

GREATER WILLIAMSBURG CHAMBER OF COMMERCE



POST-SESSION REPORT

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The 2023 legislative session was what's known as a "short" session. This means legislators had just 45 days to consider legislation, as well as amendments to the Commonwealth's biennial budget. This resulted in long committee dockets, meetings that began before the sun rose and concluded well after it set, and significant progress on a number of items identified as priorities of the Chamber and its members.

A total of 2,863 bills and resolutions were introduced, of which 1,687 were passed by both the House and the Senate. Following the adjournment of the session, the Governor considered the bills passed by the legislature and to date, he has signed 738 bills, amended 78 and vetoed three. Unless otherwise noted, the bills that were signed by the Governor will go into effect on July 1, 2023. Those bills that were amended and/or vetoed by the Governor will be considered when the legislature travels back to Richmond for the reconvened or "veto" session on April 12, 2023.

This report provides an overview of our efforts on behalf of the Chamber, beginning with some of the most significant accomplishments.

SESSION ACCOMPLISHMENTS

During the 2023 session, a number of accomplishments were achieved on Chamber priorities and policies that promote a pro-business environment in Virginia. These are briefly highlighted below.

- **Passage of legislation to consolidate, eliminate redundancy, increase efficiency and maximize the impact of Virginia's workforce development system.**
- **Increased reimbursement levels for the New Economy Workforce Credential Grant program.**
- **Elevated focus on internships and work-based learning experiences for students at Virginia institutions of higher learning.**
- **Increased flexibility for businesses to change their corporate income tax filing status.**
- **Establishment of the Virginia Business-Ready Site Acquisition Program.**

- **Reform of the Transportation Partnership Opportunity Fund to enable funding to be allocated quickly to transportation infrastructure needs associated with major economic development projects.**
- **Passage of improvements to Virginia’s association health plan program.**
- **Protection against legislation to mandate paid sick leave programs.**

Additional detail on these and other efforts to advance and protect the Chamber’s interests during the 2023 General Assembly session are outlined below.

LEGISLATION STATUS QUICK REPORT

The table below provides a quick overview of the status of legislation identified as of potential interest to the Chamber for your easy reference. Additional detail about each item is shared later in the report.

EDUCATION/WORKFORCE DEVELOPMENT AND RETENTION

Chamber Supported/Signed by Governor

- [HB 2195](#) (Byron)/[SB 1470](#) (Ruff) Department of Workforce Development and Advancement created; consolidation of the Commonwealth's workforce development policies and programs; report.
- [HB 2194](#) (Byron)/[SB 1422](#) (Pillion) Certain institutions of higher education; noncredit workforce training program; student grants; reimbursement.

Chamber Monitored/Signed by Governor

- [SB 1281](#) (Dunnavant) Board of Education; Passport dual enrollment courses; course credit; guidelines.

Chamber Monitored/Amended by Governor

- [SB 1280](#) (Dunnavant) Public institutions of higher education; degree programs; integration of internship or work-based learning experiences; policies.

Chamber Monitored/Failed to Advance

- [HJ 541](#) (Byron) Study; JLARC; cost efficiency of public institutions of higher education in the Commonwealth; report.
- [SB 1530](#) (Dunnavant) Standardized, Uniform, and Comprehensive Collaborative Exchange School Support (SUCCESS) Program; development and implementation.
- [HB 2490](#) (Davis) Division laboratory schools; application and establishment.

ECONOMIC DEVELOPMENT AND RETENTION

Chamber Supported/Signed by Governor

- [HB 1405](#) (McNamara)/[SB 796](#) (Surovell) Corporate income tax returns; filing method for affiliated corporations.
- [HB 1832](#) (Wyatt)/[SB 1345](#) (Barker) Virginia Port Authority; tax credits and grants.

Chamber Monitored/Signed by Governor

- [HB 1978](#) (Leftwich)/[SB 1346](#) (Barker) Taxable income apportionment; retail companies.

Chamber Supported/Amended by Governor

- HB 2193 (McNamara)/[SB 1405](#) (Barker) Income tax; rolling conformity; report.
- [HB 1842](#) (Knight) Economic development; Virginia Business Ready Sites Acquisition Fund and Program.
- [HB 2332](#) (Campbell, E. H.)/[SB 1308](#) (Deeds) Virginia Economic Development Partnership Authority; eligible site for site development grant; minimum acreage requirement.

Chamber Supported/Failed to Advance

- HB 2138 (McNamara)/[SB 1355](#) (Newman) Income tax; business interest; qualified business income deduction; corporate rate reduction.
- HB 2319 (McNamara)/[SB 1451](#) (Norment) Income tax; rates and deductions.
- [SB 1048](#) (McPike) Research and development expenses tax credits.

Chamber Monitored/Failed to Advance

- [HB 2043](#) (Shin) Tax credit; research and development expenses; aggregate increase.
- [HB 1618](#) (McNamara) Revenue Stabilization Fund and Revenue Reserve Fund; required deposits.
- [HB 1841](#) (Knight) Revenue Stabilization Fund and Revenue Reserve Fund; required deposits.
- [SB 1521](#) (Barker) Revenue reserves; deposits.

BUSINESS RECOVERY/ECONOMIC STRENGTH

Chamber Supported/Signed by Governor

- [HB 2201](#) (Byron)/[SB 1171](#) (Dunnavant) Association health plans; base rates based on employer member's risk profile.

Chamber Monitored/Signed by Governor

- [HB 1665](#) (Marshall)/[SB 1205](#) (Lewis) Extension of local land use approvals.
- [HB 2046](#) (Carr)/[SB 839](#) (Locke) Department of Housing and Community Development; statewide housing needs assessment and plan; annual reports by certain localities.

LABOR AND EMPLOYMENT

Chamber Opposed/Failed to Advance

- [SB 1101](#) (Boysko) Paid family and medical leave program.
- [HB 2087](#) (Mundon King)/[SB 886](#) (Surovell) Paid sick leave; health care providers and grocery store workers.
- [HB 1988](#) (Guzman) Employment; paid sick leave; civil penalties.
- [HB 2035](#) (Sewell) Paid family and medical leave program.

Chamber Monitored/Failed to Advance

- [HB 2148](#) (Guzman) Employment discrimination; employee notification of federal and state statute of limitations.
- [HB 2116](#) (Hudson) Employment; restrictions on use of credit report for employment purposes.
- [HB 2478](#) (Shin) Fast Food Industry Workers Standards Board established.
- [HB 1366](#) (Head) Executive branch agencies; posting of regulations.
- [HB 1491](#) (Davis) Department of Small Business and Supplier Diversity; definitions; small business.

TRANSPORTATION

Chamber Supported/Signed by Governor

- HB 2302 (Adams)/[SB 1106](#) (Newman) Transportation Partnership Opportunity Fund.

Chamber Monitored/Signed by Governor

- [HB 1496](#) (Austin)/SB 1079 (Cosgrove) Commonwealth Mass Transit Fund.
- [HB 1674](#) (Hodges) Comprehensive Plan; freight corridors.

Chamber Monitored/Amended by Governor

- [HB 2338](#) (McQuinn)/[SB 1326](#) (McClellan/McPike) Transit Ridership Incentive Program; funds; improving accessibility; transition to zero-emissions.

Chamber Monitored/Failed to Advance

- [HB 1531](#) (Jenkins) Hampton Roads Interstate Highway Corridor Improvement Program and Fund; sales and use tax; Planning District 23.

OTHER BILLS OF POTENTIAL INTEREST

Chamber Monitored/Signed by Governor

- [HB 2415](#) (Austin)/[SB 1412](#) (Norment) American Revolution 250 Commission; report.
- [HB 1885](#) (Byron)/[SB 1396](#) (Stuart) Organized retail theft; report; penalty.

Chamber Supported/Failed to Advance

- [HB 1783](#) (O'Quinn) Natural gas utilities; retail supply choice.

