

Capitol Contact

Virginia General Assembly

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Tuesday, January 23, 2024

School Construction Financing Bills Headed to the Senate Floor

On January 23, the Senate Finance and Appropriations Committee reported [SB 14 \(McPike\)](#) on a bipartisan vote of 10-4. As previously [reported](#), SB 14 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 a 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 146 \(Mulchi\)](#), which expands this authority to Albemarle County and the City of Charlottesville, was also reported from the same committee by a bipartisan 11-3 vote. VACo supports both bills and has testified in committee to that effect. Thank you to everyone who responded to our Action Alert.

These bills allow Counties to exercise a local voter approved option to meet their community needs. They are NOT an automatic tax increase.

ACTION REQUIRED – Contact your [Senators](#) now to encourage their support of these measures. Please let VACo know how your legislators respond to your request. **These bills will likely be up for a final vote in the Senate on Friday.** Please contact [Senators](#) **TODAY** to urge them to support SB 14 and SB 146.

The House Companions of SB 14, [HB 600 \(Kilgore\)](#) and [HB 805 \(Rasoul\)](#), have been referred to the House Finance Committee but have yet been assigned to a subcommittee. Additional standalone legislation for Prince Edward County, [HB 60 \(Wright\)](#), and Stafford County, [HB 193 \(Cole\)](#), are also supported by VACo and have been referred to the House Finance Committee.

ACTION REQUIRED – Contact your Delegates who serve on the [House Finance Committee](#) now to urge them to support HB 600, HB 805, HB 60, and HB 193.

Please review this [video](#) and [one-pager](#) for information on the desperate need for more school construction financing options.

KEY POINTS

- Funding for school construction and renovation is one of the biggest concerns and responsibilities of local governments in the Commonwealth and has been almost solely a local responsibility for decades. The condition of the facilities in which children are educated has a direct impact on their ability to learn.
- 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.
- According to the [Commission on School Construction and Modernization](#), more than half of K-12 school buildings in Virginia are more than 50 years old. The amount of funding needed to replace these buildings is estimated to cost \$24.8 billion.
- This legislation was a unanimous recommendation by the Commission on School Construction and Modernization.
- This bill is about parity for local governments, giving all counties the same authority currently given to nine localities.
- This bill is **NOT** a tax increase. It would merely create a local option and another tool in the toolbox of local government, which would only be enacted by local referendum.

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

Problematic Legislation Would Hamper Local Tax Collections

Two bills have been introduced that would require significant changes to the local tax collection process. Although the bills are generally understood to have been initiated as a result of issues with meals tax collections in one locality, the bills apply statewide, and several of the bills' provisions apply to all local taxes.

[HB 1483 \(McQuinn\)](#) and [SB 294 \(DeSteph\)](#) contain the following provisions:

- Require voluntary tax payments that are accompanied by a tax return to be applied to the period covered by the tax return or pursuant to the taxpayer's written instructions. Currently, tax payments are applied to the most delinquent taxes first, to ensure that the older taxes can be collected before the statute of limitations expires, but localities have the authority to provide otherwise by ordinance; this bill would remove that authority.
- Bar the accrual of interest beyond 90 days while an application for correction by the locality, administrative appeal, or judicial appeal is pending for meals taxes. The imposition of interest on unpaid taxes is intended to encourage compliance. While the administrative appeals process includes certain deadlines for actions, judicial appeals can be lengthy, and the litigation schedule is generally driven by the taxpayer and his or her counsel.
- Require a notice to the taxpayer before imposing a levy for unpaid taxes (an execution against property to enforce delinquent taxes, such as placing a "boot" on a vehicle for unpaid personal property taxes). Concerns about this provision include the degree to which it will slow tax collections and increase costs to secure compliance, and whether property subject to levy would be removed from the locality.
- Enable a court to award reasonable attorney fees to the prevailing party in an appeal. While in theory this provision could allow the locality to be awarded attorney fees in the case of an unsuccessful appeal, there are concerns that this provision will encourage litigation of tax appeals, imposing costs to localities to defend these cases.

