

# 2014 General Assembly Session Legislative - Week Two

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## KEY DATES

*Jan. 17 – Last day to introduce legislation*  
*Feb 3 – House Appropriations and Senate Finance committees present their budgets*  
*Feb 6 - Local Government Day at the General Assembly*  
*Feb. 12 – Crossover*  
*Feb. 18 – Amendments to the Budget Bill available*  
*Mar 8 – Adjournment*  
*April 23 – Reconvened (veto) session*

## Overview

Activity in the General Assembly's committees and subcommittees was steady this week and will ramp up even more next week as the deadline for bill filing was on Friday, January 17<sup>th</sup>. Issues such as ethics reform and conflict of interests, mental health reform and Medicaid expansion made headlines this week and will continue to do so as the session progresses. It is expected that the General Assembly will consider nearly 3,000 bills and resolutions during the "long" session. The body is also required by the Virginia Constitution to adopt a balanced, biennial budget for 2014-2015 and 2015-2016. Budget amendments were released and posted on the General Assembly's website on Thursday, January 16<sup>th</sup>. There are hundreds of amendments on virtually every item in the budget. VML has promoted a number of budget amendments on topics ranging from stormwater to education to pensions and they will be providing a detailed review of significant amendments to the budget next week. In addition to providing updates on the legislation filed on behalf of Suffolk, the following report includes information about other noteworthy bills, in various categories, that are being monitored closely.

## City of Suffolk Legislation

### Enterprise Zones Designation Criteria

#### **HB 350 Enterprise zones; expands criteria for designation**

**Update:** We continue to work on building support for our bill which would expand the criteria for designation to allow Suffolk, and similar localities with specific areas of distress, to compete for the available funding. We received a ringing endorsement for our bill from the Hampton Roads Chamber of Commerce which, in this week's edition of their News and Notes from the General Assembly, included our bill on their list of economic development bills that they support. The bill will most likely be considered in the House, Counties, Cities and Towns Subcommittee #1 on next Wednesday morning, January 22<sup>nd</sup>.

### **Amendment to State Code Section 15.2-2118**

**HB 1012 (Spruill) City of Suffolk; ordinance providing that charges for water and sewer shall be a lien on property.**

**Update:** The bill will most likely be considered in the House, Counties, Cities and Towns Subcommittee #1 on next Wednesday morning, January 22<sup>nd</sup>.

### **55-acre site in Northern Suffolk**

**Update:** We continue to work with the State Board for Community Colleges on finalizing the Addendum to the Memorandum of Agreement which has been signed by former Governor Bob McDonnell.

### **WTRJ Federal Recovery Request for Exemption**

**Update:** Delegate Morris and Senator Cosgrove's budget amendments are included in the amendments released on Thursday and the details are listed in the Member Requests section of the **2014-16 Biennium Budget ( HB30 / SB30 )**. The amount requested in FY 15-16 is \$713,648. The text of those amendments can be found here:

<http://lis.virginia.gov/141/bud/budsum/HB30Mem.PDF>

<http://lis.virginia.gov/141/bud/budsum/SB30Mem.PDF>

### **Relocation of the VDOT Office in Suffolk**

**SJ 46 Study; VDOT to study location of regional Hampton Roads VDOT office; report.**

<http://leg1.state.va.us/cgi-bin/legp504.exe?141+sum+SJ46>

**Update:** – I am pleased to report that SJ 46 was reported from the Senate Rules committee on Friday, January 17<sup>th</sup>. The VDOT Policy Director, Jo Anne Maxwell was present and testified that VDOT was in support of the study and would pay for it out of their coffers.

### **Joint-Use Library Feasibility Study**

**Update:** Included below is what Legislative Services has drafted on our behalf for approval by the General Assembly. Senator Cosgrove will be carrying this legislation, **SJ101**, which has been assigned to the Senate Rules Committee. We plan to request one small change in the first line of the resolution to reflect that the academic center will be located in downtown Suffolk instead of on the college's campus.

>>> Offered January 16, 2014

>>> Encouraging the City of Suffolk and Paul D. Camp Community College to collaborate on the creation of a joint academic center and new library for the Suffolk region.

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>>> Patron-- Cosgrove

>>> -----

>>> Referred to Committee on Rules

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>>> WHEREAS, the City of Suffolk and Paul D. Camp Community College are discussing plans to create a joint learning center for the Suffolk region that will include a new library and an academic center on the college's campus; and

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>>> WHEREAS, the academic center will provide unprecedented educational opportunities and create a model of lifelong learning for the downtown Suffolk community and the Suffolk region; and

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>>> WHEREAS, the proposed new library and academic center will be designed to deliver transformational educational experiences to the citizens of Suffolk and surrounding localities and also will enable the City and College to maximize and leverage investments and partnerships; and

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>>> WHEREAS, although the opportunity exists for a joint academic center between the City of Suffolk and Paul D. Camp Community College, the feasibility of such a bold endeavor should be carefully weighed and explored by the City and the College before committing resources to shared planning and design of the academic center; and

