

VACo

LEGISLATIVE DAY CAPITOL CONTACT

PRESENTED ON
February 5, 2026

PREPARED BY
VACo Legislative Team



www.vaco.org



AGRICULTURE AND RURAL AFFAIRS

VACo Contact: [James Hutzler \(jhutzler@vaco.org\)](mailto:jhutzler@vaco.org)

PFAS testing bill could have high fiscal impact on localities.

HB 1443 (Lopez) would require any owner of a sewage treatment works that is land applying, marketing or distributing sewage sludge in the Commonwealth to collect a sample of finished sewage sludge product quarterly and have such sample analyzed by a laboratory for perfluoroalkyl and polyfluoroalkyl substances (PFAS). The bill restricts or prohibits land application of sewage sludge through a tiered system and requires the owner to send the test results to the landowner of every property at which the owner intends to land apply such sewage sludge if the analysis reveals certain concentrations of PFAS in such sewage sludge.

VACo opposes the introduced version of HB 1443 as the testing, lab analysis and disposal requirements in the introduced bill have the potential to place a large fiscal impact on wastewater facilities and local governments across the Commonwealth.

VACo is committed to working with stakeholders and the patron on HB 1443 and will provide updates when available.

PFAS in sewage sludge bill.

SB386 (Stuart) would prohibit any person that holds a valid permit to distribute, or land apply sewage sludge from distributing or land applying sewage sludge that contains any trace of PFAS.

VACo supports deer control bill.

HB 129 (Cornett) states that whenever deer are damaging a variety of crops used for commercial agricultural production within the Commonwealth, the owner or lessee shall be issued upon request a permit to kill antlerless deer without limits, protecting lands where damage is occurring. The bill would make the permit reissuance process for antlerless deer as minimal as practicable. Any owner or lessee who has been issued any permit pursuant to this subdivision **shall comply with all local ordinances**, including those regulating the discharge of firearms.

Budget amendments to support.

Stormwater Local Assistance Fund: Governor Youngkin's introduced budget includes \$43.5 million in FY 2027 to support stormwater assistance projects in localities with separate municipal storm sewer systems.

Forest Sustainability Fund: [**Item 96 #2h \(Carnegie\)**](#) would provide \$2 million from the general fund in each fiscal year for the Forest Sustainability Fund while [**Item 96 #1s \(Marsden\)**](#) and [**Item 96 #1h \(Reid\)**](#) would provide \$3 million from the general fund in each fiscal year. The fund is used by localities with forest use value assessments to enhance recreation, environmental education, and local forest management

Water Quality Improvement Fund: [**Item 368 #3s \(Locke\)**](#) and [**Item 368 #14h \(Krizek\)**](#) provides \$261.9 million GF the first year and \$129.3 million GF the second year to fully fund the point-source Water Quality Improvement Fund Needs Assessment, and represents the state share of costs as incurred by locality grantees to implement Enhanced Nutrient Removal Certainty Program projects.

Regional Water Resources Planning: [**Item 366 #1h \(Wilt\)**](#) , [**#2h \(Cole J.\)**](#) , [**#3 \(Hodges\)**](#) and [**#4 \(Willett\)**](#) provides an additional \$750,000 from the general fund each year for regional water resource planning activities.

EDUCATION

VACo Contact: [Jeremy R. Bennett \(jbennett@vaco.org\)](mailto:Jeremy.R.Bennett@vaco.org)

Support legislation to expand school construction financing options.

VACo supports legislation that once again seeks to grant additional revenue raising authority if approved by local referendum for school capital needs. 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 about equity and diversity of revenues.

[HB 334 \(Rasoul\)](#) / [SB 66 \(McPike\)](#) would permit any county or city to enact 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 enacted 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 1307 also has a maintenance of effort provision.

[SB 607 \(Lucas\)](#) would also permit any county or city to enact 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 bill is more limited in its approach and use of funds than HB 334 / SB 66, but still an improvement over existing options for school construction.

KEY POINTS

- 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.

Support legislation to expand funding for at-risk, special education, and English learner students.

Following the 2023 Joint Legislative Audit and Review Commission (JLARC) study on how to improve the Standards of Quality (SOQ) in the Commonwealth and the 2024 recommendations of the Joint Subcommittee on Elementary and Secondary Education, legislators have introduced legislation and budget amendments meant to help localities with K-12 funding.

[HB 92 \(Rasoul\)](#) / [SB 90 \(Favola\)](#) would establish (i) the At-Risk Program for the purpose of supporting programs and services for students who are educationally at-risk, including programs and services of prevention, intervention, or remediation; (ii) a state-funded, flexible per pupil Standards of Quality funding add-on to be applied for each special education student, calculated in accordance with the provisions of the bill, for the purpose of better meeting the educational needs of students with disabilities; and (iii) a state-funded, flexible per-pupil Standards of Quality funding add-on to be provided for each English language learner student, calculated in accordance with the provisions of the bill, for the purpose of better meeting the educational needs of English language learner students.

Though the final texts of these bills are still subject to change, VACo has been engaged with the bill patrons to ensure that local appropriating authority is preserved and flexibility for use of the funds contingent upon the bills is maximized.

KEY POINTS

- For far too long localities have been trying to emphasize how out-of-date and inadequate the current SOQs are.
- Per code, the State should be funding 55% of the costs of education and localities should be funding 45% of the costs of education. However, over time localities have been forced to pay far more than the allotted 45%.
- These recommendations change the standards for the better and finally provide the changes localities desperately need to help support our schools.

Budget amendments to support.

Item 125 #5h (Simonds) provides \$369.0 million from the general fund in fiscal year 2027 and \$371.0 million from the general fund in fiscal year 2028 to increase basic aid add-on payments currently provided for the At Risk and Special Education Add-Ons, and establishes an English Learner add-on payment.

Item 125 #1s (Favola) provides \$153.3 million GF the first year and \$152.2 million GF the second year for the estimated impact of increasing the at-risk add-on percentage to 57.0 in each year of the biennium. This amendment is a partial increase based on the JLARC recommendations to meet the needs of at-risk students.

Item 125 #14h (Keys-Gamarra) / Item 125 #10s (Boysko) provides \$205.0 million each year from the general fund to use an average instead of a linear weighted average in determining prevailing salaries and costs in the K-12 funding formula. This amendment is derived from Recommendation 6 in JLARC's 2003 report, *Virginia's K-12 Funding Formula*.

Item 125 #4s (Carroll Foy) provides \$120.0 million GF each year to support the further implementation of recommendations from the 2023 JLARC report, "Virginia's K-12 Funding Formula." The intent of the amendment is to phase in costs over a 10 year period, with \$120.0 million GF for full implementation by 2036.

Item 126 #2h (Shin) provides \$480.0 million each year from the general fund to support the state share of expanding access to the Virginia Preschool Initiative to all four-year old children.

