



ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item Meeting of November 13, 2010

DATE: October 27, 2010

SUBJECT: Public Hearing for the Proposed Arlington County Board 2011 General Assembly Legislative Priorities

C. M. RECOMMENDATION: After receiving public comment at the November meeting on the proposed Arlington County Board 2011 General Assembly Legislative priorities, close the public hearing. Finalize and adopt the Legislative Priorities at the December 11, 2010 meeting.

ISSUES: The legislative program was compiled after soliciting recommendations from Board members, County staff and members of the County's Boards and Commissions. Regional legislative priorities were incorporated into Arlington's legislative policy priorities.

SUMMARY: Attached is a draft of Arlington's 2011 Legislative Priorities for the public hearing at the November 13, 2010 County Board meeting. Adjustments will be incorporated as the public review and comment period proceeds to reflect continuing work this fall with local, regional, and state groups, as well as the general public. The County Board will adopt the final package at its December meeting.

BACKGROUND: The 2011 General Assembly session begins on January 12, 2011 and is scheduled to end on February 26. It is the Assembly's "short" session. The Governor presents his amendments to the 2010-2012 budget on December 17, 2010.

The County Board Work Session with Arlington's legislators will be held on December 1 from 3 to 5 pm in the County Board Room.

DISCUSSION: The major issues for the 2011 General Assembly session will be balancing the budget and considering legislation recommended by the Governor's Commission on Government Reform and Restructuring.

FISCAL IMPACT: Due to the complexities of the General Assembly process, it is impossible to quantify the fiscal impact at this time.

County Manager:

BMD/SFW

County Attorney:

[Signature]

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ARLINGTON COUNTY, VIRGINIA

2011 GENERAL ASSEMBLY LEGISLATIVE PRIORITIES

Arlington County and the Commonwealth continue to face a challenging budgetary environment. Arlington County and other local governments rely upon the State's constitutional commitment to fully fund mandated core services. This commitment has eroded in recent years and contributed to the fiscal pressures that local jurisdictions have had to address. When faced with this dilemma, Arlington both reduced services to residents and increased the real estate tax rate, an approach that other jurisdictions adopted as well. It is particularly important in this environment for the Governor and lawmakers to protect the Commonwealth's general fund and insure continued support for local government services.

It is time for the State to recognize its responsibilities in the funding of core government services including public education (K-12 and higher education), health and human resources, public safety, natural resources and environmental services. Additionally, during an economic downturn, the Commonwealth should work with localities to ensure a well-funded safety net for the Commonwealth's most vulnerable citizens. The services that are most closely tied to the health, welfare and safety of Virginians are administered at the local level.

We call on the General Assembly to take no actions that would further exacerbate the looming budget gaps and increased demand for services in local budgets across the Commonwealth. This principle is particularly important in evaluating new initiatives such as the privatization of the ABC stores. The sale of ABC stores must be structured in a way that does not negatively impact the general fund today or in the future, and local governments must be able to control where such stores are located in their communities. Further, the Commonwealth should increase funding for ABC enforcement activities commensurate with the increased number of distilled spirit dispensaries.

Consequently, this reform effort should identify strategies that enable jurisdictions to maximize control over local revenue streams, including BPOL (Business gross receipts) taxes. If changes are contemplated with the BPOL tax or Machinery and Tools Tax, we encourage a study of this issue, recognizing that strategies which result in reductions of the BPOL or Manufacturing & Tools tax revenue streams will create gaping holes in the budgets of local governments. These holes are most likely to be filled by increased real estate taxes, due to our limited array of tools, and/or by the further reduction of essential services. Strategies should also be identified that commit the Commonwealth to fully funding State mandated, locally administered services; streamline applicable operations such as local personnel regulations and the VDOT design review process; and fully funding transportation infrastructure and operating expenses with a dedicated source of revenue.

Finally, Arlington County asks the State to create a true partnership with local governments. All of us will be better served if local and state governments operate with mutual respect for each other's roles and responsibilities. It is the County's hope that Governor McDonnell's Commission on Government Reform and Restructuring recognizes that the fiscal stability of local governments is a critical factor in achieving a prosperous and economically strong Commonwealth.

I. Arlington Legislative Agenda

- **Transient Occupancy Tax:** Renew Arlington's 1/4¢ Transient Occupancy Tax (TOT) surcharge, which funds the Arlington Convention and Visitors Service (ACVS) and expires on January 1, 2012. Originally proposed by Arlington's Economic Development Department and the Arlington Chamber of Commerce and its Hotel Committee, it was first authorized for three years by the 1990 General Assembly and has been reauthorized for three year increments ever since. Because it is applicable only to Arlington County, it requires a 2/3's vote of each chamber of the General Assembly to become law. Arlington is the only locality that has a "sunset" provision attached to its TOT.

