

August 10, 2011

The Honorable Robert F McDonnell
Governor
Commonwealth of Virginia
P.O. Box 1475
Richmond, VA 23218

Dear Governor McDonnell:

It is heartening that the Commonwealth has a \$311 million revenue surplus, and that state revenues are likely to continue to exceed budget projections. We are encouraged by these continuing signs of economic recovery.

However, while state revenues (sales and individual income taxes, capital gains taxes) are recovering, local revenues are not bouncing back nearly as quickly. As you know, real estate taxes are the mainstay of local revenues. Unfortunately, the legacy of the economic downturn continues to be reflected in the fragility of the housing market in most localities. This has affected local budgets at the same time we have been experiencing an ongoing and sizable decline in state funding over the past two biennia for shared state-local responsibilities. Significant state funding cuts to K-12 education, public safety, human services and transportation, among others, have stressed localities' ability to serve our mutual constituents.

In addition to these strains on the local-state partnership, from FY 2010 through FY 2012, nine Northern Virginia localities will have paid about \$30 million in mandated subsidies to the state, through the reductions in aid to localities included in recent budgets. Given the improvement in the state's fiscal posture, it is time to end these local subsidies to the state.

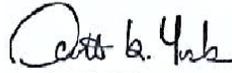
As the mayors and chairs of Northern Virginia, we ask that you eliminate the aid to localities reduction in your budget for the upcoming biennium and also include a budget amendment to reverse the \$60 million annual reduction for the current year, FY 2012. We would consider these actions a down payment to begin the process of rebuilding the state's funding partnership with local governments, which will require providing adequate funding for core services, while avoiding shifting additional state costs and responsibilities onto localities. The strength of such local services in our region is cited time and again by businesses seeking to locate in Northern Virginia, and is a critical component in the economic development efforts you have championed.

Restoring the critical state-local funding partnership will strengthen the fiscal position of local governments throughout Northern Virginia and the Commonwealth, and thereby strengthen Virginia's economy overall. We look forward to continuing to work with you on these critical issues, and we thank you for your consideration.

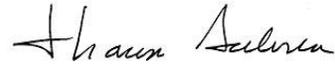
Sincerely,



Corey A. Stewart
Prince William County



Scott York
Loudoun County



Sharon Bulova
Fairfax County



Christopher Zimmerman
Arlington County



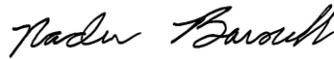
William D. Euille
City of Alexandria



Harry J. Parrish II
City of Manassas



Robert F. Lederer
City of Fairfax



Nader Baroukh
City of Falls Church



Frank Jones
City of Manassas Park

cc: Northern Virginia Delegation to the General Assembly (via email)