Item 126 #2s (Locke) provides \$325.0 million GF each year to support the fiscal impact of Senate Bill 134, which would establish a funding formula for early childhood care and education. This is an estimate and the actual fiscal impact is to be determined.

Item 125 #15h (Runion) strikes limitation on use of School Construction Assistance Program funds for financing costs, and **Item 125 #17h (Runion)** allows project costs to cover expenses completed within 10 years of grant application.

Item 230 #2h (Carr) / Item 230 #1s (Locke) provides \$1.9 million each year from the general fund to increase state aid to local public libraries.

FINANCE AND ELECTIONS

VACo Contact: [Katie Boyle \(kboyle@vaco.org\)](mailto:kboyle@vaco.org)

Car tax study is the preferred vehicle for further discussions of this local revenue source.

[**HJ 34 \(Franklin, L.\)**](#) and [**SR 6 \(Marsden\)**](#) direct the Department of Taxation to study options for abolishing the car tax. The resolutions require the Department to determine the financial repercussions for localities to eliminate the tax and to examine potential alternative revenue streams to keep localities whole. VACo and VML would be consulted as part of the study. VACo supports the study as a means of gathering comprehensive data to inform further discussions about this issue, to include options for how localities can be held harmless. [**SB 799 \(Durant\)**](#), which would have removed the cap on the state's car tax reimbursement to localities and required localities to functionally eliminate the car tax by reducing the local tax rate on qualifying vehicles to a fraction of a cent, was heard in a subcommittee of Senate Finance and Appropriations last week and recommended to be passed by indefinitely over concerns about the state's capacity to reimburse localities. [**HB 566 \(McNamara\)**](#), as introduced, would require localities to set a tax rate of a fraction of a cent on the first \$5,000 of value for qualifying vehicles, thus functionally eliminating the tax on this amount, and incrementally increase the tax-exempt portion by \$5,000 in each year in which local revenues grow by 5 percent or more; further amendments to this bill are expected when it is heard, likely next week.

KEY POINT

- VACo has historically maintained that any proposals to change this local revenue source must provide for replacement revenue, must be based on accurate, comprehensive data, and must be developed in consultation with local governments.

Support budget amendments to ensure sustainability of tax exemptions for veterans and surviving spouses.

[**Item 1 #7h \(Thomas\)**](#) and [**Item 1 #3s \(Locke\)**](#), which were introduced at the request of VACo and its advocacy partners, would direct a legislative study of the financial implications for local governments of the mandatory property tax exemptions for disabled veterans and their surviving spouses required by the Constitution, to include recommendations to ensure the sustainability of these programs. Item 1 #7h would create a new joint subcommittee of members appointed from the House Appropriations and Senate Finance and Appropriations Committees; Item 1 #3s would refer the issue to the standing Joint Subcommittee on Tax Policy.

KEY POINTS

- Counties appreciate the many sacrifices of veterans and their families and their contributions to their communities. Real property tax revenues are the mainstay of local government budgets, and state actions that reduce these revenues place pressure on other local government budget priorities, including services that benefit veterans and their families.
- The cost to implement this program has grown substantially since its inception, with lost revenues estimated at \$318 million in 2025.
- VACo has historically advocated for the state to be a partner in implementing this program to ensure its sustainability and preservation of local governments' ability to provide core government services.

Bill to change valuation of personal property in business needs further discussion.

[**HB 960 \(Watts\)**](#), as introduced, would make a potentially significant change to the valuation of tangible personal property that is employed in a trade or business. Current law requires this property to be valued by means of a percentage or percentages of original cost; a 2014 Attorney General's opinion and a recent Tax Commissioner ruling explain that "original cost" means the original cost paid by the original purchaser of the property from the manufacturer or dealer and not the price paid by the current owner. HB 960 would overturn this guidance by requiring this property to be valued by means of a percentage or percentages of original cost to the taxpayer. Due to concerns raised by VACo and advocacy partners regarding the significant revenue impacts identified by localities that have relied on the earlier guidance, the patron agreed to add a reenactment clause to the bill. It is important that this reenactment clause remains part of the bill as it moves through the legislative process.

Grocery tax elimination bills return.

[**HB 13 \(McNamara\)**](#) and similar bills [**HB 703 \(Tata\)**](#) and [**SB 9 \(Suetterlein\)**](#) would eliminate the remaining 1 percent local option sales and use tax on groceries and replace the lost revenue with a monthly distribution to localities based on each locality's pro rata share of total sales and use tax collections. HB 13 would take effect July 1, 2026, and HB 703 and SB 9 would take effect January 1, 2027. SB 9 has been continued to 2027 in Senate Finance and Appropriations; HB 13 and HB 703 have not yet been heard.

VACo has historically opposed similar legislation. While the bills would provide replacement revenue, localities would be relying on the state to honor this commitment in the future.

Oppose legislation dictating use of local revenues.

[**HB 1132 \(Reid\)**](#) requires any locality collecting real property taxes from at least 20 data center buildings to create a local residential renewable energy incentive program and dedicate to the program all or a portion of the increase in data center real estate and/or machinery and tools tax revenue attributable to the growth in assessed value of the property. The bill stipulates that funds must be used to reduce existing utility bills for residential customers; invest in renewable energy resources and facilities; and provide pro rata reimbursements for residents' car tax assessments.

KEY POINT

- This bill, although limited in its applicability, sets a problematic precedent by directing the use of local revenues generated through a major local revenue source.

Bills requiring local responsibility for Virginia Alcohol Safety Action Programs need more work.

[**HB 862 \(Cousins\)**](#) and [**SB 391 \(Stuart\)**](#) are bills introduced at the recommendation of the Virginia Alcohol Safety Action Program Commission and codify some regulations, reorganize certain Code sections, and set out responsibilities for local policy boards that supervise local alcohol safety action programs. Significantly, as introduced, the bills would require localities to provide financial support for local alcohol safety action programs and require each local alcohol safety action program to have a locality serve as its fiscal agent; these are broad changes to the program that were not previously discussed with local governments. VACo and advocacy partners have met with Commission staff and are advocating that the provisions of the bills that impose these new responsibilities on localities be converted to study directives.

Helpful legislation would address penny shortages.

[**HB 954 \(Watts\)**](#), which was introduced at the request of the Treasurers Association of Virginia, would address concerns raised by the U.S. Mint's termination of penny production. When taxpayers pay bills in cash, Treasurers' offices have experienced difficulties providing exact change and Treasurers expressed an interest in having clear guidance as to their authority to round up or down when making change. As introduced, the bill provides broad, flexible authority for the local governing body to set out procedures for the adjustment of bills and account balances for taxes and other charges due to the locality, including by providing for rounding to the nearest five-cent increment. Additional provisions may be incorporated to address issues raised by the Department of Taxation.

