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Proposed Regulation Agency Background Document

Agency name	Department of Housing and Community Development, Commission on Local Government
Virginia Administrative Code (VAC) citation	1 VAC 50 -20
Regulation title	Organization and Regulations of Procedure
Action title	Amending the Commission on Local Government Regulations
Document preparation date	

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Orders 21 (2002) and 58 (1999), and the *Virginia Register Form, Style, and Procedure Manual.*

Brief summary

In a short paragraph, please summarize all substantive changes that are being proposed in this regulatory action.

Language will be added to reflect amendments made to the Code of Virginia for property-owner initiated annexations, transition of city to town status, consolidations creating a new independent city, voluntary economic growth-sharing agreements, determination of city status, and additional public notice in the review of town-county agreements defining annexation rights.

Certain existing regulations will be transferred to the public participation guidelines.

In addition, other changes are proposed for the purpose of:

- 1) Increasing the authority of the Commission in the conduct of its proceedings;
- 2) Allowing for the electronic filing of exhibits and materials; and
- 3) Allowing for the prefiling of direct testimony.

Legal basis

Form: TH-03

Please identify the state and/or federal legal authority to promulgate this proposed regulation, including (1) the most relevant law and/or regulation, including Code of Virginia citation and General Assembly chapter number(s), if applicable, and (2) promulgating entity, i.e., the agency, board, or person. Describe the legal authority and the extent to which the authority is mandatory or discretionary.

§ 15.2-2903, Code of Va. gives the Commission on Local Government the discretionary authority to "...make regulations, including rules of procedure of procedure for the conducting of hearings." The Commission on Local Government within the Department of Housing and Community Development is the promulgating entity.

Purpose

Please explain the need for the new or amended regulation by (1) detailing the specific reasons why this regulatory action is essential to protect the health, safety, or welfare of citizens, and (2) discussing the goals of the proposal and the problems the proposal is intended to solve.

The proposed action is to update the regulations of the Commission on Local Government that are used by that body in their review of actions for municipal annexation, county immunity from city annexation, the transition of city to town status, the creation of a new independent city, and the establishment of an economic growth-sharing agreement, as well as certain other agreements between localities that settle interlocal issues. The regulations also address the powers of the chairman of the Commission, and the conduct of its meetings and its oral presentations and public hearings. The Commission's current regulations were last revised in November 1984. The proposed regulation amendments will address legislative changes adopted by the General Assembly since that date. Further, when the Administrative Code was created in the early 1990s, several important references to the Code of Virginia in the regulations were omitted by the editors of the VAC, chapter titles were unnecessarily truncated so as to make them useless and confusing, and some typographic errors were transferred wholesale from the old regulations to the VAC. Moreover, any remaining references to the Code of Virginia in the current regulations do not reflect 1997 recodification of Title 15.1 which requires users to have a cross-reference table at hand.

Substance

Please briefly identify and explain the new substantive provisions, the substantive changes to existing sections, or both where appropriate. (More detail about these changes is requested in the "Detail of changes" section.)

The proposed regulations will:

Define commonly used terms, repeal regulations duplicative of Code of Virginia provisions or administrative in nature, remove outdated or incorrect provisions, correct stylistic and heading problems, and correct typographic errors in the current regulations.

Add regulations to reflect additional responsibilities assigned by the General Assembly for:

Property owner-initiated annexations

Transition of city to town status

Consolidations of localities that would create a new city

Voluntary economic growth-sharing agreements

Determination of continued city status

Give local governments additional options in complying with certain aspects of the Commission's regulations.

Give the Commission more flexibility in the administration of its proceedings.

Issues

Form: TH-03

Please identify the issues associated with the proposed regulatory action, including:

- 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions;
- 2) the primary advantages and disadvantages to the agency or the Commonwealth; and
- 3) other pertinent matters of interest to the regulated community, government officials, and the public.

If the regulatory action poses no disadvantages to the public or the Commonwealth, please so indicate.

There are no disadvantages to the Commonwealth. The primary advantage to the Commonwealth will be increased efficiency in the operation and activities of the Commission through the updating of the regulations.

Unless private citizens or businesses are petitioning for the annexation of their property to a municipality, the new or amended provisions would have no impact on them.

