

General Assembly Preview

January 9, 2026



General Assembly Preview

Logistics/Process

Budget Overview

Anticipated Key Legislation

Final Thoughts



General Assembly Preview

Logistics: The “Short Session” Schedule

- Budget presentation—December 17
- General Assembly Convenes—January 14
- “Crossover Day” of bills—February 17
- House and Senate budget changes—February 22
- Adjournment—March 14
- Virginia Constitution (Article IV, Section 6): “...no regular session of the General Assembly convened in an odd-numbered year shall continue longer than thirty days; but with the concurrence of two-thirds....extended....not exceeding thirty days.”

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Logistics: Lay of the Land

- Democrats expand margin of power in legislature
 - Senate is 21-19
 - House of Delegates is 64-36
- Governor-elect Spanberger takes office on January 17
- Deadline for requesting bill drafts was 12/1
- “Pre-filed” bill introduction deadline is next Wednesday at 10 am
- Final bill introduction deadline is 1/23

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State Budget Proposal

- Chapter 725 adopted last May
- Governor Youngkin proposed biennial budget for FY27/28 on 12/17/25
- The introduced budget for FY27 and FY28 totals \$211 billion (\$71.3 general fund and \$139.7 million nongeneral fund)
- Anticipates state GF revenue growth of 3% in FY27 and 3.2% in FY28. Revenues are increasing 5.2% so far this fiscal year.
- Must have a balanced budget!

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State Budget Proposal

- The budget addresses numerous required spending increases and tax conformity (to mostly conform the state tax code with federal provisions ([H.R.1](#))).
- Proposes \$22.8 billion for K-12 education, including additional net of \$544 million for the biennial “rebenchmarking” of SOQ costs.
- Proposes a 2% bonus effective June 1, and a pair of 2% salary increases at the beginning of FY27 and FY28 for state-supported local employees.
- “The governor proposes, and the General Assembly disposes.”

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Budget:

K-12

- ❑ Lower than projected rebenchmarking costs, mostly due to lower VRS contribution costs (see below) and school enrollment figures that estimate 16,322 fewer students by 2028.
- ❑ Proposes a 2% bonus for state-recognized instructional and support positions effective June 1, and the state share of a pair of 2% salary increases at the beginning of FY27 and FY28.
- ❑ \$299 million for the School Construction Assistance Program; includes an additional \$127 million GF and \$172 million transfer from the Literary Fund.
- ❑ Diverts another \$285 million from the Literary Fund to support teacher pension costs
- ❑ Reduces VRS contribution rates for public school teachers to 13.37% for both years, saving money for localities and the state.
- ❑ Over \$1.15 million to address childcare, including \$1 million for a one-time, 1:1 match program to incentivize employer contributions to support childcare costs of their employees.

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Budget:

Community Develop- ment

- ❑ VBRSP: \$10 million increase for the Virginia Business Ready Sites Program, which would bring funding in FY27 to \$30 million.
- ❑ An additional \$500,000 each year for the Virginia Main Street Program (money transferred from the Enterprise Zone program).
- ❑ Level funding for PDCs in FY27 and FY28.

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Budget:

Environ- ment

- Nearly \$286.3 million for the Water Quality Improvement Fund (WQIF) and the Virginia Agricultural CostShare program. GF amount includes about \$108 million from the year-end surplus and \$36 million from the general fund.
- \$43.5 million in FY27 to support stormwater assistance projects in localities with municipal separate storm sewer systems (MS4).
- Nongeneral fund support for a 10-year cooperative agreement with the United States Forest Service, designed to designate funding for trail maintenance, arborist work, and infrastructure repair across state parks and adjacent federal lands.