Chamber Opposed/Failed to Advance

- [HB 2427](#) (Freitas) Hospital price transparency; private right of action; patient disputes; noncompliance; prohibition of debt collection.
- [HB 2435](#) (Hodges) Hospital price transparency; enforcement; plans of correction; civil penalty.

Chamber Monitored/Failed to Advance

- [HB 2260](#) (Cordoza) Peninsula Airport Commission.
- [SB 937](#) (Hashmi) Television Production Development Grant Program and Fund; established; report.
- [HB 2376](#) (Glass) Virginia Creative Economy Grant Fund and Program.

LEGISLATIVE HIGHLIGHTS

The following provides more detailed highlights on the legislation and resolutions listed above. For your quick and easy reference, where you see (+), it indicates a success for the Chamber. Where you see (-), that means the Chamber's priority failed to advance this session or there may be some concern with the item.

To access the full bill tracker, click [here](#).

Education/Workforce Development and Retention

This session, the Greater Williamsburg Chamber continued its support for initiatives and investment that enable collaboration and synergy between K-12, higher education, existing military bases and businesses that need a variety of skill sets to continue to operate and grow. Bills and resolutions identified as potentially important to the Chamber in this category are described below.

Workforce Development/Higher Education. The Chamber **supported** the following legislation that focused on workforce development and higher education. [Each of these bills has been signed by the Governor.](#)

- (+) [HB 2195](#) (Byron)/[SB 1470](#) (Ruff) creates the **Department of Workforce Development and Advancement to administer Virginia’s workforce development programs**. The legislation consolidates statewide workforce program evaluation and data sharing under the new Department and provides protections against improper disclosure of data. In addition, this legislation:
 - Authorizes the Virginia Board of Workforce Development to conduct an independent evaluation of the operations and program objectives of the Department on a biennial basis with the first report due on December 1, 2025.
 - Transfers administration of apprenticeship programs from the Department of Labor and Industry to the new department.
 - Directs the State Council of Higher Education for Virginia to collaborate with the Department to grow and expand the Innovative Internship Fund and Program.
 - Directs the Secretary of Labor (the Secretary) to conduct a comprehensive review of the Commonwealth’s workforce development programs and make recommendations to address a wide range of subjects relating to improving the effectiveness and efficiency of such programs.
 - Requires the Secretary to convene a stakeholder work group to advise the Secretary during the transition period.
- (+) [HB 2194](#) (Byron)/[SB 1422](#) (Pillion) **increases from \$3,000 to \$4,000** the maximum amount for which the State Council of Higher Education for Virginia (SCHEV) must **reimburse** an eligible institution of higher education **per completed noncredit workforce training program per eligible student** under the **New Economy Workforce Credential Grant Program**. Current law provides that SCHEV will reimburse an eligible institution an amount equal to one-third of the cost of the noncredit workforce training program, not to exceed \$3,000, per eligible student upon the eligible student’s completion of the program.

In addition, the Chamber **monitored** the following legislation.

[SB 1280](#) (Dunnavant) directs the governing board of each public institution of higher education to adopt policies **requiring that participation in an internship or work-based learning experience be integrated into a student’s degree program**. The bill also:

- Directs SCHEV to convene a work group to make recommendations on the development, adoption, and implementation of the policies required in the bill.
- Requires the work group to submit its recommendations to the Chairmen of the House Committee on Education and the Senate Committee on Education and Health by June 30, 2024.
- Has a delayed effective date of July 1, 2025, contingent upon a determination by the work group that the adoption of such policies is logistically and fiscally viable for each public institution of higher education in the Commonwealth.

This legislation was amended by the Governor to specify that it applies to “baccalaureate“ public institutions of higher learning. The General Assembly will consider these amendments when they reconvene April 12, 2023.

[SB 1281](#) (Dunnivant) directs the Board of Education to develop **guidelines for prioritizing dual enrollment programs**, including the Passport Program, the Uniform Certificate of General Studies Program, the New Economy Workforce Credential Grant Program, and other courses that allow high school students to receive credit toward the completion of an undergraduate course, degree, or credential offered in the Virginia Community College System. The bill requires these guidelines to include recommendations on prioritization of funding for these programs. Finally, the bill requires the Department of Education to convene a stakeholder work group, consisting of representatives from the Virginia Education Association, the Virginia Association of School Superintendents, and the local school boards, to make recommendations on policies for the prioritization of such dual enrollment programs. These recommendations must be submitted to the Chairmen of the House Committee on Education and the Senate Committee on Education and Health by November 1, 2024. [This bill was signed by the Governor and has a delayed effective date of July 1, 2024.](#)

The Chamber also **monitored** a number of bills that were not successful this session. These are briefly described below.

[HB 2490](#) (Davis) would have provided a **framework for the application for and establishment of a division laboratory school** as a public, nonreligious, or non-home-based alternative school located within a local school division that is created as a new public school or through the conversion of all or part of an existing public school and is subject to the student assessment and accountability requirements applicable to other public schools. The bill exempted division laboratory schools from certain laws that govern other public schools in the Commonwealth and permits such schools to operate free from specified school division policies and state regulations and be granted flexibility in school scheduling. Finally, the bill would have established the Division Laboratory School Fund to be used solely for the purposes of establishing or supporting division laboratory schools. [This bill failed to advance in the Senate Education and Health Committee by a vote of 8-6-1.](#)

[HJ 541](#) (Byron) would have directed the Joint Legislative Audit and Review Commission (JLARC) to **study the cost efficiency of public institutions of higher education in the Commonwealth and identify opportunities to reduce the cost of public higher education** in the Commonwealth by examining:

- Teaching loads and productivity of faculty.
- The impact of faculty research on tuition and other costs.
- Incentives created by existing faculty compensation models.
- Design and utilization of facilities.
- Operation of enterprise activities.
- The use of technology for academic programs and administrative functions
- Administrative staffing and costs, including the ratio of administrators to students at each public institution of higher education.
- Scholarships and other student aid programs.
- The use of outsourcing and public-private partnerships.
- The use of cooperative procurement.

- The impact of nonacademic activities and programs on tuition and fees.
- Sources of revenue and income, and how these sources are allocated toward academic, administrative, and other costs.
- Opportunities to reduce the cost of public higher education in the Commonwealth.
- The number of individuals employed by each public institution of higher education to promote or advance diversity, equity, and inclusion.
- The number of individuals employed by each public institution of higher education to engage in government relations.
- The number and amount of lobbying contracts paid out of foundations associated with each public institution of higher education.
- The relationship of each public institution of higher education to each of its associated foundations and the amount of funds held by each such foundation that are spent to hold down the cost of education to students.
- Such other related matters as it may deem appropriate and providing a comprehensive update on the status of the implementation of its recommendations pursuant to House Joint Resolution 108 (2012).

This bill was [left in the House Rules Committee](#).

[SB 1530](#) (Dunnavant) would have required the Department of Education, the State Board for Community Colleges, and SCHEV to develop a plan to establish and implement the Standardized, Uniform, and Comprehensive Collaborative Exchange School Support (SUCCESS) Program to **improve the collaboration between comprehensive community colleges and high schools** in the Commonwealth and increase access for high school students to opportunities for earning postsecondary credits toward completion of an associate's degree or credential by:

- Maximizing technology and sharing resources between high schools and community colleges to allow instructional staff at community colleges to more easily teach high school students.
- Providing transportation for high school students to and from their respective high schools and the community colleges at which they are participating in a dual enrollment program.
- Standardizing the core curricula and the award of postsecondary credits for work completed through a dual enrollment program.
- Improving access to opportunities to earn postsecondary credits towards completion of an associate's degree or credential and increasing the ability of high school students to complete such degree or credential either prior to graduating from high school or more efficiently and quickly thereafter, with a focus on degrees or credentials in health care-related fields.

This bill failed to advance in the Senate Education and Health Committee by a vote of [9-6](#).

Economic Development and Retention

While not specifically called out in the Chamber's legislative priorities for 2023, promoting a pro-business environment to enable businesses already located in Virginia to grow and prosper, as well as to encourage

businesses to choose Virginia as their home continue to be important to the Chamber and its members. A brief overview of bills and resolutions supported, opposed or monitored by the Chamber in this issue area is below.

