

Virginia Commissioners of the Revenue Association



2021 Legislative Agenda

Virginia's elected Commissioners of the Revenue are making every effort to better serve the Commonwealth and its citizens by providing efficient and innovative revenue administration at both the state and local levels.

In brief, we are committed to providing services to the citizens in each of our localities while simultaneously enhancing state and local revenues at little to no cost.

We are seeking your consideration and support of the following legislative priorities:

Item #1 – Funding for State Share of Authorized Positions

By statute, funding for state approved Commissioner of the Revenue deputy positions is provided jointly by the Commonwealth and local governments on a *50%-50% basis*.

Since 2002, state budget shortfalls have resulted in a \$3.0 million deficit in the state share of funding for *324 deputy positions*. This deficit represents *45%* of 723 state authorized positions in commissioners' offices. This has resulted in positions that have been either unfunded or underfunded. Localities have been forced to absorb the deficit or leave positions vacant.

In 2020 we requested that the Commonwealth begin to address this issue by restoring the state share (50%) of underfunded positions in FY21 and FY22 and to begin restoring unfunded positions by 10% in both FY21 and FY22. *The Governor's FY22 budget now does this providing \$950,656 in FY22 to support re-funding of approximately 100% of underfunded positions and 10% of unfunded positions in FY22.*

- Funding for 153 deputy positions that have been underfunded since 2002.

Approximate cost FY22
\$733,895

- Partial funding (10%) for 171 deputy positions that have been unfunded since 2012.

Approximate cost FY22
\$216,761

(over)

Item #2 – 1.5% Bonus for State Supported Local Employees

The Commissioners of the Revenue Association supports the Governor's budget recommendation providing funding for a \$1,500 bonus for full-time state employees, a \$750 bonus for adjunct faculty, and a 1.5%% bonus for ALL state supported local employees beginning September 1, 2021 contingent upon exceeding the FY21 year-end revenue forecast.

	<u>FY22</u>
Central Appropriations	\$97,756,001

Item #3 – Salaries adjustments based on increases in locality population

The Commissioners of the Revenue Association supports the Governor's budget recommendation providing additional funding of \$359,715 in FY22 to support the additional cost of policy-based salary increases due to population increases since FY10 for which funding has not been provided;

Item #4 – Local and/or Regional Board Administration for Cigarette Taxes

Pursuant to legislation passed in the 2020 Session of the Virginia General Assembly (HB 785 and SB 588) effective July 1, 2021, all counties will be authorized to levy a tax on cigarettes. The legislation mandated the formation of a Cigarette Tax Stamping Work Group of stakeholders. The final report of this work group was sent to the General Assembly on October 30, 2020. The work group identified the following areas of consensus:

1. As regional cigarette tax boards can provide many benefits to local governments and wholesalers, the work group members expressed interest in exploring the creation of regional cigarette tax boards under current law.
2. Given opposition to mandates on local governments, there was consensus among local officials that localities should not be required to join regional cigarette tax boards.
3. Local governments, wholesalers, and any other interested parties should continue to work together to make the local taxation of cigarettes, including the addition of counties as taxing jurisdictions, as efficient as possible.

The Commissioners of the Revenue Association supports, in priority order,

- *Locality Administration of Cigarette Taxes*
 1. Utilizing the commissioner of the revenue and/or treasurer's office.
 2. This is the same method currently used by Virginia Cities and Towns.

Or alternately,

- *Regional Board Administration of Cigarette Taxes*
 1. Regional board sells the stamps, enforces the tax and hires an administrator and field inspectors.
 2. Modeled after Northern Virginia Cigarette Tax Board (19 localities).
 3. Board membership optional and requires limited local government involvement.

(January 12, 2021)