



# Report from Richmond

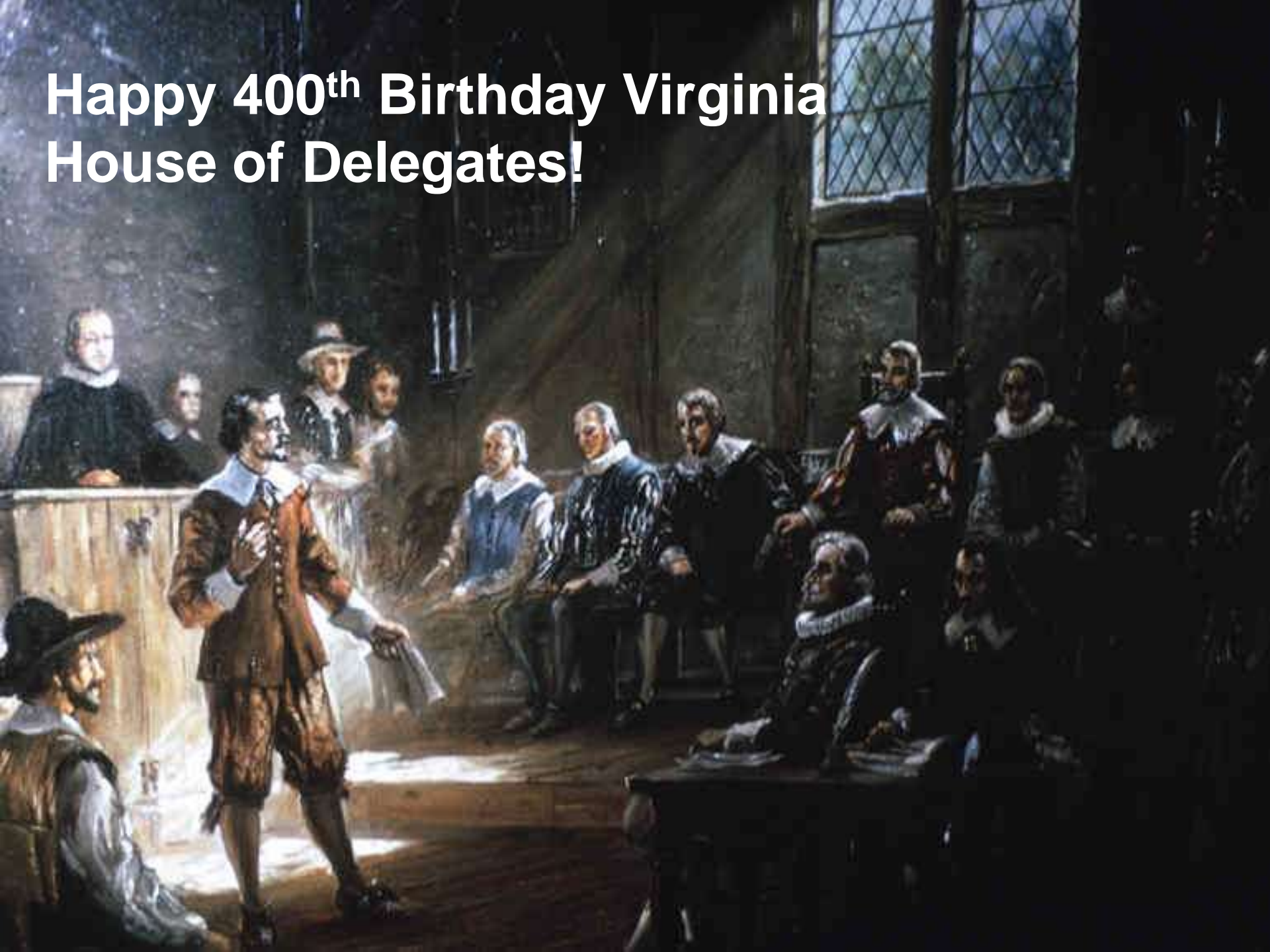
**Delegate David Bulova and Senator Chap Petersen**

