



2024 GENERAL ASSEMBLY SESSION

WEEK #8 SESSION REPORT

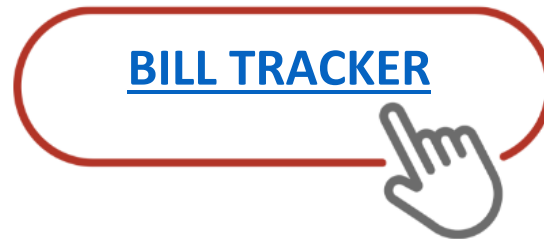
March 3, 2024

Prepared for:



GENERAL ASSEMBLY CONCLUDES WEEK #8

To date, 3,210 bills and resolutions have been introduced. As of today, 1,528 bills and resolutions have been passed in the House and 1,326 have been passed in the Senate. The legislature has chosen not to advance 855 bills and continued 395 bills to the 2025 session. For the latest on legislation we are tracking for the Chamber, please click below.



BUDGET CONFEREES ANNOUNCED

The General Assembly appointed their budget conferees this past week. The policymakers who are appointed to serve as conferees are responsible for resolving the differences between the budgets adopted by the House and the Senate.

When consensus is reached on the budget, the conference report for the budget will be considered on the floor of each chamber before being communicated to the Governor for his consideration. Members of the House and Senate must either adopt or reject the conference report in full. Amendments are not allowed at this point in the process. The budget conferees are listed below.

| House Budget Conferees | Senate Budget Conferees |
|--|--|
| Del. Luke Torian (D – District 24) | Sen. L. Louise Lucas (D – District 18) |
| Del. Mark Sickles (D – District 17) | Sen. Mamie Locke (D – District 23) |
| Del. David Bulova (D – District 11) | Sen. R. Creigh Deeds (D – District 11) |
| Del. Betsy Carr (D – District 78) | Sen. Jennifer Boysko (D – District 38) |
| Del. Terry Austin (R – District 37) | Sen. Ryan McDougale (R – District 26) |
| Del. Robert Bloxom, Jr. (R – District 100) | Sen. Todd Pillion (R – District 6) |

CHAMBER URGES SUPPORT FOR BUSINESS-TO-BUSINESS EXEMPTION FOR SALES TAX ON DIGITAL PRODUCTS IN STATE BUDGET

This week, the Chamber joined other business organizations in urging the budget conferees to include a business-to-business exemption to the new digital services tax. This new sales tax on digital services was proposed by the Governor and included in both the House and Senate budgets. Unlike the Governor's proposal and the provisions in the House budget, the Senate budget applies the tax to business-to-business transactions.

[Item 4-14 #1s](#) expands the application of sales tax to include digital personal property and certain taxable services in addition to tangible personal property. Taxable services in this amendment include software application services, computer-related services, website hosting and design, data storage, and streaming services. In addition, the amendment makes it clear that the tax applies to cases where the *“purchaser or consumer of the service is a business...”*

There is concern about applying this expanded sales tax to business-to-business transactions for the following reasons:

- **Unfair Treatment of Digital Commerce.** B2B exemptions for digital business inputs are necessary to level the playing field between digital commerce and other industries that are permitted certain other exemptions for inputs, such as manufacturing and resale exemptions. Digital commerce will be competitively disadvantaged if it is not afforded similar business input exemptions as those other industries are provided.
- **Pyramiding.** B2B exemptions for digital business inputs are necessary to avoid pyramiding of sales tax. If B2B exemptions are not provided, the sales tax imposed on digital products purchased by businesses and used to develop and provide other digital products will cause an increase in prices of production and therefore, increase the sales price when sold to retail customers.
- **Impedes Economic growth.** Imposing this expanded sales tax on business inputs impedes economic growth in the Commonwealth which has made it a priority to attract technologies companies to locate in Virginia. Companies that have higher business costs are forced to pass these costs on to customers through higher prices, so Virginia residents will ultimately bear the burden of these higher prices. By increasing the cost of doing business, sales tax on business inputs could lead to lower business revenue, which, in turn, leads to lower investment and growth by companies in Virginia.
- **Sourcing.** Many businesses use digital products in multiple locations. Without a B2B exemption in Virginia, there will be significant sourcing challenges for the Commonwealth and businesses that attempt to apportion the sales tax among multiple jurisdictions where the digital product is used.