Bill proposes to require Sunday early voting.

[**SB 438 \(Bagby\)**](#), as introduced, required early voting to be offered on the second Sunday immediately preceding all elections. A substitute offered in committee expanded this language to require early voting to be offered between the hours of 11 a.m. and 5 p.m. on the second and third Sunday immediately preceding all elections. Currently, electoral boards must offer early voting for eight hours on the two Saturdays preceding the election, but offering early voting on Sundays is discretionary, and legislators in both parties have recently expressed concerns about variation among localities in early voting opportunities. VACo has traditionally supported local flexibility to determine how best to use local resources to accommodate voters and is working with advocacy partners on a compromise proposal for one Sunday of early voting, rather than two.

Further discussion likely on localities' ability to fill vacancies via appointments.

[**SB 202 \(Suetterlein\)**](#) would require vacancies on boards of supervisors or city councils to be filled by a special election rather than a temporary appointment and would supersede special forms of government and charters setting out different timelines for filling vacancies. VACo opposed this bill, which would mandate a significant change to well-established processes and eliminate modest accommodations in Virginia law that allow localities to maintain continuity in governance and minimize costs from unexpected special elections. This bill was continued to 2027 with a suggestion that the Chairs of the House and Senate Privileges and Elections Committees request further discussion on this topic.

Budget amendments to support.

[**Item 67 #1h \(Cole, J.\)**](#) directs the Compensation Board to factor into the workload calculations for Commissioners of Revenue and Finance Directors the staffing needed to review applications for tax exemptions for disabled veterans.

[**Item 60 #2s \(Diggs\)**](#) provides \$16.6 million in FY 2027 and \$20 million in FY 2028 to meet the statutorily-required 1:1500 staffing ratio for sheriffs' deputies in localities where the sheriff bears primary law enforcement responsibility. VACo also supports the funding included in the introduced budget for 71 deputy positions and 18 administrative positions in sheriffs' offices.

[**Item 64 #4h \(Ward\)**](#) and [**Item 64 #4s \(Perry\)**](#) provide \$6.7 million in FY 2027 and \$7.3 million in FY 2028 to meet 25 percent of positions due to Commonwealth's Attorneys' offices based on workload staffing standards.

Item 62 #1s (Pekarsky) provides \$1.5 million per year to restore unfunded positions in finance directors' offices (for localities where these offices serve the functions of the Treasurer and Commissioner of the Revenue).

Item 78 #3s (Roem) provides \$8.2 million per year for salaries for chief deputy registrars.

Item 103#9h (Kilgore), **Item 103#10h (McQuinn)**, **Item 103#19h (Glass)**, and **Item 103#1s (Favola)** provide an additional \$5 million per year in support for Planning District Commissions.

GENERAL GOVERNMENT

VACo Contact: [Jeremy R. Bennett \(jbennett@vaco.org\)](mailto:Jeremy.R.Bennett@vaco.org)

Oppose legislation that mandates collective bargaining.

[HB 1263 \(Tran\)](#) / [SB 378 \(Surovell\)](#) would undermine the existing local option for local governments to engage in collective bargaining agreements with their employees and require local governments to engage in collective bargaining should their employees so choose. The bill would also create a state Public Employee Relations Board with no specified local government representation and impose binding arbitration, among other provisions. Furthermore, the bill has no provisions for grandfathering in local governments that have agreed to collective bargaining agreements with employee representatives beyond the expiration date of existing agreements. The bills have other, problematic provisions. **VACo opposes any effort to mandate collective bargaining for public employees.**

KEY POINTS

- The estimated [local fiscal impact](#) for this legislation is massive.
- Virginia is home to a diverse array of localities with significant variations in population, resources, and administrative capacity. Mandating a uniform collective bargaining framework ignores these differences and places an undue burden on many localities that lack the resources to manage the complexities of collective bargaining agreements.
- Disregard for locally tailored solutions disrupts established practices and agreements and creates unnecessary confusion and administrative burden.
- This legislation preempts local governance, introduces fiscal uncertainty, and disregards the progress made under the current framework.

Oppose legislation that limits sovereign immunity.

[SB 228 \(Surovell\)](#) proposes changes to Code, including limiting the sovereign immunity of local governments. The bill states that when a locality provides liability insurance or self-insurance under this section, that provision is “deemed a waiver of sovereign immunity.” This means the locality may be liable for damages up to the total of the self-insurance or insurance coverage it has in place, including any pooled or excess coverage. **VACo opposes any substantive change in local governments’ present defense of qualified immunity and sovereign immunity.**

KEY POINTS

- The estimated [local fiscal impact](#) for this legislation is substantial.

- According to local government risk insurers, this will have significant fiscal impacts to local government liabilities, potentially raising existing liability costs by more than 2.5 times, resulting in several hundred million dollars in additional costs to local governments.
- Local governments routinely perform inherently risky but socially necessary functions, such law enforcement and corrections, fire-EMS and emergency response, child welfare and social services, land-use decisions and zoning, and public works, and transportation. Without sovereign immunity, localities face open-ended liability for lawsuits, including high-dollar verdicts.

Budget amendments to support.

[**Item 396 #1h \(McQuinn\)**](#) provides an additional \$8.3 million from the general fund the first year and \$8.8 million from the general fund the second year for Aid to Localities with Police Departments.

[**Item 399 #1s \(Deeds\)**](#) provides \$18.7 million GF the first year and \$26.7 million GF the second year to increase funding for Aid to Localities with Police Departments (599 Program), for a total appropriation of \$248.3 million in FY 2027 and \$256.3 million in FY 2028. The amounts align with the requirement in § [**9.1-169**](#), Code of Virginia, that the year-over-year percentage change in 599 Program funding should equal the anticipated percentage change of general revenue collections in the appropriation act. A companion amendment in Senate Bill 29 provides \$11.4 million GF in FY 2026 for the same purpose, and the amounts in this amendment are calculated using the FY 2026 appropriation provided in the companion amendment.

[**Item 60 #2s \(Diggs\)**](#) provides \$16.5 million GF the first year and \$19.6 million GF the second year to fund 342 law enforcement deputies in FY 2027 and 18 additional law enforcement deputies in FY 2028, to meet the requirements of §15.2-1609.1, Code of Virginia, which requires the Compensation Board to provide at least one law enforcement deputy per 1,500 population in each sheriff's office with primary law enforcement responsibility. The estimate is based on FY 2025 population data provided by the Weldon Cooper Center for Public Service.

[**Item 406 #2h \(Phillips\)**](#) / [**Item 406 #1s \(Mulchi\)**](#) / [**Item 406 #6s \(Stanley\)**](#) provides \$12.5 million from the general fund each year for the Virginia Fire Personnel and Equipment Grant Fund pursuant to House Bill 1054 and Senate Bill 80.

