each vehicle towed and prohibits localities from limiting or eliminating this fee. The amended bill also includes a sunset clause where the fuel surcharge fee would expire on July 1, 2024. While the bill was amended in the right direction, VACo opposes HB 1649 and spoke in opposition during its hearing in the Senate.

Since crossover, HB 1649 has advanced through the Senate but not without lengthy discussion and controversy. The bill reported from the Senate Transportation Committee by a vote of 9-6 and then, upon its first vote on the floor of the Senate, failed to pass by a vote of 19-19. The bill was then reconsidered with an amendment to lower the fuel surcharge fee from [\\$30 to \\$20](#) and ultimately passed the Senate by a 21-19 vote. The House would accept the Senate's amendments by a 50-45 vote, thus sending the bill to the Governor's desk where we await his decision.

While the bill was further amended in the right direction, **VACo opposes HB 1649** as currently constructed. We will continue to update you if and when the Governor takes action on HB 1649.

**VACo Contact:** [James Hutzler](#)

## Jury Duty Compensation Increase Passes with More Incremental Approach

Legislation to increase compensation for jurors emerged from a conference committee in the final days of the session with an increase from \$30 to \$50 per day, rather than from \$30 to \$100, as originally proposed. [HB 2317 \(Williams Graves\)](#) and [SB 789 \(Spruill\)](#), as introduced, would have increased the compensation to \$100 per day; HB 2317 was amended in House Appropriations to provide for an increase to \$50, while the Senate approved the original increase to \$100. A compromise of \$50 emerged from conference. This more incremental approach was preferable for local governments, as compensation for jurors in civil cases is funded by localities, while compensation for jurors in criminal cases is funded by the state (with the exception of misdemeanor cases where the charge is written on a local warrant or summons, in which case the jurors are paid by the locality in which the summons is issued).

Juror compensation was last increased in 1993 (from \$20 to \$30). Legislation to increase the daily rate to \$100 was also considered during the 2022 session but was ultimately reduced to \$50 and then tabled in House Appropriations over concerns about the uncertainty of estimating the impact on the state. A [2022 report](#) published by the National Center for State Courts found that \$50 was the highest amount provided by any state compensating jurors though a flat rate per diem fee, as Virginia does; \$50 was also the highest amount paid by states that use a graduated fee system (in which jurors are paid a reduced flat rate fee on the first day of service and an increased fee after being sworn in as a trial juror or after a certain number of days of service). Some states also provide compensation to jurors for travel expenses, and several require employers to compensate employees with their regular wages or salaries for a certain number of days while serving as jurors.

**VACo Contacts:** [Katie Boyle](#), [Phyllis Errico, Esq., CAE](#), and [Joe Lerch, AICP](#)

## Transportation Partnership Opportunity Fund Bills Amended to Address VACo's Concerns Report Out of Conference Favorably

[SB 1106 \(Newman\)](#) and [HB 2302 \(Adams, L\)](#), as introduced, were similar to [budget language](#) in the Governor's introduced budget regarding the Transportation Partnership Opportunity Fund (TPOF). The introduced bills required the Governor to include in the Budget Bill an appropriation of up to \$200 million, limited to \$100 million each year, from the Commonwealth Transportation Fund (CTF) to maintain a minimum available balance of \$300 million in the TPOF. The bill would also change the types of projects eligible for TPOF funding by including projects that

enhance the economic development opportunities of the Commonwealth's transportation programs.

VACo opposed the initial bills because by diverting funds from the Commonwealth Transportation Fund, the funds would not go through the proper funding formula and the result would mean that localities would receive less money for maintenance, construction, SMART SCALE and transit programs across the board. This would have effectively reduced total transportation funding across the six-year transportation improvement plan by \$600 million.

Since their introduction, [SB 1106](#) and [HB 2302](#) have been amended significantly to address VACo member concerns. [As previously noted](#), the bills removed language directing the Governor to appropriate funds to the TPOF and each chamber added differing transparency and reporting requirements for the use of TPOF funds. This would lead SB 1106 and HB 2302 to head to a conference committee where the differences between the two pieces of legislation were worked out.

The [conference report](#) contained various parts of both the Senate and House versions that passed their respective chambers. The conference report retained language from the House substitute that any transfer of funds from the TPOF over \$5 million must be reported to the Chairs of the Senate Finance and Appropriations Committee and the House Appropriations Committee. Further, this reporting must include details on where the funds are going, what they are used for and other requirements outlined in the conference report. Language retained in the conference report from the Senate substitute directs that any transfer from the TPOF that is more than \$35 million shall be submitted for review to the MEI Project Approval Commission and further includes details regarding the review process. New language that was included in the conference report highlighted that this legislation should in no way be construed to authorize the use of eminent domain by where it is already prohibited. Lastly, new language was also included to make sure that no project undertaken by TPOF funding will be used exclusively for economic development purposes. This is to ensure that this funding is to be used solely for transportation projects across the Commonwealth.

VACo thanks Senator Newman and Delegate Adams for working with the various stakeholders and hearing our concerns. The bills have traveled far. The transparency language coupled with the various reporting requirements for use of the TPOF funds is a major step in the right direction, and VACo thanks all involved for these changes. The conference report was passed by both chambers and is now headed to the Governor. VACo currently has no position on either SB 1106 or HB 2302.

**VACo Contact:** [James Hutzler](#)

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