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**SENATE BILL NO. 523**

Offered January 8, 2014

Prefiled January 8, 2014

*A BILL to amend and reenact § 30-19.03 of the Code of Virginia, relating to local fiscal impact estimates.*

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Patrons—Ruff and Hanger

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Referred to Committee on Rules

**Be it enacted by the General Assembly of Virginia:****1. That § 30-19.03 of the Code of Virginia is amended and reenacted as follows:****§ 30-19.03. Estimates to be prepared for legislation affecting local government expenditures and revenues.**

Whenever any bill requiring a net additional expenditure by any county, city, or town, or whenever any bill requiring a net reduction of revenues by any county, city, or town, is filed during any session of the General Assembly, the Commission on Local Government shall investigate and prepare an estimate setting forth, to the extent practicable, the additional expenditures or reduction of revenues, if any, to be required of the affected localities in event of enactment of such legislation. *However, no such bill shall be considered by the General Assembly at a regular session unless the bill has been filed on or before the first calendar day of that session of the General Assembly, unless requested by the Governor, or is filed in accordance with the rules of the General Assembly.*

A bill shall be deemed to require an expenditure if it has the effect of requiring any county, city, or town to (i) perform or administer a new or expanded program or service, (ii) maintain an existing program or service at a specified level of spending or delivery, (iii) assume or incur administrative costs in support of a state or state-related program, or (iv) furnish capital facilities for state or state-related activities.

For purposes of this section, "net additional expenditure" means the cost anticipated to be incurred annually, less any revenues receivable on account of the program or service from fees charged recipients of the program or service, state or federal aid paid specifically and categorically in connection with the program or service, new or increased local sources of revenue authorized and designated specifically to offset the cost of the program or service, and any offsetting savings resulting from the reduction or elimination of any program or service directly attributable to the performance of the required program or service.

A bill shall be deemed to require a net reduction of revenues if it has the effect of requiring any county, city, or town to (i) relinquish an existing or potential source of local revenue by classification or exclusion or (ii) diminish an existing or potential source of revenue by classification or exclusion.

For the purposes of this section, "net reduction of revenues" means the reduction anticipated in local revenues, including, but not limited to, general levies, special levies, revenues received pursuant to §§ 58.1-605 and 58.1-606 and administrative and user fees, to be incurred annually, less any new local revenues receivable and any offsetting savings resulting from the reduction of local revenues, caused by the classification or exclusion being proposed.

The provisions of this section shall not apply to a reduction in local revenues that is required or arises from a court order or judgment, nor to a revenue reduction that is adopted at the option of any county, city, or town under a law that is permissive rather than mandatory, nor to a revenue reduction that is the result of a measure providing tax relief on a statewide basis.

The Division of Legislative Services shall examine all bills filed during any legislative session for the purpose of identifying and forwarding to the Commission on Local Government those bills requiring the preparation of fiscal estimates pursuant to this section.

As soon thereafter as may be practicable, the Commission on Local Government shall forward copies of such estimates to the Clerk of the House of Delegates for transmittal to each patron of the legislation and to the chairman of each committee of the General Assembly to consider the same.

All departments, agencies of government, the Division of Legislative Services, and all local governmental units of the Commonwealth are directed to make available such information and assistance as the Commission on Local Government may request in preparing the estimates required by this section.

INTRODUCED

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