Economic Development and Retention. The Chamber has long been an advocate for Virginia’s Business-Ready Sites program. (+) This session, the Chamber supported [HB 1842](#) (Knight), which creates the **Virginia Business Ready Sites Acquisition Program**. As passed by the legislature, this program would have the authority to:

- Acquire sites for the purpose of creating and maintaining a portfolio of project-ready sites to promote economic development in the Commonwealth.
- Develop acquired sites to increase their marketability.
- Enter into development agreements with private employers for large-scale economic development projects.

The Virginia Economic Development Partnership (VEDP) Authority will administer the program, in consultation with the Department of General Services.

The bill requires program activities to be reviewed by the Major Employment and Investment (MEI) Project Approval Commission, which will review proposals for site acquisitions, site development activities, and development agreements with private employers and determine whether the proposals are consistent with the objective of the Program.

The Governor has proposed amendments to this legislation that include the following:

- *Changes the number of contiguous acres required to be eligible from 250 acres to 500 acres.*
- *Adds a requirement that an "overview of eligible expenses and payment schedules, including a detailed listing of administrative expenses eligible for reimbursement from the fund" be provided.*
- *Changes the provision that provides the locality with the right of first refusal to acquire or option a site to provide that the Authority and the Department must “notify the locality of the Commonwealth’s interest in purchasing or optioning the site.”*
 - *Further provides that, “upon receipt of such notice, the locality or its economic development authority may elect, within 14 days of receipt of such notice, to attempt to purchase or option such site in lieu of the Department.”*
 - *Adds a provision that states that, “if the locality or its economic development authority elects to attempt to purchase or option such site, but does not within 90 days of such election either purchase or option such site or have a contract in place indicating an intent to purchase or option such site, the Department may purchase the site.”*
- *Requires that an itemized list of administrative costs incurred by the program be included in the annual report on acquisition activities.*
- *Adds more detail to the provision outlining how the funds can be used, stating that it “may include administrative costs for due diligence, site acquisition activities, or site development activities, as those terms are defined in § 2.2-2760.”*

These amendments, which can be found by clicking [here](#), will be considered by the General Assembly when legislators reconvene for the “veto session” on April 12, 2023.

(+) The Chamber **supported** [HB 2332](#) (Campbell, E.)/[SB 1308](#) (Deeds). This legislation aimed to reduce from 100 acres to 50 acres the minimum number of contiguous acres required for a site that is not a brownfield to satisfy the acreage requirement to be considered eligible to receive a site development grant from the Virginia Business Ready Sites Program Fund by the VEDP Authority.

The Governor proposed amendments to these bills as well. The amendments:

- *Change the language back to maintain the current criteria of 100 contiguous acres.*
- *Add back the provision to allow eligibility for sites in Regions 1 or 2 if the site has at least 50 contiguous acres.*
- *Add a provision allowing a site to be eligible if the locality where it is located doesn't have a site with at least 100 contiguous acres.*

The General Assembly members will consider these amendments when they reconvene on April 12, 2023.

Business Taxes. We know that the tax environment is one of the critical factors businesses consider when determining where to locate and grow.

(+) In this vein, the Chamber joined business organizations across the Commonwealth this session to support [HB 1405](#) (McNamara)/[SB 796](#) (Barker). These bills remove the requirement that, in order for a group of affiliated corporations to be granted permission from the Tax Commissioner to **change their filing status for corporate income tax purposes**, for the previous tax year there would have been no decrease in tax liability computed under the proposed election as compared to the affiliated group's former filing method. The bill retains the current requirement that the affiliated group agree to file returns under both the new filing method and the former method and pay the greater of the two amounts for the taxable year in which the new election is effective and for the immediately succeeding taxable year. **Both bills have been signed by the Governor and go into effect July 1, 2023.**

(-) Unfortunately, [HB 2138](#) (McNamara)/[SB 1355](#) (Newman), which sought to codify pieces of the Governor's proposed tax cut proposal, did not receive similar support from the legislature and **failed on a vote of 11-5 in the Senate Finance and Appropriations Committee**. The Chamber **supported** this legislation that would have:

- Increased from 30 percent to 50 percent the Virginia individual and corporate income tax deduction for business interest disallowed as a deduction under § 163(j) of the Internal Revenue Code beginning in taxable year 2024.
- Allowed an individual income tax deduction in an amount equal to 50 percent of certain federal qualified business income deductions, excluding qualified real estate investment trust dividends.
- Reduced the corporate income tax rate from six percent to five percent beginning in taxable year 2023.

While this legislation did not pass, it is possible that its provisions, or some portion of them, could be included in the budget. In this case, however, those provisions would only be effective for the current biennium and would need to be included in future budgets for the policy to continue.

(-) The other pieces of the Governor's tax proposals were proposed in [HB 2319](#) (McNamara)/[SB 1451](#) (Norment), which the Chamber also **supported**. These would have:

- Lowered the top income tax rate from 5.75 percent to 5.5 percent for taxable years beginning on and after January 1, 2024.
- Raised the standard deduction to \$9,000 for single individuals and \$18,000 for married persons for taxable years beginning on and after January 1, 2024, but before January 1, 2026.

This legislation met the same fate as the bills described above, [failing on a vote of 11-5 in the Senate Finance and Appropriations Committee](#). Also like the bill above, this or some portion of this policy may be incorporated in the budget.

Additional tax-related bills the Chamber **supported** are briefly described below.

(+) [HB 2193](#) (McNamara)/[SB 1405](#) (Barker), which ensures Virginia generally **conforms to federal tax** laws on a rolling basis, meaning that Virginia tax laws incorporate changes to federal income tax law as soon as Congress enacts them on or after January 1, 2023.

The Governor proposed an amendment that adds a fourth enactment clause to these bills as noted below, that will be considered by the General Assembly April 12, 2023:

- *“That the provisions of this act shall apply to taxable years beginning on and after January 1, 2023.*
- *That Chapter 1 of the Acts of Assembly of 2023 is amended by adding a fourth enactment as follows:*
- *That the provisions of the first enactment of this act shall apply only to taxable years beginning on or after January 1, 2022, but before January 1, 2023.”*

(-) [SB 1048](#) (McPike), which [failed to advance in the House Finance Committee](#), would have created a step-rate reimbursement structure for the **major research and development expenses tax credit** in an amount equal to 10 percent, up to the first \$1 million, of the difference between Virginia qualified research and development expenses paid or incurred by the taxpayer during the taxable year and 50 percent of the average Virginia qualified research and development expenses paid or incurred by the taxpayer for the three taxable years immediately preceding the taxable year for which the credit is being determined and five percent of such difference in excess of \$1 million. Beginning in taxable year 2023, the bill also would have:

- Imposed an annual per taxpayer major research and development expenses tax credit cap of \$300,000, that increases to \$400,000 if the Virginia qualified research was conducted in conjunction with a public or private institution of higher education in the Commonwealth.
- Reduces from \$24 million to \$16 million the aggregate cap on the major research and development expenses tax credit granted for each fiscal year.

- Increases from \$7.77 million to \$15.77 million the aggregate cap on the research and development expenses tax credit granted for each fiscal year beginning in taxable year 2023.

A brief overview of other tax-related bills the Chamber **monitored** are listed below.