HB 1483 also includes language allowing the locality and the taxpayer to agree to settle a meals tax liability pursuant to an offer in compromise if an initial application for correction is denied. An offer in compromise is a process that allows an assessing officer to settle a disputed assessment if the official determines that there is doubt as to the taxpayer's liability, or the treasurer to settle the assessment when the treasurer determines that collection of the entire amount due is in doubt and that the best interests of the locality would be served by the compromise.

VACo has conveyed concerns to the patrons about the breadth of these bills and their expected harmful effects on local tax collections and will be having further discussions with proponents of the bills. HB 1483 has been referred to the [House Finance Committee](#) and SB 294 has been referred to the [Senate Finance and Appropriations Committee](#).

VACo Contact: [Katie Boyle](#)

VACo Opposes Legislation to Make ADUs a By-Right Use

[SB 304 \(Salim\)](#) and [HB 900 \(Srinivasan\)](#) mandate all localities permit accessory dwelling units (ADUs) as an accessory use in residential zoning districts. The legislation also prohibits a locality from requiring (1) dedicated parking for the ADU; and (2) Lot sizes or setbacks for the ADU greater than that of the primary dwelling.

Additionally, the legislation limits what a locality may require to the following:

- No more than one ADU to be located on a lot;
- A rental period for such ADU of at least 30 days;
- Replacement of a primary dwelling's required parking if the construction of the ADU eliminates such parking;
- Square footage of the ADU to not exceed 75 percent of the primary dwelling's square footage; and
- Compliance with (i) limitations on massing and impervious surfaces; (ii) building codes; (iii) water, sewer, septic, and stormwater requirements; and (iv) historic and architectural districts and corridor protection restrictions.

Action Required – Contact members of [Senate Local Government Committee](#) to vote “NO” on SB 304, and contact members of [House Counties, Cities and Towns Committee](#) to vote “NO” on HB 900.

HB 900 differs slightly in that does allow for a locality to require owner occupancy of the ADU or the primary dwelling, but not both.

SB 304 will be heard in the [Senate Local Government Committee](#) on Monday, January 29. HB 900 has been referred to the [House Counties, Cities and Towns Committee](#).

KEY POINTS

- Local governments have the authority to allow for the inclusion of ADUs within their zoning ordinances and determine the context of where ADUs can be reasonably accommodated to meet the needs of residents and homeowners.
- A mandate to authorize an ADU in all single-family zoning districts excludes input from citizens and communities on whether, and how, ADUs can fit within existing and proposed residential developments.

KEY CONTACTS

- [Senate Local Government Committee](#)
- [House Counties, Cities and Towns Committee](#)

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

Water and Wastewater Facility Compliance and Modernization Bill Passes Subcommittee

[HB 220 \(Orrock\)](#) would establish a new protocol for an unexpected vacancy of the licensed operator position for water treatment facilities and wastewater treatment facilities. The bill also permits remote monitoring of the facility by the licensed operator upon a demonstration of adequate monitoring technology.

Specifically, the bill provides regulatory framework for the facility to stay in compliance with U.S. Environmental Protection Agency and other requirements if an unexpected vacancy occurs for the licensed operator position at such water or wastewater facility. The other focal point of the legislation is to provide more flexibility for water and wastewater facilities by taking advantage of technology to enable remote monitoring of these facilities. The facility seeking to monitor operations remotely would have to submit a remote monitoring plan with the specific requirements laid out in the bill and the respective Virginia state agency would have the discretion to approve or deny such plan.

It has been difficult for localities to find and hire licensed operators for these facilities recently, and this bill further builds off efforts VACo supported in the [2023 General Assembly](#) session to provide flexibility for these necessary public services and public works employees. VACo would like thank Delegate Orrock for bringing forward this bill.

