

**12. What funding (appropriations, grants, taxing authority, etc.) has been extended to localities from the state over the last 10 years?**

See the following:

Legislative Local Taxing Authority changes (1990-2001)

Memorandum with attachments from Terry *Atkinson*, Deputy Director,  
House Appropriations Committee Staff

# **Legislative Local Taxing Authority Changes 1990 through 2001**

## **1990**

### **§ 58.1-3713.4: Additional One Percent Severance Tax on Gas**

This new section allows localities to impose an additional one percent of gross receipts levy on severing gas. The revenues received from this levy may be placed in the general fund of the locality except in the counties of Buchanan, Dickerson, Lee, Russell, Scott, Tazewell, and Wise and the City of Norton, where one half of the revenues received must be paid to the Virginia Coalfield Economic Development Fund.

## **1991 -- None**

## **1992**

### **§§ 58.1-3819, 58.1-3820: Transient Occupancy Tax Base**

Expands the tax base for the transient occupancy tax by adding other facilities (cottages, duplexes, apartments, condominiums, townhouses, etc.) offering guest rooms for continuous occupancy for fewer than 30 days. The bill also prohibits a corporation or partnership from qualifying as an individual or group of individuals for purposes of computing the 30 consecutive days exemption, unless a county's local ordinance specifically defines them as such.

### **§§ 58.1-3237, 58.1-3237.1: Roll-back Taxes -- Rezoning**

Imposes roll-back taxes on real estate entered in a local use value assessment program when such real estate is rezoned at the request of the owner or his agent to permit more intensive use of the property. The owner of the property becomes liable for the roll-back taxes at the time the property is rezoned.

## **1993**

### **§ 58.1-3834: Meal Tax Apportionment**

Expands the taxing authority of local jurisdictions which impose a food and beverage or meals tax by allowing them to apportion the tax for businesses that straddle boundary lines between local jurisdictions, even if the bordering jurisdictions do not impose a food and beverage or meals tax.

### **§ 58.1-3813: Consumer Utility Tax/Local Emergency Telephone System Tax**

Permits localities which operate an enhanced (E-911) emergency telephone system to use revenues derived from the special E-911 tax on consumers to pay for repair and system upgrade costs and salaries or portions of salaries of dispatchers or call-takers paid by the locality which are directly attributed to the E-911 program.

## **1994**

### **§ 58.1-3812: Consumer Utility Tax on Cellular Phone and Other Mobile Services**

Authorizes localities to extend the consumer utility tax collection responsibility to all providers of cellular phone and other mobile telecommunication services. A maximum tax of 10 percent of the service charge, up to \$3 per month, for each mobile service consumer is established.

## **1995**

### **Video Programming Excise Tax**

#### **§§ 58.1-3818.1 through 58.1-3818.7: Imposition by Localities**

Allows localities to impose a tax on the gross receipts of companies that sell video programming to end-use subscribers located within Virginia, or that provide end-use subscribers with access to video programming, that is not otherwise subject to local fees or taxes.

## **1996**

### **§ 58.1-3503: Tangible Personal Property Tax/Special Classification for Programmable Computer Equipment**

Expands the local tangible personal property tax classification for computer hardware used by data processing businesses to include programmable computer equipment owned by all businesses. Tangible personal property classified in this category is valued as a percentage of original cost to the taxpayer or actual fair market value.

### **§§ 58.1-2600 and 58.1-2660: Common Carriers of Property by Motor Vehicle**

Excludes a common carrier of property by motor vehicle from the definition of a "certificated motor vehicle carrier" and the tax imposed thereon, and subjects the property to taxation at the local level. This bill was passed in response to federal and state deregulation of the trucking industry.

## **1997**

### **§§ 58.1-3503, 58.1-3506: Programmable Computer Equipment and Peripherals**

Expands the tangible personal property classification for programmable computer equipment to include computer peripherals. Localities are required to use the same method of valuation for programmable equipment and computer peripherals in arriving at fair market value.

**§ 58.1-3703: Tax on Merchants Selling Bicentennial Medals**

Repeals the prohibition on Virginia localities from imposing a local license fee or tax on wholesalers or retailers selling bicentennial medals on a nonprofit basis for the benefit of the Virginia Independence Bicentennial Commission or any local bicentennial commission. Localities whose local ordinance provides for the licensing of wholesalers and retailers may impose a local license fee or tax on all merchants selling bicentennial medals.