[HB 1978](#) (Leftwich)/[SB 1346](#) (Barker) provides that, beginning with taxable year 2023, affiliated corporations filing on a consolidated basis may elect to apportion the taxable income of all members of the affiliated group using sales factor alone even if one or more members of the affiliated group would be required to use different apportionment factors if filing separate returns. The election is valid only in taxable years for which 80 percent or more of the affiliated group's sales is derived from **retail company activities**. [This legislation has passed and was signed by the Governor.](#)

[HB 2043](#) (Shin) would have increased from \$7.77 million to \$10 million the aggregate amount of credits available for **certain research and development expenses** beginning with fiscal year 2024. [This bill failed to advance in the House Appropriations Committee.](#)

[HB 1618](#) (McNamara) would have established circumstances where any revenues required to be deposited in the Revenue Stabilization Fund or Revenue Reserve Fund would be required to be **deposited in the Taxpayer Relief Fund**. Such deposits shall be made if the combined balance in the **Revenue Stabilization Fund or Revenue Reserve Fund exceeds 15 percent** of the Commonwealth's **average annual tax revenues derived from taxes on income and retail sales**. [This bill failed to advance in the House Appropriations Committee.](#)

[HB 1841](#) (Knight) would have **eliminated the requirement that certain revenues be deposited in the Revenue Stabilization Fund** that are **in excess of the deposits required by the Constitution** of Virginia and added a new requirement that additional deposits be made to the Revenue Reserve Fund **if general fund revenues exceed certain amounts** in a fiscal year. [This bill failed to advance in the House.](#)

[SB 1521](#) (Barker) would have **increased the maximum combined amount in the Revenue Stabilization Fund and the Revenue Reserve Fund from 15 percent to 20 percent** of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three years. The bill also would have **increased from five percent to eight percent** the estimated amount of general fund revenues that exceed the actual general fund revenues for the immediately preceding fiscal year **to trigger additional deposits to the Revenue Stabilization Fund** that shall be included in the Governor's budget recommendations. [This bill failed to advance in the Senate.](#)

(+) [Port of Virginia](#). In recognition of the importance of the Port to the region, the Chamber also **supported** [HB 1932](#) (Wyatt)/[SB 1345](#) (Barker), which create grant programs to replace the barge and rail usage tax credit and the Virginia port volume increase tax credit when those credits expire on January 1, 2025. This legislation also creates a new Port of Virginia Economic Development Grant Program consisting of two component programs:

- Economic and Infrastructure Development Grant Program
- International Trade Facility Grant Program.

These bills also move the sunset date of the existing Port of Virginia Economic and Infrastructure Development Grant Fund and Program from June 30, 2025, to December 31, 2024. [These bills were signed by the Governor.](#)

Business Recovery/Economic Strength

The Greater Williamsburg Chamber supports initiatives and investment that can enable modeling of potential disasters, recovery from those disasters, and actions that can be taken now to educate and prevent losses like those that occurred due to the COVID-19 pandemic. These may include supply chain disruption, physical and mental healthcare issues, educational losses, financial and workforce challenges for businesses and closures, and housing-related crises. Bills and resolutions identified as potentially important to the Chamber in this category are described below.

(+) [Association health plans.](#) The Chamber **supported** [HB 2201](#) (Byron)/[SB 1171](#) (Dunnavant). These bills build on last session's successful passage of the association health plan legislation. They provide that for **association health plans**, an insurer may:

- Establish base rates formed on an actuarially sound, modified community rating methodology that considers the pooling of all participant claims.
- Utilize each employer member's specific risk profile to determine premium rates for each employer member by actuarially adjusting above or below established base rates.

[These bills have been signed by the Governor.](#)

Housing. Recognizing the importance of housing for businesses and those they employ, the Chamber tracked [HB 2046](#) (Carr)/[SB 839](#) (Locke), which will direct the head of the Department of Housing and Community Development to **conduct a comprehensive statewide housing needs assessment at least every five years, to develop a statewide housing plan and update the plan at least every five years, and to provide annual updates to the General Assembly** regarding meeting the goals of such plan. The bills also require Virginia localities with a population greater than 3,500 to submit annual reports summarizing any local housing policies, ordinances, or processes affecting the development and construction of housing during the preceding fiscal year to the Department by September 1 for publication on the Department's website. [This legislation was signed by the Governor.](#)

The Chamber also **tracked** [HB 1665](#) (Marshall)/[SB 1665](#) (Lewis), which **extend the sunset date for various local land use approvals that were valid and outstanding as of July 1, 2020** from July 1, 2023, **to July 1, 2025.** This recognizes the impact the COVID-19 pandemic has had on development and provides additional time to move forward on projects that may be delayed. The bill also provides that its provisions shall not be construed to extend previous extensions related to the housing crisis and that any extension of approvals outstanding as of July 1, 2020, shall apply to any such approvals granted subsequent to July 1, 2020, that expire prior to July 1, 2025. [This legislation was signed by the Governor.](#)

Labor/Employment

(+) **[Paid sick leave](#)**. In this category, the Chamber **opposed** [SB 1101](#) (Boysko), which would have **required the Virginia Employment Commission to establish and administer a paid family and medical leave program** with benefits beginning January 1, 2026. Under the program, benefits would be paid to eligible employees for family and medical leave. **Funding for the program was proposed to be provided through premiums assessed to employers and employees** beginning in 2025. While the bill received sufficient support to pass in the Senate, it was not supported in House, **failing to advance for the year**.

Other bills related to **paid leave**, including [HB 2087](#) (Mundon King), [HB 1988](#) (Guzman), [HB 2035](#) (Sewell) and [SB 886](#) (Surovell) also **failed to advance**.

[Business regulations](#). The Chamber **monitored** the following bills related to regulations on businesses.

[HB 1366](#) (Head) would have **required all executive branch agencies** to submit on the Virginia Regulatory Town Hall at each stage of the regulatory process **any agency action that would otherwise be exempt** from the provisions of the Administrative Process Act. **This bill was defeated in the Senate Finance and Appropriations Committee**.

[HB 1491](#) (Davis) would have **redefined “small business“** for the purposes of programs for the Department of Small Business and Supplier Diversity and the Virginia Public Procurement Act to mean a business has:

- 250 or fewer employees, AND
- Average annual gross receipts, less the cost of goods sold by the business, of \$10 million or less averaged over the previous three years.

Currently for these programs, a business qualifies as a small business if, together with its affiliates, it has either 250 or fewer employees OR average annual gross receipts of \$10 million or less averaged over the previous three years. This bill was left in the House General Laws Committee, and therefore, **did not advance**.

[HB 2148](#) (Guzman) would have **required an employer who receives an employee complaint alleging sexual assault, harassment, or any other form of discrimination** for which the employee may seek enforcement by the U.S. Equal Employment Opportunity Commission (EEOC) or the Office of the Attorney General **to notify the employee** that a charge may be filed within 300 days after the alleged unlawful discriminatory practice occurred. The bill also would have required employers to **provide this information** as part of any new employee training provided **at the commencement of employment or anti-discrimination training provided** to an employee. **This bill failed in a House subcommittee**.

[HB 2116](#) (Hudson) would have **prohibited employers** from:

- Using a **credit report** in connection with or as a criterion for employment purposes.

- Requesting or procuring a credit report for employment purposes.
- Requiring an employee or prospective employee to answer a question about the contents of a credit report or the information contained therein.

The bill listed conditions under which an employer may obtain, use, or seek a credit report from an employee or prospective employee, and prohibited any waiver of its requirements and retaliation and other discrimination or adverse action taken by an employer against an employee for alleging a violation of its requirements. The bill directed the State Corporation Commission to enforce the requirements of the bill by imposing civil penalties, notifying employers, and conducting informal conferences to assess violations. [This bill also failed to advance in a House subcommittee.](#)

[HB 2478](#) (Shin) would have established the **Fast-Food Industry Workers Standards Board** as a policy board within the executive branch of government. In the proposed legislation, this Board would provide advice and standards to meet the needs of fast-food industry workers to eliminate the low compensation and poor working conditions that impair the health, efficiency, and well-being of fast-food industry workers. [This legislation failed to advance in the House Rules Committee.](#)

Transportation

The following outlines legislation of potential interest in the transportation category.

