

Local Business Taxes

(BPOL, Machinery & Tools and Merchants Capital)

VACo Position: VACo opposes elimination or reduction of specific local tax revenues, including local business taxes.

VACo supports granting counties the option or authority to increase the local sales and use tax by 0.5 percent to help offset state budget reductions affecting localities, without referendum.

VACo supports legislation that extends the imposition and collection of the local transient occupancy taxes to state owned parks and campgrounds that provide lodging.

VACo calls upon the Commonwealth to strengthen the stability of the general fund by initiating state tax reform. Significant tax reform will help to buttress the Commonwealth's general fund that finances most core government functions. Tax reform should include a restructuring of state income and sales and use taxes with the intent to stabilize and increase revenues to meet current and foreseeable core service demands. Reform should include revisiting specific state tax reductions the Commonwealth enacted in better economic times that may no longer be affordable.

Funding of Public Education K-12

VACo Position: VACo supports full funding for the biennial re-benchmark of Virginia's Standards of Quality (SOQ). It is essential for the state to fund fully its constitutional responsibilities and all mandates associated with K-12 public education. VACo encourages the state to expand the SOQ to better recognize localities funding efforts towards local school divisions.

VACo supports full state funding for public education including the SOQ, targeted incentive programs, capital and maintenance support and teacher salaries. Full state funding should be achieved without reduction to other parts of state public education budgets or to the other core services. Should state general funding diminish, local autonomy should be increased and state education mandates reduced. VACo continues to oppose unfunded mandates.

VACo supports the current practice whereby all year-end funds appropriated to the school divisions by the locality revert to the locality, retaining discretion with the governing body to evaluate and approve the reallocation of year-end fund balances to address the capital or one-time expenditure requirements of local school districts.

Unfunded Mandates especially Unfunded Teacher Liabilities

VACo Position: Local governments and the state share responsibility for paying the cost of teacher pensions, but under GASB 68, localities will have to claim all unfunded liabilities for teacher retirement plans after June 15, 2014 on their financial statements. VACo urges the state to avoid this liability shift by paying its share of teacher pension contributions directly to VRS. This would demonstrate to credit rating agencies and localities that the state is committed to paying its fair share of unfunded teacher pension liabilities. It would also better protect the bond ratings of Virginia's localities by more accurately reflecting the local share of the unfunded liability.

VACo opposes unfunded mandates by the Commonwealth. When funding for a mandated program is altered, the mandate should be suspended until full funding is restored. When legislation with a cost to localities is passed by the General Assembly, the cost should be borne by the Commonwealth, and the legislation should contain a sunset clause providing that the mandate is not binding on localities until funding by the Commonwealth is provided. VACo opposes the shifting of fiscal responsibility from the state to localities for existing programs. Any unfunded mandate or shifting of responsibility should be accompanied by a full fiscal and program analysis to determine the relative costs to the state and to the locality and to assure the state is meeting its full funding responsibility before taking effect.