[**Item 394 #4h \(Krizek\)**](#) / [**Item 394 #13s \(Perry\)**](#) provides \$1 million for the Unmanned Aircraft Trade and Replace Program.

[**Item 406 #3h \(Wiley\)**](#) provides \$2 million from the general fund each year for the Virginia Firefighter Personal Protective Equipment Grant Fund.

HEALTH AND HUMAN RESOURCES

VACo Contact: [Katie Boyle \(kboyle@vaco.org\)](mailto:kboyle@vaco.org)

Support budget amendments to maintain state-local partnership in Children's Services Act.

Language in the 2025 Appropriation Act capped state reimbursement to localities for private day special education services by stipulating that state reimbursement to localities for private day education services would not increase more than 5 percent over the rates for such services provided the previous year. VACo strongly opposed this provision. The introduced budget tightens this cap to 2.5 percent, resulting in assumed savings to the state of \$3.4 million in FY 2027 and \$3.7 million in FY 2028. VACo strongly supports budget amendments that would eliminate this provision ([Item 271 #2h \(Cohen\)](#), [Item 271 #1s \(Boysko\)](#) and [Item 271 #2s \(VanValkenburg\)](#))

VACo and advocacy partners have suggested an alternative approach, introduced as [Item 118 #2s \(Favola\)](#), which would examine options to improve the capacity of public school divisions to serve students who are at risk of placements outside the public schools in order to enable those students to remain in the least restrictive environment. This review would include revisiting a recommendation from an earlier workgroup to create a defined pool of funds within the Department of Education reserved for such students, as well as examining strategies used by school divisions that successfully serve students with high-level support needs within the public-school setting and determining how those strategies might be replicated.

A related amendment, [Item 272 #1s \(Favola\)](#), which VACo also supports, would direct the Department of Education to issue guidance regarding how local school divisions can utilize CSA funds for transition services to support students in returning back to public schools from private placements and to make recommendations on removing barriers to use of Students with Intensive Support Needs Application (SISNA) funds, which are available to support students with certain disabilities in public schools.

KEY POINTS

- As proposed in the introduced budget, if a private day special education provider's rate increased beyond 2.5 percent over the previous year's rate, and no alternative placement was available or suitable, the locality would be left to cover both the state and local shares of costs in excess of that cap. In this instance, costs are not contained in the program, but merely shifted to local governments.

- Local CSA programs cannot change placement decisions, which are made in an Individualized Education Plan developed by a school division's IEP team. Although in theory, localities can negotiate rates when contracting with providers, in some localities, placement options are limited and thus localities' ability to bargain is limited as well.
- Providing additional support to local public schools was an area of consensus in a 2021-2022 workgroup on CSA, but further work needed to be done to determine the best mechanism to provide that support. Amendments proposed by VACo and others seek to advance that discussion by examining how better use can be made of existing funding sources (SISNA and transition funding), as well as how creative approaches in school divisions can be replicated.

Preserve existing incentive match rate structure in CSA.

Currently, CSA uses a three-tiered model to incentivize use of community-based services; the local match rate for residential services is 25 percent higher than each locality's base match rate, and the local match rate for community-based services is 50 percent less than the locality's base match rate. Community-based services include services that are provided to youth (or youth and their families) while living at home, in the home of extended family, in a foster family home, or in an independent living situation; examples include individual and family counseling or intensive care coordination for youth at risk of entering residential care. Language in the introduced budget directs the state match for community-based services to be reduced to reflect an average state match rate of 71 percent. The Department of Planning and Budget calculates that this change would reduce state costs for CSA by \$10.8 million in FY 2027 and \$11.8 million in FY 2028.

Amendments to reverse this proposal and maintain the current structure have been introduced at the request of VACo and advocacy partners as [**Item 271 #1h \(Tran\)**](#) and [**Item 271 #3s \(Boysko\)**](#).

KEY POINTS

- The incentive match rate structure was put in place in 2008 and has succeeded in its goal of reducing reliance on residential care and supporting investments in community-based services. A recent report by the Office of Children's Services documented the success of this model in encouraging community-based care over the last ten years, noting "there has been a significant increase in the children served through the Children's Services Act who did not experience any congregate care placements during the reporting year (from 76.2% to 86.4%)."
- If state policymakers are concerned about funding specific community-based services through CSA, those services should be evaluated individually rather than applying an across-the-board match rate reduction.

Supplemental Nutrition Assistance Program (SNAP).

Federal changes enacted in 2025 as part of HR 1 shift administrative costs for SNAP to the state, beginning October 1, 2026, by moving from a 50/50 state/federal share to a 75/25 state/federal split. The introduced budget includes \$43 million in FY 2027 and \$57.4 million in FY 2028 to absorb additional administrative costs being shifted to the state, including the portion of local administrative costs that would otherwise be matched by localities. However, localities would be responsible for additional costs associated with federal funds that flow directly to localities without a state contribution (an arrangement known as “pass-through” funding). In the fall, the Virginia Department of Social Services had estimated that \$65.5 million in FY 2027 and \$87.3 million in FY 2028 would be needed to cover the new administrative costs.

HR 1 also requires states to contribute a portion of SNAP benefit costs, beginning October 1, 2027, with the state match dependent on its payment error rate. No state contribution is required if a state’s error rate is less than 6 percent. Virginia’s most recent error rate was 11.5 percent. The introduced budget includes several spending items intended to support capacity at the Virginia Department of Social Services to review and correct SNAP payment errors, but did not include funding for any state cost share for SNAP benefits in the second year if the state’s error rate is not able to be reduced below the 6 percent threshold in the federal reconciliation bill.

Information technology modernization is a key element in reducing the SNAP error rate, as well as implementing changes to Medicaid that were also included in HR 1. VACo supports [**HB 66 \(Feggans\)**](#), which directs the Virginia Department of Social Services and the Department of Medical Assistance Services (DMAS) to work with a third-party vendor to create a plan for the modernization of the technological systems used to administer Medicaid and other benefit assistance programs, as well as its accompanying budget amendment, [**Item 338 #2h \(Feggans\)**](#), which would provide \$1.5 million per year for this purpose. VACo also supports [**Item 338 #1s \(Srinivasan\)**](#), which gives \$10 million from the General Fund and matching non-general funds in FY 2027 for certain modernization elements of VACMS, the state’s IT system for all public benefits.

KEY POINT

- As localities work in partnership with the state to reduce Virginia’s SNAP error rate, VACo supports additional state assistance with administrative costs (as envisioned by the Department in the fall) and the provision of technology enhancements and investment in staff training to enable local staff to administer the program efficiently and effectively.

Juvenile detention center legislation in flux; VACo remains opposed to top-down direction on number of facilities.