**1998 -- None****1999****§ 58.1-3715: Out-of-State Contractors Subject to BPOL**

Subjects to a locality's BPOL license tax or fee, any contractor without a definite place of business in the locality when the amount of the business done there by such contractor will exceed \$25,000 for the year. A definite place of business means an office or a location at which occurs a regular and continuous course of dealing for thirty consecutive days or more. In some cases, a contractor's work in a locality will not exceed thirty days for the particular year meaning that such contractor has not established a definite place of business in the locality.

**§§ 58.1-3506, 58.1-3902 and 58.1-3912: Classifications for Boats and Watercraft**

Establishes three new tangible personal property tax classifications for privately owned pleasure boats and watercraft used for recreational purposes: (1) boats 18 feet or more in length; (2) motorized boats less than eighteen feet; and (3) nonmotorized boats less than eighteen feet.

**2000****§ 58.1-3812: Consumer Utility Tax/Imposition of Telecommunications Consumer Utility Tax in Towns**

Authorizes a county to impose a telecommunication consumer utility tax on consumers located within a town that is located within the county unless the town currently imposes such a tax and either imposed such a tax prior to January 1, 2000 or is a separate school district. Additionally, this legislation prohibits a town from imposing such a tax if the county imposes such a tax on consumers located within the town limits. Towns that imposed such a tax prior to January 1, 2000 are not subject to this prohibition.

**§§ 58.1-3812, 58.1-3813.1, 58.1-3814: E-911 Surcharge**

Establishes a special non-reverting fund on the books of the Comptroller called the Wireless E-911 Fund. The source for the Wireless E-911 Fund will be a monthly surcharge of 75 cents collected by each mobile service provider from each customer. The Wireless E-911 Services Board will oversee the fund. The board will pay the operators of wireless E-911 systems for their operating costs using money from the

Wireless Fund based on budget information submitted by the E-911 system operators.

It also allows localities that have or will establish an enhanced 911 service to impose an E-911 tax on consumers of telephone services not to exceed a monthly fee of three dollars. Any tax amounts collected must be accounted for in a separate, special revenue fund or accounted for using a cost center and revenue accounting system acceptable to the Virginia Auditor of Public Accounts.

**2001 -- None**

COMMONWEALTH OF VIRGINIA  
HOUSE of DELEGATES  
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November 9, 2001

VINCENT F. CALLAHAN, JR., CO-CHAIRMAN  
V. EARL DICKINSON, CO-CHAIRMAN

MEMORANDUM

To: Joan Putney, Senior Attorney, Legislative Services

From: Terry Atkinson, Deputy Staff Director

Re: Information Request

Attached is the information you requested on behalf of the Joint Subcommittee to Study and Revise Virginia's State Tax Code.

The first attachment is a spreadsheet titled "General Fund Appropriations to Local Governments." It includes amounts for major categories of state appropriations to local governments for fiscal years 1990 through 2002. The data are taken from Appropriation Acts for the relevant fiscal years.

The second attachment is a narrative that explains major increases or decreases in these appropriations.

This analysis does not capture all appropriations made on behalf of local governments or local entities. Therefore, we have attached another spreadsheet, titled "State Aid to Local Governments," to help Joint Subcommittee members get a better overall sense of state revenue to local governments. This information captures more types of local aid than information from Appropriations Acts, for example, state payments for the maintenance of local highways. However, while this data source captures all material or major state funding that could be

considered local aid, it also does not capture all state funding made to local governments or entities. For example, funding for Planning District Commissions, multi-jurisdictional Area Agencies on Aging, and Soil and Water Conservation District funding is not included in this analysis.

I hope this information will be of assistance to the members of the Joint Subcommittee. If you have any questions, or need additional information, please call either Robert Vaughn or me.

