



COMMONWEALTH OF VIRGINIA
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Board Matter

March 9, 2009

Letters to Governor Kaine Regarding Energy Efficiency Incentives for Electric Utilities and Restrictions on the County's Commercial and Industrial Property Tax for Transportation

Background:

Energy Efficiency Incentives for Electric Utilities

Re-regulation legislation adopted in 2007 established a financial incentive for electric utilities to implement energy efficiency programs. During the 2009 General Assembly, two substantially similar bills, SB 1248 and HB 2506, amend this incentive to impede the ability of state regulators to balance the interests of ratepayers and utilities and their shareholders. Among other things, these bills eliminate key customer safeguards that currently apply. They also prohibit the cost of these incentives from being allocated to certain large customers, which magnifies the potentially adverse rate impact for residential and small commercial customers.

Commercial and Industrial Property Tax for Transportation

Also during the 2009 General Assembly session, two bills (HB 2479 and HB 2480) were passed imposing restrictions on the County's commercial and industrial property tax for transportation. This tax was authorized by the passage of HB 3202 during the 2007 General Assembly session, and is one of only two local revenue sources for Northern Virginia localities remaining after a successful Supreme Court challenge to portions of that legislation. HB 2479 would cap the tax rate at \$0.125 per \$100 valuation, significantly below that allowed by HB 3202, and HB 2480 would restrict the County's ability to use these funds for safety improvements. Capping the tax rate at \$0.125 per \$100 valuation will make it more difficult for the County to proceed with a \$50 million bond issue planned for this spring.

The Board discussed these issues at length in the Legislative Committee on March 6, and agreed to send letters to Governor Kaine, asking him to amend these bills. The draft letters are attached.

Motion:

Therefore, I move that the Board approve sending the attached letter to the Governor, signed by the Chairman, recommending amendments to HB 2506 and SB 1248 (energy efficiency incentives for electric utilities). As part of our efforts to amend this bill, I also move that the Board direct staff to provide suggestions and amendments to minimize the cost of this legislation to ratepayers.

Finally, I move that the Board approve sending the attached letters regarding HB 2479 and HB 2480 (restrictions on the County's commercial and industrial property tax for transportation) to the Governor, signed by the Chairman, recommending amendments to the bills.