The proposed regulatory action poses no disadvantage to the public.

There are no disadvantages to localities. The proposed regulations will ease some of the administrative requirements and provide additional flexibility.

Economic impact

Please identify the anticipated economic impact of the proposed regulation.

Projected cost to the state to implement and enforce the proposed regulation, including (a) fund source / fund detail, and (b) a delineation of one-time versus on-going expenditures	It is anticipated that the proposed regulations will not increase the implementation and enforcement costs of the state.
Projected cost of the regulation on localities	It is anticipated that the proposed regulations will not increase costs on localities. The proposed changes provide additional administrative flexibility to local governments.

Description of the individuals businesses or	The regulations likely to be affected by the
Description of the individuals, businesses or	The regulations likely to be affected by the
other entities likely to be affected by the	regulations are law firms and engineering and land
regulation	use consulting firms. In addition, any of the
	Commonwealth counties, cities, towns, or
	unincorporated communities seeking certain types
	of boundary change or governmental transitions, or
	intergovernmental agreements effecting those legal
	procedures, would be affected by the regulations.
Agency's best estimate of the number of such	Because the Commonwealth's laws concerning
entities that will be affected	local boundary change and governmental transition
	are unique, it is estimated that there are
	approximately 16 law firms and 6 consulting firms
	that could be potentially affected by the proposed
	regulations. There are 95 counties, 39 cities, 189
	towns and an unknown number of unincorporated
	communities.
Drainated anot of the regulation for affected	00::::::0::::
Projected cost of the regulation for affected	Any costs to law firms and consultants would be
individuals, businesses, or other entities	reimbursed by their clients. The cost to affected
	local governments would vary according to some of
	the following factors: whether the proposed action
	was contested by other parties or was by
	agreement; if outside legal, engineering and land
	use assistance was employed, and the length of
	time required for the Commission to conduct its
	review.
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Alternatives

Please describe any viable alternatives to the proposal considered and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the action.

There is no alternative to amending the regulations related to the changes in the Code of Virginia except to continue the practice of adopting guidance documents in lieu of the amendment process.

Public comment

Please summarize all comments received during public comment period following the publication of the NOIRA, and provide the agency response.

No public comment was received.

Commenter	Comment	Agency response

Family impact

Form: TH-03

Please assess the impact of the proposed regulatory action on the institution of the family and family stability.

The proposed regulatory action will have no impact on the institution of the family and family stability.

Detail of changes

Please detail all changes that are being proposed and the consequences of the proposed changes. Detail all new provisions and/or all changes to existing sections.

If the proposed regulation is intended to replace an emergency regulation, please list separately (1) all changes between the pre-emergency regulation and the proposed regulation, and (2) only changes made since the publication of the emergency regulation.

For changes to existing regulations, use this chart:

Current section number	Proposed new section number, if applicable	Current requirement	Proposed change and rationale
	1 VAC 50-20- 1	Not currently stipulated in the Regulations.	Add provision concerning applicability of the Regulations, authority to issue Regulations, and reiterate that Commission has authority to modify or waive any Regulations, except those required by law, to fulfill its statutory responsibilities.
			The Commission on Local Government's regulations are promulgated pursuant to the authority of §15.2-2903.1 of the Code of Virginia and are applicable to the proceedings of the Commission on Local Government. When necessary to fulfill its statutory responsibilities, the commission may grant, upon its own initiative, a waiver or modification of any of the provisions of these regulations, except those required by law, under terms and conditions and to the extent it deems appropriate.
	1 VAC 50-20- 5	None currently in the Regulations.	Add definitions section. Recommended by Virginia Code Commission. The following words and terms, when used in this regulation, shall have the following meaning unless the context clearly indicates otherwise:

			"Chairman" means the Chairman of the
			Commission on Local Government.
			"Commission" means the Commission on
			Local Government.
			// ·
			"County or counties" means one or more
			county in the Commonwealth of Virginia.
			(I) I
			"Local government or local governments"
			means one or more county, city, or town in the Commonwealth of Virginia.
			the Commonwealth of Virginia.
			"Locality or localities" means one or more
			county, city or town, in the Commonwealth of
			Virginia.
			"Municipality" means a city or town in the
			Commonwealth of Virginia.
			"Party or parties" means a local government
			or local governments; voters or property
			owners initiating a proposed annexation;
			voters of any community requesting that their
			community be incorporated as a town; voters petitioning for the transition of a city to town
			status; or a committee appointed by the
			circuit court to act for and in lieu of a local
			government to perfect a consolidation
			agreement.
	1 VAC 50-20-	No procedure is currently	Add provision for Special Meetings.
	142	stipulated in the	Authorized by Code of Virginia, but not
		Regulations.	implemented in the current Regulations.
			Special meetings of the commission may be
			called by any member on such occasions as
			may be reasonably necessary to carry out
			the duties of the commission. Except in
			instances where a special meeting is
			scheduled at a regular meeting, the chairman
			shall cause to be mailed to all members, at least five days in advance of a special
			meeting, a written notice specifying the time,
			place and purpose of the special meeting.
			Written notice of special meetings shall not
			be required if all members of the commission
			file a written waiver of such notice
			requirement.
1 VAC	1 VAC 50-20-	No procedure is currently	Add provision concerning notice of voter or
50-20-	180 A 1	stipulated in the	property owner initiated annexation. Current
180		Regulations.	Regulations are unclear as to how voters or
			property owners file notice with the
			Commission requesting the review of an
			annexation action.
			Notice of a proposed annexation initiated by
i .	T.	1	induce of a proposed affilexation initiated by

1 VAC 50-20- 180	1 VAC 50-20- 180 A 2	No procedure is currently stipulated in the Regulations.	voters or property owners shall be accompanied by the original or certified petition signed by 51% of the voters of any territory adjacent to any municipality or 51% of the owners of real estate in number and land area in a designated area. Notice to the commission should indicate the name, title, address, and phone number, and where available, telefax number and email address, of the individual who shall serve as designated contact with the commission regarding the issue presented. All notices required to be given to the Commission under the provisions of §15.2-2907 of the Code of Virginia shall also indicate the other local governments given notice of the proposed action pursuant to 1 VAC 50-20-180 C. Add provision concerning notice of voter initiated petition for the transition of a city to town status. Process added to the Code of Virginia by General Assembly through Chapter 881 of the 1988 Acts of Assembly (effective July 1, 1989) Notice of a petition for the proposed transition of a city to town status that has been referred to the commission pursuant to §15.2-4102 of the Code of Virginia should indicate the name, title, address, and phone number, and where available, telefax number and email address, of the individual who shall serve as designated contact with the commission regarding the issue referred. All notices required to be given the commission under the provisions of §15.2-2907 of the Code of Virginia shall also indicate the other local governments given notice of the proposed action pursuant to 1 VAC 50-20-180 C.
1 VAC 50-20- 180	1 VAC 50-20- 180 A 3	No procedure is currently stipulated in the Regulations.	Add provision concerning notice voterinitiated consolidation of local governments. Current Regulations do not specify how voter-initiated consolidation actions are to be filed with the Commission for review. Notice to the commission by a committee of citizens that has been appointed by the circuit court to act for and in lieu of a governing body to perfect a consolidation agreement pursuant to §15.2-3531 of the Code of Virginia should indicate the name, title, address, and phone number, and where available, telefax number and email address, of the individual who shall serve as

			designated contact with the commission regarding the proposed consolidation. All notices required to be given to the Commission under the provisions of §15.2-2907 of the Code of Virginia shall also indicate the other local governments given notice of the proposed action pursuant to 1 VAC 50-20-180 C.
I I	I VAC 50-20- 180 C 1	No procedure is currently stipulated in the Regulations.	Add provision concerning the notification to potentially affected local governments of a voter or property owner initiated annexation. Current Regulations do not specify how voter or property owners initiating an annexation action are to notify local governments that may be potentially affected by the proposed action. Any voters or property owners giving notice to the commission of a proposed annexation as required by §15.2-2907 of the Code of Virginia shall also give notice to each Virginia local government located within or contiguous to, or sharing functions, revenue, or tax sources with the municipality to which annexation is sought. All notices to the immediately affected local governments shall include copies of all documents, exhibits, and other material submitted to the commission in support of the proposed action, and notice to other localities may include, in lieu of copies of the submissions, an annotated listing of the material.
	I VAC 50-20- 180 C 2	No procedure is currently stipulated in the Regulations.	Add provision concerning the notification to potentially affected local governments of a voter initiated petition for the transition of a city to town status. Process added to the Code of Virginia by General Assembly through Chapter 881 of the 1988 Acts of Assembly (effective July 1, 1989). Any voters whose petition for the proposed transition of a city to town status that has been referred to the commission pursuant to §15.2-4102 of the Code of Virginia shall also give notice to each Virginia local government located within or contiguous to, or sharing functions, revenue, or tax sources with the city proposed for town status. All notices to the immediately affected local governments shall include copies of all documents, exhibits, and other material submitted to the commission in support of the proposed action, and notice to other localities may include, in lieu of copies of the submissions, an annotated listing of the material.
1 VAC 1	I VAC 50-20-	No procedure is currently	Add provision concerning the notification to

