

REVERSION OF A CITY TO TOWN STATUS
CHAPTER 41, TITLE 15.2

(Incorporates changes through the 2015 General Assembly Session)

I. MUNICIPALLY-INITIATED REVERSION

A. Eligibility

1. Any city with a population of less than 50,000 persons at the time of the latest decennial census may revert to town status under the provisions of this chapter.
2. Special procedural requirements apply to cities having a population of more 5,000 but less than 5,900 persons, and to the City of Martinsville. (See Ch. 688, Acts of the Assembly, 1989, and Ch. 493, Acts of the Assembly, 2014.)

B. Procedure for Initiating Action

(Sec. 15.2-2907, Code of Va.)

Prior to petitioning the circuit court for review of a proposed reversion action, the city must first notify the Commission on Local Government of its intention to make the transition from city to town status.

C. Proceedings of the Commission on Local Government

(Sec. 15.2-2907, Code of Va.)

1. Upon receipt of the notice of the reversion action, the Commission shall meet with representatives of the city and the affected county and schedule a review of the proposed reversion. Such review shall include oral presentations and a public hearing in the affected jurisdictions to afford all interested parties an opportunity to present evidence and to offer comment on the proposed reversion.
2. At the conclusion of its review, the Commission shall submit a written report containing its findings of fact and recommendations with respect to the proposed reversion to the affected local governments and to the special three-judge court that subsequently must review the proposed reversion.
 - i. The Commission's review of the proposed reversion must be based upon the criteria and standards established for review of such actions as set forth in Section 15.2-4106, Code of Virginia.
 - ii. The Commission's report is advisory in nature and is not binding on the special three-judge court. The report, however, must be considered in evidence in any subsequent court proceeding.

D. Action by the City Governing Body

(Secs. 15.2-4101 and 15.2-4102, Code of Va.)

1. Following the completion of the Commission's review, the city may, if it opts to pursue the proposed reversion, petition the circuit court of the city by ordinance for an order granting the municipality town status.
2. The city must also serve the appropriate county officials with notice of its intended action, including a copy of the reversion ordinance, and it must publish the notice and ordinance as required by Section 15.2-4101, Code of Virginia
3. Upon receipt of the petition from the city, the local circuit court judge will request the Virginia Supreme Court to convene a special three-judge panel pursuant to Chapter 30, Title 15.2, Code of Virginia.

E. Proceedings of the Special Court

(Secs. 15.2-4106 and 15.2-4111, Code of Va.)

1. In order for the special three-judge court to approve the proposed reversion it must determine that:
 - i. The city has a current population of less than 50,000 persons;
 - ii. The proposed transition of the city to town status will not substantially impair the ability of the affected county to meet the service needs of its population;
 - iii. The proposed transition of the city to town status will not result in an inequitable sharing of the resources and liabilities of the town and the affected county;
 - iv. The proposed transition of the city to town status is, "in the balance of equities," in the best interest of the city, the affected county, the Commonwealth and the people of the county and the city; and
 - v. The proposed transition of the city to town status is in the best interest of the State in promoting strong and viable units of local government.
2. If the court finds that the criteria for reversion have been satisfied, an order will be entered granting the petition for town status.
3. Every order granting town status shall specify the effective date of the transition from city to town status.

The effective date of transition shall be no sooner than six months from the date of the court order granting town status.

F. Powers of the Special Court
(Sec. 15.2-4106, Code of Va.)

In order to prevent any substantial inequities or any significant impairment of the ability of the county to meet the service needs of its residents, the special three-judge court has the authority to impose terms and conditions to:

1. Ensure an orderly transition from city status to town status;
2. Make adjustments for any financial inequities which would otherwise result from the transition of the city to town status;
3. Balance the equities between the affected jurisdictions; and
4. Ensure the protection of the best interests of the city, the affected county, the Commonwealth and the people of the county and the city.

G. Enforcement of Court Order
(Sec. 15.2-4120, Code of Va.)

The special three-judge court remains in existence for 10 years from the effective date of the transition order to effect compliance with the terms and conditions set forth therein.

1. The court may be reconvened at any time on its own motion, on the motion of the governing body of the county, the governing body of the town, or on petition of 15% of the voters of the town to enforce performance on the terms and conditions of the transition order.
2. The court is granted the authority to enforce the terms and conditions of its order by appropriate process.

H. Declining to Accept Town Status
(Sec. 15.2-4109, Code of Va.)

The governing body of a city may decline to accept town status on the terms and conditions imposed by the court. The ordinance or resolution declining town status must be adopted within certain statutorily prescribed time periods.

I. Limitations on Subsequent Reversion Actions
(Sec. 15.2-4110, Code of Va.)

If the special three-judge court finds that the city is ineligible for transition to town status or the city governing body declines to accept town status on the terms and conditions imposed by that court, a city must wait five years before filing a subsequent petition requesting reversion to town status.