**February 2, 2019**

# Session Overview

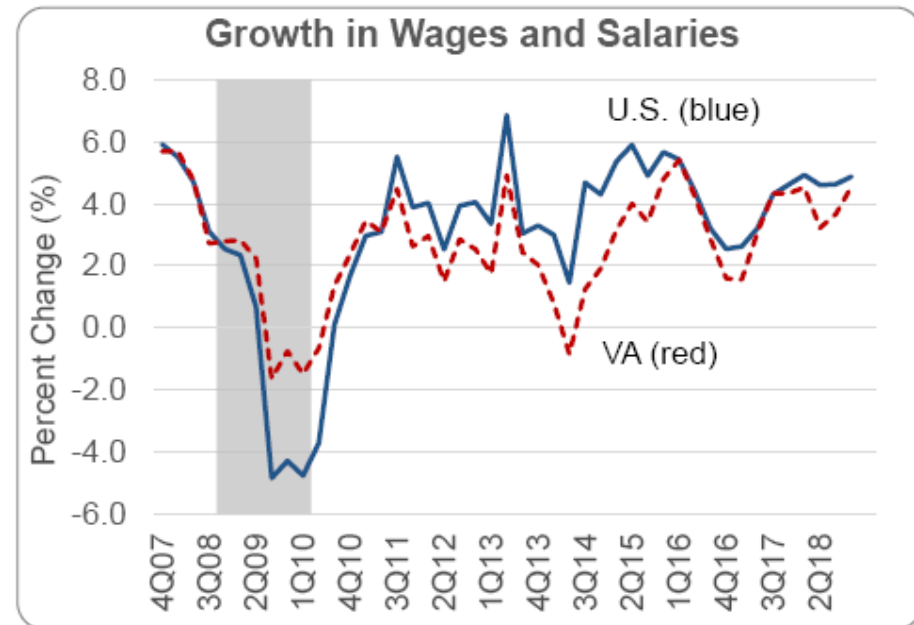
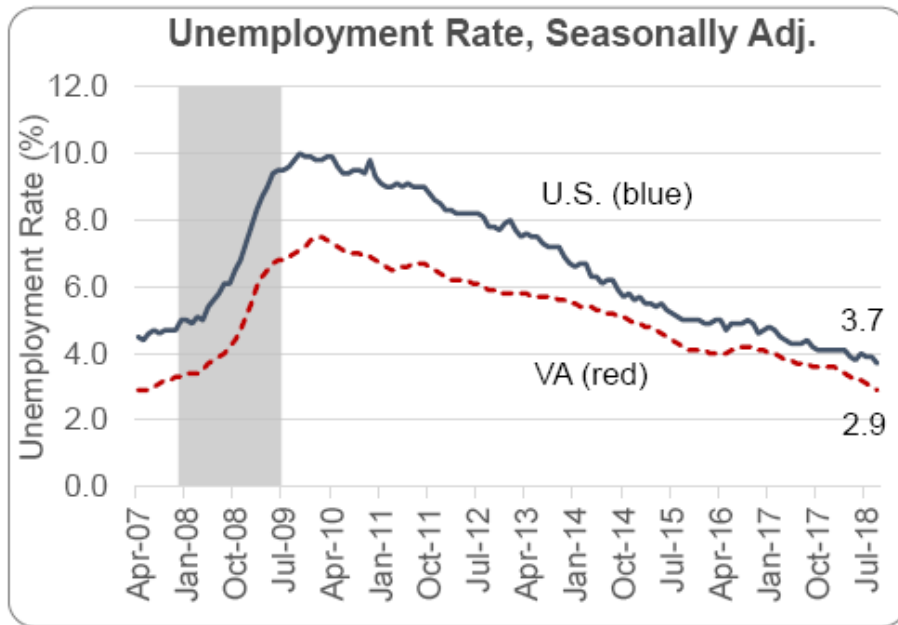
- Convened on January 9<sup>th</sup>
- Short session – ends February 23<sup>rd</sup>
- 1,202 bills introduced in the House;  
793 in the Senate
- February 5<sup>th</sup> is “cross-over”
- Committee assignments

# Happy 400<sup>th</sup> Birthday Virginia House of Delegates!



# Economy and Budget – Where We Are

Steady growth – but with challenges.

