

# Capitol Contact

## Virginia General Assembly

Virginia Association of Counties • 1207 E. Main Street, Suite 300 • Richmond, VA 23219  
www.vaco.org • 804.788.6652

Tuesday, February 4, 2025

## Money Committees Release Budget Proposals

The House Appropriations and Senate Finance and Appropriations Committees met on Sunday to report their respective budget proposals. Further details on both budgets will be available later today, and VACo will be providing more analysis later this week. Overall, the two budgets are in accord on several major items, including tax relief proposals and the lifting of the K-12 “support cap,” a long-sought priority for VACo, and VACo’s top budget request for 2025. Letters requesting this funding and thanking legislators for their efforts can be found [here](#) and [here](#) respectively. The full House and Senate will vote on their respective budget proposals on Thursday, and the budgets will be placed into conference by Wednesday, February 12.

### **Key features of the committee budgets:**

#### **Tax relief**

- House Appropriations and Senate Finance and Appropriations: Both budgets increase the standard deduction by \$250 for single filers and \$500 for joint filers, bringing the deductions to \$8,750 and \$17,500, respectively. Both budgets increase the refundability of the Earned Income Tax Credit to 20 percent of the federal credit. Both budgets also propose an income tax rebate of \$200 for individuals and \$400 for joint filers, to be issued by October 15.

#### **K-12**

- House Appropriations and Senate Finance and Appropriations: Both budgets provide \$222.9 million in FY 2026 to functionally eliminate the current cap on recognition of support positions in the K-12 funding formula; the Senate Finance and Appropriations budget funds a staffing ratio that recognizes prevailing

practices, and the House Appropriations budget eliminates the budget language establishing the ratio.

- House Appropriations and Senate Finance and Appropriations: Both budgets provide \$52.8 million in FY 2026 as an add-on to basic aid for special education students.
- Senate Finance and Appropriations: Based on the Education Subcommittee Chair's remarks on Sunday, the Senate Finance and Appropriations budget expands to all localities the authority to impose a local sales tax of up to 1 percent to support school capital needs, after approval via referendum.

### **Compensation for Instructional and Support Positions**

- House Appropriations: Provides \$140.5 million for a one-time \$1000 bonus payment for state-supported instructional and support positions, with no local match required. The bonus would be provided September 1. Language provided on Sunday would allow school divisions to determine the amount of bonus per employee to maximize the use of the funds to promote retention among instructional and support positions. No local match would be required.
- Senate Finance and Appropriations: Provides \$134.4 million for a one-time \$1000 bonus payment for state-supported instructional and support positions, with no local match required. Language provided on Sunday would allow school divisions to determine the amount of bonus per employee to maximize the use of the funds to promote retention among instructional and support positions. The bonus would be provided no later than June 1.

### **Compensation for State and State-Supported Local Employees**

- House Appropriations: Includes \$55.6 million for a 1 percent bonus for state and state-supported local employees, to be included in the December 1 paycheck.
- Senate Finance and Appropriations: Includes \$83.1 million for a 1.5 percent bonus for state and state-supported local employees, to be included in the June 16 paycheck.

### **Health and Human Resources**

- House Appropriations: Removes the proposal in the introduced budget to cap the state's contribution to the Children's Services Act for private day services when rates increase by more than 2.5 percent year-over-year. Inserts reporting language regarding students' transition from private placements to local school divisions.

- Senate Finance and Appropriations: Retains cap on growth in CSA private day services as proposed in introduced budget. Reflects \$9.9 million in savings in FY 2026 attributable to the cap; explanatory material provided on Sunday indicates that these funds are to be redirected to special education services.

### **Natural Resources**

- House Appropriations: Provides \$50 million in FY 2025 to the Stormwater Local Assistance Fund.
- Senate Finance and Appropriations: Provides \$40 million in FY 2025 to the Stormwater Local Assistance Fund.

### **Transportation**

- House Appropriations and Senate Finance and Appropriations: Both budgets provide an additional \$3.3 million in FY 2025 in updated operating assistance for the Washington Metropolitan Area Transit Authority.