(+) The Chamber **supported** [HB 2302](#) (Adams)/[SB 1106](#) (Newman), which restructures the **Transportation Partnership Opportunity Fund (TPOF)** to support transportation infrastructure needs associated with major economic development projects. Specifically, this legislation authorizes the Governor to direct funds from TPOF to the Commonwealth Transportation Board (CTB) for transportation projects that are recommended by the Secretary of Transportation and Secretary of Commerce and Trade to be “necessary to support major economic development initiatives or to enhance the economic development opportunities of the Commonwealth’s transportation programs.” The bills outline that TPOF funds may be used for grants, funds directed to the CTB or revolving loans for the following:

- Transportation capacity development on and off site,
- Road, rail, mass transit, or other transportation access costs beyond the funding capability of existing programs,
- Transportation project studies, including:
 - Environmental analysis,
 - Geotechnical assessment,
 - Survey, design and engineering,
 - Advance right-of-way acquisition,
 - Traffic analysis,
 - Toll sensitivity studies, and
 - Financial analysis.
- Property acquisition and new or improved infrastructure to support economic development opportunities of the Commonwealth’s transportation programs.

[These bills were signed by the Governor.](#)

The Chamber **monitored** [HB 1531](#) (Jenkins), which proposed the **establishment of the Hampton Roads Interstate Highway Corridor Improvement Program** to make infrastructure and safety improvements to highway corridors surrounding and paralleling interstate highways in Planning District 23. To fund this new program, an **additional 0.30 percent retail sales and use tax in Planning District 23** was proposed.

This bill would have required the Commission to identify highways that are used as alternative routes to interstate highways, including U.S. Routes 58 and 460, and develop a long-term plan for addressing increased vehicle traffic on these highways. In selecting projects, the bill would have required the Commission to:

- Prioritize congestion mitigation and highway safety.
- Consult with relevant localities.
- Consider the impact of traffic from the Port of Virginia on such highways.

[This legislation failed to advance in a House subcommittee](#); however, the patron shared that the purpose of the legislation was to “start the conversation” with respect to how to address the transportation challenges in the Hampton Roads region.

In addition, the Chamber **monitored** the following additional transportation bills.

[HB 2338](#) (McQuinn)/[SB 1326](#) (McClellan/McPike) directs the CTB to use up to 30 percent of available funds in the Transit Ridership Incentive Program to **support local, regional, and state entities in improving the accessibility of transit bus passenger facilities and transitioning public transit bus fleets and infrastructure to zero-emission bus fleets and infrastructure**. The bill directs the Board to develop guidelines for applications for grants to any local, regional, or state public entity that supports a transit system. [The Governor proposed amendments that replace the language stating funds will support the transition to zero-emissions buses and infrastructure and replaces it with, “improving crime prevention and public safety for transit passengers, operators and employees.” The legislature will consider these amendments on April 12, 2023.](#)

[HB 1674](#) (Hodges) requires localities, when developing a transportation plan as part of the locality’s comprehensive plan, to include **freight corridors** that support the planned development of the locality. [This legislation has been signed by the Governor.](#)

[HB 1496](#) (Austin)/[SB 1079](#) (Cosgrove) allocate 3.5 percent of the Commonwealth Mass Transit Fund (the Fund) to **commuter rail systems jointly operated by the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC)** and excludes such commuter rail systems from receiving allocations pursuant to other distributions of the Fund. The bill requires these commuter rail systems to submit reports to the CTB and limits allocations by the NVTC for distribution to the Washington Metropolitan Area Transit Authority (WMATA) to 50 percent of the total operating and capital assistance required to be provided by NVTC or other Virginia entities in the approved

WMATA budget and establishes reporting requirements for WMATA. [This legislation was signed by the Governor.](#)

Other Bills of Potential Interest

The following describes a number of other bills of potential interest:

(+) The Chamber joined other business organizations to oppose two bills related to **hospital transparency** – [HB 2427](#) (Freitas) and [HB 2435](#) (Hodges). There was significant concern that this legislation would increase the cost of healthcare and harm Virginia's legal climate. [Neither bill advanced.](#)

[HB 2415](#) (Austin)/[SB 1412](#) (Norment) changes the **American Revolution 250 Commission**, established in 2020, from an executive branch advisory commission to a legislative branch commission. The bills provide that members previously appointed to the Commission will continue to serve pursuant to their original appointments and create the Virginia American Revolution 250 Commission Fund. The bills also extend the Commission's sunset date from July 1, 2027, to July 1, 2032. [This legislation was signed by the Governor.](#)

[HB 1885](#) (Byron)/[SB 1396](#) (Stuart) **establish the crime of organized retail theft** that makes it a Class 3 felony for any person who conspires or acts in concert with another person to commit simple larceny of retail property from one or more retail mercantile establishments. The legislation establishes this will apply in cases where the value of the theft exceeds \$5,000 aggregated over a 90-day period, with the intent to sell the retail property for monetary or other gain. It includes parties who take or cause such retail property to be placed in the control of a retail property fence or other person. The legislation defines the terms retail mercantile establishment, retail property, and retail property fence. The bills also establish the Organized Retail Crime Fund to be administered by the Attorney General solely for the purposes of awarding grants to attorneys for the Commonwealth and law-enforcement agencies to investigate, indict, and prosecute violations of organized retail theft and associated fraud and property crimes. [This legislation was signed by the Governor.](#)

[HB 2260](#) (Cordoza) proposed to add to the **Peninsula Airport Commission** one member from the City of Poquoson, one member from the City of Williamsburg, one member from James City County, one member from York County, and one additional member for every 65,000 residents in any member locality, appointed by the respective governing body. The bill also proposed the following:

- Required the addition of one member, to be appointed by the Governor, when there are an even number of members eligible to be appointed to the Commission.
- Automatically excluded any locality from the Commission if it fails to pay its proportionate share of the cost of participation by June 30, 2024.
- Repealed various provisions authorizing certain localities to join the Commission upon the terms and consent of the Commission.
- Required the chairman position to rotate between the member localities annually beginning with a representative from the locality with the lowest population and continuing in order to the locality

with the highest population.

- Required a staggered schedule for original appointments of new members, requires the Cities of Hampton and Newport News to determine which one of the two members currently representing each locality will continue as members.
- Provided that the terms of the other members representing the Cities of Hampton and Newport News would expire on July 1, 2023.

[This legislation failed in the House Rules Committee.](#)

[HB 1783](#) (O’Quinn) would have allowed every person **access to distribution service or retail natural gas** from a natural gas company authorized to provide natural gas service to the area where the service will be received. The bill would have prohibited a public entity from adopting an ordinance, resolution, or any other requirement that limits or prohibits customers from acquiring natural gas service and supply from both utility and non-utility gas companies. It also would have prohibited public entities from denying building permits solely based on a proposed utility provider and directed public entities to ensure that all applicable permits and fees are reasonable and do not restrict an applicant’s ability to use the services of an authorized utility provider. This Chamber supported this bill, which was passed in the House but [failed to pass in the Senate Commerce and Labor Committee by a 11-4 party-line vote.](#)

[SB 937](#) (Hashmi) would have **established the Television Production Development Grant Program and Fund** to allow the Virginia Tourism Authority, with assistance from the Virginia Film Office, to award competitive grants to businesses in the television industry for filming or investing in television production or television production-related infrastructure projects in the Commonwealth. [This legislation failed to advance in the House Appropriations Committee.](#)

[HB 2376](#) (Glass) would have established the **Virginia Creative Economy Grant Fund** to be administered by the Virginia Economic Development Partnership Authority, for the purpose of awarding grants to independent content creators and creative entrepreneurs for the purpose of developing and expanding the creative economy in Virginia. [This legislation failed to advance in the House General Laws Committee.](#)

BUDGET STATUS REPORT

The budget bill is the most important bill introduced each year. Because we are in the second year of Virginia’s biannual budget, this session, legislators considered amendments to the budget that was passed in 2022. Negotiations stalled between the House and Senate budget conferees in the final days of the legislative session, resulting in the passage of what has been called a “skinny budget.” Included in the “skinny budget” were four amendments that were sent to the Governor for his consideration:

- **State Education Programs:** Provides \$115.9 million GF in FY23 and \$125.8 million GF in FY24 for the combined impact of K-12 technical adjustments related to average daily membership (ADM) changes, sales tax revenue forecast changes, and program participation updates. This also provides an additional \$16.8 million GF in FY23 to ensure that the sum of basic aid and sales tax payments a

school division receives in FY23 is at least the sum of basic aid and sales tax payments that was communicated to school divisions in June 2022. This action addresses the error in the Department of Education's calculation tool for FY23.