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>>> WHEREAS, innovative and creative strategies for appropriate delivery of services and community response should be developed and implemented, and potential funding sources should be identified and examined during the planning stage of the academic center, including an assessment of the need for staff, stakeholders, marketing, and community outreach; and

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>>> WHEREAS, a joint academic center and new library for the Suffolk region contemplated by the City of Suffolk and Paul D. Camp Community College will provide increased educational and economic development opportunities in the Suffolk region; now, therefore, be it

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>>> RESOLVED by the Senate, the House of Delegates concurring, That the City of Suffolk and Paul D. Camp Community College be encouraged to collaborate on the creation of a joint academic center and new library for the Suffolk region; and, be it

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>>> **RESOLVED FURTHER, That the Clerk of the Senate transmit a copy of this resolution to Linda T. Johnson, Mayor of the City of Suffolk, and Dr. Paul William Conco, President of Paul D. Camp Community College, requesting that they further disseminate copies of this resolution to their respective constituents so that they may be apprised of the sense of the General Assembly of Virginia in this matter.**

### **Hampton Roads Transportation Authority Bill**

As detailed in last week's report, **SB 513** submitted by Senator Wagner creates the Hampton Roads Transportation Authority to manage regional transportation planning in Planning District 23. At the TPO meeting this past Thursday, it was reiterated that this is a "placeholder" bill to be extensively reviewed and modified to meet the unique requirements of the Hampton Roads region. The language in the bill is based on recommendations from VDOT which patterned the legislation after the Northern Virginia Transportation Authority, however, things are done differently in Hampton Roads. It was determined by the TPO that its Legislative Ad-hoc Committee should review the bill and make recommendations for changes in advance of General Assembly Crossover on February 12<sup>th</sup>. As Mayor Johnson chairs the Legislative Ad-hoc Committee for the TPO, staff will provide her with recommendations for changes in light of any impacts on the City of Suffolk. Please also note that Delegate Jones will be involved, along with Senator Wagner, in the re-write of the bill.

### **SJ69 DRPT Master Rail Plan Report**

SJ69 requests the DRPT to develop a Master Rail Plan for the principle facilities of the Port of Virginia. They are to develop the plan in consultation with several partners, including local governments, and should submit the plan no later than the first day of the 2015 session of the General Assembly. While we could offer support for this study, we still need to move full steam ahead with the plans to relocate Commonwealth Railway tracks out of the heavily populated areas of Suffolk, and that study is due from the Virginia Port Authority in the spring of 2014. The Master Rail Plan study proposed could potentially help in attracting businesses to the Centerpoint complex when they see that the state is committed to maximizing the Port of Virginia facilities. The legislation has been assigned to the Senate Rules Committee and the text of this study resolution is located here:

<http://leg1.state.va.us/cgi-bin/legp504.exe?141+ful+SJ69>

### **Bill to delete Historic Tax Credits**

**HB 995 (Hugo)** seeks to delete several tax credits. On the list is the one for historic rehabilitation tax credits. If this happens, it would have a huge negative impact on the redevelopment of Downtown Suffolk. We are strongly opposing this legislation. The bill

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will be on the docket of the House Finance Committee on Monday morning at which time it will most likely be assigned to a subcommittee for consideration that will meet on Wednesday. Delegate James is on the committee and is aware of our opposition to the bill. We plan to communicate the necessity of these important credits for redevelopment of the downtown core along with other localities similar to Suffolk in this regard.

### **Budget/Finance/Tax Issues**

Included below are a number of bills introduced that would curb or eliminate local taxing authority. We will be opposing these bills along with VML and other local government interests. Other noteworthy bills in this category are reflected below. All finance and tax related bills are currently assigned to one of the money committees in the House or Senate.

#### **Exemption of religious bodies**

**Summary: HB 156 (Minchew), HB 361 (Anderson) and SB 175 (Black)** would exempt religious bodies from real and personal property taxes. The bills exempt from taxes any property whose use is "reasonably connected" to and supportive of the principal religious worship use.

#### **Food and beverage exemption for non-profits**

**Summary: HB 1099 (Farrell)** would permit non-profit organizations, including volunteer fire departments; religious bodies; or educational, charitable, fraternal, or benevolent organizations from having to pay taxes on food and beverages sold at fundraising events. The exemption would also apply to the local meals tax. Under current law, these organizations are provided an exemption for such activities three times per calendar year. The bill would remove the limit.

#### **Solar energy equipment**

**Summary: SB 418 (Hanger) and SB 512 (Wagner)** would exempt from state and local taxation certain solar energy equipment. Under current law, localities have the option of exempting such equipment from taxation. These bills would make the exemption mandatory.

#### **Tax freeze**

**Summary: HB 434 (LeMunyon)** prohibits a locality from increasing its business machinery and tools tax, merchants' capital tax, and local license (BPOL) fees and taxes above the locality's rates in effect as of Jan. 1, 2014. The same delegate also introduced HB 435, which establishes refundable income tax credits for the same taxes beginning with taxable year 2014. The refundable individual and corporate income tax credits

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would equal 33 percent of such taxes paid during the taxable year. The credit would have a sunset provision of Dec. 31, 2018. HB 435 also would prohibit any subtraction or deduction for these taxes in computing Virginia taxable income.