**VACo Contacts:** [VACo Legislative Team](#)

## **Action Item: Oppose Bill to Mandate Statewide Standards for Solar Facilities**

[HB 2438 \(Mundon King\)](#) requires that, unless otherwise permitted “by right,” a locality shall require a “special exception” (aka special use permit) for any a solar or energy storage project. The legislation then includes the following criteria to be adopted in local zoning ordinances:

- Setback distances between (1) 150 and 300 feet from houses on adjacent properties; (2) 50 and 100 feet from any state-maintained road; and (3) 50 and 100 feet from edged of streams.
- Vegetative visual screening requirements shall not be required to exceed between three and four 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.

**ACTION REQUIRED – Call members of the [Senate](#) today to oppose HB 2438.**

## **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.

**VACo Contact:** [Joe Lerch, AICP](#)

## **Bills to Mandate Counties put State Targets for Utility-Scale Solar in Comprehensive Plans Fail**

[SB 1190 \(Deeds\)](#) and [HB 2126 \(Sullivan\)](#), legislation to mandate that every locality incorporate into its comprehensive plan targets for utility-scale solar energy production, failed to pass in their respective chambers. SB 1190 failed to pass on the Senate floor after being passed by for the day on the final day before “crossover” when all legislation from the originating chamber must be acted upon. HB 2126 failed in House Labor and Commerce Subcommittee #4 by a [vote of 4 to 1](#).

**VACo opposed the legislation.** Thank you VACo Members for contacting your Senators and Delegates to oppose.

**VACo Contact:** [Joe Lerch, AICP](#)

## **Water Reporting Bills Amended in VACo’s Favor**

[HB 2407 \(Scott, P.A.\)](#) and [SB 1408 \(Reeves\)](#), as introduced, would require waterworks to report any operational anomaly, regardless of severity, that could affect water quality, public health, or service continuity to the Virginia Department of Health’s Office of Drinking Water (the Office) within 24 hours of discovery. This would include instances of pump failures, equipment malfunctions, unusual odors, chemical imbalances, and changes in water pressure, which all regularly occur in the operation of a waterworks facility.

VACo opposed these bills as introduced as they would greatly increase the reporting requirements for waterworks and the associated costs with such reporting as well as concerns regarding sovereign immunity.

As the bills moved through their respective chambers, they were heavily amended to address many of VACo’s concerns. Currently, HB 2407 and SB 1408 state that waterworks shall report any critical equipment failure, malfunction, or contaminant

release, as defined in the bill, to the Office of Drinking Water no more than six hours after discovery. Furthermore, the bill currently states that any waterworks that is required to submit a monthly operating report to the Office of Drinking Water shall include any noncritical equipment failure or malfunction that could adversely affect water quality, public health, or service continuity that occurred during the reporting month and was not resolved by the reporting deadline. Any noncritical equipment failure or malfunction that is effectively addressed by equipment repair, replacement, or other fix would be considered resolved and not have to be included in the end of the month report.

During the House Health and Human Services Committee's Health Subcommittee, HB 2407 was incorporated into [HB 2749 \(LeVere Bolling\)](#) which will be the vehicle moving forward in the House. SB 1408 has reported out of the senate by a vote of 39-0 and we will see this in the House shortly after crossover.

VACo wants to thank Senator Reeves, Delegate P.A. Scott and Delegate Levere-Bolling for hearing VACo's concerns and working with us and other stakeholders to find a viable path forward. VACo has no position on HB 2749 or SB 1408 currently.

**VACo Contact:** [James Hutzler](#)

## **Bill that would Repeal Local Authority Related to Towing is in Better Posture**

[SB 1332 \(Marsden\)](#) and [HB 2214 \(McQuinn\)](#) as introduced, would repeal the authority for localities to establish trespass towing fees, with exceptions, and require the State Corporation Commission to establish such fees statewide and adjust such fees annually. VACo opposed SB 1332 and HB 2214 as introduced because these bills stripped localities of little authority they currently have to set rates regarding trespass towing.