Approximately 40% of Virginia’s current sales tax base consists of business inputs, and taxing more business inputs would increase that share. The Governor’s proposed budget included an exception for “any service transaction where the purchaser or consumer of the service is a business.” The Chamber is urging this exemption to be retained in the budget proposal that is ultimately adopted.

BUSINESS READY SITES LEGISLATION CONTINUES TO ADVANCE

As previously reported, [HB 1125](#) (Carr) and [SB 217](#) (Locke) seek to establish the Virginia Business Ready Expedited Permitting Program and direct the Virginia Economic Development Partnership Authority to designate a certain number of sites and projects for participation in the program.

The House version of the bill:

- Designates up to two sites and six projects for participation in the program,
- Allows no more than two sites may be designated within one locality per year, and
- Requires the review process to be completed within 45 days of designating a site.

The Senate version of the bill:

- Designates up to two sites and four projects for participation in the program,
- Allows no more than one site within any locality annually, and
- Requires the review process to be completed within 60 days of designating a site.

The House version of the bill was passed by the Senate unanimously this past Friday. The Senate version of the bill passed in the House last Friday with a vote of [93-5](#).

Because there is a difference between the House and Senate bills listed above, this legislation has been assigned to a conference committee. The Senate members of the conference committee for these bills

include Sen. Mamie Locke, Sen. Lashrecse Aird, and Sen. Todd Pillion. The House has not yet appointed their conferees for this legislation.

As this legislation continues to move through the process, further updates will be provided.

HOUSE RECYCLING BILL CONTINUES TO ADVANCE

As previously reported, the Greater Williamsburg Chamber joined the Coalition for Consumer Choices, a coalition that focuses on successful recycling of plastics and opposes the banning of necessary or convenient consumer products needed for our strong economy.

As a member of the Coalition, the Chamber has continued to support [HB 316](#) (Bulova), which seeks to create the Virginia Recycling Development Center to further the development of markets and processing for recycled commodities and products. This bill also creates the Recycling Market Development Fund to be used to fund the Center.

The Chamber testified in support of this piece of legislation in the Senate Agriculture, Conservation, and Natural Resources Committee this past Tuesday where it was passed unanimously and was rereferred to the Senate Finance Committee.

This past Friday, HB 316 was passed by members of the Senate Finance Resources Subcommittee by a voice vote with a substitute.

The amended version of the bill creates the Recycling Market Development Fund, which shall be used solely for the purposes of furthering the development of markets and processing for recycled commodities and products. The substitute removes all other language from the introduced bill.

Further updates to come as this legislation continues to move through the process.

LEGISLATION TO ENCOURAGE K-12 STUDENTS TO OBTAIN CAREER AND TECHNICAL EDUCATION CREDENTIALS MEETS MIXED FATES

Several bills related to earning career and technical education credentials were considered over the past week.

[HB 1345](#) (Anthony) seeks to require the Board of Education, in collaboration with Virginia's Community College System, to develop and maintain a list of industry-recognized workforce credentials eligible to meet high school graduation requirements. This bill was passed by members of the Senate Education and Health Committee by a unanimous vote this past Thursday.

[SB 27](#) (Stanley), which seeks to establish the Public School Trades Incentive Program and Fund for the purpose of providing grants to any school board that would like to create programs for high school and middle school students to learn skilled trades that lead to earning certifications or credentials, failed to advance in the House Appropriations Committee by a unanimous vote this past Monday.

