

DIRECT STATE FINANCIAL ASSISTANCE TO LOCAL GOVERNMENTS IN VIRGINIA
(Incorporates changes through the 2009 General Assembly session)

Source and Authority	Description	Eligibility	Remarks
REVENUE SHARING			
ABC Profits (§4.1-117)	Two-thirds of the net profits from ABC sales are distributed on a per capita basis as determined by the last census.	Counties, cities, and towns	The 2008-2010 Appropriations Act zeroes out these distributions to localities.
Wine Liter Tax (§4.1-235)	Forty-four percent of the amount raised by the State tax on wine and other alcoholic beverages sold by the ABC Department is distributed on a per capita basis as determined by the last census.	Counties, cities, and towns	The 2008-2010 Appropriations Act zeroes out these distributions to localities.
Recordation Tax (§58.1-816)	From the revenue from recordation taxes, State law requires that \$40 million be distributed each year based on the amount attributable to deeds and other instruments recorded in each county or city.	Counties and cities	Funds received are to be used for the construction, administration, operation, improvement, maintenance, and financing of transportation facilities or for public education.
Rolling Stock Tax (§§58.1-2652; 58.1-2658.1)	The proceeds of the State tax on rolling stock is distributed to localities on the basis of the value of track and the miles of track located in each locality. The revenue from the State tax on trucking companies is distributed to localities in proportion to the vehicle miles traveled in each locality.	Any county, city, or town with railroad track within its borders, or through which certified trucks are operated.	State levies a tax of \$1.00 per 100 of assessed value on rolling stock of railroads and the trucks of certificated motor vehicle carriers operating in Virginia.
State Sales and Use Tax (§58.1-638)	The revenue generated by 1% of the State sales tax is distributed on the basis of school-age population to be used for the operation of school systems.	Counties and cities; the two towns that operate separate school systems.	

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Fire Program Fund (§38.2-401)	From the tax on the gross premium of fire insurance policies written in the State each year, 75% of the fund generated are distributed on the basis of census population for the improvement of fire services.	Any county, city, or town that financially supports a fire department	Each jurisdiction receives a minimum amount annually and the funds cannot be used to supplant local appropriations. Counties and cities receive at least \$10,000, and towns receive at least \$4,000.
Two-For-Life Program (§46.2-694)	From the motor vehicle registration fee, 26% of the funds generated are returned distributed to the locality where the vehicle is registered for emergency medical services purposes.	Counties, cities, and towns	Funds are in addition to local appropriations and cannot be used to supplant local funds.
Mobile Home Titling Tax (§§58.1-2402; 58.1-2425)	From the State tax on the sales price of each mobile, manufactured home or office sold in the State, the proceeds are distributed to the locality in which the facility is to be situated.	Counties, cities, and towns	
Rental Vehicle Tax (§§58.1-2402;58.1-2425)	From the State tax on the gross proceeds on daily car rentals, the proceeds are distributed to the locality in which the car was delivered for rental.	Counties, cities, and towns	Tax is in lieu of local property tax on rental cars.
Air Carrier Airport Entitlement (§58.1-638)	A portion of the revenue generated from the State sales and use tax is placed in the Commonwealth Airport Fund for distribution to air carrier airports.	Counties, cities, and towns that own public air carrier airports	Funds are distributed on the basis of enplanements, with each airport receiving at least \$50,000 per year, with a maximum for any one airport of \$2 million.
Communications Sales and Use Tax (§58.1-645 et seq.)	Communications service providers collect tax from consumers and remit revenues to state. State distributes revenues to localities based on a statutory formula that considers where the revenues were generated.	Counties, cities, and towns	Effective 1/1/07. Replaced a system of multiple taxes and fees collected by communications service providers and remitted directly to host localities.