[**SB 468 \(Marsden\)**](#), as introduced, builds on previous discussions about consolidation of juvenile detention centers. The bill would add elements to the statewide plan that the

Department of Juvenile Justice (DJJ) must produce biennially and require that this document include a plan for juvenile secure detention facilities, which would designate the total number of facilities to be in operation, the location of each facility, the localities each facility shall serve, and the number of beds required for each facility. DJJ would be empowered to reduce or eliminate state funds to any localities that did not participate in the plan for juvenile secure detention facilities. The bill also allows DJJ to designate up to three juvenile detention centers to provide additional support and services to juveniles identified as high-needs or high-risk, and requires juvenile detention centers to accept youth referred from another locality, with certain exceptions, or risk the loss of state funds. The bill also includes provisions dealing with costs for youth who are transferred from one juvenile detention center to another.

KEY POINTS

- VACo and advocacy partners have historically opposed mandates from the state regarding consolidation of juvenile detention centers, which are owned and operated locally, with some state support. Decisions regarding consolidation should be made by the affected local governments so that the benefits and drawbacks can be fully considered.
- VACo has encouraged the state planning process envisioned in the bill to focus on a qualitative review of how well the state system of juvenile correctional centers and juvenile detention centers is serving youth, to include focusing on ensuring connection with family and community support and enhancing training and professional development for facility staff.

Bills would allow greater state oversight of local departments of social services, centralize child protective services validity determinations.

Changes to state oversight of local departments of social services are under discussion this session, with several bills ([HB 1366 \(Callsen\)](#) and [SB 640 \(Pillion\)](#)) empowering the Commissioner of Social Services to create and enforce corrective action plans for local departments that fail to administer public assistance, social services, and child welfare programs, and, in the event of lack of compliance with a corrective action plan, allow the Commissioner to temporarily assume control of a local department. Similar provisions were considered as regulations several years ago but never implemented.

Several bills ([HB 266 \(Tata\)](#), [HB 1490 \(Tran\)](#), and [SB 640 \(Pillion\)](#)) also include provisions centralizing intake for child protective services by requiring the Department of Social Services to establish and maintain an intake system to receive reports of child abuse and neglect and determine whether such reports are valid. Currently these validity determinations are made by local departments. In response to strong objections by local departments of social services to the centralized intake proposals, SB 640 has been amended to require the Department of Social Services to convene a workgroup on

implementation of centralized intake, and to require implementation through a phased-in approach, beginning July 1, 2027. The bill also directs the Department of Social Services to contract with a third party for a comprehensive study of the screening process of child protective services complaints. SB 640 is now before the Senate Finance and Appropriations Committee; the House bills are awaiting a hearing in the Social Services Subcommittee of the House Health and Human Services Committee.

Additional budget amendments to support.

CSA: [Item 271 #3h \(Rasoul\)](#) directs the Office of Children's Services to implement a pilot initiative to provide select school divisions with flexibility in the use of CSA funding to support operational costs for internal public day programs.

Behavioral Health Redesign: VACo has supported guardrails on any proposed discontinuation of legacy Medicaid-funded services and implementation of new services to ensure that there are no gaps in care for individuals being served. [Item 288 #1h \(Willett\)](#), [Item 288 #2h \(Carr\)](#), [Item 288 #2s \(Deeds\)](#) (amendments to the caboose bill) direct the Department of Medical Assistance Services to implement the new behavioral health services and rates beginning six months prior to the expected date on which the legacy services they replace will have ended to ensure continuity of care, delay implementation until July 1, 2027, and require a status report. [Item 291 #34h \(Willett\)](#), [Item 291 #35h \(Carr\)](#), [Item 291 #36h \(McLaughlin\)](#), [Item 291 #37h \(Watts\)](#), and [Item 291 #24s \(Deeds\)](#) are similar amendments to the biennium budget.

Marcus Alert implementation: [Item 301 #5h \(Willett\)](#) and [Item 301 #11s \(Deeds\)](#) provide \$7.8 million per year to fund the implementation of Marcus Alert for the remaining 13 CSBs that have not yet begun implementation.

Part C Early Intervention: [Item 301 #6h \(Willett\)](#) and [Item 301 #10s \(Deeds\)](#) provide \$3.4 million in FY 2027 and \$3.5 million in FY 2028 for Part C Early Intervention to address program growth.

Area Agencies on Aging: [Item 319 #1h \(Carr\)](#), [Item 319 #2h \(McLaughlin\)](#), [Item 319 #2s \(Boysko\)](#), [Item 319 #3s \(Ebbin\)](#), and [Item 319 #5s \(Reeves\)](#) provide \$10 million per year to cover increased costs for providing current services and increased demand for services at Area Agencies on Aging.

Addiction treatment in jails: [Item 394 #14h \(Willett\)](#) provides \$1 million per year from the Commonwealth Opioid Abatement and Remediation Fund for the Jail-Based Substance Use Disorder Treatment and Transition Fund. [Item 394 #10s \(Srinivasan\)](#) provides \$2 million in FY 2027 from the Commonwealth Opioid Abatement and Remediation Fund for this purpose.

HOUSING, ENERGY, AND LAND USE

VACo Contact: [Joe Lerch, AICP \(jlerch@vaco.org\)](mailto:jlerch@vaco.org)

Support bill to expand optional affordable dwelling unit program to all localities.

[**SB 74 \(McPike\)**](#) expands to all localities the ability to provide optional increases in density to meet affordable housing needs in the Commonwealth. Currently this authority is only provided to seven jurisdictions and has proven successful in developing affordable housing units where developers have chosen this option.

The legislation also lays out additional implementation measures and tools for localities to consider when developing a successful program. These include lot size reductions, accessory housing unit allowances, conversion of vacant office and commercial space to multi-family apartments, and allowance for lower-cost home construction alternatives such as manufactured homes and duplex manufactured homes.

VACo supports the bill. After passing in the Senate Local Government Committee by a [vote of 8-7](#), SB 74 will be heard on the [Senate](#) Floor this week for further consideration.

KEY POINTS

- VACo supports optional incentives for developers to assist localities in creating and sustaining more affordable housing.
- SB 74 requires a locality, before adopting a program, to create an advisory committee of stakeholders that includes residents, developers, real estate professionals, affordable housing advocates, and finance professionals. This provision will help to craft successful programs at the local level.

Oppose bills directing local BZA's to overturn land use decisions-based on state-imposed criteria.

[**HB 804 \(Helmer\)**](#) / [**SB 488 \(Van Valkenburg\)**](#) direct local Boards of Zoning Appeals to overturn local land use decisions 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 over a five-year period. After January 1, 2033, an applicant who seeks local government approval for a residential development that will increase the number of housing units in a locality and has that application rejected may appeal

such decision to the Board of Zoning Appeals. HB 804 passed the house by a [vote of 64-35](#). SB 488 will be heard in the [Senate Local Government committee](#).