VACo has worked closely with the patrons and stakeholders to amend the bills to make them more favorable for localities. SB 1332 and HB 2214, as substituted, would allow towing and recovery operators to continue to charge a \$20 fuel surcharge fee for each trespass tow, which is a concept continued in these bills from a [2023 law](#). The bills in their current form would raise the statewide maximum rate for a trespass tow from \$150 to \$210. The bill further states that no towing and recovery operator is authorized to charge a fuel surcharge fee (as previously mentioned) in any locality in which the governing body of such locality has an ordinance setting limits on fees charged for trespass towing violations. The bills give localities, if they choose to, until December 31, 2025, to conduct a review considering an adjustment of trespass towing fees or establishing such ordinance. Nothing in the bill requires the governing body of a locality to raise any previously set limits or establish any limits.

HB 2214 did not report out of the House Innovations Subcommittee by a [vote of 3-4](#), ending the bill's chances of moving forward. SB 1332 will continue moving forward as it passed the Senate by a vote of 36-4.

VACo will continue to provide updates as this bill moves throughout the General Assembly.

**VACo Contact:** [James Hutzler](#)

## Two Short-Term Rental Bills Advance and Two Fail to Move Forward

[HB 2383 \(Mundon King\)](#) and [SB 1402 \(Surovell\)](#), which reflect a compromise between Airbnb and Commissioners of the Revenue, have passed their respective originating chambers. Airbnb has agreed to comply with current law requiring monthly reporting of property addresses and gross receipts for all accommodations facilitated by in each locality. This information will allow transient occupancy tax collections to be properly attributed and audited, a long-sought goal of local tax administrators. Other provisions in the bills stipulate that this information may only be used for tax collection purposes and may not be shared with other departments or officials within the locality, and clarify that an accommodations provider is not required to transmit a transient occupancy tax return to the local assessing officer if all accommodations sales are handled by an accommodations intermediary (a company like Airbnb). Current law requires the intermediary to collect and remit the transient occupancy tax for sales that it facilitates.

[HB 1557 \(Ware\)](#) and [SB 1330 \(Marsden\)](#) would have required the Department of Taxation to establish a statewide short-term rental registry and required all accommodations providers and accommodations intermediaries to register with the Department and provide information on individual properties offered for short-term rental, to include amounts of taxes collected for specific properties. Local Commissioners of the Revenue or other assessing officials would have access to the information on the registry and would be authorized to share certain information with local zoning officials. The Commissioner of the Revenue would be required to notify an accommodations intermediary upon discovering that a short-term rental on its platform was not lawful, and the intermediary would be required to remove the non-compliant listing from its platform within seven days. VACo supports this legislation and spoke in favor when the bills were heard, but neither bill emerged from committee.

**VACo Contact:** [Katie Boyle](#)



# Inter-Basin Water Transfer Bill Defeated

**[SB 923 \(Stuart\)](#)**, as substituted and amended, would prohibit the Department of Environmental Quality (DEQ) from issuing a Virginia Water Protection Permit for a surface water withdrawal if more than 6 million gallons of water per day would be returned to a different river basin.

SB 923 imposes strict limitations on the ability of water utilities to provide drinking water to citizens now and in the future.

Senate Bill 923 was reported and re-referred to the Senate Finance and Appropriations Committee on a vote of 14-0. During the bill's hearing in the Senate Finance and Appropriations Committee's resources Subcommittee, the bill was passed by for the day, effectively killing it as the Subcommittee does not plan to meet until after crossover.

VACo wants to thank county leaders for your advocacy on this issue and for responding to our inquiry into how SB 923 would have impacted your locality.

