

Capitol Contact

Virginia General Assembly

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Thursday, February 13, 2025

ACTION ALERT: School Construction Financing Bill Language Needed in Budget

VACo needs your assistance to contact members of the House and Senate Conference Committee on the budget to ensure that school construction language is included in the final report of the committee. [SB 1307 \(McPike\)](#) passed the House of Delegates today on a vote of 62-33 after passing the Senate by a vote of 27-13. The bill was essentially conformed to the version of the legislation that passed the General Assembly last year that was ultimately vetoed by the Governor, with the addition of more detailed definitions of school capital projects. SB 1307 will be voted on again by the Senate in its revised form before being considered by Governor Youngkin. **VACo strongly supports** and has [testified](#) in favor of this legislation.

ACTION REQUIRED – Please contact the [House and Senate Conference Committee Members](#) to urge them to include the SB 1307 language in the budget.

Language from the original version of the bill was [included](#) in the Senate’s proposed budget. VACo needs your help to contact budget conferees to urge them to include the updated language from SB 1307 in the final budget conference report. If the legislation is vetoed by the Governor, having language in the budget bill will provide additional opportunities for the benefits of the bill to be enacted.

As previously [reported](#) in the effort from last year, this legislation 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.

Review this [video](#) and [one-pager](#) from last year 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.

KEY CONTACTS

- **Budget Conferees:** [Senator Lucas](#), [Senator Locke](#), [Senator Deeds](#), [Senator McDougle](#), [Senator Pillion](#), [Delegate Torian](#), [Delegate Sickles](#), [Delegate Bulova](#), [Delegate Carr](#), [Delegate Austin](#), and [Delegate Bloxom](#).

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

Action Item: Oppose Bill to Mandate Statewide Standards for Solar Facilities

[HB 2438 \(Mundon King\)](#) requires that, unless otherwise permitted “by right,” a locality shall require a “special exception” (aka special use permit) for any a solar or energy storage project.

ACTION REQUIRED – Contact members of the [Senate Commerce and Labor Committee](#) today to oppose HB 2438.

The legislation also includes the following criteria to be adopted in local zoning ordinances:

- Setback distances between (1) 150 and 300 feet from houses on adjacent properties; (2) 50 and 100 feet from any state-maintained road; and (3) 50 and 100 feet from edged of streams.
- Vegetative visual screening requirements shall not be required to exceed between three and four feet at planting and shall allow for consideration of preexisting natural or manmade visual barriers.
- Maximum 25-foot height for solar panels, except in cases where a height variance is necessary to allow for agrivoltaics activity below or in proximity to the panels.

KEY POINTS

- VACo supports maintaining local authority to address all impacts and all choices associated with utility-scale installations of solar power, wind power, and energy storage facilities.
- Counties should not be required to adopt state-wide criteria for the review and approval of solar and energy storage facilities in local zoning ordinances.

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

Bill to Create “Housing Approval Board” with Authority to Overturn Local Land Use Decisions Fails

By a [vote of 15 to 0](#), the Senate Finance and Appropriations Committee passed by indefinitely [HB 2641 \(Helmer\)](#). The legislation would have established a three-

member Housing Approval Board with authority to overturn local land use decisions and to automatically approve such applications that will have the effect of increasing the supply of housing in a locality, if a locality has not made a “good faith effort” to meet required housing targets of at least 7.5 percent over the five-year period beginning January 1, 2027.

The legislation also would have required every locality to develop a housing growth plan to include at least three of the following nine actions to be “deemed” at making a “good faith effort” to meet housing targets:

1. Eliminate minimum lot size requirements or reduce such requirements by at least 25 percent.
2. Increase building height limits for dwelling units by at least 25 percent.
3. Simplify the permitting procedures for multifamily housing and shorten the average time to receive final approval for multifamily housing projects by at least 25 percent.
4. Modify zoning ordinances to allow for high-density housing, including multifamily units such as apartments and condominiums, on land previously zoned for single-family use.
5. Allow multifamily housing as a permitted use on all lots where office, retail, or commercial is the primary permitted use.
6. Rezone land for higher-density housing near transit stations, places of employment, higher education facilities, and other appropriate population centers.
7. Implement a plan to repurpose underutilized office parks and strip malls for multifamily housing.
8. Eliminate requirements for off-street parking minimums per dwelling unit or reduce such requirements by at least 25 percent.
9. Eliminate aesthetic, material, shape, bulk, size, floor area, and other massing requirements for multifamily developments.