50-20-200	180 C 3	stipulated in the Regulations.	potentially affected local governments of a voter initiated consolidation of local government. Current Regulations do not specify how voters initiating an action calling for the consolidation of localities that would create a new independent city would notify other local governments that may be potentially affected by the consolidation. A committee of citizens that has been appointed by the circuit court to act for and in lieu of a governing body to perfect a consolidation agreement pursuant to §15.2-3531 of the Code of Virginia shall also give notice to each Virginia local government located within or contiguous to, or sharing functions, revenue, or tax sources with the local governments that are proposed to be consolidated. All notices to the immediately affected local governments shall include copies of all documents, exhibits, and other material submitted to the commission in support of the proposed action, and notice to other localities may include, in lieu of copies of the submissions, an annotated listing of the material.
1 VAC 50-20- 220	1 VAC 50-20- 180 E 1	No procedure is currently stipulated in the Regulations.	Add provision concerning the termination of the Commission's review of an annexation action initiated by voters or property owners upon receipt of ordinance adopted by affected municipality rejecting the proposed annexation. The Commission's review of a notice of a proposed annexation as required by §15.2-2907 of the Code of Virginia filed by voters or property owners shall be terminated upon receipt of an ordinance, duly adopted by a majority of the elected members of the governing body of the affected city or town, rejecting the annexation proposed by the
	1 VAC 50-20- 382	No procedure is currently stipulated in the Regulations. Defined by guidance document.	notice. Add provisions concerning the review of voluntary economic growth-sharing agreements. Process added to the Code of Virginia by General Assembly through Chapter 713 of the 1996 Acts of Assembly (effective July 1, 1996).
	1 VAC 50-20- 384	No procedure is currently stipulated in the Regulations.	Add provisions concerning the determination of continued eligibility for city status. Existing statutes revised to add Commission review to the process by General Assembly through Chapter 587 of the 1997 Acts of Assembly (effective July 1, 1997).
1 VAC 50-20-	1 VAC 50-20- 390 E	No procedure is currently stipulated in the	Add provision that when Commission's proceedings are delayed by statute or court

420		Regulations.	order there will be a commensurate delay in the issuance of the Commission's report. Provision needed due to Virginia Supreme Court ruling requiring that challenges to the initiation of an annexation suit must be resolved by the special court before the Commission reviews the merits of the annexation request. [See County of Bedford, et al. v. City of Bedford, et al., 243 Va. 330 (1992).]
			The commission may confront the necessity of continuing or deferring its proceedings as a result of statutory requirement or court order. In such instances, the commission shall reschedule its proceedings, upon consultation with the parties, in a manner that permits an expeditious conclusion of its review. The parties should anticipate, however, that the duration of the continuance or stay shall result in a commensurate delay in the issuance of the commission's report.
	1 VAC 50-20- 390 H	In addition to the submissions authorized by the proceeding sections of Part III (1 VAC 50-20-180 et seq.), the commission may allow supplemental submissions where such are deemed necessary or	Specify that the Commission has the authority to accept filings submitted after established dates if the submissions assist in the discharge of the Commission's statutory responsibilities. However, the commission may accept supplemental submissions filed after any
		appropriate by the commission for the provision of current and complete data. Where supplemental submissions are authorized pursuant to this chapter, copies of all such submissions shall be provided by the submitting party to all principal parties. The commission shall endeavor to establish dates for the filing of all such supplemental submissions which will allow an opportunity for their review and critical analysis by other affected parties.	established dates if, in the commission's judgment, the submissions assist the commission in the discharge of its statutory responsibilities.
	1 VAC 50-20- 390 M	Any local government party or parties filing notice or making submissions to the	Specify that the Commission may allow the electronic filing of data and information. Electronic filing of data and information may
		commission shall provide at least eight copies of all submissions, unless the	reduce cost of Commission's proceedings to affected parties.
		commission agrees that a lesser number would be	The commission may make provisions for the electronic filing of submissions, including