**VACo Contact:** [James Hutzler](#)

## Finance Roundup

As the 2025 session approaches the crossover deadline for bills to emerge from their chambers of origin, several finance-related bills of interest have advanced, as outlined below:

**Property tax exemptions:** [HB 1896 \(Willett\)](#) relates to certain property that is tax-exempt by classification (such as property owned by the Commonwealth or by religious institutions, or nonprofit or public cemeteries) and provides that real and personal property owned by a single member limited liability company whose sole member is an organization whose property would otherwise be tax-exempt qualifies for the exemption. This bill has passed the House.

[HB 1970 \(Watts\)](#) and [SB 1202 \(Deeds\)](#) respond to a specific case in the City of Winchester. As introduced, both bills would clarify that the Constitutional property tax exemption for property owned by "institutions of learning not conducted for profit, so long as such property is primarily used for literary, scientific, or educational purposes or purposes incidental thereto" includes institutions licensed by the Department of Education that provide special education and related services pursuant to the federal Individuals with Disabilities Education Act. As introduced, both bills also included an enactment clause stipulating that the General Assembly would be overturning the holdings of the Circuit Court in the Winchester case. The enactment clause was removed from the Senate version of the bill, which has passed the Senate, but remains in the House version, which is on the House floor.

**HB 2029 (Hernandez)** and **SB 816 (Rouse)** are intended to improve awareness and use of real estate tax relief programs that are offered to the elderly and residents with disabilities at local option. The bills allow a locality to require that a taxpayer must meet certain qualifications to participate in a local exemption or deferral program, which may include paying all delinquent taxes, penalties, and interest assessed prior to becoming eligible for an exemption or deferral; entering into an agreement with the locality for the payment of delinquent taxes in installments; securing the treasurer's agreement to settle for less than the taxes owed (under existing authority for the treasurer to compromise and settle the amount due and payable, with the consent of the governing body, when the treasurer determines that the collection of the entire amount due and owing is in substantial doubt and the best interests of the locality will be served by such compromise); or a combination of these approaches. The bills allow information about a local real estate tax exemption or deferral program to be provided in the notice of change in assessment (currently, notice must be provided with the real estate tax bill), and add language to the existing statutory requirement for the treasurer to "employ any other reasonable means necessary to notify residents" about the exemption or deferral program to include posting program information on the locality's website. The bills also allow a locality to provide for a prorated exemption or deferral for the portion of the taxable year during which the taxpayer would have qualified for the exemption or deferral, but had not applied. HB 2029 has passed the House and SB 816 has passed the Senate. VACo reviewed drafts of these bills prior to the session and encouraged the inclusion of information in the assessment notice to be optional and not mandatory.

**HB 2302 (Sickles)** relates to the Constitutional exemption for real and personal property owned by churches and religious bodies and stipulates that property on which a new structure is being built to replace or rebuild a church or other building for religious worship qualifies for the exemption. The bill contains certain guardrails, including a requirement for the taxpayer to demonstrate to the locality's satisfaction that the property was exempt prior to the rebuilding or replacement of the structure, that construction will commence no later than six months after discontinuation of the property's previous use, that there is a reasonable timeline for completion of the structure and the property will be used for no other purpose during the construction, and that after completion, the property will be used for religious worship or for the residence of the minister of any church or religious body. This bill is on the House floor.

**Sales of tax-delinquent property/tax collections:** **HB 1792 (Orrock)** relates to a local treasurer's ability to sell certain tax-delinquent property at public auction. Under current law, such property may be sold in this manner if it is assessed at \$10,000 or less and the taxes are delinquent after three years; is assessed at more than \$10,000 but less than \$25,000 under certain circumstances; or is assessed at more than \$25,000 but less than \$40,000 under certain circumstances. The bill increases the thresholds by \$5,000 (except for the \$40,000 cap). This statute is intended to allow an expedited process for returning certain



small pieces of tax-delinquent property to the tax rolls. This bill has passed the House. [HB 2362 \(Mundon King\)](#), which has also passed the House, establishes certain process improvements for tax sales of delinquent property that are administered through the courts.

[HB 1979 \(Hernandez\)](#) caps the amount of an individual's wages that may be garnished for delinquent taxes and charges owed to the state or a local government at 25 percent of disposable earnings for a workweek (currently this cap applies to garnishments by other creditors, but not to state or local taxes). This bill is on the House floor.