LEGISLATION TO PROMOTE VIRGINIA-MADE GOODS CONTINUES TO ADVANCE

As mentioned in previous reports, the Greater Williamsburg Chamber supports legislation to help prioritize Virginia-produced goods in cases of a tie-bid.

[HB 1361](#) (Feggans) seeks to provide a procurement preference for a bidder who is a Virginia resident and then, to a bidder whose goods are produced elsewhere in the United States. This bill also seeks to give the next lowest responsive and responsible bidder who is a resident of Virginia the option to match the price of the lowest responsive and responsible bidder who is a resident of another state.

This legislation exempts a public body from the provisions of the bill so long as the public body is rendered ineligible to receive federal funding due to the provisions of the bill.

HB 1361 passed in the Senate with a unanimous vote this past Wednesday.

CHAMBER CONTINUES TO TRACK BILLS TO INCREASE AFFORDABLE HOUSING OPTIONS

Several housing-related bills that the Greater Williamsburg Chamber is monitoring were considered this past week.

[HB 878](#) (Bulova) seeks to permit any local government to either purchase or accept donations for development rights in an effort to preserve and provide affordable housing. This bill was continued to the 2025 session by members of the Senate General Laws and Technology Committee this past Thursday by a unanimous vote.

[HB 1105](#) (Carr), which seeks to create a grant program for localities to create and maintain affordable housing in mixed-income communities, was passed by members of the Senate General Laws and Technology Committee with a unanimous vote this past Wednesday and has been re-referred to Senate Finance.

Other highlights from week #8 are provided below.

VIRGINIA MEDICAID ANNOUNCES INTENT TO AWARD MANAGED CARE CONTRACTS

(February 29, 2024) The Department of Medical Assistance Services (DMAS) posted a Notice of Intent to Award (NOIA) contracts after completing evaluations and negotiations of the proposals received in response to RFP 13330, Cardinal Care Managed Care (CCMC) program. DMAS intends to award statewide contracts for the CCMC program to Anthem HealthKeepers Inc., Aetna Better Health of Virginia, Humana Healthy Horizons of Virginia, Sentara Health Plans, and United Healthcare of the Mid-Atlantic, Inc.

As part of the NOIA posting, Anthem HealthKeepers Inc., was selected to administer the Foster Care Specialty Plan (FCSP) statewide program. The addendum for this scope of work will be incorporated into their contract.

This procurement was released in August 2023 and includes best practices from previous contracts along with health plan experience in other states. These awards will not only drive quality enhancements and services, but they will better meet the needs of Virginians served by Medicaid. This CCMC procurement will benefit both Medicaid members and Virginia's taxpayers by driving healthcare innovation, utilizing data-driven strategies, and further strengthening accountability by the managed care organizations.

"We are thrilled to announce this key milestone in our commitment to a best-in-class Medicaid managed care program. The selection of these five health plans marks a major step forward in Virginia Medicaid's

efforts to strengthen the program and improve health outcomes, access, and accountability,” said Director Cheryl Roberts. “We look forward to our new partnership with the health plans as we work together towards developing an exceptional program for the Commonwealth.”

Beginning this summer, this new partnership will focus on enhancing behavioral health delivery, significantly improving maternal health outcomes, and providing targeted support for children in foster care. DMAS is committed to maximizing the value of the Medicaid managed care delivery system model, which today covers more than 94% of the Commonwealth’s Medicaid members.

Final contracts will not be executed until the 10-day posting period has expired, allowing participating offerors to request and review proposal records. Once the Notice of Award (NOA) is posted, proposal records will be available for public review. Pending all necessary approvals, DMAS expects new MCO contracts to go live in summer 2024.

ATTORNEY GENERAL MIYARES URGES GENERAL ASSEMBLY TO KEEP LIMITS ON ENHANCED EARNED SENTENCE CREDITS, CITING ALARMING RECIDIVISM DATA

(February 27, 2024) Attorney General Jason Miyares sent a letter to the Virginia House of Delegates and Virginia Senate regarding concerns over the 2020 enhanced earned sentence credit law and a proposal to allow violent offenders to receive sentence reductions. Attorney General Miyares encourages the adoption of the Governor’s proposed budget item 390 R.2. to address these concerns.