- **On-Line Travel Companies/Modifying State Sales and Local Transient Occupancy Taxes:** Ensure the collection by on-line travel companies (OTCs) of all state sales and local Transient Occupancy Tax (TOT) levies associated with on-line travel sales, as well as the transparency of costs and taxes for customers in their on-line travel bookings of Virginia lodgings. OTCs should collect state and local taxes based on the full price paid by their customers and remit the full amount.

As a general rule, OTCs do not remit state and local taxes on the unspecified amount charged the customer that the OTC calls "fees." This business practice shields from customers, governments and the contracting Virginia properties the total amount charged to customers, the amount of taxes collected from the customer and the amount of taxes actually due, and places Virginia properties at a competitive disadvantage (Unlike OTCs, Virginia properties are applying and collecting taxes on the full amount paid by their customers). A significant portion of TOT revenues are reinvested in local tourism.

II. Arlington Legislative Policy Priorities

A. Finance

- **Local Taxing Authority:** Support localities' retaining the authority to collect business license, and machinery and tools taxes at the current rates. No changes should be made until a thorough study is completed, and a permanent, reliable, and equivalent income stream is identified.

- Restore the state-local funding partnership: Support the restoration of the Commonwealth's funding responsibilities to localities as laid out in state statutes, the constitution and public policy. End the Commonwealth's recent practice of annually reducing state payments to localities while increasing state mandates and shifting state funding responsibilities onto local governments.
- Real Estate Assessment Appeals: Oppose any changes that will shift the burden of proof in real estate assessment appeals.
- Local Government Investment Pool: Continue to support LGIP as currently constituted to provide a short-term investment alternative to the County that will ensure retention of the County's Triple Aaa bond rating.
- Streamlined Sales and Use Tax Program: Support the Commonwealth's joining 23 other states, including North Carolina and West Virginia, in the multi-state Streamlined Sales and Use Tax program to collect state and local sales taxes on interstate mail order and internet sales to Virginia customers. Joining the multi-state effort would reduce costs and administrative burdens on out-of-state businesses and place Virginia retailers on equal footing with out-of-state businesses. This change would enable the Commonwealth to receive sales and use taxes from over 1,000 corporations that have agreed to voluntarily participate in the program.
- Unfunded Mandates: Oppose any mandates from the Commonwealth that are not fully funded, including additional administrative burdens on local governments.
- Local Flexibility in Implementing State Reductions: Support granting local governments the flexibility to implement state reductions in funding according to each locality's needs.
- Education Funding: Support maintaining state education funding for Standards of Quality, Standards of Learning, and other programs. Oppose changes in funding practices, such as manipulating VRS rates to balance the budget, that have resulted in a huge shortage in the Virginia Retirement System over the next twenty years.

B. Local Authority

- Employee Benefits/Health Care: Increase Arlington County's and other public employers' competitive edge by permitting localities to manage personnel functions, and to decide which benefits they need to offer.
- Equal Tax and Bonding Authority: Equalize county taxing and bonding authority with that of cities.
- Open Burning: Oppose efforts to remove local authority to control open burning.
- Sovereign Immunity: Preserve Sovereign Immunity and all the protections it gives localities today.

- Land Use Policies: Support authority for optional impact fee ordinances that permit a full range of fees to offset all impacts of development. Oppose efforts to restrict local land use or the land use processes.
- Revenue Restrictions: Oppose efforts to further restrict local revenue authority or sources, including any restrictions and ceilings on real estate tax assessments or rates.
- Eminent Domain: Oppose restrictions of local eminent domain authority.
- Accountability: Oppose moving current government functions, responsibilities and authorities away from the local level and local accountability.

C. Housing

- Housing Trust Fund: Create a State Housing Trust Fund with a dedicated source of revenue that would provide statewide funding for affordable housing, including the construction of new housing, and the purchase and renovation of existing housing to make it livable, accessible, and affordable. The fund could also become a receptacle for new federal monies.
- Visitability and Accessibility Options: Support measures that would increase the construction of universally designed and visitable homes by enabling builders to take advantage of the Livable Homes Tax Credit.
- Uniform Statewide Building Code: Accelerate adoption of the most recent International Building Code requirements.
- Assistance to Tenants: Work with state agencies to assist low income tenants who want to remain in their communities while their housing is being upgraded and renovated.

D. Civil Rights Initiatives

- Immigration: Oppose any state mandates to localities that would require local law enforcement officers to evaluate the immigration status of individuals encountered during lawful stops or other routine police activities beyond existing legal requirements.
- Education: Ensure access at in-state tuition rates to Virginia colleges and technical schools for all high school graduates, including undocumented students who meet residency and other reasonable requirements.
- Services: Support proposals to promote the integration, assimilation and increased civic engagement of our immigrant population.
- Fair Treatment: Support initiatives that ensure the immigrant community is treated fairly and that highlight the positive contributions of immigrants.