	sufficient for its review and	facsimile.
	analysis.	laconnie.
1 VAC 50-20- 390 Q	No procedure is currently stipulated in the Regulations to permit parties to file corrected information prior to the closing of the record.	Specify that the Commission may allow parties to correct data, exhibits, documents or other submittals prior to the closing of the record. If the corrections of a substantial nature, the Commission may its proceedings to allow the other party to respond to the corrections. This provision clarifies that the Commission may accept corrections to information filed previously by the parties which may assist the Commission in making accurate findings of fact and recommendations.
		The commission may allow the parties to correct the data, exhibits, documents, or other material submitted to the commission prior to the date established for the closing of the record pursuant to 1 VAC 50-20-640 B. Where corrections are authorized pursuant to this chapter, copies of all corrections shall be provided by the submitting party to all principal parties. If, in the commission's judgment, the corrections are of a substantive nature as to significantly alter the scope or character of the issue under review, the commission may delay its proceedings for an appropriate amount of time to provide an opportunity for other parties to respond to the corrected data, exhibits, documents, or other material.
1 VAC 50-20- 390 R	No procedure is currently stipulated in the Regulations.	Add provision to permit parties to pre-file direct testimony upon request of the Commission. This provision may reduce the cost of Commission's proceedings to the affected parties. Following the receipt of a notice, the commission may request the party initiating the proposed action to prepare and file testimony in support of the proposed action. The testimony of the party initiating the proposed action may refer to all data, exhibits, documents, or other material previously submitted to the commission or filed with the testimony. In all proceedings in which the initiating party files testimony, the affected party or parties shall be permitted and may be requested by the commission to file, on or before a date established by the commission, testimony in response to the proposed action. The testimony of the affected party or parties may refer to all data, exhibits, documents, or other material previously submitted to the commission or

1 VAC 50-20- 540	No procedure is currently stipulated in the Regulations.	filed with the testimony. Any affected party or parties that chooses not to file testimony by the date established by the commission may not thereafter present testimony except by permission of the commission, but may otherwise fully participate in the proceeding and engage only in cross-examination of the testimony of other parties. Failure to comply with the directions of the commission, without good cause shown, may result in rejection of the testimony by the commission. The commission may permit the parties to correct or supplement any prepared testimony before or during the oral presentations as called for in 1 VAC 50-20-620. Eight copies of prepared testimony shall be filed unless otherwise specified by the commission. Add provision to clarify what additional data and materials may be filed by voters or property owners initiating an annexation action. Current Regulations do not include reference to the data and materials that may be filed by voters or property owners initiating an annexation action. Also, decision by Virginia Supreme Court requires voters or property owners to file a metes and bounds description of the area proposed for annexation when submitting notice to Commission. [See Allfirst Trust Co., N.A., et al. v. County of Loudoun, et al. (2004)] Any voters or property owners filing notice pursuant to §15.2-2907 of the Code of Virginia with the commission seeking annexation to a municipality shall submit with the notice data and other evidence responsive to each element listed in this
		section which it deems relevant to the proposed annexation, except that 1 VAC50-20-540 1 is a required to be included in the notice filed with the commission.
1 VAC 50-20- 540 18		Add provision to include in the analysis of a proposed annexation the impact on agricultural operations located in the area proposed for annexation. Added to the Code of Virginia through Chapter 345 of the 1999 Acts of Assembly (effective July 1, 1999).
		The adverse impact of the proposed annexation on agricultural operations located in the area proposed for annexation.
1 VAC 50-20- 601	No procedure is currently stipulated in the Regulations. Submission currently defined by guidance document.	Add provisions concerning the data and materials that may be submitted by the parties in the review of the transition of a city to town status. Process added to Code of Virginia by the General Assembly through