“Cutting sentences for violent crime, especially in cases identified as a high risk for recidivism, is having a detrimental impact on public safety throughout Virginia,” Attorney General Miyares said in the letter. “Aggressive sentence reductions for violent criminals and those with high risk for recidivism disregards past and future victims. Allowing such a practice is not justice, and it’s not safe.”

Virginia’s earned sentence credit program was expanded in 2020 to permit sentence reductions for qualifying inmates. Evidence now shows that since 2020, the enhanced earned sentence credits program poses a danger to Virginians and to public safety stemming from the risk of recidivism by violent offenders. The Attorney General’s brief breaks down recidivism data from the legislation’s first full year, showing that:

- Inmates released under the enhanced earned sentence credits have a significantly higher recidivism rate than those under the previous program.
- In 2023, 2,725 enhanced earned sentence credit offenders were rearrested for new crimes, including three capital murders, eight first degree murders, four second degree murders, 48 abductions, and 28 rapes and other felony sexual assaults.
- 1,334 offenders released on enhanced earned sentence credits in 2023 have been convicted of a new crime or probation violation
- The EESC system forced the early release of 1,598 offenders categorized as a high risk for violent recidivism and 2,369 offenders categorized as a high risk for general recidivism.
- Over 50% of the offenders released through EESC and re-convicted had a high or medium risk of general recidivism and close to 50% also had a high or medium risk of violent recidivism.

The current biennial budget temporarily prohibits the application of enhanced sentence credits to inmates who were convicted of a mix of violent and nonviolent offenses in the same act or transaction. However, this temporary prohibition expires July 1, 2024, and without further action, 8,300 offenders would qualify

to have their sentences reduced and 99.6% of these inmates have been convicted of a violent felony according to Department of Corrections data.

For taxpayers, these changes will cost at least \$7.3 million annually, as the Department of Corrections evaluates the personnel required to supervise the continued influx of new offenders on probation. Technology-related expenses have already cost taxpayers \$1.3 million, and continued changes to this legislation will incur additional expenses.

Attorney General Miyares said, "I urge the General Assembly to consider these cost concerns and recent recidivism data as you continue to address budgetary and legislative changes regarding the earned sentence credit program this session."

Read the Attorney General's letter [here](#).

FIRST LADY SUZANNE S. YOUNGKIN ATTENDS REVIVE! TRAINING SESSION WITH MEMBERS OF THE VIRGINIA GENERAL ASSEMBLY

(February 27, 2024) First Lady Suzanne S. Youngkin, Secretary of Health and Human Resources John Littel and Senator Todd Pillion attended a Rapid REVIVE! naloxone training session offered to all members of the Virginia General Assembly. Lieutenant Governor Winsome Earle-Sears and Secretary of the Commonwealth Kelly Gee were also in attendance to receive the training.

Together they discussed the importance of being prepared for a crisis situation and warned about the growing, deadly danger of fentanyl in our communities.

REVIVE! is the Opioid Overdose and Naloxone Education (OONE) program for the Commonwealth of Virginia, which provides training on how to recognize and respond to an opioid overdose emergency using naloxone. The Department of Behavioral Health and Developmental Services (DBHDS) facilitated the training for all legislators in attendance. DBHDS representatives held a second session for members of the public and provided an informational table outside of the General Assembly Building with educational resources and naloxone administration kits. The First Lady also spoke about her new fentanyl awareness initiative, It Only Takes One.

"Fentanyl is running rampant in our communities, and here in Virginia, our top priority is saving lives and raising awareness," said First Lady Suzanne S. Youngkin. "It is vitally important that all Virginians are equipped with the tools and education they need to combat this deadly poison."

