

General Assembly Preview

January 5, 2024



General Assembly Preview

Logistics and Process

Budget Overview

Anticipated Key Topics/Bills

Influencing Factors



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Logistics: What about the Schedule

- ❑ Budget presentation—December 20
- ❑ General Assembly Convenes—January 10
- ❑ “Crossover Day” of bills—February 13
- ❑ House and Senate budget changes—February 18
- ❑ Adjournment—March 9
- ❑ Virginia Constitution (Article IV, Section 6) stipulates that “no regular session of the General Assembly convened in an even-numbered year shall continue longer than sixty days...”

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Logistics: Lay of the Land

- Dramatic turnover in membership
 - Loss of institutional knowledge/memory
 - New Rs likely more conservative; new Ds likely more liberal
 - Lack of knowledge of how state actions impact local governments
- Dems have narrow margin of power in legislature
 - Senate is 21-19
 - House of Delegates is 51-49
- New committee chairs/members
- Rules changes?

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State Budget Proposal

- Chapter 1 in effect 9/14/23
- Governor Youngkin's Proposed Budget introduced 12/20/23
- Budget for FY25 and FY26 total \$185.3 billion, including \$62.9 billion in general fund (GF) spending and \$122.4 billion in non-general fund (NGF) appropriations.
- Anticipates state GF revenue growth of 1.4% in FY25 and 5.4% in FY26.

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State Budget Proposal

- Governor: “Unleashing opportunity budget”
- Focus: Reducing the cost of living, job growth, and key investments for Virginia to be competitive with other states.
- Cost of Living: Proposed tax policy changes (lower income for higher sales); request to eliminate the personal property tax; salary increases
- “The governor proposes, and the General Assembly disposes.”

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Budget:

Overview of key Items

- About \$1 billion in additional tax relief:
 - Lower individual incomes taxes across brackets
 - Higher state sales tax (from the current 4.3% to 5.2%)
 - Applying the state sales tax to some digital products and services
 - Expanding Earned Income Tax Credit
- Car tax: Local governments allowed to levy per Va. Constitution; state has chipped in \$950 million per year for last 20 years to provide tax relief.
- Bonuses and salary hikes for state-supported local employees (1% bonus each December and 1% salary bump July, 2025).

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Budget:

K-12

- 1% bonus July, 2024 and 2% salary hike July, 2025 for state supported teachers and support personnel.
- Rebenchmarking: \$160.6 million
- Reading specialists: \$61.2 million (VLA)
- Retirement: Payments for unfunded liability/diversions from Literary Fund (\$535 million)
- Budget projects roughly 7K fewer students (1.2 million)

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Budget:

Community Develop- ment

- VATI: Reduces funding to \$20 million in FY25, and eliminates all state general funds in FY26.
- Adds over \$200 million for workforce and economic development, including \$100 million to advance state efforts in biotech, life sciences, and pharmaceuticals.
- \$15 million in FY25 for a new workforce recruitment program to be operated by the Virginia Economic Development Partnership (VEDP).
- An additional \$350,000 each year (for total funding of \$445,000 each year) for the Center for Rural Virginia.
- No additional dollars for Planning District Commissions.

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Budget:

Environment and Agriculture

- \$138.1 million (required deposit) for nonpoint source pollution programs and Ag BMPs.
- \$25 million each year for Resilient Revolving Loan Fund for local governments to finance resiliency projects
- \$100 million for the Virginia Community Flood Preparedness Fund
- An additional \$5 million for the Dam Safety, Flood Prevention and Protection Assistance Fund

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Budget:

HHR

- Behavioral Health: “*Right Help, Right Now*” plan
An additional \$316 million to further expand access to behavioral and mental health services, including \$150 million to assist people with developmental disabilities.
Recall that this initiative funds mobile crisis response teams, Crisis Receiving Centers and Crisis Stabilization Units.
- An additional \$714 million to fully fund current services for eligible populations enrolled in Medicaid.
- Adds almost \$100 million to the state pool of funds for the Children’s Services Act (as well as \$36.6 million more in FY24); this funds the state share of supplemental requests from localities that have exceeded their state allocation for mandated services.

