



## Legislation Text

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### City of Alexandria, Virginia

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#### MEMORANDUM

**DATE:** FEBRUARY 25, 2013

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** RASHAD M. YOUNG, CITY MANAGER /s/

**DOCKET TITLE:**

Final Status Report on Legislation Introduced in the 2013 General Assembly Session.

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**ISSUE:** Final status report on legislation introduced at the 2013 General Assembly Session.

**RECOMMENDATION:** That City Council receive this report.

**DISCUSSION:** The 2013 General Assembly Session adjourned on Saturday, February 23. Of 1739 bills that were introduced, 813 passed. Seven hundred fourteen of the 835 resolutions that were introduced passed; resolutions are much more likely to succeed, since most of them commend individuals or organizations, or memorialize persons who have died.

The Governor has until March 25 to decide on recommendations he might have for amendments to bills (including the Budget) or vetoes. The General Assembly will return to Richmond on April 3 to consider any such recommendations from the Governor.

**City Package.** The following bills and budget amendments seek the enactment of proposals from the City's Legislative Package (Attachment 1 is a status report on City Package bills):

- The Governor's proposal to end the Local Aid to the State program was incorporated into the final State budget. This was one of the City's top priorities for the 2013 Session. The General Assembly's action will save the City about a million dollars that otherwise would have gone to the State in FY 2014.
- All of the bills to allow school boards to set the opening day of school on the day they determine to be best for their school systems were defeated, as were the proposals to provide a new procedure for the restoration of civil rights for persons who have been convicted of nonviolent felonies, but completed their sentence, probation, and parole.

- None of the bills that would have allowed unrestricted absentee, or early, voting were successful, but legislation making voter identification requirements more stringent (e.g., requiring photo IDs), was enacted.
- The General Assembly once again turned down legislation to allow access to higher education by undocumented persons-even if they can meet a series of requirements that would demonstrate residency for a substantial period of time, and the payment of Virginia taxes.
- Funding was included in the budget to keep some beds open at the Northern Virginia Mental Health Institute for persons with psychiatric emergencies.
- Additional money was appropriated for community placements of individuals leaving State Training Centers; and for early intervention services for infants and toddlers.
- Legislation was enacted to change the way the State allocates transit funding to localities. Many of the components of the legislation, which the City originally opposed, have been modified. The final bill is addressed more fully later in this memorandum.

**Transportation Funding.** The General Assembly passed major transportation funding legislation on the last day of Session. HB 2313 is expected to provide nearly \$900 million annually when it is fully implemented in five years. Although some of the new funds will be phased in over several years, most of the changes (e.g., the changes to the motor fuels taxes) become effective July 1, 2013. Major components of the legislation include the following:

- The cents per gallon motor fuels tax is being repealed. In its place, there will be a 3.5 percent tax charged on gasoline at the wholesale level, as well as a 6 percent tax on diesel fuels. Owners of passenger cars and small trucks powered by diesel fuels can have a portion of their fuel taxes refunded.
- The State sales tax will be increased to 5.3 percent, with most of the additional revenue going to transportation.
- If Congress enacts Internet sales tax legislation, most of the revenue from that tax will be earmarked in Virginia for transportation. If no such federal legislation is in place by January 1, 2015, the sales tax on gasoline will increase from 3.5 percent to 5.1 percent.
- The portion of the sales tax that goes to K-12 education is being increased from .1125 to .125. How this will affect the Alexandria School budget is unknown at this time, but that information should be available shortly.
- The sales tax on motor vehicles will increase to 4 percent July 1; it is now 3%. Further phased increases will raise it to 4.3 percent by 2016.
- The portion of current sales tax revenues that goes to transportation is being increased from .5 to .675, phased in over four years.
- Hybrid and alternative fuel vehicles will pay an additional \$100 registration fee annually.
- The Northern Virginia region will have a regional, add-on sales tax of .7 percent. When added to the

increased statewide sales tax, the total sales tax in Northern Va. will be 6 percent. The region will also have an increase of 25 cents per hundred to the grantors tax (paid by the seller in real estate transactions); and a new 3 percent State-imposed hotel tax (if Alexandria keeps its current 6.5 percent plus a dollar rate, a hotel guest will pay a total of 15.5 percent plus a dollar in state and local taxes). Seventy percent of the revenue from the new regional taxes will go to the Northern Virginia Transportation Authority (NVTA) for regional projects. Thirty percent of the revenue will be returned to the locality where the transactions occurred if the locality has adopted a 12.5 cent commercial add-on real estate tax or raised an equivalent amount of local revenue for transportation in some other way. The "30%" funds can be used for road construction; other transportation capital improvements; or public transportation. Northern Virginia localities are required to spend at least as much money (not including that which goes to NVTA) on transportation as they are spending on "transportation purposes" in the current fiscal year.

