

# State Legislative Priorities

2018 Session

Virginia General Assembly

## SENATE OF VIRGINIA

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General Assembly Building Room

#### Committee Assignments:

- Agriculture, Conservation and Natural Resources
- General Laws and Technology
- Rehabilitation and Social Services

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General Assembly Building Room 427

#### Committee Assignments:

- Education and Health
- General Laws and Technology
- Rehabilitation and Social Services
- Rules

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#### Committee Assignments:

- Counties, Cities and Towns
- Courts of Justice

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- Commerce and Labor
- Education
- Transportation

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#### Committee Assignments:

- Health, Welfare and Institutions
- Privileges and Elections

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Mayor, At Large

Tina L. Vick  
Vice-Mayor, South District

Herbert H. Bateman, Jr.  
Central District

Saundra Cherry, D. Min.  
South District

Marcellus L. Harris, III  
North District

Sharon P. Scott  
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**2018 LEGISLATIVE & BUDGET REQUESTS**

- I. Building Permit Affidavit Requirement
- II. Fort Eustis Main Gate Improvements—\$700,000

**2018 PRIORITY POSITION STATEMENTS**

1. Oppose Legislation That Preempts Local Authority
2. Set a Floor on the Regional Gas Tax
3. Oppose Elimination of BPOL & Machinery and Tools Taxes
4. Support Jefferson National Laboratory Center for Nuclear Femtography
5. Expand Communications Sales and Use Tax
6. Enhance Penalties for Animal Cruelty
7. Fund Stormwater Local Assistance Fund
8. Fund Mental Health Initiatives
9. Fully Fund the Enterprise Zone Program
10. Study Port of Virginia Impact on Host Localities
11. Fund Regional and State Public Transportation
12. Support Widening and Deepening the Port of Virginia

## **I. BUILDING PERMIT AFFIDAVIT REQUIREMENT**

### Request:

The City of Newport News asks that the General Assembly amend the Code of Virginia §54.1-1111 to remove the requirement for an affidavit from individuals who make application for a building permit but who do not intend to perform the work .

### Justification:

The current Code of Virginia section requires that any person who applies for a building permit who is not duly licensed or certified file a written statement, supported by an affidavit, that he is not subject to licensure or certification as a contractor or subcontractor pursuant to this chapter. The affidavit requirement applies to owners, designers, developers, or others who may not actually perform the work. Those individuals who otherwise may make application for a permit but are not intending to perform any work should not be burdened with a requirement to file an affidavit as long as the entity performing the work has met their statutory requirement for licensure.

The City asks that this code section be amended to add language that will allow the owner, designer, developer, etc. to apply for a permit, identify a properly licensed contractor as being responsible for the work and forego the filing of a notarized affidavit.

## II. FORT EUSTIS MAIN GATE IMPROVEMENTS—\$700,000

Request:

The City of Newport News asks that the General Assembly provide \$700,000 to acquire approximately 30 acres of land that will be used for improvements to the Fort Eustis Main Gate.

Justification:

A Joint Land Use Study of Fort Eustis has identified the Main Gate as a high priority issue. As currently designed, the Main Gate does not meet the Army's anti-terrorism and force protection standards. This could lead to serious safety concerns for the community. The current inspection station is in close proximity to the Lee's Mill neighborhood. Should a suspicious package prove to be hazardous in nature, there is a likely impact to Lee's Mill. In addition, there are existing traffic issues that occur routinely as traffic backs-up onto Interstate 64 during base peak travel times. There are approximately 30 acres adjacent to the current Main Gate that are privately held. The City asks that the General Assembly provide \$700,000 for purchases from willing sellers to be able to facilitate improvements to the Fort Eustis Main Gate.