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Budget:

HHR

- \$410.3 million in FY26 for additional Medicaid utilization and inflation costs, and an additional \$2.77 billion for FY27/28.
- \$100 million for SNAP administrative costs
- An additional \$20.7 million in FY26 and \$136 million more in FY27/FY28 for Children's Services Act (CSA) costs.
- State CSA savings (impacts locals):
 1. Limit growth in private day services reimbursement services to 2.5% (saves \$7.1M);
 2. Reduce state match for community-based services (saves \$22.5M)

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Budget:

Public Safety

- \$3.9 million each year for 71 additional deputy sheriff positions.
- \$2 million in FY27 to reimburse local law enforcement agencies for time spent transporting individuals under TDOs and ECOs.
- \$47 million in general and nongeneral funds to support emergency management capability to respond to any federal restructuring of disaster assistance and support to states.
- *HB599* funding remains at \$229.6 million/year.
- Jail per diem amounts stay the same at \$5/day for local responsible inmates and \$15/day for state responsible inmates.

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Budget: The Timeline

- Virtual budget hearings were held “across the state” last week
- Money committee staff will brief members on the budget proposal in the session’s first few days
- General Assembly member budget amendments are due 1/16
- House and Senate versions of the budget to be released Sunday, 2/22

General Assembly Preview

Key Legislation

Bills, bills,
and more
bills

- Headlines: The budget, public education, energy, housing affordability, Constitutional amendments, gambling, marijuana
- Tax Policy
- K-12: School Construction referendum
- Land use issues
- About 450 bills and resolutions introduced so far; expect 2,000+ bills and hundreds of resolutions

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Key Legislation

K-12 and School Capital

- JLARC: GA unlikely to be able to address costly recommendations from 2023 report.
- 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 three years (2024 and 2025 bills were vetoed)
 - Over \$25 billion in unmet needs identified
 - Third time the charm?!?!?

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Key Legislation Energy

- Demand for increasing energy production and storage will greatly influence discussions energy/Virginia Clean Economy Act (VCEA). Goals to decarbonize Virginia's electricity grid by 2045.
- December, 2024, JLARC report indicated that "Building enough infrastructure for unconstrained data center demand will be very difficult, and meeting half that demand is still difficult."
- "Data centers here, how to deal with them."

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Key Legislation Energy

- ❑ Commission on Electric Utility legislation:
- ❑ “Balcony solar” is plug-in solar less than 1,200 watts
- ❑ University consortium to be a research and information resource, and to assist state agencies, localities, PDCs, etc. on solar projects
- ❑ Utility disconnection dashboard
- ❑ Statewide standards for certain local regulations on large-scale solar projects

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Key Legislation Land Use

- ❑ Local governments will again play DEFENSE on land use authority legislation
- ❑ Bills anticipated that would usurp or restrict local land use authority
- ❑ Solar, data centers
- ❑ Housing
 - Housing Incentives—PDC Housing Development Program
 - Requirements— Require SF zones to allow ADUs; required (or allowed) “faith in housing” legislation; housing targets bill.
 - HBAV/local processes legislation

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Key
Legislation

Other

- Finance-sales tax relief/digital services; income taxes; exemptions
- Health and human services bills—CSA, CSBs, social services oversight, SNAP
- Elections—potential Spring special election; early voting window shortened?
- Freedom of Information legislation—limits on public body charges; posting of agendas
- Local government bills

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VAPDC Requests

- ❑ Water Supply Planning
 - ❑ Budget amendment sponsors are lined up to request increase in state funding from \$231,000 to about \$750,000 per year.
- ❑ PDC Funding
 - ❑ Finalizing budget amendment sponsors to request budget increase in state funding to about \$360,000 per PDC.

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Final Thoughts

- Beginning of a new Administration and enhanced House of Delegates majority.
- What will General Assembly/Governor and House/Senate relationships be like?
- What will be first priorities for Democratic trifecta?
- Budget writers may take more cautious view of economy and revenue outlook.
- What's the mood?

General Assembly Preview

Where
to Turn
for More
Info

- [Virginia Legislative Information System](#)
- [Virginia State Budget](#)
- [Budget Highlights](#)
- [TJPD Legislative Services](#)
dblount@tipdc.org

Questions?

dblount@tipdc.org

