Commission on Local Government

Estimate of Local Fiscal Impact

2023 General Assembly Session | 01/18/23

In accordance with the provisions of 30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of legislation impacting local governments.

HB 1880: Localities; record of legal settlement or judgment, disclosure of records. (Patron: Delegate Elizabeth B. Bennett-Parker)

Bill Summary: Localities; record of legal settlement or judgment; disclosure. Requires localities to retain a public record of certain legal settlements and judgments and requires the record of such amount to be subject to disclosure if requested pursuant to the Virginia Freedom of Information Act.

Local Fiscal Impact: Net Additional Expenditure:___X___ Net Reduction of Revenues: _____

Summary Analysis:

Number of Localities Responding: 6 Cities, 8 Counties, 6 Towns, 1 Other

Localities estimated a negative fiscal impact ranging from $0 to $93,835 over the biennium.

Most localities identified no fiscal impact from the provisions of the bill, as they already were in compliance or could assume the costs needed to meet the bill's requirements. The few who did noted expenditure increase associated with the staff time needed to maintain the identified records. One locality identified a net reduction in revenues from the bill, but did not elaborate on the reason for the reduction.

Several localities noted that the bill could lead to legal issues as it could compromise the confidentiality of settlement agreements. Those issue would present a negative, but indeterminate fiscal impact in the future.

Net Reduction in Revenues: Itemized Estimates by Responding Localities

Locality	Juris	Real Estate Revenue Reduction		Personal Property Revenue Reduction		Sales Tax Revenue Reduction	
		FY23	FY24	FY23	FY24	FY23	FY24
City of Alexandria	City						
City of Danville	City						
City of Harrisonburg	City						
City of Manassas	City						
City of Norfolk	City						
City of Richmond	City						
Augusta County	County						
Henrico County	County						
Mecklenburg County	County						
Prince George County	County						
Rappahannock County	County						
Roanoke County	County						
Rockingham County	County						
Smyth County	County						
Northern Neck PDC	Other						
Town of Blacksburg	Town						
Town of Christiansburg	Town						
Town of Leesburg	Town						
Town of Luray	Town						
Town of Marion	Town						
Town of Scottsville	Town						

Net Reduction in Revenues: Itemized Estimates by Responding Localities

Locality	BPOL Tax Revenue Reduction		Other Local Revenues Reduction		State Revenue Reduction		Penny Value of Decrease on Real Estate Rate*	Total Decrease in Revenues (Biennium Total)
	FY23	FY24	FY23	FY24	FY23	FY24		
City of Alexandria								$0
City of Danville								$0
City of Harrisonburg								$0
City of Manassas								$0
City of Norfolk								$0
City of Richmond								$0
Augusta County								$0
Henrico County								$0
Mecklenburg County								$0
Prince George County								$0
Rappahannock County								$0
Roanoke County								$0
Rockingham County								$0
Smyth County								$0
Northern Neck PDC								$0
Town of Blacksburg								$0
Town of Christiansburg								$0
Town of Leesburg				$93,835				$93,835
Town of Luray								$0
Town of Marion								$0
Town of Scottsville								$0

Locality	Revenue Narrative by Responding Localities
City of Alexandria	
City of Danville	
City of Harrisonburg	
City of Manassas	
City of Norfolk	
City of Richmond	
Augusta County	This would require staff time to research for the records request, which is a case by case basis. No expenditures to report.
Henrico County	
Mecklenburg County	
Prince George County	This legislation would have no measurable fiscal impact for us.
Rappahannock County	
Roanoke County	
Rockingham County	
Smyth County	
Northern Neck PDC	
Town of Blacksburg	No fiscal impact to town revenues. Public records are retained and subject to FOIA disclosure.
Town of Christiansburg	I would not anticipate any new revenues.
Town of Leesburg	
Town of Luray	
Town of Marion	
Town of Scottsville	

*Penny value is defined as the amount a locality would need to raise their real estate tax rate to cover the fiscal impacts of the bill, assuming no other changes to revenues or expenditures. It is represented in terms of dollars (e.g., 0.01 is a one cent increase in the real estate tax rate, etc.).