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COST SHARING			
Clerks of Circuit Court Reimbursement (§17.1-287)	State reimburses localities for the entire costs of salaries and operating expenses of the offices of Circuit Court clerks as approved by the Compensation Board.	Any county or city with a Circuit Court clerk.	
Commissioners of the Revenue Reimbursement (§15.2-1636.14)	State reimburses localities for 50% costs of salaries and operating expenses of the offices of Commissioners of the Revenue as approved by the Compensation Board.	Any county or city with a Commissioner of the Revenue.	
Commonwealth's Attorney Reimbursement (§15.2-1636.14)	State reimburses localities for the entire costs of salaries and operating expenses of the offices of Commonwealth's Attorney as approved by the Compensation Board.	Any county or city with a Commonwealth's Attorney	
Sheriff Reimbursement (§§15.2-1609.2-15.2-1609.9)	State reimburses localities for the entire cost of salaries and operating expenses of Sheriff's departments as approved by the Compensation Board.	Any county or city with a Sheriff or a regional jail	
Treasurers Reimbursement (§15.2-1636.14)	State reimburses localities for 50% costs of salaries and operating expenses of the offices of the Treasurer as approved by the Compensation Board.	Any county or city with a Treasurer	
Equipment Purchases by Constitutional Officers Reimbursement (15.2-1636.14, 15.2-1636.18)	State reimburses localities for the purchase of office equipment by constitutional officers, regional jail superintendents, and regional jail prosecutors.	Any county or city with a constitutional officer or regional jail.	Reimbursement based on locality's fiscal stress index and amount varies according to constitutional officer and equipment.

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Maintenance of State Prisoners (§53.1-20.1 et seq.)	State reimburses localities for a portion of the cost of maintaining State prisoners in local or regional jails.	Any county, city, or regional jail.	
Basic Aid for Education	Payments are distributed by the State to localities on the basis of the composite index to fund the Commonwealth's share of operating a public school system that meets minimum Standards of Quality.	Any county, city, or town that operates a public school system in compliance with the Standards of Quality and maintaining certain levels of local public expenditures.	In some instances local governments must match the State funding based on their composite index.
Educational Funding Based on the Composite Index	Payments are distributed by the State to localities on the basis of the composite index to fund the Commonwealth's share of programs for vocational, gifted, special, and remedial education.	Any county, city, or town that operates a public school system in compliance with the Standards of Quality and maintaining certain levels of local public expenditures.	Local governments must match the State funding based on their composite index.
Educational Funding Based on Other Criteria	Payments are distributed by the State to localities to fund programs such as textbooks, fringe benefits for teachers, enrollment loss, educating foster children, and various Federal initiatives.	Any county, city, or town that operates a public school system in compliance with the Standards of Quality and maintaining certain levels of local public expenditures.	
Local Election Board and General Registrar (§§24.2-108; 24.2-111; 24.2-112; 24.2-411)	State reimburses localities for the salaries of the general registrar, election board secretaries, and other members, as well as the mileage and certain training expenses.	Counties and cities.	Local governments must bear the cost for the salaries of assistant registrars and other staff, registrars' expenses, and office expenses.

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Community Health Services	State reimburses localities for the delivery of community health services, such a dental, family planning, environmental health inspection, home health care, maternal and child care, etc. according to contract.	County or city health departments.	Local health departments are operated by the State and a portion of the cost borne by the locality, with the local share ranging from 18% to 45%.
State and Local Hospitalization Program (§32.1-345)	State reimburses hospitals for expenses incurred by indigent residents unable to pay their bills and who do not qualify for Medicaid or other medical assistance programs. Localities pay a portion of the cost.	Counties and cities.	Local share is determined by formula but shall not exceed 25% of the cost of the service.
Comprehensive Services Act for At-Risk Youth and Families (§2.2-5200 et seq.)	State reimburses localities for the cost of providing community-based services to high-risk youth and their families.	Counties and cities.	Local share for mandated and nonmandated services is determined by formula and the cost of the service provided.
Community Service Boards (§37.2-509)	State shares with localities the cost of providing community-based treatment and training services to individuals with mental illnesses, mental retardation, or substance abuse or dependency, as well as certain administrative costs.	Counties, cities, and regional community services board.	Local share of each community services board is largely historically-based, but must be at least 10% of the total amount of state and local matching funds.
Social Services (§§63.2-401; 63.2-402)	State shares with localities the administrative and program costs for local social services departments.	Counties and cities.	State and federal assistance provides from 50% to 100% of administrative and program costs.

