

# Town of Lovettsville

## MEMORANDUM

**TO:** Mayor and Town Council  
**FROM:** Laszlo Palko, Town Manager  
**DATE:** November 3, 2016  
**SUBJECT:** 2017 Legislative Agenda

### ISSUE:


Presentation of the Town Manager's recommended items for Council to present to our Delegate and State Senator for the upcoming Legislative Agenda.

### BACKGROUND:

Last January 14, 2016, Town Council passed its first ever legislative agenda that it sent to its representatives in the General Assembly. This agenda was largely based on the TANV Agenda and was more guidance on how to vote. The Agenda also arrived right as the Assembly began which limits the ability to draft any new legislation. This year, the Town Manager (TM) is recommending that we send an agenda prior to Thanksgiving in order to give our Delegate and State Senator time to work out any legislation when the new session begins on January 11<sup>th</sup>, 2017. The Mayor and TM will be attending the VML Dinner on November 9<sup>th</sup> to go over the upcoming Legislative Session and to hopefully meet with our representatives.

### DISCUSSION:

Attached is the draft Legislative Agenda and Council Resolution pending Town Attorney Review and Town Council Review. The Agenda Covers:

-  **Creation of a Lovettsville Economic Development Authority:** The Business & Tourism Committee would become the Economic Development Authority. They would be added to our Charter, and the TM (as the economic development coordinator) would be designated as an employee of the Economic Development Authority as well as of the Town Council. They would have authority to issue industrial development municipal bonds for private sector investments, acquire land and work with developers to develop these sites per the desires of the Town, and manage the Town's Economic Development Incentive program (i.e. the Arts District, Tourism Zone with State Grants, Enterprise Zone with State Grants, and public infrastructure investments in support of economic development). For example, the EDA could acquire the land for Phase 3 of Town Square and partner with a developer to build a mixed-use development consisting of a Town Hall and Commercial Building. Another example, the EDA can issue industrial bonds to the developer of Engle Tract to incentivize the development

of that tract. The EDA provides Council with greater policy options to support economic growth.

- ✚ **Personal Property Tax Relief for Lovettsville:** In 2006, the State Budget capped PPTRA funding to \$950M to be distributed to all localities based on their 2005 contribution. Those localities, like Lovettsville, that did not have Personal Property Taxes, did not receive revenues from the Commonwealth Budget. For Example, the Town of Purcellville has been receiving \$201K a year from the State since 2006. This means that over a 40-year period (2006-2046) the Town of Purcellville will have received \$8M in State revenue to use as they see fit (e.g. Sidewalks!). This proposal would increase the State budget cap for PPTRA by \$70,000 to be issued to the Town of Lovettsville starting in FY 18. This would provide the Town with a \$2.1M State “Grant” over the next 30 years that can be used for our StreetScape projects. A \$1.05/100 tax rate (i.e. Purcellville’s rate) would yield a total of \$110-130K per year (\$70K from the State, and the rest from residents). This would yield \$3M-\$4M in new revenues over the next 30 years to support our Capital Projects. With a Trash Fee adopted at a later date, both the Personal Property Tax and Real Estate Tax Rates could be dropped.
  
- ✚ **Raising the Street Ownership and Maintenance Population Threshold from 3,500 people to 5,000:** By doing this, the Town would not have to stress out about getting close to the 3,500 with its development and would provide greater flexibility for further development to support generating revenues for Capital Projects, a Public Works/Parks and Rec Department, and a Town Police Force (e.g. instead of saying we are halting development at 3,000 people so as not to get close to the 3,500, we can change that to 4,000 people to not get close to the 5,000 population threshold). This would not only add additional revenues to the town from Property Taxes, but would add roof tops to support economic development, and would add additional availability fees.
  
- ✚ **Opposition to the Elimination of the Business License Tax:** If the Business License Tax is eliminated by the General Assembly, the Town would lose between \$2M-\$4M over the next 30 years. This would offset most of the new revenue plan we have for funding capital and staff improvements and would eliminate a major component of our economic development strategy- incentives and economic development revenue for capital projects.
  
- ✚ **Support for Revenue Sharing Reform:** If the General Assembly would ever enter into a revenue sharing program with municipalities, where revenues are diversified across income, property, and sales taxes, our town would not only benefit from increased revenues thanks to income taxes (more of our residents money would stay local since they pay more in income taxes than other parts of Virginia), but our revenues would be diversified (since the recession, income tax revenue has increased at a much higher rate than property taxes).

The TM recommends that we keep the list short and prioritize items 1-3 in order to give our representatives a clear focus of what we need accomplished.