VACo opposed the legislation as a preemption of local land use authority that creates an unnecessary bureaucracy at the state level with policies and targets for affordable housing that are more appropriate for localities and regions to establish.

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

BPOL Legislation Converted to Study in Senate

[HB 1743 \(Watts\)](#), which deals with the ability of businesses to deduct gross receipts attributable to business conducted in another state or foreign country from taxation under the BPOL tax, has been amended in the Senate to convert the bill to a study directive. VACo prefers this approach to the version of the bill that passed the House, as it would allow the implications of the proposed policy change to be fully vetted.

Under current law, receipts attributable to business conducted in another state or foreign country in which the taxpayer is liable for an income tax or other tax based on income are deductible. As passed by the House, HB 1743 would expand this provision to cover receipts from other states or foreign countries with a net income tax or other tax based upon gross or net income or receipts. This version of the bill has a delayed effective date of July 1, 2026, and requires the Department of Taxation to convene a working group to review the current methodology of the existing deduction, potential revenue impacts of the expanded deduction, and potential complexities for tax administration and for taxpayers, among other elements.

Expansion of the ability of businesses to deduct gross receipts attributable to business conducted outside of Virginia is expected to affect local revenues, with a potentially significant impact in some jurisdictions, although the full scope is difficult to quantify. Allowing the deductibility of gross receipts generated in states with other types of taxes also would add complexity to tax administration, since states have different rules and thresholds for filing. Given the unknown revenue impact and administrative complexity involved in the bill, and the compressed timeline of the short session, VACo has encouraged a more thorough review of its implications in discussions with the patron and proponents of the legislation.

As passed by the Senate, the bill now is limited to a directive to the Department of Taxation to convene the working group, which would include participation by VACo, VML, the Commissioners of the Revenue Association of Virginia, the Virginia Chamber of Commerce, and other business representatives, with a report due by October 1. The bill will return to the House for a vote on whether to accept or reject the Senate's amendments; VACo encourages the House to adopt the Senate's approach.

VACo Contact: [Katie Boyle](#)

Energy Landscape of Virginia Episode 8 | Virginia General Assembly Update – Legislation on Data Centers and Utility-Scale Solar



[Listen to the Podcast](#)

Virginia General Assembly Update – Legislation on Data Centers and Utility-Scale Solar. Joe Lerch and VACo Executive Director Dean Lynch provide an update on the status of legislation relating to Data Centers and Utility-Scale Solar.

Where to find out more about topics covered in this episode

- [JLARC “Data Centers in Virginia” Report](#)
- [HB 1601/SB 1449](#) – Siting of Data Centers; Site Assessment
- [House Budget Amendment](#) – Extends the sunset date for sales tax exemption for data centers from 2035 to 2050
- [Senate Budget Amendment](#) – Requires data center operators to meet energy efficiency standards to qualify for sales tax exemption
- [Capitol Contact ALERT: VACo Opposes Bill Mandating Targets for Utility-Scale Solar in Comprehensive Plans](#)
- [Bills to Mandate Counties put State Targets for Utility-Scale Solar in Comprehensive Plans Fail](#)

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

General Assembly Convenes, Adopts Schedule for 2025 General Assembly Session

Key dates for the 2025 session, as approved by the General Assembly in its procedural resolution, are as follows:

- **Wednesday, January 8:** General Assembly convenes. Last day to introduce legislation creating or continuing a study, or legislation regarding the Virginia

Retirement System

- **Friday, January 10:** Deadline for Senate budget amendments
- **Monday, January 13:** Governor's State of the Commonwealth Address; last day to pre-file legislation (by 10 a.m.); deadline to submit House budget amendments
- **Friday, January 17:** Last day to file bills, except for bills offered by unanimous consent or bills submitted on behalf of the Governor
- **Sunday, February 2:** "Budget Sunday" deadline for House Appropriations and Senate Finance and Appropriations Committees to report their respective budgets by midnight
- **Tuesday, February 4:** "Crossover" deadline for each chamber to complete work on legislation originating in that chamber (except the budget bill)
- **Thursday, February 6:** Deadline for each chamber to complete work on its budget bill
- **Wednesday, February 12:** Deadline for each chamber to complete consideration of the other chamber's budget bill and revenue bills
- **Monday, February 17:** Deadline for committee action on legislation by midnight
- **Saturday, February 22:** Scheduled adjournment *sine die*
- **Wednesday, April 2:** Reconvened session for consideration of Governor's amendments and vetoes

VACo Contact: [Katie Boyle](#)