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Public Transit Systems (§58.1-2425. 58.1-638)	State funds a portion of the capital and operating expenses of local transit systems.	Counties, cities, towns, planning district commissions, transportation district, or public service corporation that operates a public transit system.	State can fund up to 95% of the administrative, certain operating, and capital costs of local transit systems.
Urban Roadway Construction (§33.1-44)	Payments are distributed by the State to cities and towns for the cost of constructing public streets and highways within their jurisdiction, except for interstate and primary highways.	Cities and towns with a population over 3,500 persons, and those towns with less than 3,500 persons that maintain their own streets.	State pays 98% of the cost to construct qualifying roadway in cities and in towns with a population of more than 3,500 persons. In towns with population under 3,500 persons, the State will pay the entire cost to construct qualifying roadway.
Urban Roadway Maintenance (§33.1-41.1)	Payments are distributed by the State to cities and towns for the cost of maintaining public streets and highways based on the amount of moving lane-miles within a locality that meet certain standards.	Cities and towns with a population over 3,500 persons, and those towns with less than 3,500 persons that maintain their own streets.	Reimbursement rates vary according to category of street maintained.
Juvenile Pre- and Post-Dispositional Facilities and Programs (§16.1-322.1 et seq., 16.1-309.5 et seq.)	State shares in the cost of constructing and operating local and regional juvenile facilities and programs, including detention homes, group homes, crisis shelter care, and nonresidential programs.	Any county, city or regional juvenile facilities and programs	State pays 50% of cost of construction, enlargement, renovation, purchase, or rental of detention homes or other facilities, the plans and specifications for which have been approved by the Governor.

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CATEGORICAL GRANTS			
599 Funds (§9.1-166 et seq.)	State funds are allocated to eligible localities based on a formula that predicts crime rates.	Cities and any towns or counties with police departments.	Locality's police officers must meet State minimum training requirements. No requirement that funds must be used for law enforcement purposes.
Litter Prevention and Recycling Program (§§10.1-1422.01; 58.1-1705; 58.1-1710)	From the State tax on businesses that sell certain products, localities receive funds based on population and highway mileage to use for litter control and recycling programs.	Counties, cities, and towns.	
Library Grants-in-Aid (§42.1-46 et seq.)	State funds are allocated to localities to assist in general library operations.	County, city, or regional libraries.	Funds are distributed according to population served. Local appropriations for the library must equal a certain amount and not fall below those of the previous year.
Primary and Secondary Road Revenue Sharing (§33.1-23.05)	State matches any county funds up to \$1,000,000 appropriated for constructing, maintaining or improving any primary or secondary road or bringing subdivision streets up to standards to qualify them for State maintenance.	Counties, cities, and towns.	
Jail Construction, Enlargement, or Renovation (§53.1-80 et seq.)	State funds are allocated to pay for the construction, enlargement, or renovation of approved local and regional jail projects.	County, city, or regional jails	Subject to inclusion in the annual Appropriations Act, localities are reimbursed for 25% of the project costs, whereas localities are reimbursed for their pro rata share of 50% of the total cost for regional jails.

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OTHER			
Payments in Lieu of Taxes (§§58.1-3403; 58.1-3406)	State funds are allocated to compensate localities for taxes foregone on property owned by the Commonwealth or the Tennessee Valley Authority located within their jurisdiction.	Counties, cities, and towns.	The value of State-owned property, other than hospitals, educational institutions, or roadways, must exceed a certain amount. Service charges may be levied on faculty and staff housing and property of the Virginia Port Authority under certain circumstances. Reimbursements for TVA property are limited to specific localities.
Personal Property Tax Relief Act (§58.1-3524)	State funds are allocated to reimburse localities for a portion of the personal property tax liabilities of owners and lessees of automobiles, light trucks, and motorcycles used for non-commercial purposes.	Counties, cities, and towns.	Total State reimbursements to local governments are capped.

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NOTES:

Revenue Sharing - those instances in which state law stipulates that the revenue collected by the state from a specific source be paid directly, in whole or in part, to localities. These funds may be designated for specific uses or localities may be granted unrestricted use of the funds.

Cost Sharing - for many programs at the local level, the state provides a certain percentage of the programmatic and administrative cost and state financial participation is usually in the form of a reimbursement for a certain percentage of actual, approved expenses or is based on the previous year's program costs.

Categorical Grants - available for specific program or activities. Localities do not have to compete for categorical grants; they are only required to meet the criteria established by law or agency regulations. In many cases, local matching funds are required.

The legal authority and funding formula for many State assistance programs are also included in the Appropriations Act.

Staff
Commission on Local Government
April 7, 2009