"As we grapple with the substance use crisis that is unfolding nationally, Virginia is committed to providing targeted support for substance use disorder and efforts to prevent overdose," said Secretary of Health and Human Resources John Littel. "Increasing access to life-saving naloxone will help us as we address this crisis through treatment and other interventions."

"As public servants and citizen legislators, we have a duty to lead by example, which is why I challenged my colleagues to participate in this training," said Senator Todd Pillion. "Overdoses are on the rise and we never know when we may be in a position to administer life-saving aid. This is one major way we can all play a part in helping combat this scourge in our communities and around the Commonwealth."

Last month, the First Lady launched her fentanyl awareness initiative, It Only Takes One, alongside Attorney General Jason Miyares, the Secretary of Health and Human Resources, the Virginia Foundation for Healthy Youth and local and state leaders in Roanoke, Virginia.

Consistently ranked as one of the most at-risk regions for fentanyl poisoning and overdose in Virginia, Roanoke was selected as the pilot location for a targeted-messaging multi-media campaign to spread awareness of the drug. To supplement, the First Lady and partners announced a new web-based resource platform for all Virginians to access information on where and how to get help.

For more information and additional resources, visit [ItOnlyTakesOneVA.com](https://www.ItOnlyTakesOneVA.com).

IN THE NEWS

Below, you will find several news articles that may be of interest from the past week.

Bill for paid family, medical leave passes Virginia House, Senate

Source: ABC 8 News, Date: February 28, 2024

A bill to provide paid family and medical leave for workers across the Commonwealth was passed by lawmakers in both chambers of the Virginia General Assembly. To read more, click [here](#).

Virginia Senator starts Narcan training challenge during 2024 session

Source: Radio IQ, Date: February 27, 2024

As deaths from opioid overdoses continue to rise across the Commonwealth, a Virginia Senator is hoping to see as many elected officials get trained to use an emergency treatment as possible. To read more, click [here](#).

Virginia moves closer to dropping food-to-alcohol sales ratio for many restaurants

Source: Radio IQ, Date: February 27, 2024

It's long been a law in Virginia that establishments that sell alcohol must sell nearly half their earnings in food. To read more, click [here](#).

Proposed new Virginia 'tech tax' sparks backlash from business community

Source: AP News, Date: February 27, 2024

Trade associations representing hundreds of companies that do business in Virginia have come out swinging against a proposal to expand the state sales tax to cover digital goods, something Republican Gov. Glenn Youngkin proposed and Democrats endorsed in their budget legislation. To read more, click [here](#).

Youngkin praises state Senate for passing legislation helping small-business bakeries

Source: Washington Examiner, Date: February 25, 2024

Gov. Glenn Youngkin (R-VA) praised Virginia's Senate for passing a bill that will assist small-business bakeries, allowing them to sell their baked goods with less state restrictions. To read more, click [here](#).

From the classroom to the Capitol, Rep. Beyer helps lead charge on federal AI regulation

Source: ARL Now, Date: February 23, 2024

Rep. Don Beyer is taking a leading role in Congress to address what he says is one of the most pressing issues this century: the regulation of artificial intelligence. To read more, click [here](#).

Legislation raising Virginia’s minimum wage heads to Youngkin

Source: ABC 8 News, Date: February 23, 2024

The Democratic-controlled General Assembly passed bills to raise Virginia’s minimum wage to \$15 per hour by 2026, a top priority for the party that faces an expected veto from Republican Gov. Glenn Youngkin. To read more, click [here](#).

IMPORTANT DATES AND MILESTONES

Upcoming dates and deadlines are listed below.

- March 9th – Final day of session, otherwise known as Sine Die.
- April 17th – Reconvened/Veto session, where legislature returns to act on Governor’s amendments and vetoes.
- July 1st – Effective date for legislation and budget unless otherwise specified.

We hope this report is helpful. Further updates to come as the session proceeds.

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