**Tangible personal property classifications:** [HB 1939 \(Reid\)](#), which has passed the House, adds certain electric-powered landscaping equipment employed in a trade or business to the list of separate classes of tangible personal property on which a locality may impose a rate of tax that is different from the rate imposed on the general class of property. The rate imposed on this class of property would not be allowed to exceed the rate imposed on the general class of tangible personal property. Loudoun County Supervisor Juli Briskman spoke in support of this bill during its subcommittee hearing, explaining that the measure could serve as an incentive to landscaping companies to use electric equipment rather than gas-powered tools.

**Plastic bag tax:** [HB 1764 \(Martinez\)](#) requires any county imposing a disposable plastic bag tax to distribute a portion to any town located within the county, based on the local sales tax distribution formula. Towns would be limited to the same uses for the funds that are prescribed for the county (environmental cleanup, educational programs, pollution mitigation, and providing reusable bags to SNAP or WIC beneficiaries). This bill has passed the House. Similar legislation passed the General Assembly last year but was vetoed by the Governor.

### **Failed tax legislation of interest**

[HB 1561 \(McNamara\)](#) would have extended to all localities certain provisions that currently apply only in several cities that declare improvements to real property as a separate class of property and allow the locality to impose a tax on the improvements to the property at a different rate than the tax imposed on the land (provided that this rate does not exceed the rate imposed on the land). This bill was tabled in a subcommittee of House Finance.

[HB 2488 \(Green\)](#) would have allowed any locality to impose a tax on the sale or use of nicotine vapor products, up to a maximum tax rate of 10 percent of the wholesale price or five cents (\$0.05) per milliliter, whichever was lesser. This bill failed to advance from a subcommittee of House Finance.

[HJ 457 \(Obenshain\)](#) would have phased out the car tax by requiring the General Assembly to exempt 20 percent of the local tax rate imposed on tangible personal

property per year until the exemption reached 100 percent. This proposal was not heard prior to crossover.

VACo Contact: [Katie Boyle](#)

## Additional Bills of Interest

The following are bills that VACo has been monitoring, as they will affect local government operations fiscally or operationally.

### Eminent Domain Bills

**Eminent domain; condemnation proceedings.** [SB 1158 \(Obenshain\)](#) adds additional responsibilities to parties who condemn property, primarily relating to procedures in condemnation and the transfer of a defeasible title by certificate. The bill sets forth a definition of reasonable costs of discovery in condemnation proceedings and provides that when a condemnor initiates discovery in a condemnation proceeding, such condemnor shall pay all reasonable costs of such discovery. The bill also specifies that, in a condemnation proceeding, a certificate transferring a defeasible title shall include information describing the property and any rights to the property being taken or damaged. The bill repeals the requirement that the court refer a matter initiating a condemnation proceeding to a dispute resolution orientation. **This bill will increase the costs of exercising eminent domain.** The bill has passed the Senate 40-0 and is headed to the House.

**Eminent domain, compensation to the Commonwealth and localities.** [SB 1435 \(Russet Perry\)](#) requires a party that takes by condemnation proceedings any land or right-of-way or similar interest therein that is subject to a conservation easement, to compensate (i) the Commonwealth in an amount equal to the value of any tax credit received by the landowner under the provisions of the Virginia Land Conservation Incentives Act of 1999 during the pendency of the conservation easement and (ii) the locality in which the right-of-way is located (a) in an amount of any property tax avoided by the landowner during the pendency of the conservation easement and (b) if the right-of-way is located on property that is registered with the Virginia Landmarks Register and the National Register of Historic Places, in an amount equal to the additional value conferred upon the property during the period that property was registered. **This bill seeks to compensate government entities for tax credits in a condemnation proceeding.** The bill has passed the Senate and is headed to the House.