RECOMMENDATION:

TM recommends review, amendment (if needed), and adoption of the Legislative Agenda.

DRAFT MOTION:

1. "I move that the Council adopt Resolution 2016-11-0001 to adopt the 2017 Town Council Legislative Agenda as (presented/modified)."
2. "I move that the Council instruct the Town Manager to come back to Town Council with a revised Legislative Agenda."

ATTACHMENTS:

- 1) Town of Lovettsville 2017 Legislative Agenda
- 2) Resolution No. 2016-11-0001



### **Adopted Town of Lovettsville 2017 Legislative Agenda**

*On November 3, 2016, the elected Town Council of the Town of Lovettsville, adopted the following Legislative Agenda at a Council Meeting and respectfully propose to the General Assembly of the Commonwealth of Virginia the following:*

#### **2017 Legislative Agenda Items: (Items are not arranged in priority order)**

1. **Creation of Economic Development Authority for Lovettsville**  
The Town Council supports legislation that would create an Economic Development Authority for the Town of Lovettsville. This would enable Town economic development initiatives that will grow the economy and add needed revenue to for capital infrastructure requirements.
2. **Raise the Personal Property Tax Relief Act (PPTRA) Cap in the Commonwealth Annual Budget by \$70,000 to provide the Town of Lovettsville Residents with Personal Property Tax Relief:**  
The Town Council of Lovettsville supports Legislation to raise the Annual PPRTA Budget Cap by \$70,000 to be distributed to the Town of Lovettsville to allow residents of the Town of Lovettsville to receive Personal Property Tax Relief from Town Personal Property Taxes. The Town of Lovettsville did not issue Personal Property Taxes in 2005 and 2006 when SB 5005 capped the annual Commonwealth contribution to \$950M. Thus, now that the Town of Lovettsville plans on issuing Personal Property Taxes to generate needed revenues, the Town Council seeks legislation to provide its Town residents with the same property tax relief as other towns in the Commonwealth.
3. **Raise the Population threshold for defining Secondary State Highway System from 3,500 people to 5,000 people:**  
The Town Council of Lovettsville supports legislation amending Virginia Code § 33.2-324 “Secondary state highway system; composition”, to state “The secondary state highway system shall include such highways and community roads leading to and from public school buildings, streets, causeways, bridges, landings, and wharves in towns having a population of 5,000 ~~3,500~~ or less according to the United States census of 1920, and in all towns having such a population incorporated since 1920, that constitute connecting links between highways in the secondary state highway system in the counties and between highways in the secondary state highway system and highways in the primary state highway system, not to exceed two miles in any one town.” A population under 5,000 does not provide the economies of scale to fiscally support ownership and maintenance of secondary state highway roads.
4. **Business, Professional and Occupational License (BPOL) Taxes:**  
The Town Council opposes legislation that would eliminate the BPOL tax, unless current revenue from the BPOL tax is replaced with new local revenue that is distributed directly to each locality based on point of sale.
5. **Support for Revenue Sharing Programs:**  
The Town of Lovettsville supports revenue sharing mechanisms between localities and the state, including income, sales, and property taxes.

Approved this 3<sup>rd</sup> day of November 2016

ATTEST:

---

Harriet West, Town Clerk

**Resolution No. 2016-11-0001: ADOPT THE TOWN OF LOVETTSVILLE 2017  
LEGISLATIVE AGENDA  
DATED: November 3 2016**

**MOTION:**

**SECOND:**

**WHEREAS**, the Virginia General Assembly convenes their 2017 session on January 11<sup>th</sup> 2017; and

**WHEREAS**, the Town Council desires to promote state legislation supportive of its goals and policy preferences; and

**WHEREAS**, the Town Council reviewed the 2016 Legislative Agenda for the Town of Lovettsville during the Town Council meeting on November 3rd 2016 which consisted of:

- Creation of an Economic Development Authority in Lovettsville.
- Raising the PPRTA Cap by \$70,000 to be provided to the Town of Lovettsville residents for personal property tax relief.
- Raising the population threshold for defining secondary state highway system from 3,500 to 5,000 people.
- Opposition to the elimination of the BPOL Tax.
- Support of Revenue Sharing programs with the Commonwealth.

**NOW, THEREFORE, BE IT ORDAINED** that the attached 2017 Legislative Agenda is adopted by the Town Council.

**VOTE:**

**Ayes:**

**Nays:**

**Abstentions:**

**Absent for Vote:**

**Approved: November 3, 2016**

\_\_\_\_\_  
**ROBERT ZOLDOS, MAYOR**

\_\_\_\_\_  
**HARRIET WEST, CLERK TO THE COUNCIL**