KEY POINTS

- State law currently requires localities to include in their comprehensive plans ... *the designation of areas and implementation of measures for the construction, rehabilitation and maintenance of affordable housing, which is sufficient to meet the current and future needs of residents of all levels of income in the locality while considering the current and future needs of the planning district within which the locality is situated.*
- These bills preempt local decision-making authority and create an unnecessary bureaucracy of state level policies and targets for housing that are more appropriate for localities and regions to establish.
- Under state law, local Boards of Zoning Appeals are specifically not granted the ... *power to rezone property or to base board decisions on the merits of the purpose and intent of local ordinances duly adopted by the governing body.*

Oppose bills to make multi-family residential a “by-right” use in commercial districts.

[HB 816 \(Helmer\)](#) / [SB 454 \(Van Valkenburg\)](#) require all local zoning ordinances to allow for the by-right development and construction of multifamily residential uses on at least 75 percent of all land contained in commercial or business zoning district classifications. The bill also (1) requires that the zoning ordinance provisions must exempt any proposed development that converts an existing building to a multifamily residential use from any setback, height, or frontage requirements; and (2) prohibits localities from approving any commercial or business use on a property adjacent to the approved multifamily residential development that is different from the use that had been established at the time the multifamily residential development was approved. HB 816 passed the house by a [vote of 64-35](#). SB 454 was amended in committee to limit its application to cities and towns having a population of more than 20,000, or any locality within a federally designated metropolitan planning organization (MPO). Thirty-four Virginia counties are currently located within designated MPOs. SB 454 passed in Senate Local Government Committee by a [vote of 8-4](#) and will be heard on the [Senate](#) Floor this week for further consideration.

KEY POINTS

- Through the implementation of comprehensive plans, capital improvement programs, and land use ordinances, counties have made strategic investments to provide for managed growth in business, jobs, and housing.
- Counties, in partnership with developers, have successfully implemented mixed use developments that include both commercial and residential components.

- A mandate to allow for multi-family residential use on land planned and zoned for commercial and business growth, invalidates publicly invested time and money, and ignores the role of counties in making wise land use decisions for their communities.

Oppose bills to allow “by-right” development of faith-based owned property.

[HB 1279 \(Cole\)](#) / [SB 388 \(McPike\)](#) would override local decision-making authority by allowing development of housing on land owned by property tax-exempt religious organizations or certain property tax-exempt nonprofit organizations and provide that zoning ordinances shall allow the by-right development of up to 20 units per acre on property owned by such organizations. The measures specify that the review of such developments be completed pursuant to general law and states that localities shall not require a special exception, special use permit, conditional use permit, rezoning, or any discretionary review or approval process. HB 1279 passed in House Counties, Cities, and Towns by a [vote of 13-8](#) and will be heard on the House floor this week for further consideration. SB 388 was amended in committee to permit ground-floor nonresidential uses not to exceed 30 percent of gross floor area of the building. The amended bill specifies that ... *Permitted nonresidential uses shall include religious worship space, child day centers as defined in § 22.1-289.02, health clinics, coffee shops, or other uses that are ancillary to the operation or mission of the property tax-exempt religious organization or 501(c)(3) property tax-exempt nonprofit organization.* SB 388 passed in Senate Local Government by a [vote of 9-4](#) and will be heard on the Senate floor this week for further consideration.

KEY POINTS

- VACo supports maintaining local decisions regarding the location and density of residential and mixed-use development and how such projects may fit within and benefit their community.
- By-right development of residential and mixed-use development on any property, regardless of its location and access to adequate publicly funded facilities such as water, sewer, and roads, is inconsistent with the goals and objectives of sound land use policy and practice.

Oppose bill to allow “by-right” multi-family housing within one-quarter mile of major transit stops.

[SB 717 \(Salim\)](#) mandates localities to adopt “transit-oriented housing overlay districts” within one mile of major transit stops and transit corridors and that within such districts allow for by-right development of dwelling units at specified minimum densities. Specifically, the legislation requires localities to allow for (1) development of 30 units per acre - at a minimum six stories in height – within one-quarter of a mile of

major transit stops; and (2) two units per lot and four units per corner lot between one-quarter of a mile and one mile of such a stop. As specified in the legislation “major transit stop” is defined as ... *a station or stop served by heavy rail, light rail, commuter rail, bus rapid transit, or other high-capacity transit service designated by the Department of Rail and Public Transportation*. A “transit corridor” is defined as ... *a segment of track or dedicated busway providing such transit service*. SB 717 passed in Senate Local Government by a [vote of 8-7](#) and will be heard on the Senate Floor this week for further consideration.

KEY POINTS

- Counties have carefully planned for integrating housing, business, and jobs within major transit stops and corridors, often through significant investments in public infrastructure.
- Mandating “by-right” construction of housing at densities of up to 30 units per acre in such transit areas ignores the time and investment of localities in crafting land use plans to accommodate the needs of all stakeholders in developing vibrant mixed-use communities.

Oppose bill to override local authority to regulate off-street parking.

[HB 888 \(Shin\)](#) requires specific statewide standards for off-street parking be adopted in local zoning ordinances for “designated areas” defined as ... *any parcel that is (i) located within one mile of the entrance to a mass transit or public transportation station or facility; (ii) located within an approved small area plan and designated therein as a revitalization area or other designated district established for the purpose of facilitating residential or mixed-use development; (iii) located within a zoning district classification that permits residential, multifamily, or mixed-use development and authorizes a floor area ratio of 1.0 or greater, either by-right or by special exception, special use permit, conditional use permit, or other discretionary approval; or (iv) subject to an affordable dwelling unit ordinance pursuant to § 15.2-2304, 15.2-2305, or 15.2-2305.1*. Within such areas localities are prohibited from requiring off-street parking spaces in amounts exceeding (1) one-half of one parking space per dwelling unit for multifamily or mixed-use residential development; and (2) one parking space per dwelling unit for one-family and two-family dwellings and townhouses.

The legislation also requires localities with a population greater than 20,000 to provide for administrative reduction of minimum off-street parking requirements of not less than 20 percent for residential, multifamily, or mixed-use development proposed on parcels **outside of the designated areas** defined in the legislation. HB 888 passed in House Counties, Cities, and Towns by a [vote of 15-6](#) and will be heard on the house floor this week for further consideration.

KEY POINTS

- Off-street parking requirements should be crafted with the input of local stakeholders.
- Mandatory statewide standards arbitrarily applied to all localities will fail to address the unique needs and circumstances of individual neighborhoods and commercial districts.

Oppose bill to make utility-scale batteries a by-right use.