		Chapter 881 of the 1988 Acts of Assembly
		(effective July 1, 1989).
1 VAC 50-20- 605	No procedure is currently stipulated in the Regulations.	Add provisions concerning the data and materials that may be submitted by the parties in the review of a proposed consolidation that would create a new independent city.
1 VAC 50-20- 612	No procedure is currently stipulated in the Regulations. Submission currently defined by guidance document.	Add provisions concerning the data and materials that may be submitted by the parties in the review of a proposed voluntary economic growth-sharing agreement. Process added to Code of Virginia by the General Assembly through Chapter 713 of the 1996 Acts of Assembly (effective July 1, 1996).
1 VAC 50-20- 614	No procedure is currently stipulated in the Regulations.	Add provisions concerning the data and materials that may be submitted by the parties in the determination of continued eligibility for city status. Existing statutes revised to add Commission review to the process by General Assembly through Chapter 587 of the 1997 Acts of Assembly (effective July 1, 1997).
1 VAC 50-20- 616	No procedure is currently stipulated in the Regulations.	Add provisions concerning the data and materials that may be submitted by the parties in the review of a request by a town for an order defining its future annexation rights. Process added to Code of Virginia by the General Assembly through Chapter 85 of the 1979 Acts of Assembly (effective July 1, 1980).
1 VAC 50-20- 620 H	No procedure is currently stipulated in the Regulations.	Clarify that the cross-examination of a witness whose testimony has been pre-filed at the request of the Commission is limited to the pre-filed testimony. Where the parties have pre-filed testimony at the commission's request pursuant to 1 VAC 50-20-390 R, the questioning of individuals whose testimony has been prefiled shall be limited to a cross-examination of such testimony. The commission may accept additional oral testimony from individuals whose testimony has been prefiled during the presentations where good cause is shown. Where additional oral testimony is accepted by the commission, the commission shall provide an opportunity for other parties to respond to the testimony and to cross-examine the individual offering such testimony.
1 VAC 50-20- 630	No procedure is currently stipulated in the Regulations.	Add provision that requires a town that is a party to an agreement defining its annexation rights to give written notice of the Commission's public hearing at least 10 days before the hearing to the owner, owners, or

		their agent of each parcel of land included in the area proposed for annexation. Requirement added to the Code of Virginia by the Assembly through Chapter 173 of the 2003 Acts of Assembly (effective July 1, 2003). In addition to the notice of public hearing required by subsection B of this section, a town that is a party to an agreement defining annexation rights negotiated pursuant to §15.2-3231 of the Code of Virginia shall give written notice of the commission's hearing at least 10 days before the hearing to the owner, owners, or their agent of each parcel of land included in the area proposed for annexation under the terms of the agreement. One notice sent by first-class mail to the last known address of the owner, owners, or their agent as shown on the current county real estate tax assessment
		books or current county real estate tax assessment records shall be deemed adequate compliance with this requirement, provided that the clerk of the town shall make an affidavit that the mailings have been made and file the affidavit with the commission.
1 VAC 50-20- 680	The commission may, by majority vote of its membership, announce a decision to propose amendments to its regulations of procedure at any regular or special meeting. The commission, however, shall develop and adopt amendments to its regulations only in accordance with the public participation process; 1 VAC 50-10-10 et seq.	Repeal provision concerning amendments to the Commission's regulations and transfer Public Participation Guidelines.
1 VAC 50-20- 690	Amendments adopted to the commission's regulations shall have an effective date which shall be established in accordance with the requirements of law.	Repeal provision concerning effective date of amendments to the Commission's regulations. Process currently controlled by the Administrative Process Act and EO21(02).
1 VAC 50-20- 700	Notwithstanding any other provision of this chapter the commission may adopt emergency or nonsubstantive amendments in the manner	Repeal provision concerning the adoption of emergency and non-substantive amendments to the Commission's regulations. Process currently controlled by the Administrative Process Act and EO21(02).

Town Hall Agency Background Document

	provided by law.	

Form: TH-03

Enter any other statement here