Net Increase in Expenditures: Itemized Estimates by Responding Localities

Locality	Juris	Recurring Expense-Personnel		Recurring Expense - Operating		Recurring Expense - Capital		Recurring Expense - Other	
		FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24
City of Alexandria	City								
City of Danville	City								
City of Harrisonburg	City								
City of Manassas	City								
City of Norfolk	City								
City of Richmond	City								
Augusta County	County								
Henrico County	County								
Mecklenburg County	County								
Prince George County	County								
Rappahannock County	County								
Roanoke County	County								
Rockingham County	County				$1,000				
Smyth County	County								
Northern Neck PDC	Other								
Town of Blacksburg	Town								
Town of Christiansburg	Town	$500	$500						
Town of Leesburg	Town								
Town of Luray	Town	$2,500	$2,500					$1,000	$1,000
Town of Marion	Town								
Town of Scottsville	Town								

Net Increase in Expenditures: Itemized Estimates by Responding Localities

Locality	Nonrecurring Expense - Operating		Nonrecurring Expense - Capital		Nonrecurring Expense - Other		Penny Value of Increase on Real Estate Rate*	Total Increase in Expenses (Biennium Total)
	FY23	FY24	FY23	FY24	FY23	FY24		
City of Alexandria								$0
City of Danville								$0
City of Harrisonburg								$0
City of Manassas								$0
City of Norfolk								$0
City of Richmond								$0
Augusta County							0	$0
Henrico County								$0
Mecklenburg County							0.01	$0
Prince George County								$0
Rappahannock County								$0
Roanoke County								$0
Rockingham County								$1,000
Smyth County								$0
Northern Neck PDC								$0
Town of Blacksburg								$0
Town of Christiansburg								$1,000
Town of Leesburg								$0
Town of Luray								$7,000
Town of Marion								$0
Town of Scottsville								$0

Locality	Expenditure Narrative by Responding Localities
City of Alexandria	The City does not anticipate a fiscal impact on the City as it believes we are currently in compliance with this provision.
City of Danville	
City of Harrisonburg	
City of Manassas	
City of Norfolk	If additional records are required to be retained by the city, this would require additional funding being allocated towards printing the records, and/or the increased capacity of our current electronic data storage.
City of Richmond	Confidentiality of agreements are generally considered a material term for parties. Disclosure could discourage parties from entering into agreements and create a counterproductive effect on parties' desire to reach resolution of their matters.
Augusta County	
Henrico County	Henrico already complies with the proposed changes in this bill.
Mecklenburg County	
Prince George County	This legislation would have no measurable fiscal impact for us.
Rappahannock County	
Roanoke County	We anticipate a potential minimal fiscal impact as some requests may require additional staff time.
Rockingham County	
Smyth County	I'm not sure what the economic impact will be in the long run but it seems as though this is duplicating what's already done with the Circuit Court Clerk's office. While the specific settlement items may not be disclosed, everything else it. For the settlement specifics to be released, it could cause a great deal of harm to local governments due to the litigious nature of the world these days (if someone knew the County settled for "x" amount of dollars for a suit, then wouldn't that attract others to come and try to do the same thing for what may or may not be a fraudulent claim?)
Northern Neck PDC	Additional record-keeping may have additional costs for document secure, climate-controlled storage, but otherwise no fiscal impact is anticipated.
Town of Blacksburg	No fiscal impact to town expenditures. Public records are retained and subject to FOIA disclosure.
Town of Christiansburg	I would estimate around $500 a year in staff time to prepare/add to a spreadsheet. Each cent of real etsate tax generates approximately $240,000, therefore approximately $0.000021 on the real estate tax rate.
Town of Leesburg	

Locality	Expenditure Narrative by Responding Localities
Town of Luray	Costs associated with staff maintenance of legal records and facilities to retain such records
Town of Marion	
Town of Scottsville	Filing and maintaining access to the record has no significant cost.

* Penny value is defined as the amount a locality would need to raise their real estate tax rate to cover the fiscal impacts of the bill, assuming no other changes to revenues or expenditures. It is represented in terms of dollars (e.g., 0.01 is a one cent increase in the real estate tax rate, etc.).