cc: Robert P. Vaughn, Staff Director

General Fund Local Aid Appropriations

Fiscal Year	Public Education	Libraries	Comp Board*	Aid for Police (599)	Fire Programs	Juvenile Detention/ Crime Control	DCJS Local Justice Programs	ABC, Wine & Rolling Stock Taxes	Recordatio n Tax	Local Health Depts.	Comm. Services Boards	Area Agencies on Aging	Regional Economic Develop- ment**	TOTAL
1990	2,084,659,818	11,370,076	241,571,243	83,728,690	7,687,500	22,423,781	6,113,721	26,633,000	0	58,282,935	154,699,469	5,432,285	2,034,200	2,704,636,718
1991	2,238,136,351	10,518,638	277,737,621	80,505,279	6,957,255	21,585,342	7,543,240	27,093,000	0	61,513,745	127,050,826	6,171,047	1,835,896	2,866,648,240
1992	2,100,690,687	10,176,254	271,221,900	67,032,014	7,493,255	22,307,820	7,754,227	27,200,000	0	62,917,420	132,468,097	7,542,419	1,830,780	2,718,634,873
1993	2,277,939,527	10,065,611	297,115,826	67,009,542	6,325,499	21,216,440	8,129,210	29,487,805	0	61,666,036	131,095,093	7,293,674	1,739,533	2,919,083,796
1994	2,335,701,684	10,065,611	309,249,240	67,032,014	6,515,264	25,894,586	8,227,050	27,713,909	20,000,000	62,157,678	134,585,093	7,868,674	1,764,533	3,016,775,336
1995	2,572,565,299	10,738,109	335,515,559	67,032,014	6,609,440	25,288,010	8,178,518	27,672,011	40,000,000	67,214,201	121,591,571	8,348,674	1,646,516	3,292,399,922
1996	2,734,260,485	13,893,113	337,164,648	66,881,514	9,384,135	36,618,433	16,857,690	25,214,000	40,000,000	68,483,668	127,269,571	8,648,674	1,646,516	3,486,322,447
1997	2,895,766,099	13,893,113	370,364,425	66,883,916	9,689,104	45,956,329	20,552,690	25,070,000	40,000,000	64,933,756	115,285,724	9,367,424	1,646,881	3,679,409,461
1998	3,046,807,462	14,143,113	403,585,932	66,883,916	9,689,104	55,260,312	31,579,828	25,666,667	40,000,000	64,360,920	112,543,724	10,727,424	7,596,881	3,888,845,283
1999	3,434,301,374	15,543,113	431,605,515	66,883,916	10,038,384	52,593,313	29,105,343	25,300,000	40,000,000	68,172,516	122,511,257	11,817,424	15,252,120	4,323,124,275
2000	3,618,762,807	16,943,113	457,190,260	165,757,814	9,938,384	52,018,567	33,858,173	31,749,300	40,000,000	68,075,248	163,592,621	12,882,424	18,856,891	4,689,625,602
2001	3,942,411,254	20,485,543	522,887,542	171,741,671	10,431,175	73,234,511	36,257,297	31,830,280	40,000,000	78,718,291	165,878,222	14,032,424	19,326,496	5,127,234,706
2002	4,025,317,111	20,485,543	522,848,795	183,402,930	10,431,175	53,427,582	39,114,494	32,059,280	40,000,000	78,730,457	166,678,222	14,257,424	19,657,121	5,206,410,134

Source: Chapter 880 of the 1990 Acts of Assembly, Chapter 824 of the 1992 Acts of Assembly, Chapter 965 of the 1994 Acts of Assembly, Chapter 853 of the 1995 Acts of Assembly, Chapters 912 and 1056 of the 1996 Acts of Assembly, Chapter 889 of the 1998 Acts of Assembly, Chapter 935 of the 1999 Acts of Assembly, Chapters 1072 and 1073 of the 2000 Acts of Assembly. These appropriation acts are the closest to the actual appropriation made

\* Comp. Board includes funding for Sheriff Departments, local and regional jails, Commonwealth Attorneys, Clerks of Court, Treasurers and Commissioners of Revenue

\*\* Regional Economic Development includes funding for Planning District Commissions, Industrial Site Development, and Regional Competitiveness Program



## **Major Changes in Local Aid Appropriations**

### **Fiscal Year 1991**

#### Community Services Boards:

The reduction in grants to Community Services Boards (CSBs) is partially due to the transfer of funding to the Department of Medical Assistance Services to implement Medicaid for community mental health and mental retardation services. A portion of the reduction was replaced by Medicaid reimbursement to CSBs for the provision of covered services.

### **Fiscal Year 1992**

#### Public Education:

\$91.3 million reduction in Standards of Quality, due to revenue reduction from recession.

#### Aid for Police (599):

Funding was reduced due to the recession and remained frozen through FY 1999.

### **Fiscal Year 1994**

#### Recordation Tax:

Due to the recession, distribution of recordation tax to cities and counties was deferred until October 1, 1993. Section 58.1-816 of the Code of Virginia required a \$20,000,000 distribution in 1993 and a \$40,000,000 distribution effective July 1, 1994.

### **Fiscal Year 1995**

#### Public Education:

\$102 million added for disparity initiatives (K-3 Reduced Class Size, At-risk Four Year Olds Program, GF technology grants). Nondiscretionary.

## **Fiscal Year 1996**

### Fire Programs:

30% increase in funding implementing program for assisting localities in construction "burn building" fire training centers. Nondiscretionary.

