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## HOUSE JOINT RESOLUTION NO. 648

Offered January 11, 2017

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*Directing the Joint Legislative Audit and Review Commission to update its study of the impact of state-owned ports on local governments. Report.*

Patrons—Heretick, Bell, John J., Boysko, James, Kory, Krizek, Plum, Price and Simon; Senators: Spruill and Surovell

Referred to Committee on Rules

WHEREAS, the Joint Legislative and Audit Review Commission released a report (the Report) in 1999 entitled "Review of the Impact of State-Owned Ports on Local Governments"; and

WHEREAS, the Report concluded that host cities of state-owned ports suffer a substantial economic cost as a result of lost revenues and infrastructure expenditures, including loss of direct revenue due to the fact that Virginia Port Authority (VPA) terminals are located on valuable property but are exempt from local taxation; and

WHEREAS, except for some limited fire protection services, total services provided by the host cities of the VPA are not currently recognized for state reimbursement; and

WHEREAS, host cities bear significant costs for the maintenance of the streets and roads subjected to the wear and tear of extraordinary truck traffic; and

WHEREAS, the fiscal conditions of the host cities intensify these adverse impacts, as all the host cities are classified by the Virginia Commission on Local Government as experiencing high fiscal stress; and

WHEREAS, the Payment in Lieu of Taxes (PILOT) fee formula was set up in 1981 to reimburse host cities who gave up their taxable properties and control of their ports for the good of the economy of the Commonwealth as a whole, however, the rate of payment has not changed or increased in over 35 years despite the rising cost of business, the expansion of VPA terminals, and the state's use of toll bridges, tunnels, and roadways in Hampton Roads; and

WHEREAS, the Report concluded that additional reimbursement could be provided to the VPA host localities on the basis of some measure of business activity at each terminal, however, the potential impact on the VPA business environment must not be overlooked; and

WHEREAS, the findings from the Report provided the basis for the introduction and passage of SB 752 during the 2000 Session of the General Assembly, a bill that provided a new, more equitable formula for payment to the host cities of the VPA, however, this formula was never funded in the state's budget; and

WHEREAS, the VPA host cities are a critical part of sustained economic growth in the Commonwealth; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and Review Commission be directed to update its study of the impact of state-owned ports on local governments.

In conducting its study, the Joint Legislative Audit and Review Commission (JLARC) shall review and update its 1999 report entitled "Review of the Impact of State-Owned Ports on Local Governments," taking into consideration (i) the rising cost of doing business, (ii) the expansion of VPA terminals and the accompanying increased business volume, and (iii) the use of host city tolls and bridges by the Commonwealth, further decreasing valuable taxable properties. Upon reviewing such issues, JLARC shall determine the feasibility of updating the PILOT fee to bring it more in line with rising costs or fully funding the model advanced in SB 752 (2000).

Technical assistance shall be provided to the Joint Legislative Audit and Review Commission by the Department of Transportation, Department of Motor Vehicles, Department of Rail and Public Transportation, and Department of Aviation. All agencies of the Commonwealth shall provide assistance to JLARC for this study, upon request.

The Joint Legislative Audit and Review Commission shall complete its meetings by November 30, 2017, and the chairman shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the 2018 Regular Session of the General Assembly. The executive summary shall state whether JLARC intends to submit to the General Assembly and the Governor a report of its findings and recommendations for publication as a House or Senate document. The executive summary and report shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents

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**58** and reports and shall be posted on the General Assembly's website.