## 2018 Priority Position Statements

### 1. Oppose Legislation That Preempts Local Authority

The City of Newport News urges the General Assembly to oppose legislation that preempts the authority of localities to determine the regulatory framework that best serves their community. This applies request applies to all legislation whether the issue is wireless infrastructure, ride-sharing, home-sharing, fireworks or any other. Although Virginia adheres to the Dillon Rule which gives localities only those powers expressly granted by the Commonwealth, it is a generally accepted principle that “what works” in one City or area of Virginia may not work in others. The great diversity of our natural resources, communities, and needs often dictates governance that varies from place to place. However, there is an alarming trend in recent legislation to remove or restrict local government authority, particularly in the realm of zoning and land use decisions. Such bills are typically drawn to favor a specific interest without regard for the local impact or unintended consequences that can occur to the health, welfare, and safety of the community. In some cases, compromises have been reached to balance the interests of all concerned. In other cases, the outcry of multiple stakeholders has been insufficient to prevent the blanket application of one-size-fits-all legislation. Newport News welcomes new and innovative technologies and businesses and we try to do so in a way that best serves the community as a whole. The most effective way to do this is for local officials and local administrators to determine what works at the local level. The General Assembly should continue to support localities by not enacting legislation that erodes local authority.

### 2. Set a Floor on the Regional Gas Tax

The City of Newport News supports General Assembly action to establish a floor on the regional gas tax for Northern Virginia and Hampton Roads. It is requested that the floor be the same as that for the state which was based on the wholesale price of gas and motor fuels in February 2013. The floor is essential to provide a more stable, dedicated revenue source needed for the long-term financing of regional projects. The lack of a floor has resulted in fewer dollars available for regional transportation projects because recent drops in fuel prices have significantly decreased gas tax revenue. The additional revenues, which would amount to over \$20M a year would allow for perhaps \$300M worth of bonding capacity for the Hampton Roads Transportation Accountability Commission.

### **3. Oppose Elimination of BPOL & Machinery and Tools Taxes**

The City of Newport News urges the General Assembly to reject any legislation that will negatively impact local government revenue streams and/or cause the tax burden to be shifted to the citizens. Every year Virginia lawmakers consider the supposed benefits of eliminating business taxes such as BPOL and Machinery and Tool tax. However, these are sources of LOCAL revenue; in Newport News, these two generate approximately 8.3 percent of the City's General Fund. In FY17 the City collected approximately \$22.7 million in Machinery & Tools taxes and \$16.7 million in BPOL. However, the burden to most businesses is relatively small: two-thirds of Newport News businesses pay a flat fee of either \$30 or \$50, based on their annual gross receipts. Only one-third of the City's businesses pay a tax based on their business activity and the tax rate for that activity. To offset the loss of BPOL and M&T revenue, the City would have to increase the real estate tax rate by a minimum of \$0.275. So, in order to compensate for the loss of local business taxes, which cost most businesses \$30 to \$50 annually, a home owner in the City's median home value range of \$172,000 would see increased real estate taxes of about \$500 annually. City residents should not be expected to bear the full burden for the cost of City services, such as public safety and education, which equally benefit residents and businesses.

### **4. Support Jefferson National Laboratory Center for Nuclear Femtography**

The City of Newport News strongly supports Commonwealth funding to establish a Center for Nuclear Femtography. Jefferson National Lab, in partnership with the College of William and Mary, Old Dominion University, Hampton University, and likely additional Virginia Institutions, is asking for \$500,000 to begin the development progress while they seek eligibility for the Virginia Research and Investment Fund. Establishing a scientific center at the forefront of an emerging field has the potential to expand the Commonwealth's scientific leadership position, provide commercialization opportunities in this new field, and increase Virginia's competitive advantage in site selection for the Electron Ion Collider (EIC). NFG is expected to be the next generation of nanotechnology. The latest nuclear femtographic imaging requires the development of new techniques that will need the integration of experimental, theoretical, computational and mathematical expertise – a challenge that Virginia is particularly well suited to confront.



## **5. Expand Communications Sales and Use Tax**

The City of Newport News supports amending the Communications Sales and Use Tax (CSUT) to allow taxation of streaming and post-paid calling services. The City also supports increasing the CSUT to the prevailing State tax rate of 5.3 percent. The CSUT was implemented in 2007 and replaced most of the previous state and local taxes and fees on communications services. The 5% tax is generally collected from consumers by their service providers and remitted each month to the Virginia Department of Taxation who then distributes it to localities. The City of Newport News receives approximately \$11 million annually from the CSUT. Since its implementation, revenue each year has generally decreased. The decline may be attributed to the growing popularity of streaming services, which are not subject to the tax, and the exemption for pre-paid calling services. Eliminating these exemptions would not only increase the revenue generated by the tax but would also level the playing field for cable and cell phone service providers. The General Assembly should also consider aligning the CSUT rate, currently 5%, with the state's tax rate of 5.3% - a change which would generate an estimated \$24 million in additional revenue annually.