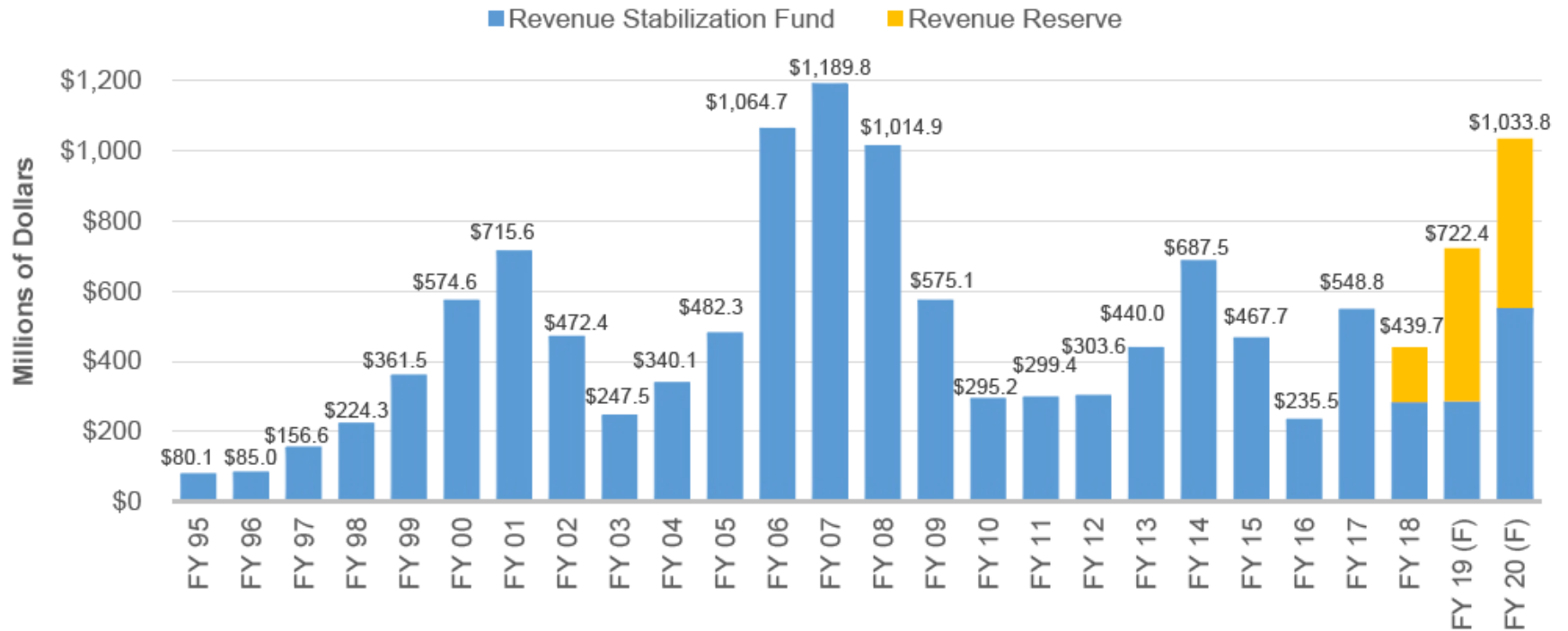


# Good News for FY2018

- FY2018 resulted in \$555 million surplus.
- Surplus went to:
  - Water Quality Improvement Fund
  - Revenue Stabilization Fund
  - Cash Reserve Fund

# Revenue Stabilization and Reserve Funds

## Total Reserve Fund Balances



# Economy and Budget – Looking Ahead

- Three primary considerations for FY2019/2020:
  - Economic considerations
  - Significant, time-sensitive budget pressures
  - Federal Tax Cuts and Jobs Act

# Economic Considerations

- FY2019 looking positive; 3.3% growth; FY2020 slightly higher:
  - Strong labor market driving income/sales tax
  - Recordation tax weaker due to rising interest rates
- Still less than traditional growth rates.
- Results in ~\$728 million in additional revenue for biennium.