[**HB 891 \(Shin\)**](#) / [**SB 443 \(McPike\)**](#) make utility-scale Battery Energy Storage Systems (BESS) a by-right use on any parcel that has previously been approved for utility-scale solar and that is subject to an approved special use permit. The legislation also exempts such installations from the requirement that applicants give the locality written notice of their intent to locate in such locality and request a meeting to negotiate a host siting agreement pursuant to [**Virginia law on the Siting of Solar Projects and Energy Storage Projects**](#). HB 891 passed in House Counties, Cities, and Towns by a [**vote of 17-4**](#) and will be heard on the house floor this week for further consideration. SB 443 passed the Senate by a [**vote of 26-13**](#).

KEY POINTS

- This legislation would permit the installation of battery storage infrastructure on any land associated with hundreds of locally approved utility-scale solar sites across the Commonwealth without the consent of the counties and constituents they represent.
- Additionally, the legislation would remove such installations from the requirements of the host site agreement law which have proven very successful for both solar and BESS projects to be negotiated for approval by localities.

Oppose bills to mandate state-wide standards for solar facilities.

[**HB 711 \(Herring\)**](#) / [**SB 347 \(VanValkenburg\)**](#) require that, unless otherwise permitted “by right,” a locality shall require a “special exception” (aka special use permit) for any a solar project one megawatt or more in generating capacity. The legislation then includes the following criteria to be adopted in local zoning ordinances:

- Setback distances between (1) 150 and 200 feet from houses on adjacent properties; (2) 50 and 100 feet from any state-maintained road; and (3) 100 and 250 feet from edge of streams and wetlands.
- Vegetative visual screening requirements shall not be required to exceed between three 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.

The legislation also requires localities to ... *furnish the State Corporation Commission a record of special exception decisions reached pursuant to this section not more than 60 days after such decision is made. The record shall include (i) the reason for any adverse decision, (ii) any finding of nonconformity with the local comprehensive plan, and (iii) the date of the last revision to the comprehensive plan.* HB 717 passed in House Counties, Cities, and Towns by a [vote of 15-5](#) and will be heard on the House floor this week for further consideration. SB 347 passed the Senate by a [vote of 21-17](#)

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.

TRANSPORTATION

VACo Contact: [James Hutzler \(jhutzler@vaco.org\)](mailto:jhutzler@vaco.org)

Transportation services mandate.

[**SB 731 \(Salim\)**](#)/[**HB 547 \(Helmer\)**](#), would require that the governing body of any city or county that contracts with a private company to provide a system of public transportation must:

- Require such company to provide any employee of such company providing services compensation and benefits that are, at a minimum, equivalent to the compensation and benefits provided to a public employee and
- Ensure that all employees of such public transportation system employed by a predecessor private company be offered employment with any successor company without loss of compensation or benefits.

The bill also states that if a city or county that contracts with a private company to provide a system of public transportation subsequently elects to provide its own system of public transportation, such county or city shall:

- Adopt an ordinance or resolution providing for collective bargaining (if such county or city has not already done so);
- Ensure that all employees of the private company are offered employment with such subsequent system of public transportation without loss of compensation or benefits

KEY POINTS

- The bills would mandate collective bargaining for localities, interfere with the ability for a county to make employment and services delivery decisions, and may have costly unintended consequences (as shown by this [**fiscal impact statement**](#)).
- The bills include language that could be harmful to counties such as what is included in the term “system of public transportation.” Generally, this means those who operate transit systems but could very likely include mechanics of such systems.
- The bills would almost certainly raise the operating costs of transportation delivery systems at a time when the budgets for these services are very tight as they are.

Speed camera bills mandate localities waive sovereign immunity in court.

[HB 1220 \(Delaney\)](#) and [HB 994 \(Seibold\)](#) makes various changes to the requirements for the use of photo speed monitoring devices, including:

- Civil penalties collected should go towards the operating cost of a localities photo speed monitoring program and excess funds collected are to be deposited in a local fund used solely for local infrastructure and safety upgrades
- Data retention and storage
- Device calibration
- Making certain information available to the public
- Directs the Supreme Court of Virginia to develop a universal summons
- Delayed provisions and reporting requirements

While VACo doesn't oppose most of the proposed language, there is a provision in HB 1220 that states, **in any court proceeding for the failure of a locality or a private vendor acting on its behalf to comply with the requirements for the operation of photo speed monitoring devices, such locality shall waive its sovereign immunity in such proceeding.**

[HB 994 \(Seibold\)](#) differs slightly from HB 1220 – the main difference is that in HB 994 expands of the use of photo speed monitoring devices to “safety red zones.” The bill would direct the Commissioner of Highways to develop criteria for designating a highway segment as a high-risk pedestrian corridor for purposes of identifying safety red zones. HB 994 includes many of the same other changes proposed in HB 1220, including the very concerning language that localities waive their sovereign immunity in court proceedings.

VACo opposes HB 1220 and HB 994 because without sovereign immunity, localities face open-ended liability for lawsuits, including high-dollar verdicts. VACo opposes any substantive change in local governments' present defense of qualified immunity and sovereign immunity.

Transit funding bills.

Multiple bills have been introduced during the General Assembly session aimed at raising revenues for transit and other public transportation purposes. VACo expected bills that address transit funding to be filed this year as the Northern Virginia Growing Needs of Public Transit Joint Subcommittee (SJ 28) [formally transmitted](#) its recommendations to legislators in November 2025.

[HB900 \(Sullivan\)](#) would decrease the statewide retail sales and use tax from 4.3 percent to 4 percent and expand such tax to taxable services and digital personal property beginning on January 1, 2027.

Furthermore, the bill imposes additional retail sales and use tax in any county or city:

- That is a member of the Northern Virginia Transportation Commission (NVTC) at the rate of 0.385 percent
- That is embraced by the Northern Virginia Transportation Authority but that is not a member of the Northern Virginia Transportation Commission at the rate of 0.615 percent
- That is a member of the Potomac and Rappahannock Transportation Commission (PRTC) at the rate of 0.2 percent

The bill would also impose a retail delivery fee in the amount of 20 cents upon each retail delivery made in any county or city located within the Northern Virginia Transportation District. HB 900 would have the funds generated from these various proposals be deposited in the proposed Northern Virginia Transportation District Regional Fund and the Potomac and Rappahannock Transportation Commission Regional Fund. These two funds would then be used to benefit public transportation efforts in the NVTC and PRTC regions through supporting the Washington Metro Area Transit Authority (WMATA), Virginia Railway Express and local transit agencies.

Lastly, the bill would impose a regional highway use fee on all vehicles in the Commonwealth that are subject to the existing highway use fee. This additional fee would be 29.34 percent of the amount of the current highway use fee assessed. The distribution of these revenues would be based on the locality in which the vehicle is principally garaged. Revenues from localities that are part of the NVTC and PRTC would be distributed to the associated funds established by this bill. For other localities, revenues would be distributed in the same manner as the regional wholesale gas tax which includes distributions to the I-81 Corridor Improvement Fund, Central Virginia Transportation Fund, Hampton Roads Transportation Fund, and allocations to the Construction District Grant Program benefiting the district in which the revenue was generated.