- **Revenue Stabilization Fund:** Provides \$904.6 million to the Revenue Stabilization Fund to meet the Constitutionally required FY24 deposit.
- **Virginia Retirement System:** Provides the \$250 million deposit to the Virginia Retirement System that was included in the budget adopted last year as a contingent appropriation to address unfunded liabilities..
- **Capital Supplement Pool.** Provides \$100 million in FY23 to address cost overruns for previously authorized capital projects.

In addition to these amendments, the Governor proposed a few additional amendments that [will be considered when the legislature reconvenes on April 12, 2023](#). These are listed below:

- **Technical changes to General Fund Resources.** Recognizes changes in estimated revenue collections resulting from the passage of HB 1595/SB 882 regarding conformity of the Commonwealth's taxation system to the Internal Revenue Code. The amendment also recognizes adjustments to balances associated with various balance sheet actions for required deposits and future planned appropriation of contingent amounts from prior year excess revenue collections including the Revenue Stabilization Fund Deposit, Virginia Retirement System Deposit, and the 2022 Capital Supplement Pool.
- **Unemployed Parents Program.** Provides funding for the anticipated cost of providing mandated cash assistance benefits for this program.
- **Funding for Medicaid Unwinding/Redetermination.** Provides adjustments to ARPA funding and language to allow the Department of Medical Assistance Services and the Department of Social Services to utilize a total of \$38 million for federally required actions to review and redetermine Medicaid enrollees following the end of the COVID-19 public health emergency.
- **Funding for the High-Performance Data Facility at Jefferson Lab.** Provides approximately \$43.3 million in the form of a short-term, interest-free loan to demonstrate state support for the Jefferson Lab as it competes to be the location for the east coast High-Performance Data Facility.

None of the additional items highlighted in our mid-session budget report were included in the budget that was adopted at the conclusion of the session or in the Governor's amendments. Given the significant amount of funding that has not been allocated, there is an expectation that a more comprehensive budget package will be coming. Below is a brief overview of some of the most pertinent funding items in the House and Senate budgets that may be in play as budget discussions continue. Those items in [blue](#) were included in the [Senate](#) budget. Those items in [purple](#) were included in the [House](#) budget.

TOURISM

- [Item 465 #1s – Virginia Port Authority \(SENATE\)](#). This amendment provides \$7.5 million GF in FY24 for the York County Cruise Line Tourism Project in support of the initial phase of a major cruise line tourism commitment to Yorktown.

- [Item 35.50 #1h](#) – *American Revolution 250 Commission (HOUSE)*. This amendment transfers the American Revolution 250 Commission from the Jamestown Yorktown Foundation, to become a legislative commission in accordance with House Bill 2415. A corresponding amendment to Item 1 transfers general fund appropriation to support costs for legislative members of the commission.
- [Item 237 #1s](#) – *Jamestown–Yorktown Commemorations (SENATE)*. This amendment removes the item for the Jamestown Yorktown Commemorations for the American Revolution 250 Commission. A companion amendment establishes the Commission as a legislative branch agency.
- [Item 30.5 #1s](#) – *Jamestown–Yorktown Commemorations (SENATE)*. This amendment transfers the American Revolution 250 Commission to the Division of Legislative Services.
- [Item 126 #2h](#) – *Virginia Tourism Authority (HOUSE)* This amendment provides \$97,000 in FY24 from the general fund for the Virginia Tourism Authority and Department of Historic Resources to conduct a historic study describing Green Book sites in Virginia. The information gathered will accelerate and simplify the listing of these properties on the Virginia Landmarks Register, making them eligible for potential sources of funding, highway markers, and increase public education about the Green Book and Black History in Virginia.

ECONOMIC DEVELOPMENT

Business-Ready Sites:

- [Item 113 #2h](#) – *Economic Development Incentive Payments (HOUSE)*. Language. This amendment provides \$250.0 million to the Virginia Business Ready Sites Program Fund and \$200.0 million to the Virginia Business Ready Sites Acquisition Fund over the biennium. Funding provided in the second year of the biennium for each of these site development programs is contingent on the Commonwealth meeting or exceeding its FY23 revenue forecast.
- [Item 113 #2s](#) – *Economic Development Incentive Payments (SENATE)*. This amendment expands eligibility for the Business Ready Sites Program Fund to include smaller sites of at least 50 acres. The amendment also makes smaller sites statewide eligible for the fund, rather than just sites in GO Virginia Regions 1 and 2.
- [Item 113 #3s](#) – *Economic Development Incentive Payments (SENATE)*. This amendment provides \$100.0 million GF in the first year and \$150.0 million GF in the second year for the Virginia Business Ready Sites program. The amendment increases the flexibility of the fund by allowing for the match requirement to be waived or reduced in economically distressed localities.
- [Item 125 #3h](#) – *Virginia Economic Development Partnership (HOUSE)*. This amendment clarifies that current administrative resources at the Virginia Economic Development Partnership Authority can be used to administer the proposed Virginia Business Ready Sites Acquisition Fund.

Other economic development items:

- [Item 113 #5h](#) – *Economic Development Incentive Payments (HOUSE)*. Language. This amendment conforms existing budget language to the provisions of HB 1769, which requires the MEI Commission to review in-state relocation economic development projects receiving incentives over \$2.5 million.

- [Item 113 #1h](#) – *Economic Development Incentive Payments (HOUSE)*. Language. This amendment authorizes the distribution of \$15.0 million to the Virginia Commercial Space Flight Authority in accordance with a MEI approved project.
- [Item 127 #1h](#) – *Virginia Innovation Partnership Authority (HOUSE)*. This amendment authorizes the Virginia Biosciences Health Research Corporation to invest an estimated \$2.4 million originally provided for investment in research and development of therapeutic drug treatments for COVID-19 in biosciences research, development, and commercialization projects. A project funded under the COVID-19 therapeutic drug treatment program was canceled and funding remains uncommitted. A companion amendment transfers \$1.0 million of these funds authorized by the 2020 General Assembly, Special Session I to the general fund to offset investments in research and development projects in the agriculture technology industry.

TRANSPORTATION

- [Item 452 #2s](#) – *Department of Transportation (SENATE)*. This amendment clarifies that the Commonwealth Transportation Board is directed to transfer one-time funding of \$100.0 million NGF to the Transportation Partnership Opportunity Fund. The Fund addresses the transportation aspects of economic development opportunities and is awarded as grants or loans for transportation capacity develop.

EDUCATION/WORKFORCE

- [Item 485 #4h](#) – *Central Appropriations (HOUSE)*. This amendment provides \$5.0 million to cover start-up costs associated with the transition of programs into a new workforce development agency.

William and Mary:

- [Item C-6.70 #1h](#) – *The College of William and Mary (HOUSE)*. This amendment provides general fund appropriation in the first year to meet the full project need to renovate the Historic Campus at the College of William and Mary. Specifically, this project will support critical needs such as roof and water infiltration renovations to the university’s oldest buildings: the Wren Building, the Brafferton, and the President’s House. The provision of these funds in FY23 will allow sufficient time for the work to be complete in time for the university’s participation in events for the nation’s 250th celebration in 2026.
- [Item C-6.70 #1s](#) – *The College of William and Mary (SENATE)*. This amendment provides \$4.9 million GF and \$1.3 million NGF the first year to support roof repairs, address water infiltration issues, and ongoing humidity control issues for the historic buildings at William and Mary. This brings total funding to \$12.9 million GF and \$1.3 million NGF for this purpose.

Higher Education Affordability:

- [Item 152 #1h](#) – *The College of William and Mary (HOUSE)*. This amendment of \$2,317,00 GF provides funding to maintain affordable access for in-state undergraduate students.