# Significant Budget Pressures

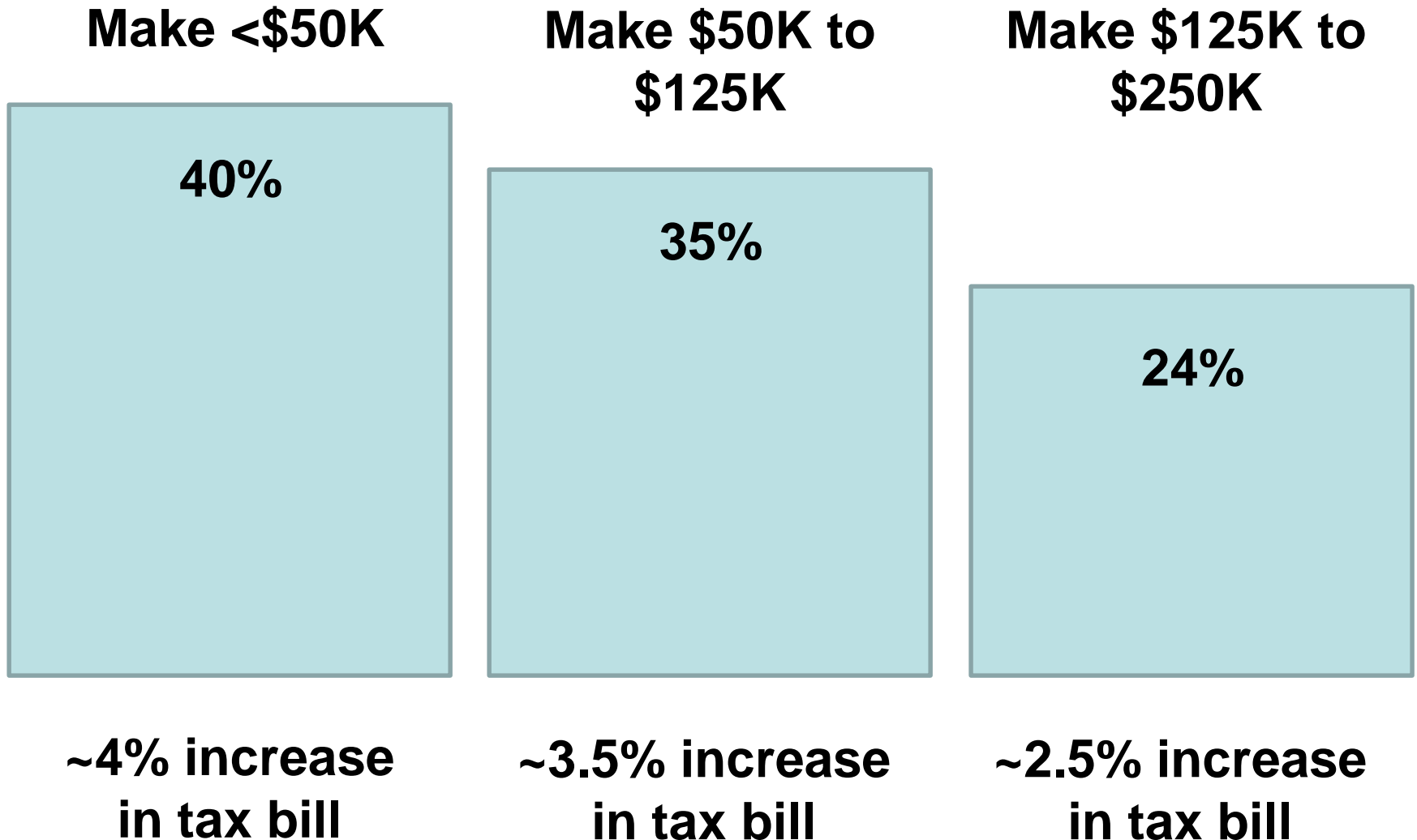
Commitment/Need	Cost (GF \$ in millions)
Medicaid Forecast	\$462.5
Medicaid Administrative Disallowances	40.0
Children's Health Insurance Forecast (FAMIS/CHIP)	18.0
Piedmont/Catawba Operations	13.0
Major Employment and Investment Project Obligations	50.0
Inmate Healthcare (increases in offender medical costs and Fluvanna)	36.5
Census and Staffing at State Mental Health Hospitals	21.7
Hurricane Florence (amount that will not be reimbursed)	10.8
Forensic Science Caseload (fill budget hole created by transfer from FY 2020 to FY 2019)	3.3
State Police Communications – STARS (operating, \$132.4 M bond request)	TBD
Other Items	TBD
<b>TOTAL (FY 2019 &amp; FY 2020)</b>	<b>\$655.9</b>

