

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: HB 296

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Gooditis

3. Committee: Counties, Cities and Towns

4. Title: Transition of towns to cities.

5. Summary: Makes an exception to the current moratorium on the granting of new city charters by allowing towns with a population of greater than 50,000 to seek a city charter.

6. Budget Amendment Necessary: Indeterminate.

7. Fiscal Impact Estimates: Preliminary – see Item 8.

8. Fiscal Implications: Leesburg is the only town large enough to qualify for the exception specified in this bill. Based on UVA's Weldon Cooper Center for Public Service projections, no other town would qualify for at least ten years. The amount of funding needed would depend in part on whether Leesburg provides combined services with Loudoun County.

Funding likely is needed for constitutional officers. Information is not available for this to be quantified at this time.

Funding Depends on Whether Combined Services Are Provided

Department of Health (VDH): The impact on VDH is indeterminate. § 32.1-30 states that "Each county and city shall establish and maintain a local department of health [LDH] which shall be headed by a local health director." Thus, it appears that a town becoming a city would necessitate the creation of a new LDH. According to VDH, the fiscal impact would be significant. The agency does not have an estimate at this time. VDH does point out that despite § 32.1-30, there is precedent for a new chartered entity to continue to share the cost of an existing LDH operation (Manassas and Manassas Park for example).

Department of Social Services: The impact on DSS is indeterminate, and the agency does not have an estimate at this time. § 63.2-300 states that "There shall be a local board (of social services) in each county and city of the Commonwealth. However, any combination of counties and cities may establish one local board...." Thus, Leesburg becoming a city would not necessitate the creation of a new local board of social services.

Department of Education (DOE): The impact on DOE is indeterminate. Each locality has its own Local Composite Index (LCI), which is used to determine state funding of local school

divisions. If Leesburg became a city, then new LCIs would be determined for Leesburg and the remainder of Loudoun County. This could cause state cost to either increase or decrease, but which would occur is not currently known. However, Leesburg becoming a city would not necessarily necessitate the creation of a new school division (with accompanying costs such as hiring a new superintendent). There are three existing combination city-county school divisions: Emporia-Greenville County, Fairfax-Fairfax County, and Williamsburg-James City County.

Does Not Directly Require Additional Funding

Department of Behavioral Health & Developmental Services (DBHDS): There does not appear to be an impact on DBHDS. Community Service Boards (CSBs) can be for individual cities or counties, or for combinations thereof. Thus, a town becoming a city would not necessitate the creation of a new CSB.

Department of Criminal Justice Services (DCJS): There would be no fiscal impact on DCJS or the amount of state funds distributed to localities with qualifying police departments as defined in § 9.1-165 through §9.1-172 (a.k.a. “599” funds). Current budget language states that “Notwithstanding the provisions of § 9.1-165, Code of Virginia, the amount to be distributed to each locality in each year shall be proportionate to the amount distributed to that locality in FY 2018.” Language similar to this has been in the Appropriations Act since FY 2008, directing DCJS on how to calculate the 599 distribution of aid to localities without using the mandated formula. Given this language, any town’s conversion into a city would not affect how much 599 funding that locality—or any other—receives.

- 9. Specific Agency or Political Subdivisions Affected:** Leesburg, Loudoun County, Compensation Board, VDH, DSS, and DOE.

- 10. Technical Amendment Necessary:** No.