- [Item 255.5 #1s](#) – *Maintain Affordable Access (SENATE)*. This amendment provides additional operational support to reach the state’s goal of supporting the costs of higher education and to minimize the impact of tuition and fee increases. College of William and Mary has a proposed allocation of \$2,890,000.
- [Item 142 #1s](#) – *State Council of Higher Education for Virginia (SENATE)*. This \$25,000,000 budget amendment increases funding for the Pell initiative, provides additional language regarding the use of financial aid for internship opportunities and states that funding will be ongoing to ensure successful outcomes for students.

Workforce Credentials/Career Pathways:

- [Item 115 #1h](#) – *Department of Housing and Community Development (HOUSE)*. This amendment provides over \$30.0 million in FY24 to support workforce development through the GO Virginia program. These investments support the development of a new Talent Pathways Program, emerging talent pathways initiatives, and targeted workforce development efforts for the agriculture technology industry.
- [Item 142 #2s](#) – *State Council of Higher Education for Virginia (SENATE)*. This amendment provides \$2.0 million GF in the second year for the New Economy Workforce Credential Grant program to support enrollment growth and the increase in the maximum reimbursement rate from \$3,000 to \$4,000 pursuant to SB 1422.

Healthcare Workforce:

- [Item 136 #2h](#) – *Direct Aid to Public Education (HOUSE)*. This amendment provides \$120,000 GF the second year to support costs associated with the new clinical lab at the Governor’s Health Sciences Academy, which serves students from Newport News and York County.
- [Item 287 #1h](#) – *Department of Health (HOUSE)*. This amendment reduces by \$5.4 million GF the second year for the Earn to Learn Nursing Education Acceleration program, leaving almost \$25 million for the implementation of this new health care workforce program. The amendment also adds language to allow for the program to be implemented through contracts with private higher education institutions, as well as public ones. The program will offer competitive grants to colleges and universities that partner with health systems to offer nursing students the opportunity to earn a competitive wage while also earning credit for clinical hours toward degree requirements. The goal of the program is to address the health care workforce shortage by expanding the number of trained nurses in Virginia.
- [Item 287 #2s](#) – *Department of Health (SENATE)*. This amendment reduces \$10.0 million GF the second year from the \$30.0 million GF provided in the introduced budget for the Earn to Learn Nursing Education Acceleration Program and transfers funding to higher education institutions to increase nursing faculty salaries at nursing schools to encourage more nurses to move into teaching. The lack of nurse faculty severely limits the ability of new programs, like Earn to Learn, in expanding the pipeline of new nurses in the absence of sufficient nursing faculty. This amendment also removes the

designation of the program as one-time because such programs will take many years to have their desired effect.

- [Item 295 #5h](#) – *Department of Health (HOUSE)*. This amendment provides \$1.5 million GF the second year to the Virginia Department of Health (VDH) to establish the Virginia First-Year Nurse Residency Collaborative to support health care providers in increasing the retention of first-year registered nurses. VDH would partner with the Virginia Hospital Research and Education Foundation (VHREF) to provide health systems with an evidence-based program to support first-year nurses in their transition-to-practice. VHREF will provide a data-driven curriculum to help hospitals establish or maintain first-year nurse residency programs. This program will include expert technical assistance, evaluation measures, and collaborative learning modules for hospital programs.

Student Support:

- [Item 129 #1h](#) – *Department of Education, Central Office Operations (HOUSE)*. This amendment provides \$6.7 million the second year from remaining balances of Governor’s Emergency Education Relief federal pandemic relief funds to implement the provisions of HB 1526, which expands the Virginia Literacy Act from grades K-3 to grades K-8. These funds specifically are provided to support additional literacy coaches, development of a literacy screener for use in grades 4-7, professional development, and review of curriculum materials. Finally, the amendment ensures that all regional literacy coaches are licensed reading specialists.
- [Item 136 #10s](#) – *Direct Aid to Public Education (SENATE)*. This \$5,000,000 amendment provides additional support to the Community School Fund to provide funding for research- and evidence-based strategies and best practices to incorporate integrated student supports that address non-academic and out-of-school barriers to learning as a means to enhance student success.
- [Item 136 #15h](#) – *Direct Aid to Public Education (HOUSE)*. This amendment provides \$3.5 million the second year from remaining balances of Governor’s Emergency Education Relief federal pandemic relief funds to assist school divisions with outreach and support for disengaged, chronically absent, or struggling students in response to the COVID-19 pandemic. In FY23, \$3.5 million in ARPA State and Local Relief Funds were provided for this initiative.
- [Item 137 #3s](#) – *Direct Aid to Public Education (SENATE)*. This amendment provides additional, temporary funding of \$38.6 million GF the second year for a subset of schools accredited with conditions to hire instructional assistants at a ratio of one assistant per 20 students in schools that do not meet three or more of the Board of Education’s performance benchmarks for school accreditation. These positions are intended to (i) help teachers provide small group and individualized instruction necessitated by widening academic needs within classrooms, (ii) help teachers manage challenging student behaviors within classrooms, and (iii) reduce teacher workloads. This is a recommendation from JLARC’s 2022 study: “Pandemic Impact on Public K-12 Education.”

Salaries/Compensation:

- [Item 137 #5h](#) – *Direct Aid to Public Education (HOUSE)*. This amendment provides \$109.6 million GF the second year to provide a 7.0 percent salary increase, effective July 1, 2023. This is a 2.0 percent increase from the 5.0 percent increase provided in the adopted budget. This amendment redirects \$45.2 million the second year toward the salary increase, by eliminating the proposed teacher performance bonus. Additionally, the amendment directs a workgroup to determine appropriate metrics for the Commonwealth’s teacher compensation goals.
- [Item 137 #5s](#) – *Direct Aid to Public Education (SENATE)*. This \$45,152,262 GF (FY23–34) redirects funding in the introduced budget for a one percent retention bonus to support other initiatives in public education.
- [Item 137 #7s](#) – *Direct Aid to Public Education (SENATE)*. This amendment provides an additional \$116.8 million GF in the second year to support a total salary increase of 7 percent effective July 1, 2024. This is an additional 2.0 percent increase from the 5.0 increase provided in Chapter 2, Special Session 1 of the General Assembly.
- [Item 137 #14s](#) – *Direct Aid to Public Education (SENATE)*. This amendment provides \$140.4 million GF in FY24 to fund a bonus of \$1,000 to instructional and support positions. There is no required local match.

Early Childhood Education:

- [Item 136 #7s](#) – *Direct Aid to Public Education (SENATE)*. This amendment provides an additional \$20.0 million from the introduced budget to support early childhood mixed delivery programs and allows the funds to be used statewide. This increases the total funding in the second year by \$40.0 million.

FINANCE/TAXES

- [Item 370 #1h](#) – *Virginia Employment Commission (HOUSE)*. This amendment removes a proposed deposit to the Unemployment Insurance (UI) Trust Fund. Virginia deposited close to \$1.4 billion in federal funds to the UI Trust Fund during the COVID-19 pandemic.
- [Item 3-5.28 #1s](#) – *Adjustments and Modifications to Tax Collections-Taxpayer Relief Fund (SENATE)*. This amendment provides \$75.0 million to a Rolling Conformity Taxpayer Relief Fund to offset the impact from conforming to federal tax provisions that increase or decrease general fund revenue by \$25.0 million or less on a rolling basis rather than a fixed-date basis, pursuant to SB 1405 of the 2023 Session. Pursuant to the bill, the cumulative cap on all amendments to be adopted on a rolling basis is \$75.0 million. Therefore, this fund provides the Governor and the General Assembly funding to offset any revenue reduction from conforming on a rolling basis. The introduced budget proposed to transfer \$128.0 million GF to a Taxpayer Relief Fund, and this amendment would rename the fund, transfer \$75.0 million to the fund.

LABOR/EMPLOYMENT

- [Item 304 #17s](#) – *Department of Medical Assistance Services (SENATE)*. This amendment provides \$373,049 GF and \$406,496 NGF the second year for the Medicaid impact of SB 886, which requires

employers to provide paid sick leave to health care providers and grocery store workers. Under current law, employers are only required to provide paid sick leave to certain home health workers. The bill also removes requirements that workers work on average at least 20 hours per week or 90 hours per month to be eligible for paid sick leave.