[**HB 1179 \(Tran\)**](#) and [**SB 638 \(Ebbin\)**](#) are similar bill to HB 990 in that it would create the Northern Virginia Transportation District Regional Fund and the Potomac and Rappahannock Transportation Commission Regional Fund along with imposing various taxes with the revenue generated being put toward public transportation purposes.

As we saw with HB 990, HB 1179 and SB 638 would create the same regional highway use fee in addition to the highway use fee already assessed. These bills would impose an additional retail sales tax of 0.2 percent in any locality that is a member of the Northern Virginia Transportation Commission or the Potomac and Rappahannock Transportation Commission. The revenue generated and collected from this additional retail sales tax would be deposited in the Northern Virginia Transportation District Regional Fund for revenue from any county or city that is a member of the Northern Virginia Transportation Commission or the Potomac and Rappahannock Transportation Commission Regional Fund for revenue from any county or city that is a member of the Potomac and Rappahannock Transportation Commission.

The bills would also impose a transportation network company's tax. A transportation network company (TNC) is a person who provides prearranged rides using a digital

platform that connects passengers with TNC partners. Common examples are Lyft and Uber. The transportation network company's tax would be levied at a rate of 4.3 percent statewide and at an additional 1.9 percent within localities that are members of the Northern Virginia Transportation Commission. Revenues generated from the statewide portion of the tax would be deposited into the Commonwealth Mass Transit Fund (CMTF), which supports all public transit agencies across Virginia. Revenues generated from the additional northern Virginia specific portion of the tax would be deposited in the Northern Virginia Transportation District Regional Fund.

This legislation would also impose a retail delivery fee of 50 cents per retail delivery made in the Commonwealth. In addition to the 50 cents fee, retail deliveries made in any county or city that is a member of the NVTC will be charged an extra 25 cents. The revenue generated from the statewide fee would be deposited in the CMTF while the NVTC portion of the fee would be deposited into the Northern Virginia Transportation District Regional Fund.

Lastly, this bill would impose a regional commercial parking tax in any locality that is a member of the NVTC. The regional commercial parking tax would be 10% of the gross receipts for parking or storing motor vehicles or trailers in a public commercial parking lot. There are some exclusions to this tax and all revenue generated is to be deposited in the Northern Virginia Transportation District Regional Fund.

HB 978 Watts would expand the retail sales and use tax to many services not previously covered. The bill also imposes the retail sales and use tax on digital personal property.

Revenues generated by the taxes levied on services and digital personal property shall be allocated in the same manner as other sales and use taxes; however, revenues from the state portion of the sales and use tax that would be allocated to the general fund shall instead be allocated as follows:

- Revenue generated by the imposition of such tax on delivery services in the Northern Virginia Transportation District shall be distributed to the Washington Metropolitan Area Transit Authority
- All other revenues generated by the imposition of such tax on delivery services shall be distributed to the Commonwealth Transportation Fund.
- Of the remaining revenues raised, 60 percent shall be distributed to localities based on school-age population and 40 percent shall be distributed to localities based on the high-need student population in the locality.

The bill provides certain exemptions to the sales and use tax on services.

Finally, the bill exempts food purchased for human consumption and essential personal hygiene products from all state, local, and regional sales taxes on and after July 1, 2026.

VACo staff will continue to monitor and track these bills as they are heard and will be sure to provide updates when applicable. VACo staff believes these bills and their contents will be folded into one larger transportation funding bill at some point during the Session. VACo remains dedicated to advocating for transportation funding policies

that empower counties to address their evolving infrastructure needs effectively and to foster economic development.

Budget amendments to support.

Unpaved Road Funding: [Item 438 #12h \(Davis\)](#) and [438 #13s \(Stanley\)](#) provide \$25 million from the general fund in fiscal year 2027 and 2028 to be allocated for improvements of unpaved secondary highways.

Thursday, February 5, 2026

General Assembly Committee Schedule

([Live Stream of Senate Committee Meetings](#))

([Live Stream of House Committee Meetings](#))

([Senate and House Committees Information](#))

([General Assembly Full Schedule](#))

15 minutes after adjournment

Senate Transportation

Senate Room B, Room 306, General Assembly Building | [Committee Info](#)

15 minutes after adjournment of the Senate ([View Meeting](#))

Senate Education and Health-Public Education

Senate Room C, Room 311, General Assembly Building | [Subcommittee Info](#)

30 minutes after adjournment of the Senate ([View Meeting](#))

House General Laws

House Room B, Room 205, General Assembly Building | [Committee Info](#)

1/2 hour after adjournment of the House ([View Meeting](#))

House General Laws-Professions/Occupations and Administrative Process

House Room B, Room 205, General Assembly Building | [Subcommittee Info](#)

Upon adjournment of House General Laws ([View Meeting](#))

House General Laws-Housing/Consumer Protection

House Room B, Room 205, General Assembly Building | [Subcommittee Info](#)

15 minutes after adjournment of House General Laws - Professions/Occupations and Administrative Process Subcommittee ([View Meeting](#))

House Labor and Commerce

House Room A, Room 008, General Assembly Building | [Committee Info](#)

1/2 hour after adjournment of the House ([View Meeting](#))

House Labor and Commerce-Subcommittee #2

House Room A, Room 008, General Assembly Building | [Subcommittee Info](#)

Immediately upon adjournment of House Labor and Commerce ([View Meeting](#))

House Labor and Commerce-Subcommittee #3

House Room A, Room 008, General Assembly Building | [**Subcommittee Info**](#)

Immediately upon adjournment of Subcommittee #2 ([**View Meeting**](#))

3PM**Senate Finance and Appropriations - Education Subcommittee**

Senate Finance & Appropriations Room, Room 1300, General Assembly Building

[**Subcommittee Info \(View Meeting\)**](#)

4PM**Senate Finance and Appropriations - Resources Subcommittee**

Senate Finance & Appropriations Room, Room 1300, General Assembly Building

[**Subcommittee Info \(View Meeting\)**](#)

House Health and Human Services-Social Services

House Room C, Room 206, General Assembly Building | [**Subcommittee Info**](#)

[**\(View Meeting\)**](#)

House Public Safety-Firearms

House North Subcommittee Room, Room 200, General Assembly

Building | [**Subcommittee Info**](#)

[**\(Agenda\) \(View Meeting\)**](#)

House Transportation-Innovations (Ad Hoc)

House South Subcommittee Room, Room 210, General Assembly

Building | [**Subcommittee Info**](#)

[**\(Agenda\) \(View Meeting\)**](#)