**Transit Funding.** As a part of the City's Legislative Package, Alexandria opposed efforts to completely rewrite the formula for allocating State transit funds. The current allocation formula rewards those localities that spend the most on transit. The Administration had legislation introduced (SB 1140) that would have awarded all funds on the basis of "efficiency measures" that would be developed by the Department of Rail and Public Transportation. The legislation was amended so that only funding in excess of the amount currently allocated to transit (approximately \$160 million annually) would be distributed using new, efficiency-based factors. These factors will be developed by DRPT with the assistance of an Advisory Committee; some of the Advisory Committee's members will be chosen by the Virginia Transit Association, the Virginia Municipal League, and the Virginia Association of Counties. The efficiency-based factors must be approved by the Commonwealth Transportation Board.

**Virginia Railway Express.** Legislation (HB 2152) to give the McDonnell administration a significantly greater vote on the VRE Operations Board was passed, but it has a delayed effective date of July 1, 2014. This will allow the Operations Board, the Northern Virginia Transportation Commission, and the Potomac and Rappahannock Transportation Commission (the two Commissions jointly own VRE; the Operations Board oversees VRE's operations) to see if they can reach agreement with the State on appropriate voting procedures for the Operations Board. If such an agreement is reached, legislation could be enacted in the 2014 Session to amend or repeal HB 2152.

**Restrictions and Regulations on Firearms and Related Issues.** The 2013 General Assembly defeated every bill that would place any significant additional restrictions on firearms. The last one to be defeated-SB 864-was killed by the House Courts of Justice Committee. It would have barred a person who has been prohibited from contact with someone by a protective order, from having possession of a firearm while in the presence of the person with whom contact is prohibited.

**State Budget.** The General Assembly approved amendments to the biennial budget on the last day of Session. Amendments affecting the City include the following:

- Nine million dollars was appropriated in Cost of Competing funds for K-12 support (non-instructional) positions in Northern Virginia schools. Northern Virginia localities had asked that \$33 million be added to the budget to fully fund this item. Alexandria schools will receive about \$162,000 of this appropriation.
- A two percent salary increase was approved for K-12 teachers and support staff. Because of the City's

high composite index (the State only funds 20 percent of State-approved ACPS education expenses), ACPS will only receive about \$37,000 as the State share of the salary increase. ACPS is not required to award this salary increase, but it will not receive the State funds if it does not do so.

- Total State funding for Alexandria Schools will be about \$36.1 million for FY 2014 (the budget adopted by the 2012 General Assembly appropriated \$34.7 million for FY 2014).
- Funds were included in the State budget to give 3 percent raises to state-supported local employees.
- Language in the budget authorizes the Executive Branch to extend coverage of Medicaid under the federal health care legislation without further General Assembly action if the federal government agrees to certain waivers and conditions. These waivers and conditions include the use in the program of commercial-like insurance benefits, reasonable limitations on non-essential benefits, managed care for long-term care services, and cost-sharing (patient co-pays). If these reforms are approved by the federal government, the Executive Branch is directed to expand Medicaid eligibility for those whose incomes do not exceed 133 percent of federal poverty levels pursuant to the federal Patient Protection and Affordable Care Act. The City sought this expanded Medicaid coverage as a part of its 2013 Legislative Package.
- Additional funding was included for the statewide Project Discovery program.
- Over \$400,000 was added in State funding for local libraries.
- State funds were appropriated to pay the local match for the State-required bonus for locally-based employees of the Virginia Department of Health.
- Healthy Families of Virginia received \$550,000 in additional funds.
- Money was added to provide additional funding for children's mental health services and mental health first aid training.
- Statewide funding for Part C Early Intervention Services for Infants and Toddlers (a request in the City's Legislative Package) was increased by \$2.3 million.

**Opportunity Educational Institution.** Legislation passed both the House and Senate (SB 1324) to create a new, statewide school division to act as a school board and oversee "failing" K-12 schools in Virginia. As introduced, the bill would have required any school that had been denied accreditation to be transferred to the Institution, and would have allowed for the transfer of schools that have been accredited with warning for two years. Budget amendments modified this, so that only schools that have been denied accreditation for the previous two years will be transferred. As noted in earlier reports, Jefferson-Houston Elementary is eligible for transfer to the Institution at this time.

The Governor had sought \$600,000 in the upcoming fiscal year to get the Institution started. The General Assembly appropriated \$150,000.

**Nursing Home Generators.** As explained in earlier legislative updates, City-proposed legislation to require nursing homes to have backup power (e.g., generators) was put aside in favor of budget amendments requiring

the State Department of Health to study the issue and report back to the General Assembly later this year. Unfortunately, the study was not included in the final budget. Since the Health Department has already scheduled a meeting to begin the study, staff is hopeful that it will proceed anyway. Staff is checking with the Health Department to see if this is the case.

**ATTACHMENTS:**

Attachment 1. Current Status of Bills from the 2013 City Package, February 23, 2013

Attachment 2. Current Status of Bills on Which the City Has Taken a Position, February 23, 2013

**STAFF:** Bernard Caton, Legislative Director