



Final Report to the Northern Virginia Chamber Partnership

2017 Session – March 1, 2017

The following report highlights the final outcomes on the Partnership's priorities for the 2017 session.

Economic Development/Business Taxes

- **GO Virginia grant and research funding preserved** – The final budget amendments restore \$7.5 million of the Governor's proposed cuts in funding for GO Virginia. This takes GO Virginia funding to a total of \$28,050,000 for FY17 and FY18. Specifically, the budget provides up to \$650,000 for each regional council to undertake their economic growth and diversification planning process, invest in capacity-building activities, and cover initial administrative expenses. It also allocates \$10,900,000 in grants, which will be disbursed on a per-capita basis to support specific regional projects, and \$11,300,000 for grants awarded on a statewide competitive basis. While less in total than the appropriation for GO Virginia following the 2016 General Assembly session, this funding lays a strong foundation for future growth.
- **Business input factored into economic impact of proposed state regulations** – HB 1943 (Peace) and SB 1431 (Reeves) – This legislation passed, ensuring that business feedback is factored into economic impact analyses for proposed state regulations.
- **BPOL collection methodology clarity to be provided** – HB 1961 (Hugo) – This legislation passed, providing an equal playing field for businesses across Virginia, ensuring BPOL is collected accurately and providing a pathway for greater clarity with regard to BPOL collection for businesses operating in multiple states.
- **Proposed fee increases for restaurants and delis defeated** – Prior to the start of the 2017 session., the Governor proposed increases to the inspection fees conducted by the Department of Agriculture & Consumer Services from \$40 to \$585, impacting groceries and convenience stores, and the Department of Health's restaurant fee from \$40 to \$285, which would have impacted all restaurants, as well as entities that serve prepared foods. The Partnership strongly opposed these fee increases, which were removed in the final budget approved by the legislature.
- **Work group established to study issues related to accelerated sales tax (AST) collection for retailers** – The Partnership opposed delays to the planned phase out of the accelerated sales tax, which impacts retailers in Virginia. Specifically, in June 2017, the threshold of which retailers still had to pay AST was planned to increase from \$2.5 million to \$10 million; however, the Governor proposed not raising the threshold in June 2017 and then only raising the threshold to \$4 million in June 2018. Unfortunately, the budget approved by the legislature did not support phase-out of the AST. That being said, the budget did include language directing the Department of Taxation to

convene a work group to consider the AST, challenges and issues related to it for retailers, possible alternatives to AST collection and related issues. Members of the work group include members of the staff for both money committees, the Secretary of Finance and stakeholders from the retail industry. Given the repeated reliance on the AST to address budget shortfalls, this work group presents an opportunity to increase understanding of the challenges related to the AST.

- **Minimum wage increase mandates defeated** – HB 1444 (Rasoul), HB 1771 (Plum), HB 2309 (Simon), SB 785 (Marsden), SB 978 (Dance) – These bills, which would have mandated increases in the minimum wage, were defeated
- **Bill phasing out R&D tax credit programs defeated** – SB 1540 (Sturtevant) – This legislation and corresponding budget amendments, which sought to phase out two important research and development expenses tax credits over a period of 10 years, eliminating the tax credits by 2027, was defeated.
- **Veteran’s entrepreneurship pilot program failed to advance** – HB 1841 (Stolle) and SB 1114 (McPike) – Despite Partnership support, this legislation, which would have established a pilot program that increased entrepreneurship opportunities for Virginia veterans and transitioning service members, failed to advance due to budgetary limitations.

Education/Workforce Development

- **Workforce credentials program funding preserved** – The final budget passed by the legislature protects the \$4 million in funding allocated for FY17 to allow the workforce credentials program to continue. While the additional \$1 million proposed by the Governor was not included in the budget amendments, we look forward to working to expand this successful program in next year’s budget.
- **Cost of Competing Adjustment (COCA) for public school support positions preserved** – The final budget maintains a 10.6 percent cost-to-compete adjustment for public school support positions in Planning District 8, taking into account the increased cost to hire and train qualified support positions to support our public school system. While this does not represent full restoration of the COCA, we consider it to be a success that the adjustment was maintained at this level, as opposed to being removed altogether, as it had been prior to the 2016 session.
- **Salary increases for teachers and instructional staff supported** – This final budget approved by the legislature provides funding for the state's share of a 2 percent salary increase for instructional and support positions. This replaces the 1.5 percent bonus proposed by the Governor. An additional \$34.1 million was also added to the Supplemental Lottery Per Pupil Allocation, bringing the total up to \$191.3 million in the second year of the biennium.
- **School Divisions of Innovation program established** – HB 1981 (Greason) – This legislation provides a mechanism for school divisions to apply to the Virginia Board of Education to be exempt from certain administrative requirements in order to adopt alternative evidence-based, innovative, system-wide programs that are focused on improving student learning, engaging and motivating a greater number of students, promoting personalized learning opportunities, and increasing student success in whatever their career pathway may be.