**Eminent domain; documents provided to landowner.** [HB 1690 \(Convirs-Fowler\)](#) provides that a report showing all matters that affect the current ownership, existing liens, encumbrances, and other matters affecting title as of the date of the title report shall be provided by the condemnor to a landowner in a condemnation action. **This bill was introduced to try to ease the**

**administrative burden on localities.** This bill has passed the House and is headed to the Senate.

## **Liability Bills Move Ahead**

**Civil actions; liability of employer or principal for criminal sexual assault by employee or agent.** [HB 1730 \(Delaney\)](#) / [SB 894 \(Russet Perry\)](#), as amended, provide that in an action for injury to a vulnerable person as defined by the bill committed by an employee or agent, such act shall be deemed to have occurred within the course and scope of his employment or agency. The bills provides that the injured person has a cause of action against the employer for the action of the employee. **This bill is an expansion of liability for all Virginia Employers .** The bill is moving through the House; the Senate version has passed.

**Workers' compensation; injury or death caused by employer's gross negligence or willful misconduct; cause of action.** [SB 1299 \(McPike\)](#) creates an exception to the provision in existing law that the rights and remedies granted to an employee under the Virginia Workers' Compensation Act exclude all other rights or remedies of such employee on account of such injury, loss of service, or death. The bill provides a new cause of action in cases where it is alleged that the injury or death of an employee is caused by an employer's gross negligence or willful misconduct. In such cases, the employee may either claim compensation under the Act or maintain an action at law for damages against the employer. **This bill will increase liability for employers** and has passed the Senate on a party line vote.

## **Employment**

**Labor and employment provisions; application of law; payment of wages; definition of employer.** [HB 2098 \(Maldonado\)](#) clarifies that the exemption for the Commonwealth or any of its agencies, institutions, or political subdivisions, or any public body under Title 40.1 does not apply when expressly provided otherwise. **The bill extends certain health and safety regulations and requirements for the payment of wages to all agencies, institutions, and localities within the Commonwealth. Currently, only private employers are covered.** This bill has been passed by the House.

**Military leaves of absence for employees of the Commonwealth or political subdivisions; law-enforcement officers.** [HB 1602 \(Thomas\)](#) provides that any person who is employed by the Commonwealth or a political subdivision of the Commonwealth as a law-enforcement officer shall receive paid leaves of absence for up to 388 work hours for which a leave of absence is required, during which such person is engaged in federally funded military duty, to include training duty, or is called forth by the Governor for military duty. **This bill will increase costs for many localities.** The bill passed the House and is in the Senate.

**VACo Contacts:** [Phyllis Errico, Esq., CAE](#) and [Jeremy R. Bennett](#)

# General Assembly Convenes, Adopts Schedule for 2025 General Assembly Session

Key dates for the 2025 session, as approved by the General Assembly in its procedural resolution, are as follows:

- **Wednesday, January 8:** General Assembly convenes. Last day to introduce legislation creating or continuing a study, or legislation regarding the Virginia Retirement System
- **Friday, January 10:** Deadline for Senate budget amendments
- **Monday, January 13:** Governor’s State of the Commonwealth Address; last day to pre-file legislation (by 10 a.m.); deadline to submit House budget amendments
- **Friday, January 17:** Last day to file bills, except for bills offered by unanimous consent or bills submitted on behalf of the Governor
- **Sunday, February 2:** “Budget Sunday” deadline for House Appropriations and Senate Finance and Appropriations Committees to report their respective budgets by midnight
- **Tuesday, February 4:** “Crossover” deadline for each chamber to complete work on legislation originating in that chamber (except the budget bill)
- **Thursday, February 6:** Deadline for each chamber to complete work on its budget bill
- **Wednesday, February 12:** Deadline for each chamber to complete consideration of the other chamber’s budget bill and revenue bills
- **Monday, February 17:** Deadline for committee action on legislation by midnight
- **Saturday, February 22:** Scheduled adjournment *sine die*
- **Wednesday, April 2:** Reconvened session for consideration of Governor’s amendments and vetoes

VACo Contact: [Katie Boyle](#)