- [Item 370 #2s](#) – *Virginia Employment Commission (SENATE)*. This amendment is a language only amendment that authorizes a treasury loan for the implementation of SB 1101- to fund the necessary start-up costs associated with the implementation of a Paid Family and Medical Leave Program for the Commonwealth of Virginia contingent upon the enactment of SB 1101, Boysko. Please note: SB 1101 did not advance.

HOUSING

- [Item 114 #2s](#) – *Department of Housing and Community Development (SENATE)*. This amendment provides support to implement the provisions of SB 839. The bill requires a statewide comprehensive housing assessment once every five years, an annual housing plan and goals, and collection and publication of certain local zoning information.
- [Item 114 #2h](#) – *Department of Housing and Community Development (HOUSE)*. This amendment provides additional support to the Department of Housing and Community Development to assist in the department's delivery and support of housing studies directed by the General Assembly and the Virginia Housing Commission, the housing needs assessment and plans of HB 2046 of the 2023 General Assembly, and the proposed expansion of the Livable Homes Tax Credit in HB 2099.
- [Item 115 #7h](#) – *Department of Housing and Community Development (HOUSE)*. This amendment provides \$5.3 million GF in FY24 from the general fund to recapitalize the Community Development Financial Institutions Fund to invest in small businesses and housing projects.
- [Item 114 #3s](#) – *Department of Housing and Community Development (SENATE)*. This amendment provides \$350,000 GF and one position in FY24 to implement the provisions of SB 1114 which directs the establishment and operation of the Virginia Residential Sites and Structures Locator, a web-based platform to assist localities in marketing parcels and existing structures that the locality has deemed suitable for residential or mixed-use development or redevelopment.

TECHNOLOGY

- [Item 115 #2h](#) – *Department of Housing and Community Development (HOUSE)*. This amendment ensures the Department of Housing and Community Development can deploy federal resources it receives from the newly created Broadband Equity, Access, and Deployment (BEAD) Program, and authorizes a position to assist DHCD in deploying these funds. At a minimum, Virginia is expected to receive at least \$100.0 million in broadband funding from this program.
- [Item 115 #4h](#) – *Department of Housing and Community Development (HOUSE)*. This amendment directs the Broadband Office of the Department of Housing and Community Development to support localities in the permitting and citing of projects to ensure broadband projects funded with federal resources are completed within federally mandated spending deadlines. This amendment adds a position in DHCD to hire an additional position to address issues in broadband construction delays

related to permitting and citing of projects with federal money from the Federal Infrastructure and Jobs Act.

- [Item 115 #9h](#) – *Department of Housing and Community Development (HOUSE)*. This amendment updates language for the Line Extension Customer Assistance Program, funded with federal funds from the American Rescue Plan Act. It allocates \$16.0 million of federal funds provided for this program between serving low-to-moderate income households and all households that may need assistance to extend existing broadband networks to their homes.
- [Item 115 #2s](#) – *Department of Housing and Community Development (SENATE)*. This amendment reallocates funding appropriated from the American Rescue and Recovery Act for the Line Extension Customer Assistance Program (LECAP) and appropriates \$16.0 million from the Federal Infrastructure and Jobs Act (Public Law 117-78) for broadband access to the LECAP program.
- [Item 115 #3s](#) – *Department of Housing and Community Development (SENATE)* This amendment provides \$5.0 million GF in the second year to support the Virginia Community Development Financial Institutions Fund and program. SB 1320 of the 2023 General Assembly codifies the Virginia Community Development Financial Institutions Fund, originally created in the 2021 Appropriation Act, and establishes the Virginia Community Development Financial Institutions Program to carry out the purposes of the fund. The program provides grants and loans to community development financial institutions and other similar entities for the purpose of providing financing to small businesses, housing development and rehabilitation projects, and community revitalization real estate projects in the Commonwealth.

ENVIRONMENT

- [Item 386 #14h](#) – *Department of Historic Resources (HOUSE)*. This amendment provides \$500,000 GF in FY24 to assist in the preservation of archaeological evidence in the area known as Smith’s Field in the area around James Fort, due to the ongoing threat of tidal flooding, sea level rise, and inundation in the area. The funding would assist Preservation Virginia and Jamestown Rediscovery Foundation to conduct research, catalogue features and artifacts, and care for recovered artifacts.
- [Item 375 #3s](#) – *Department of Conservation and Recreation (SENATE)*. This amendment directs the department to convene a workgroup of agencies involved with trail construction and operations to ensure the various state trails funded by the 2022 and 2023 General Assembly Sessions are completed efficiently and effectively.

ENERGY

- [Item 122 #1h](#) – *Department of Energy (HOUSE)*. This amendment modifies language included in the introduced budget, establishing the Virginia Power Innovation Fund. HB 2386 of the 2023 General Assembly creates this fund, and the budget language is no longer necessary. It also directs \$5.0 million of these funds to create the Virginia Nuclear Innovation Hub. Additionally, it allows the Department of Energy to use up to \$250,000 of these funds to effectuate the provisions of HB 1781 of the 2023 General Assembly.

COMMUNITY SUPPORT

- [Item 346 #1h](#) – *Department Social Services (HOUSE)*. This amendment requires the agency to allow applications for the LIHEAP program to be submitted in any month during the year and allows for grant awards to be made retroactively for the 2022–2023 heating season.
- [Item 346 #1s](#) – *Department Social Services (SENATE)*. This amendment requires the agency to allow applications for the LIHEAP program to be submitted in any month during the year and allows individuals to apply retroactively for heating assistance since the close of the prior application period in November 2022.
- [Item 295 #4s](#) – *Department of Health (SENATE)*. This amendment provides \$75,000 GF the second year to support Natasha House in Yorktown, Virginia to assist female-headed families through its residential program to combat homelessness and joblessness.

VETERANS SUPPORT

- [Item 470 #2s](#) – *Department of Veteran Services (SENATE)*. This amendment removes \$500,000 GF the second year to adjust the increase for the Virginia Values Veterans grant program included in the introduced budget from \$5,000 to \$2,500 per veteran hired. The amendment maintains an increase of \$1,150 for the grant, bringing the total grant award to \$2,500 per hire.

HEALTHCARE

- [Item 304 #5h](#) – *Department of Medical Assistance Services (HOUSE)*. This amendment adds \$437,836 GF and \$1.3 million NGF and language directing the Department of Medical Assistance Services to establish reimbursement parity between certain substance use disorder and mental health services.
- [Item 312 #1h](#) – *Department of Behavioral Health and Developmental Services (HOUSE)*. This amendment provides \$25.0 million the second year from the general fund to create additional crisis stabilization units in addition to those proposed in the Right Help, Right Now plan. This amendment also directs the Department of Behavioral Health and Developmental Services to place the new crisis stabilization units in priority areas in the state.
- [Item 304 #4s](#) – *Department of Medical Assistance Services (SENATE)*. This amendment provides \$17.4 million GF and \$37.0 million NGF the second year to increase reimbursement rates for community-based mental health services.

NEXT STEPS

As stated above, for the bills the Governor signed, unless otherwise noted, they will go into effect July 1, 2023.

For those bills the Governor either amended or vetoed, they will be considered by the General Assembly when legislators reconvene on April 12, 2023. When they meet, legislators must either approve or reject the Governor's amendments in an up or down vote. If approved, the amended bill goes back to the

Governor for him to sign. If the amendments are rejected, the bill returns to the Governor in the same form as it was sent to him when it was passed by the legislature for his consideration once again.

For those bills the Governor vetoed, a $\frac{2}{3}$ vote is required to override the Governor's veto.

As we have additional updates on the active legislation and the budget, we will provide them. Please let us know if you have any questions at this time.

Thanks for the opportunity to represent the interests of the Greater Williamsburg Chamber of Commerce!

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