- **Mechanism to earn college credit for apprenticeships created** – HB 1592 (James) and SB 999 (Ruff) – This legislation passed, creating a way for college credit to be earned for apprenticeship credentials, supporting the attainment of higher degrees for those seeking to advance in the workforce.
- **Dual enrollment policy created** – HB 1662 (Greason) and SB 1534 (Sturtevant) – This legislation requires that the State Council of Higher Education for Virginia (SCHEV) establish a policy for granting undergraduate course credit to any freshman student who has successfully completed a dual enrollment course at a comprehensive community college to help to streamline the workforce development pipeline and minimize debt associated with higher education.
- **Financial aid grant program reformed**– HB 2427 (Cox) and SB 1527 (Saslaw) – This legislation was passed, enabling the Virginia Guaranteed Assistance Program (VGAP) to be better structured to help the most individuals with a demonstrated financial need to earn a degree within four years in a way that is as impactful as possible.
- **Industry certifications considered in high school accreditation** – HB 1708 (Filler-Corn) – This legislation will ensure the industry certification credentials earned by students while in high school are included in the student outcome measures considered in the standards of accreditation by the Board of Education to help to incentivize high schools to promote certification attainment in a comparable way to other outcome measures for which they are accountable.
- **High School Redesign delay averted** – HB 2142 (LeMunyon) – This bill, which would have required a one-year delay for the high school redesign, otherwise slated for launch for incoming freshman in 2018, failed to advance with strong Partnership opposition.

Transportation

- **Metro Safety Commission established** – HB 2136 (LeMunyon) and SB 1251 (Barker) – This legislation passed, establishing a Metro Safety Commission (MSC), an independent body that will oversee and monitor safety for the WMATA Metrorail system to ensure the long-term safety and reliability of Metro, as well as to protect approximately \$6 million statewide in annual federal transit funding.
- **Multi-jurisdictional discussions to revise WMATA Compact to be initiated** – HJR 617 (LeMunyon) – This legislation directs the Governor to review the WMATA Compact and enter into discussions with his counterparts in the District of Columbia and Maryland to identify possible improvements to the agreement, particularly with regard to the governance, financing, and operation of Metro.
- **Regional transportation planning communication and direction provided** – HB 2137 (LeMunyon) – This legislation passed, requiring the Northern Virginia Transportation Authority (NVTA) to publish on its website any land use or transportation elements of a locality's comprehensive plan that are inconsistent with the Authority's regional transportation plan, to revise its regional plan a minimum of every five years, and to certify that the regional plan would reduce congestion to the greatest extent practicable or, if unable to so certify, specify the reasons and any need for cooperation by other regional entities.

- **Bill Authorizing Use of Regional Transportation Funds for Sidewalks Defeated** – HB 2121 (Keam) – This legislation, which would have allowed the 70 percent of Northern Virginia Transportation Authority (NVTA) funds intended for regional transportation projects to be used for sidewalks, was defeated.
- **Bill creating gas tax floor in NV and Hampton Roads defeated** – SB 1456 (Wagner) – Despite Partnership support, this legislation, which would have placed a floor on the 2.1 percent tax imposed on motor vehicle fuels sold in Northern Virginia and Hampton Roads by ensuring that the tax is not imposed on a sales price less than the statewide average sales price on February 20, 2013, failed to advance. This is important in order to provide a more reliable and consistent mechanism to support transit services throughout the region, including VRE and the WMATA local funding matches. We look forward to working with our fellow northern Virginia and Hampton Roads business community to advance this in 2018.

Healthcare

- **Direct primary care agreements clarified as not being insurance** – HB 2053 (Landes) and SB 800 (Stanley) – This legislation clarifies that direct primary care agreements are not insurance and therefore, should not be regulated as such, enabling additional benefit options for employers to consider, as well as a way to encourage preventative care for employees to support lower absenteeism, increased worker productivity, higher moral and improved overall employee health and wellness.

The attached bill chart provides additional detail on each priority, including the status of Governor action. Thank you for the opportunity to support the Northern Virginia Chamber Partnership during the 2017 legislative session.