## **6. Enhance Penalties for Animal Cruelty**

The City of Newport News supports amending Virginia Code § 3.2-6570 to allow persons who severely abuse companion animals to be charged with a Class 6 felony, regardless of whether the animal survives or whether the defendant had been previously convicted of the same crime within the past five years. Currently, Virginia Code § 2.2-6570 provides that an abuser can only be charged with felony animal abuse if (1) the animal dies as a result of torture or severe abuse; or (2) the abuser previously had been convicted within the last five years of cruelty to animals. So, if the court finds that a defendant tortured or severely abused an animal, but the animal survived the abuse, the court cannot sentence the defendant to more than one year in jail unless the abuser had been convicted of the same offense within the past five years. If the defendant instead could be found guilty of a Class 6 felony, the court would have the discretion to sentence the abuser to up to five years imprisonment. Amending the law to allow a felony charge would enable our courts to better address severe instances of animal abuse.

## **7. Fund Stormwater Local Assistance Fund**

The City of Newport News supports an allocation of State funding of \$50 million in each year of the biennium for the Stormwater Local Assistance Fund (SLAF). Stormwater management is one of local government's most pressing infrastructure challenges. This funding is needed to assist localities in developing effective stormwater controls on urban lands to reduce the flow of excess nutrients and sediments to local streams, rivers and the Chesapeake Bay. The SLAF, managed by the Department of Environmental Quality, supports the efforts of local jurisdictions to reduce polluted runoff by providing funding for matching grants. It also provides an effective path forward to improve water quality by maintaining a strong partnership between the Commonwealth and local governments. The SLAF prioritizes cost-effective, low-impact practices and projects which are structured, when possible, to attract additional private investments. Continued investment in the SLAF will greatly assist localities in reducing pollution going into our streams and waterways.

## **8. Fund Mental Health initiatives**

The Newport News City Council supports significant increases in State funding for mental healthcare services. People with serious mental illness, as well as their loved ones, and people with addiction disorders and their families face a crisis when it comes to accessing services they need. Decades of neglect to the mental health system, plus an increased need from people who are uninsured, underinsured, or facing economic hardship, have exacerbated the problem. According to the Virginia Department of Behavioral Health and Development Services, almost 4,500 Virginians are waiting to receive community-based services for mental health alone, and almost 1,500 of those have waited for services longer than four months. The well-being of families and our community is seriously threatened by the failure of those in need to receive timely and effective mental healthcare. The City supports the Virginia Association of Community Services Board (VACSB) budget priorities for 2017-2018 and requests funding to include, but not limited: \$4 million for workforce development, \$16 million to expand medical detoxification services, \$7 million for reintegration services for high-risk youth and adults, and the addition of 200 Developmental Disability Waiver slots and 800 Individual and Family Support Waiver slots in both FY 2017 & FY 2018.

## **9. Fully Fund the Enterprise Zone Program**

The City of Newport News asks that the General Assembly provide sum-sufficient funding for the Enterprise Zone program. This program creates an improved climate for private sector investment, development and expansion in targeted areas by providing state grants and local tax relief. Two grant-based incentives are available, Job Creation Grants and Real Property Investment Grants. Enterprise Zones are located throughout the Commonwealth and Newport News consistently ranks as one of top Enterprise Zones in the state, regularly placing at or near the top in grant dollars leveraged and total number of qualifying businesses. In the most recent grant year, Newport News businesses receive 20 Real Property Improvement Grants totaling over \$1.2 million which generated over \$25.5 million in real estate investment. When the General Assembly fails to provide sufficient funding for the program, grants are then prorated across the board as necessary. In the most recent grant year, grants were funded at 73.7% of the original commitment. This significantly impacts the effectiveness of the program. Therefore, it is in the best interest of economic development and redevelopment for the General Assembly to provide the amount of funding needed to fully honor grant awards and maintain the effectiveness of this important economic development tool.