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Budget:

Public Safety

- One time \$18 million for state and local law enforcement recruitment and wellness initiatives (Operation Bold Blue Line)
- Level funding (at \$219.6 million per year in both FY25 and FY26) for localities with police departments that receive HB599 funding.
- Reduces appropriations by \$15 million each year in FY24, FY25 and FY26 in per diem payments to reflect a reduction in the number of state-responsible inmates expected to be held in jails. (State pays \$15/day for state responsible and \$5/day for local responsible; SB 41 would have per diem payments based on actual costs)

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Budget:

What's Left?

- \$3.6 million in FY26 to increase state aid to local public libraries.
- \$20 million in FY25 for the Transportation Partnership Opportunity Fund and directs the Commonwealth Transportation Board to provide \$200 million to the fund in its next six-year plan (Sports and Entertainment Venue?)
- \$50 million each year in distribution of casino gaming tax revenues to localities on a quarterly basis.
- \$20 million in FY25 for a new grant program to support improvements at significant historic sites in Virginia in anticipation of the country's 250th anniversary.

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Budget:

The Timeline

- Virtual budget hearings were held “across the state” on Wednesday.
- Money committee staff will brief members on the budget proposal in session’s first few days.
- General Assembly member budget amendments are due 1/12.
- House and Senate versions of the budget to be released 2/18.

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Key Legislation

Bills, bills,
and more
bills

- Headlines: Tax relief, reproductive rights, public education, car emissions standards, guns, RGGI, marijuana, etc.
- Tax Policy
- Land Use
- K-12/School Construction
- Land Use/Short-term rentals
- FOIA
- 350 introduced so far on way to 2,000+

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Key Legislation Tax Policy

- Governor proposing:
 - Lower income taxes (approximately 12% average across income brackets) and an increase in the state sales tax by nearly 1 cent (0.9%)
 - “Request” to eliminate the personal property tax; the state contributes \$950 million in state GF each year to offset loss of local revenue
 - Several revenue diversions that boost general fund
- HB 88 extends higher state income tax standard deduction amounts slated to expire in 2026.
- SB 110 would exempt groceries from the local sales tax beginning in July. Previously, the state sales tax on food, was eliminated and the budget included funds to make up public education’s share of 1% of that tax.

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Key Legislation

K-12 and School Capital

- Policies from “A to Z”: Assessments, gender policies, standards of learning, home instruction, etc.
- School Construction: During 2019/2020, nine localities authorized to enact a one-cent sales tax increase to generate revenue for construction or renovation of public schools, upon voter approval.
 - Individual and statewide authority bills all failed the past two years.
 - SB 14 would authorize in all counties and cities
 - About \$25+ billion in unmet needs identified

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Key Legislation Land Use

- Localities are concerned every year with bills that attempt to usurp or chip away at local land use authority (bills we don't expect and those we anticipate).
- Legislation possible to restrict local authority to regulate short term rentals through local ordinances.
- Other bills to be forthcoming.

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Key Legislation FOIA

- FOI Advisory Council legislation will address two SCV decisions; one concerning electronic meetings and a second to address the definition of a meeting.
- Expect bills to amend 2022 legislation that allowed all virtual meetings for regional bodies and certain local public bodies; proposals to address percentage of meetings and quorum.

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Other Considerations

- NEW, NEW, NEW
 - New faces, new leadership, new building
- General Assembly/Governor and House/Senate relationships
- What mood are they in?

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Where
to Turn
for More
Info

- [Virginia Legislative Information System](#)
- [Virginia State Budget](#)
- [Budget Highlights](#)
- [TJPD Legislative Services](#)
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Questions/Discussion