### DCJS Administration of Justice:

Passage of the Comprehensive Community Corrections Act and the Pretrial Services Act provided \$11 million for local programs. Funding for these programs has grown annually since this time and is now over \$20 million.

### Juvenile Detention/Crime Control:

Juvenile Justice reforms increased funding for local juvenile detention construction and operations, which have grown steadily since this time. Passage of the Juvenile Comprehensive Crime Control Act provided \$8.7 million to develop local programs. This funding has since grown to over \$29 million.

## **Fiscal Year 1997**

### Community Services Boards:

The reduction in grants to Community Services Boards (CSBs) reflects the transfer of funds to the Department of Medical Assistance Services to expand Medicaid coverage for a number of community mental health and mental retardation services. The general fund reduction was replaced by Medicaid reimbursement to CSBs for the provision of covered services.

## **Fiscal Year 1998**

### Compensation Board:

Change in the ratio of law enforcement sheriff deputies to population from 1:2000 to 1:1500 created 372 new positions throughout the state. Nondiscretionary.

Regional Competitiveness Program:

Funding provided to implement the provisions of the Regional Competitiveness Act passed by the 1996 General Assembly. Administered by the Department of Housing and Community Development. Nondiscretionary.

**Fiscal Year 1999**

Public Education:

\$123 million added each year in lottery proceeds returned directly to localities. Nondiscretionary.

\$55 million added each year in school construction grants. Nondiscretionary.

Industrial Site Development Program:

\$3.0 million added to fund the Department of Housing and Community Development's Industrial Site Development Program. The Program is designed to encourage rural localities to regionally develop location sites for industrial businesses. Nondiscretionary.

**Fiscal Year 2000**

Aid for Police (599):

Funding was increased by nearly \$100 million to restore 599 funding to the level it would have been if it were not frozen in 1992. Discretionary.

**Fiscal Year 2001**

Aid to Public Libraries:

Funding was increased to fully fund the formula for aid to public libraries. However, additional funds will be required to maintain the formula in FY 2002. Nondiscretionary.

## State Aid to Local Governments

Fiscal Year	Payments in Lieu of Taxes	Non-Categorical State Aid	Shared Expenses (Categorical)	Categorical State Aid	Expenditures Made on Behalf of Local Government	Total
1990	2,267,157	121,514,352	208,026,470	2,589,267,583	605,350,352	3,526,425,914
1991	2,355,432	131,065,331	213,763,798	2,708,548,725	589,959,575	3,645,692,861
1992	2,913,543	116,871,698	199,358,685	2,651,303,508	619,336,487	3,589,783,921
1993	3,125,302	127,632,806	211,564,603	2,815,988,102	665,427,617	3,823,738,430
1994	2,441,727	128,449,649	223,291,867	2,935,637,307	1,391,657,828	4,681,478,378
1995	3,181,732	141,263,159	247,373,741	3,156,699,809	1,581,106,563	5,129,625,004
1996	4,523,464	148,653,432	263,012,659	3,314,963,364	956,105,221	4,687,258,140
1997	3,428,279	163,061,949	277,027,617	3,603,852,895	815,578,834	4,862,949,574
1998	3,805,196	146,088,030	296,865,044	3,812,360,358	794,919,150	5,054,037,778
1999	4,041,895	230,131,976	323,917,495	4,248,293,694	752,523,107	5,558,908,167
2000	3,896,963	583,300,343	349,043,066	4,583,765,557	795,150,355	6,315,156,284

Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, Exhibit B-1, for each fiscal year.

**Payments in Lieu of Taxes:** Revenue received from the state government in lieu of property taxes for services such as police and fire protection.

**Non-categorical Aid:** Revenue that may be spent at the local government's discretion. Non-categorical aid from the state includes ABC profits, wine taxes, motor vehicle carriers' taxes, boxing and wrestling taxes, mobile home titling taxes, tax on deeds (grantor tax), 599, and indirect cost.

**Categorical Aid:** revenue designated for specific use by the local government. Examples of state categorical aid are basic school aid funds and the state's share of public assistance payments.

**Shared Expenses (Categorical):** Revenue received from the state for its share of expenditures in activities considered to be a state/local responsibility. Sources include the state's share of Commonwealth's Attorneys, Sheriff, Commissioner of the Revenue, Treasurer, Medical Examiner, and Registrar/Electoral Board expenditures.

**Expenditures Made on Behalf of Local Government:** Funds spent directly by the state that do not flow through the local government's accounting records. This data is supplied by state agencies and is unaudited, examples include payments for TANF and State Maintenance of Local Highways.