E. Public Safety/Emergencies

- Domestic Violence: Support enhanced domestic violence protections, including keeping those who have been arrested for domestic violence in jail or released

on bond with an agreement that his or her residence be searched for weapons. If weapons are found, hold those weapons for safe-keeping until the conclusion of trial.

- Jail Diversion Efforts: Support jail diversion efforts for mental health and substance abusing individuals who become involved with the criminal justice system.
- Pre-Trial Services Oppose putting restrictions on the use of pre-trial release programs.
- State Responsible Prisoners: Oppose changing the definition of state responsible prisoner or other terms that result in increased cost to localities.
- Line of Duty: Seek full state funding for state mandated Line of Duty benefits, or the local option to establish own program.
- Virginia Alcohol Safety Action Program: Increase fees from participants in the Virginia Alcohol Safety Action Program (VASAP) to ensure adequate funding for the program.
- Virginia Juvenile Community Crime Control Act: Increase state funding for the VJCCA so that local governments can adequately plan for and receive youth offenders back into the community and ensure a successful transition.

F Energy and the Environment

- Chesapeake Bay Cleanup and Land Preservation: Maintain funding for Chesapeake Bay cleanup costs and other water quality needs, including the Water Quality Improvement Fund. Retain land preservation tax credit.
- Energy Consumption Information for Home Buyers: For the purchaser, provide the option to conduct a home energy audit prior to the purchase of residential property. The purchaser should also be provided with copies of the electric, gas and home heating oil bills, or a summary of such, for the previous 12 months unless the property was not occupied during that time.
- Funding Alternative Energy Source Grants: Authorize localities to use public property and public funds to make grants and loans to private parties to reduce greenhouse gas emissions and encourage the use by private parties of alternative, non-carbon energy sources.
- Restricting Plastic Bags: Authorize local governments to ban or charge a fee for the use of light-weight plastic bags by retail outlets.

G Human Services

- Services for Older Adults and People with Disabilities: Support keeping seniors and people with disabilities in their homes and communities by maintaining and enhancing funds for nutrition, transportation, and in-home care.
- Long-term Care Workforce: Keep clients in their homes and communities by increasing Medicaid reimbursement rates for personal care services by 10%,

and providing workers access to affordable health insurance and advanced training.

- Regional Older Adult Mental Health Facility Team (RAFT): Support funding to address cost-effective, specialized geriatric mental health care for older adults with severe mental illness and/or dementia.
- Prevention Services: Sufficiently fund startup costs associated with community-based prevention services. Provide additional funding for programs such as Healthy Families and CHIP of Virginia and other home-based activities. Reductions in prevention programs would put numerous youth at risk of high-cost Comprehensive Services Act placements.
- Managed Care: Support the Virginia Association of Community Services Board proposal to create a separate and distinct Managed Behavioral Health organization to manage Medicaid funds, rehabilitation and case management State Plan Option services for adults with serious mental illness, and for youth with serious emotional disturbance.
- Extension Services: Restore Extension Service funding to previous levels to protect the training, services and education provided to Arlington residents by leveraging our large pool of volunteers with minimal staff and donated County office space.
- Predatory Lending: Support stronger regulation of predatory lending practices. Work toward a 35% interest cap, including most fees and charges.

H. Technology

- Internet Option for Public Notices: Permit local governments to substitute an Internet notice in place of statutorily required public notices in newspapers. Legislation is needed to permit localities to publish public notices on the Internet where they would be more accessible, instead of newspapers many of which are experiencing rapidly declining readership.
- Electronic Meetings: Expand authority to conduct public meetings via the internet.

I. Transportation

- Design Review Process: Direct VDOT to develop and implement urban design standards in order to expedite review process, save staff time, and accelerate construction.
- Transportation Funding: Raise new revenues for a dedicated source of statewide funding for all transportation modes. The funding revenue should be from one or more stable, reliable, and permanent non-general fund sources; include a minimum of \$50 million annually as a dedicated source of funding for the Washington Metropolitan Area Transit Authority (WMATA); and fully fund the Commonwealth's statutory 95% share of transit operating and capital costs.

- Secondary Road Funding: Fully fund secondary road construction and maintenance.
- Washington Metropolitan Area Transit Authority: Ensure that any enhanced relationship between WMATA localities and the Commonwealth couples governance and long-term funding commitments to assure consideration and resolution of local and state roles regarding WMATA.
- Pedestrian Safety: Support requiring drivers to stop, not just yield, at all marked crosswalks statewide when a pedestrian is present including enhanced penalties for failure to stop for pedestrians and promoting the use of marked crosswalks. Include a public awareness campaign in multiple languages to educate the public on pedestrian safety.