### **Sale of delinquent properties**

**Summary: HB 499 (Yost)** is a positive measure that would reduce the number of years of delinquency in payment of taxes from five years to three years before a locality may sell real property that either measures less than 4,000 square feet or is determined to be unsuitable for building.

### **Local telecommunications tax**

Two Senate bills shift responsibility back to the state for payment of benefits to local employees under the Line of Duty Act - but then require that these benefits be paid by transferring revenue generated by the telecommunications tax.

**SB 289 (Carrico) and SB 493 (Puckett)** would not correct the problems that arose in 2011 when the state shifted responsibility for payment of Line of Duty Act benefits for local employees to local governments. If anything, these bills make the mandate worse by diverting telecommunication tax revenues, which are local taxes collected by the state and returned for the most part to localities. A work group comprised of VML, VaCO and local government liaisons has been formed to address the legislation. Delegate Jones has directed that all Line of Duty Act bills be rolled into a JLARC study, **HJR 103**. **HJR 103** calls on JLARC to study the current implementation of the act, the current and projected future costs of benefits, and the advisability of coordinating those benefits with additional benefits paid under other state and federal programs. The study would be completed by November 2015.

### **Bills improving the fiscal impact process**

Several bills in the House and Senate Rules Committees stem from recommendations made by a task force that examined how bills with a local fiscal impact are assessed. These bills all improve the fiscal impact process and should be supported.

**HB 199 (Landes)** allows the Department of Planning and Budget and the Department of Taxation to refer bills to the Commission on Local Government to prepare local fiscal estimates. The bill further requires the Division of Legislative Services to examine all study resolutions to forward those call for studying local revenues and expenditures to the COLG for fiscal analysis.

**HB 633 (Kilgore), SB 523 (Ruff) and SB 574 (Stanley)** require local fiscal impact bills to be introduced no later than the first day of the session. This used to be the case for bills with a local fiscal impact, but the requirement was removed in 2010. A first-day

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introduction requirement would allow more time for fiscal impact statements to be prepared.

### **Bill on constitutional officers**

**HB 1051 (Knight) and SB124 (Lucas)** says that a locality cannot reduce funding to a constitutional officer for personnel or other operational expenses except by separate ordinance after a public hearing. Also that electronic or other systems should be included among the items a local governing body shall provide to clerks of courts. This is obviously an unfunded mandate and VML and other localities will be fighting this.

### **Evaluating tax preferences**

**HB 406 (Toscano)** would require the Joint Subcommittee to Evaluate Tax Preferences to revise performance measures for economic development tax preferences to include a minimum number of new full-time jobs for which the average wages are at least equal to the prevailing wage in the locality and that include standard fringe benefits.

### **Tax reform**

**HB 431 (LeMunyon)** would create a new joint legislative subcommittee to recommend changes to state and local taxes that make them more transparent, efficient, simpler, stable, fairer and less burdensome on economic activity and citizens with the lowest incomes. The existing Joint Subcommittee to Evaluate Tax Preferences would be eliminated.

### **Stormwater Legislation**

There are several pieces of legislation introduced which would delay the July 1, 2014 deadline for establishing local stormwater programs. Several groups are at odds over whether this is the right thing to do so this will be a widely debated issue.

**HB 697 (Poindexter R-9<sup>th</sup>), HB1071 (Fariss R-59<sup>th</sup>) and SB530 (Hanger R-24<sup>th</sup>)** - Delays the date that local governments will have to assume responsibility for administering the Stormwater Management Program from July 1, 2014 to July 1, 2015.

**SB53 (Stuart)** would require local governments to provide a waiver of stormwater charges for places of worship. The bill which would mandate at least a 50% reduction in stormwater utility fees charged to places of worship is being opposed by the City along with our partners in the Virginia Municipal Stormwater Association (VAMSA).

### **Bill Limiting the Location of Landfills**

**HB1234 (Albo) Limitation on location of a landfill** was just introduced on yesterday, the last day to file legislation. In looking at it, the bill may prohibit any expansion of the SPSA Regional Landfill. The bill inserts the following into the code section relating to limitation on the expansion of landfills:

“(vi) the proposed expansion of a facility will not be located within 150 feet of a Resource Protection Area as defined according to the criteria developed by the State Water Control Board pursuant to § 62.1-44.15:72;”

The summary and link to the bill are included below.

#### **Summary as introduced:**

Limitation on location of a landfill. Requires the Director of the Department of Environmental Quality, during his consideration of whether to issue a permit for a new solid waste management facility or the expansion of an existing facility, to determine that the proposed expansion of a facility will not be located within 150 feet of a Resource Protection Area.

<http://leg1.state.va.us/cgi-bin/legp504.exe?141+sum+HB1234>

We will seek to get more information on the impetus for this bill and determine if there are any negative impacts on the SPSA landfill.