## **10. Study Port of Virginia Impact to Host Cities**

The City of Newport News strongly supports a JLARC study of the Port of Virginia's impact on its host cities. Although there have been numerous studies of the Port of Virginia, the 1999 JLARC study is the only report to date that provided a detailed and in-depth economic analysis of the Port's impact on its host cities. The 1999 study concluded that the host cities "suffer a substantial economic loss" as a result of lost revenues and infrastructure costs. Based on this study, legislation was passed by the 2000 General Assembly to calculate payments in lieu of taxes based on the assessed value of VPA property in the host communities and the amount of commercial shipping tonnage moving through these communities. Funding was to have come from the State General Fund and the new calculations would have provided a substantial increase in the PILOT fees paid to the host cities. The increased payments would have reduced fiscal stress experienced by host cities for services provided along with loss of real property taxes. However, sixteen years later, this formula has not been funded. Numerous studies have shown that the majority of the economic benefits of the Port, such as employment and tax revenue, go to non-host cities. So, although the Port continues to be a major economic engine for the

Commonwealth, its host cities remain somewhat disenfranchised from this success. Given that the basis for local concerns is an 18-year old study, it is difficult to accurately assess conditions as they exist today. An updated study of the economic impact of the Port to the host cities would provide a much-needed, timely, and relevant assessment of the situation that serves as the basis for future solution-focused partnerships with the Port.

## **11. Fund Regional and State Public Transportation**

The City of Newport News supports dedicated funding for a regional public transit system that serves a high-impact core connecting employers, centers of commerce, and other attractions throughout the Hampton Roads region. This funding will enable the Hampton Roads community to develop a truly regional transit system that supports our economic competitiveness. The existing funding structure for transit in Hampton Roads hinders the planning and delivery of a regional system and jeopardizes its ability to continue to provide service at current levels, much less make anticipated expansions. The localities served by Hampton Roads Transit currently fund more than 40% of its cost. Relying on local general fund revenue puts public transit in competition with education and public safety for limited local dollars and makes it difficult to transcend the existing structure of what are often disjointed localized routes. In order to be competitive in the global marketplace, Hampton Roads needs a fully integrated and optimized regional transit system which should be supported by an adequate, sustainable and dedicated revenue stream.

A separate and distinct issue exist for funding transit State of Good Repair (SOGR). In 2007, the General Assembly authorized \$60 million in bonds annually for transit over a 10 year period that ends in FY 2018. Then, in 2011 the Commonwealth Transportation Board dedicated an additional \$50 million in bonds annually to help fulfill the matching requirement for the Federal Passenger Rail Investment and Improvement Act (PRIIA); the additional \$50 million expires in FY 2020. These actions increased statewide transit SOGR bond funding to \$110 million annually where it remains today. When these two funding sources expire, transit faces a fiscal cliff. The Transit Capital Project Revenue Advisory Board recommends that the State provide \$130 million annually to replace these funds which are used for SOGR and Limited Capacity Expansion. In 2020, the State Transit Capital deficit is estimated at \$35 million and increases to \$178 million by the year 2027. The result of inaction by the General Assembly will result in a critical lack of funds to support buses, stations/platforms, technology, and maintenance facilities and will shift more cost to cash-

strapped local governments. The city of Newport News supports the Transit Revenue Advisory Board’s recommendation to provide \$130 million annually for transit State of Good Repair and Limited Capacity Expansion.

## **12. Support Port of Virginia Channel Deepening and Widening**

Virginia is among a small number of U.S. East Coast ports that can currently handle ultra-large container vessels and is in the best position to attract first-in, last-out services that require the deepest channels. The deepening and widening of Virginia’s channel to 55 feet is critical to the Commonwealth’s ability to attract the first-in and last-out services over other East Coast ports ensuring speed to market for importers and exporters. These services will play a critical role in business development, job creation and generation of tax revenue throughout the Commonwealth of Virginia. In addition to fostering more business and increasing safety, accommodating larger vessels also offers the ability to move cargo more inexpensively and with fewer emissions, reducing the impact on the environment. The City of Newport News supports the Commonwealth’s investment of resources to deepen and widen the Port of Virginia.



The City of Newport News is a voting member of the Hampton Roads Planning District Commission, the Hampton Roads Transportation Planning Organization, and the Hampton Roads Transportation Accountability Commission. Unless otherwise stated, the City of Newport News supports the legislative agendas of these organizations.

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