VACo spoke in favor of the bill during its hearing in the House Chesapeake Subcommittee. The bill reported out of the Subcommittee favorably and will be

heard by the [House Agriculture, Chesapeake and Natural Resources Committee](#) shortly. VACo thanks Delegate Orrock for bringing forward this bill. VACo will provide updates as they become available.

VACo Contact: [James Hutzler](#)

Unpaved Road Improvement Bill Amended in VACo's Favor

[SB 644 \(Perry\)](#) would clarify that the upgrading of unpaved secondary roads includes improvements other than paving. The bill states that the improvements that could be made to unpaved secondary roads include improving materials, drainage upgrades, enhancing the highway profile, as well as other improvements that would increase safety, reduce maintenance costs, or enhance the historic qualities of the road in question.

As introduced, the bill only afforded these improvements to unpaved roads to counties with a “capital projects manager.” VACo staff worked with Senator Perry and her staff to [amend the bill](#) with the result being that all 95 counties in Virginia would be able to benefit from the clarifying language. VACo thanks Senator Perry and her staff for listening to our concerns and offering the amendment. SB 644 reported out of the Senate Transportation Committee, 15-0. Delegate Reid is carrying the [companion bill](#), and VACo has offered the same amendment to the Delegate and his staff. VACo will continue to provide updates as they become available.

VACo Contact: [James Hutzler](#)

Advocate for your locality at the VACo Local Government Day

In Partnership with VML, VAPDC and the Virginia Rural Center

Thursday, February 1, 2024

[Richmond Marriott Hotel](#)

[REGISTRATION FORM](#) | [REGISTER ONLINE](#)

Local Government Day

It's a day for all of us. Counties. Cities. Towns. Planning Districts. It's a day for us to

learn how the decisions being made by the General Assembly might affect us. And it's a day to make our voices heard. Attend Local Government Day. Then visit the Capitol to meet with your legislators and observe committee meetings. Later join us for a reception.

Registration Fee

\$100 Day Briefing only (Noon – 2pm)

\$100 Reception only (530pm)

\$150 for both | \$175 late registration

Agenda

- **9am** | VACo Board of Directors Meeting
- **10am** | Registration
- **1130am** | Lunch
- **Noon** | Local Government Day
- **Afternoon** | Visit the Capitol to speak with legislators
- **530pm** | Reception

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 [2024 Legislative Program](#). We will distribute the Local Government Day Bulletin before the event.

Be a part of the legislative process at the 2024 General Assembly Session.

Register for the event at [VACo Local Government Day Online](#) or fax the [Registration Form](#) to 804.788.0083. Also, here's how you can book a room at the [Hilton Richmond Downtown](#) or the [Hampton Inn & Suites Richmond](#).

VACo Contact: [Valerie Russell](#)

Key Dates for the 2024 General Assembly

As part of its organizational work on the first day of the 2024 session, the General Assembly adopted a procedural resolution on January 10 that sets out important dates and deadlines for the 2024 legislative session.

- **January 10:** General Assembly convened at noon. Bills that were “prefiled” were due to be submitted by 10:00 a.m. Bills affecting the Virginia Retirement System, or creating or continuing a study, were required to be filed by adjournment of the floor session.
- **January 12:** Deadline for submission of member budget amendments.
- **January 19:** 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 13:** “Crossover” deadline for each chamber to complete work on legislation originating in that chamber (except for the budget bill).
- **February 18:** “Budget Sunday,” the deadline for the “money committees” to report their respective budgets by midnight.
- **February 22:** Deadline for each chamber to complete consideration of its budget bill.
- **February 28:** Deadline for each chamber to complete consideration of the other chamber’s budget bill and revenue bills.
- **March 4:** Deadline for committee consideration of legislation, by midnight.
- **March 9:** Scheduled adjournment *sine die*.
- **April 17:** Reconvened session for consideration of Governor’s amendments and vetoes.

VACo Contact: [Katie Boyle](#)