**Revenue from natural economic growth is sufficient to cover most pressing needs, but doesn't leave a lot for new initiatives.**

# Federal Tax Cuts and Jobs Act

- Increased the federal standard deduction:
  - \$6,500 to \$12,000 for single filers
  - \$13,000 to \$24,000 for married filing jointly
- Reduced/suspended many itemized deductions.
- Virginia law says that if you take the standard deduction at the federal level, you must also at the state level.
- Federal consequences usually determine standard versus itemized deduction.
- The result? While maximizing the combined federal/state return, about 26% of Virginians will see an increase in state taxes.

# Who is included in that 26%?



# Options on the Table

- Make Earned Income Tax Credit fully refundable similar to federal level:
  - Targets working families making under \$50K
- Raise Virginia's standard deduction:
  - Helps all brackets, but makes income tax more progressive
- Allow Virginians to itemize on state taxes even if they take federal standard deduction
- Make one-time investments per Governor's plan:
  - Recognizes that most individual tax changes expire in tax year 2025
- **Priority is CONFORMITY so that tax payers can move forward with filings.**

# **Major Legislative and Budget Issues**

- **Redistricting Reform**
- **ERA Resolution**
- **Gun Safety**
- **Amazon Package**
- **Casinos and Sports Betting**
- **Evictions**
- **Clean Energy**
- **Local Land Use (Short-Term Rentals/Proffers)**
- **Distracted Driving/Hands-Free**
- **Budget – Raises for Teachers; Broadband; Water Quality**

# Highlights – David's Bills

- **HB 2458** – Early Childhood Care and Education Act (chief co-patron).
- **HB 1913** – Local authority to require sidewalks during redevelopment.
- **HB 1934** – State agencies authorized to install fee-based electric vehicle charging stations.
- **HB 1928** – Expands Power Purchase Agreement pilot project.
- **HB 1273** – HOA capital reserve studies.
- **HB 2762** – Responsible Firefighting Foam Management Act.

# Highlights – Chap's Bills

- **SB 1114** – Campaign finance; prohibited contributions to candidates.
- **SB 1146** – Campaign contribution limits; civil penalty.
- **SB 1116** – Plastic bags; tax in the Chesapeake Bay Watershed.
- **SB 1117** – Uninsured and underinsured motorist insurance policies; bad faith.
- **SB 1118** – Higher educational institutions, public; tuition and fee increases, public comment.
- **SB 1147** – Public high schools; credit for work-based learning experiences.
- **SB 1238** – Virginia Sports Betting Department; created.
- **SB 1780** – Electric Utility Regulation; Refund Act.

# What You Are Telling Us

2019 Survey – 647 Responses To-Date

- Should Virginia pass a **“red flag” gun safety law?**
  - 82% Yes
  - 11% No
- Should Virginia make it legal to **bet on professional sports teams?**
  - 39% Yes
  - 47% No
- Should Virginia allow **casino gambling**, subject to local referenda?
  - 35% Yes
  - 52% No



# What You Are Telling Us

- Do you support the incentive package to bring **Amazon to Northern Virginia?**
  - 48% Support
  - 28% Oppose
  - 24% Don't Know/Maybe
- Do you support **tolling on I-81** to make capacity and safety improvements?
  - 43% Support
  - 34% Oppose
  - 22% Don't Know/Maybe
- Should Virginia repeal the law that requires a **photo ID to vote?**
  - 32% Yes
  - 60% No

# What You Are Telling Us

- Should Virginia **raise the minimum wage?**
  - 64% Yes, between \$12 and \$15/hour
  - 18% Yes, but less than \$12/hour
  - 13% Oppose
- What are your views on changes to Virginia's **marijuana laws?**
  - 28% Keep Virginia's laws the way they are
  - 71% Decriminalize possession of small amounts
  - 65% Expand medical use to all forms of marijuana
  - 49% Allow recreational use and regulate similar to alcohol.
  - 18% Allow recreational use with minimal government oversight.

# Thank You!

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