



# **CITY OF MANASSAS**

**2012**

## **LEGISLATIVE PRIORITIES**

**City of Manassas  
9027 Center Street  
Manassas, VA 20110**

**Phone: (703) 257-8212**

**Fax: (703) 335-0042**

**Email: [LHughes@ci.manassas.va.us](mailto:LHughes@ci.manassas.va.us)**

## **CITY OF MANASSAS LEGISLATIVE PRIORITIES 2012**

The Mayor, City Council and staff understand fully the financial challenges shared by the Commonwealth, the City and the Schools. Thus, our major legislative priorities reflect that understanding. Many of the actions contemplated by the State to reduce or eliminate City revenue or shift state funding responsibilities to the City represent a direct threat to public safety and to the schools. The Manassas City Council has an adopted policy that states reductions in State funding of local State services will result in a reduction in those services in the City. Some of the most important of our priorities are also major priorities of the Manassas City Public Schools inasmuch as more than half of the Schools funding is dependent on local general revenues.

### **PRINCIPAL PRIORITY**

The most significant priority of the Mayor, City Council and the staff is the preservation of major sources of historically City and local government revenue. General Assembly action for several years has threatened the City's ability to provide the most basic of Public Safety and Schools services. Recent General assembly actions have proposed to limit, reduce or eliminate basic local revenue sources: Machinery and Tools (M&T), Business and Professional Occupational License Fees (BPOL) and the Telecommunications Tax (Comm.), which was changed from a local revenue collected by the state to a state revenue and most recently it has been proposed to reduce Urban Road Maintenance payments (Roads) to fund County road maintenance.

The total financial impact of such actions are:

BPOL	\$ 2,815,000	which equates to \$.07 in Real Estate Tax rate
M&T	\$ 4,825,000	which equates to \$.12 in Real Estate Tax rate
Comm.	\$ 3,080,000	which equates to \$.077 in Real Estate Tax rate
<u>Roads</u>	<u>\$ 3,268,000</u>	<u>which equates to \$.082 in Real Estate Tax rate</u>
Total	\$13,988,000	which equates to \$.3497 in Real Estate Tax rate

The City has already reduced General Fund and Schools Budgets by 12% as a result of the Great Recession. State actions to reduce local revenues would result in new Public Safety, Schools and infrastructure maintenance reductions at a time when basic services are struggling to recover from the economic collapse.

### **MAJOR PRIORITIES**

The City **opposes any legislation that would limit, reduce or eliminate the Machinery and Tools (M&T) Tax or the Business and Professional Occupational License (BPOL) fees unless reliable and sustainable replacement revenue is guaranteed.** The City Schools receive nearly 60% of these revenues.

**The City is opposed to the re-designation of the historically local telecommunications tax from Local revenue to State revenue.** Any budget action or rescission of this revenue to the state must be replaced with an economically sustainable source of revenue to local governments and their schools.

**The City opposes any new State mandates to the City or to the Schools that are not fully and sustainably funded by the Commonwealth.** The City supports the suspension or deferral of several unfunded or underfunded mandates.

**The City opposes any additional service or funding transfer of responsibility from the Commonwealth to the City or the Schools without full and sustainable funding** to support such transfers. Proposed State budget reductions to Constitutional Officers and the disallowance schools bus and cafeteria cost in the computation of 60% allowable school costs and the transfer to the City of Line of Duty Death benefits are examples. Further, **any reduction to the funding of existing mandates should be accompanied by commensurate reductions in the cost, timing and/or scope of the affected mandates.**

**The City opposes the unnecessary constitutional amendment to limit additionally the use of eminent domain for transportation and other public projects.** The amendment language is sweeping and vague, will reduce the number and increase the cost of transportation projects state and local government can develop. Vague language about lost profit, access to property and increasing taxes will drive up cost of rights of way and land for public improvement, reduce transportation and other public improvement projects and **thus become a job killer. State law was recently amended limit and control the use of eminent domain.**

**The City opposes any effort to preempt local land use authority including any additional loss of conditional zoning authority or impact fee authority.** The City opposes proposed legislation that would reduce or eliminate local enforcement of signs in city or state owned rights of way. **The City supports the expansion of impact fee authority to include schools, infrastructure, public safety and quality of life services** with provisions to compute the true cost of development in concert with the development community. **The City opposes artificial and arbitrary caps on proffers or impact fees.**

**The City opposes legislation mandates that 10% of the Local Government Investment Pool (LGIP) be invested in local and regional banks,** some of which are unrated. The LGIP is Department of Treasury cash management program created for smaller jurisdictions to increase the return on cash available for short term investment. **This is bad law** that would increase financial risk and reduce liquidity to City cash invested in the LGIP. If this idea is such a boon for economic development throughout the Commonwealth, the State also should be required to so invest 10% of State's invested cash in local and regional banks. **The bankers' lobbyists have misrepresented the facts by creating a myth that local governments do not use local banks. In fact, local governments maintain deposits and investments of nearly \$5 billion in local banks.**

The City **opposes any changes to the basis for calculating recordation and grantor's taxes** that would reduce local revenue and increase the potential for fraud.

### **TRANSPORTATION**

The City **supports the restoration of the VDOT Revenue Sharing program to the \$50 million funding level.** The program basically doubles the state transportation investment as it requires a dollar-for-dollar local match.

The City is **opposed to the consolidation of the Northern Virginia transportation entities.** The Northern Virginia Transportation Commission (NVTC), the Potomac Rappahannock Transportation Commission (PRTC), and the Northern Virginia Transportation Authority (NVTa) all have divergent memberships, financial structures, and missions that would not be strengthened by consolidation.