J. Limitations on Subsequent Annexation Actions
(Sec. 15.2-4117, Code of Va.)

A city which reverts to town status cannot institute contested annexation actions for a period of two years following the effective date of transition. The two-year moratorium against such contested annexations would not apply to boundary changes which are components of interlocal agreements.

K. Limitations on Transition to City Status
(Sec. 15.2-4113, Code of Va.)

A city which reverts to town status cannot return to its previous independent status.

L. Town Charter
(Sec. 15.2-4112, Code of Va.)

If the General Assembly has not granted a new charter for the town prior to the effective date of transition, the special three-judge court shall enter an order conforming the charter of the former city to a town charter.

The charter entered by the court shall remain in effect until a new charter for the town is granted by the General Assembly.

M. Effect of Reversion to Town Status

1. Disposition of Assets and Liabilities
(Sec. 15.2-4114, Code of Va.)

Unless provided by agreement between the former city and the affected county or by the order entered by the special three-judge court, the town remains liable for the indebtedness, obligations, and liabilities of the former city, and all property and contractual rights of the former city shall vest in and become property of the town.

2. Ordinances and Pending Legal Proceedings
(Sec. 15.2-4115, Code of Va.)

- i. All ordinances of the former city shall become ordinances of the town insofar as they are applicable and consistent with statute.
- ii. Any judicial proceedings pending against the former city at the time of the transition to town status may be perfected to judgment against the town.

3. Constitutional Officers
(Sec. 15.2-4115, Code of Va. , and Ch. 665, 2015 Acts of Assembly Item 73(L))
 - i. The offices of the constitutional officers and their deputies and employees of the former city shall terminate upon the effective date of transition of the city to town status.
 - ii. In the event of the transition of a city to town status, the Compensation Board is required to allocate any positions in the constitutional offices of the former city to the constitutional officers of the county in which the town is situated without regard to the Board's priority of need ranking for reallocated positions.
4. General State Aid "Hold Harmless" Provision
(Sec. 15.2-1302, Code of Va., and Ch. 665, 2015 Acts of Assembly Item 4-1.03 (c)(8))
 - i. Under general law provisions, for a fifteen-year period following a consolidation of constitutional officers and school divisions and local school boards, no State funds which are distributed to localities for any "governmental program or function" shall be reduced as a consequence of the consolidation below the aggregate amount which the consolidating local governments would have received had no consolidation occurred. The term "consolidation" is defined to include the reversion of a city to town status.
 - ii. The Director of the Department of Planning & Budget is authorized to transfer appropriations between state agencies as necessary in the event of the transition of a city to town status.
5. Educational Assistance
(Sec. 22.1-25, Code of Va., and Ch. 665, 2015 Acts of Assembly Items 107 & 136 (A)(4)(c))

In 2015, the General Assembly eliminated the incentive funding formula that provided additional funding to school divisions who have consolidated. The legislature at that time also directed the Commission on Local Government to recommend to the legislature an appropriate process and calculation for future incentives. This study is to be completed by December 2015.

6. State Aid to Libraries
(Sec. 15.2-4116, Code of Va.)

If the former city participated in a regional library system with the adjoining county or continues to operate an independent library following reversion, the State will continue to fund the independent town library or former regional library as if no transition had occurred, in perpetuity.

N. Town Officers and Employees

(Sec. 15.2-4115, Code of Va.)

1. All officers and employees of the former city shall continue to serve the town following the effective date of transition until terminated as provided by law or until their successors are appointed.
2. Members of the governing body of the former city shall remain in office following the effective date of transition to town status until their successors are elected.

The special three-judge court shall order a special election in accordance with Section 24.2-682, Code of Virginia at least 30 days before the effective date of transition to elect members of the town governing body.

II. CITIZEN-INITIATED REVERSION

A. Eligibility

The voters of any city with a population of less than 50,000 persons at the time of the latest U. S. Census may petition the circuit court for the reversion of such city to town status.

B. Procedure for Initiating Action

(Sec. 15.2-4102, Code of Va.)

1. Citizen petitions requesting the reversion of a city to town status must contain the signatures of 15% of the qualified voters of the city.
2. All signatures on the petitions must have been collected within a 12-month period.
3. The petition must be served on the governing body of the affected city and county and published as required by Section 15.2-4102, Code of Virginia.

C. Review of Voter-Initiated Reversions

(Sec. 15.2-4102, Code of Va.)

Voter-initiated reversions are subject to the same review by the Commission on Local Government and the special three-judge court as prescribed for city-initiated reversion petitions under the terms of Section 15.2-2907, Code of Virginia.

D. Declining to Accept Town Status
(Sec. 15.2-4109, Code of Va.)

The governing body of the affected city may decline to accept eligibility for town status awarded as a result of voter-initiated proceedings. The ordinance declining town status must be adopted within certain statutorily prescribed time periods.

Staff
Commission on Local Government
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