The City is **opposed to State ownership and operation of the Virginia Railway Express (VRE).** VRE is well financed, managed and operated. There is no compelling reason for such an action by the State. Frankly, the Commonwealth should focus on the streets, highways, bridges and inter-city long-haul rail transportation that urgently require new State strategies and solutions.

### **ENERGY AND ENVIRONMENT**

The City **supports full funding of the State Water Quality Improvement Fund (WQIF) to provide the state share of the UOSA wastewater treatment plant nutrient cap mandates by the State Department of Environmental Quality.** There is currently a \$112 million deficit in the WQIF grant program to meet State match obligations. The City's share of the nutrient reduction project would be \$4,000,000.

The City **supports continued autonomy from State Corporation Commission of the City electric utility.** The City is able to maintain lower overhead and distribution costs than either NOVEC or Dominion. This savings is passed on to the residents and businesses of the City.

### **PUBLIC SAFETY**

The City **supports legislation** to add fire and rescue volunteers to the list of personnel authorized for police departments to conduct background check.

### **STATE MANDATES TO SUSPEND OR DEFER**

The City **supports full funding of the state Water Quality Improvement Fund (WQIF) to support the Upper Occoquan Sewer Authority (UOSA) plant improvements to meet the effluent nutrient cap mandates. Failure of the state to fund its 35% share of allowable costs would cost the City an additional \$4.5 million.**

The Commonwealth should **suspend and defer** pending storm water permit and UOSA sewer treatment effluent quality point source discharge permit mandates unless

matching **Water Quality Improvement Fund Grants (WQIF) are fully funded.** The Commonwealth is currently underfunded by \$120 million to \$180 million. These unfunded mandates will go directly to water and sewer rate increases for residents and reduce ability to recruit and retain business and industry.

The UOSA treatment processes are at the maximum of technology and create some of the highest wastewater effluent quality in the Commonwealth which is then retreated from Lake Occoquan into drinking water for Prince William and Fairfax counties. As a result of this technology, residential and commercial sewer rates are among the highest in the Commonwealth and reduce the City's ability to compete for economic development projects.

### **CHESAPEAKE BAY ACT AND STORM WATER MANAGEMENT REGULATIONS**

#### **Background**

One or more State Agencies may be proposing legislation to expand the Chesapeake Bay Act from tidewater jurisdictions to all jurisdictions that flow to the Bay.

The City is currently not included in the Act and if this changes the City does not have adequate resources to administer, monitor, and oversee an additional program for storm water management. Expansion of the Bay Act statewide would reduce the very limited remaining land the City has for economic development.

New Chesapeake Bay mandates would also significantly reduce the developable land at Manassas Regional Airport, which, like the City is approaching build-out. The Airport has become a vibrant economic force even in the difficult economic crisis we all are enduring. The new regulations could also increase the cost of design, permitting and construction of the long-planned runway extension project, which just received design funding from the FAA and the Commonwealth.

The City anticipates additional unfunded mandates through the establishment of the Chesapeake Bay Total Maximum Daily Load (TMDL) limit and new statewide Storm Water Management Regulations.

#### **Action:**

**The Commonwealth should provide a sustainable source of funding for the new mandated Chesapeake Bay sanitary sewer or storm water management regulations, monitoring and/or capital improvements and should fully fund WQIF and Watershed Improvement Program grants.**

## **MACHINERY AND TOOLS AND BPOL LOSS:**

### **MANASSAS COMMUNITY IMPACT STATEMENT**

The elimination of the Machinery and Tools (M&T) Tax and the Business and Professional Occupational License Fee (BPOL) would create a profound financial crisis for the City of Manassas and the Manassas City Public Schools comparable to the losses we have experienced in the Great Recession and the closure of IBM facilities in the early 1990's. **The loss to the City and the City Schools would total \$7,500,000.**

As a result of the Great Recession, the City has reduced its budget in each of the fiscal years 2009, 2010 and 2011. The City budget is a full 12% smaller. Significant reductions have been taken in the Police Department, all aspects of the Public Works Department and the Constitutional Officers. The Public Works, Recreation and Parks, Museum System, Human Resources and Information Technology departments were eliminated and their functions eliminated or restructured into other departments.

**The elimination of M&T and BPOL revenue would cause an increase in the residential and commercial Real Estate tax rates of nearly 20 cents or 13 % to replace that loss.** Most economists, including those with ties to both major political parties, believe that a reduction in taxes does not generate nearly enough revenue through economic growth to offset the reduction in tax revenue to the government. The elimination of M&T and BPOL would cause a historic shift of tax burden to residential tax payers of nearly 13%. Such dramatic and unprecedented structural tax burden changes generally happen over a period of many years.

The City has carefully created and maintained a balanced and diverse tax base and policy in order to compete for business and economic development. Such negative action by the state would in essence wreck that diversity and balance and reduce the City's competitive position for economic development.

Current events have demonstrated that federal, state and even private actions called job creation have had a very limited impact, if any, in the creation of new jobs. **Calling the elimination of this local revenue source "job creation or economic development legislation" is a false promise.**

**Statewide, M&T and BPOL provide approximately \$1 billion for local governments and schools. If a tax stimulus for economic development and jobs is thought to be needed, the Commonwealth should eliminate the State Corporate Income Tax which generates approximately \$1 billion in revenue. Finally, the City and all local governments have consistently argued that if the Commonwealth takes away significant revenue sources, even if phased over time, the revenue must be replaced with economically sustainable replacement revenues sources.**