



The Virginia General Assembly is wrapping up its virtual 2021 Regular Session. With only a week remaining, the Chamber is able to see some positive outcomes on the horizon, while some challenges remain.

## **The Budget**

With the [additional \\$730 million in revenue](#) announced earlier this week, Virginia is in a much better place economically than revenue forecasters thought. While that still puts us in a large pack of organizations with designs on greater appropriations for our budget priorities, it's clear that it is the strong business community that has buoyed the economy during the pandemic (40% growth year-to-date in corporate income tax collections).

As the House and Senate head toward budget conference, our priorities are faring very well. Last week we [released a budget side-by-side](#), with those in red indicating a discrepancy between versions of the budget.

## **Legislation**

**Tax Conformity/PPP Deductibility – Status: the tax conformity bills are in conference now.** [The Senate unanimously approved](#) a version that allows up to \$100,000 in expenses paid for with PPP while [the House version](#), will only allow deduction of up to \$25,000. Both bills extend this tax treatment to recipients of Rebuild Virginia grants. The Chamber will continue to make the case that the \$100,000 threshold, while not the full deductibility we would prefer, would make a major positive impact on Virginia businesses who took smaller PPP loans. This is the top legislative priority of the Chamber in these final days of the session.

The key legislators are the conferees for this legislation: Sen. Janet Howell, Sen. George Barker, Sen. Steve Newman; Del. Vivian Watts, Del. Luke Torian, and Del. Barry Knight. Their emails are below:

**In Person Learning:** As I wrote back in the first update, the Chamber has been watching [SB1303](#) from Sen. Dunnavant. This bill (which, as introduced, was one line requiring an in-person school option this fall) has become the General Assembly's position on in-person learning for the fall semester. It requires at least the option of in-person learning beginning in the fall and that all teachers and school staff "be offered access to" a COVID-19 vaccine prior to the beginning of the 2021-2022 school year. It does allow school divisions to offer fully virtual learning to students whose parent requests it, and for the division to return to fully virtual learning for all

students if the health metrics for the school move to the “high” level according to VHD guidance. **Status: unanimously approved by the House subcommittee on Feb. 15.**

**Paid leave** – Del. Guzman bill for essential workers – **status: waiting for Senate action next week.** It has a few positive provisions in it:

- exempts companies that offer a benefit equal to or greater than what is required in the bill, including companies that have collective bargaining agreements;
- exempts retail businesses with less than 25 employees;
- includes a hardship waiver (to be defined in regulations).

An essential worker includes: first responders, essential retail employees ([defined here](#)); health care providers; long-term care providers; food manufacturing and supplier workers; home care providers; child care providers; home care workers; domestic workers; educators and support staff; transportation workers; cleaning and security workers whose physical presence is necessary for the maintenance or security of their sites of employment; and prison or jail personnel.

Finally, [Sen. Favola’s SB1219](#), which the Chamber has supported, would study both how to allow private insurance companies to sell paid family leave insurance plans to businesses. **Status: approved by the Labor and Commerce Committee following a deal with House leadership and the insurance industry.** The original intent was to identify what code changes are needed and how the insurance industry can offer medical leave plans to businesses and individuals. The amended version now makes clear that the study, and the subsequent offering of such plans in Virginia, does not preclude a public option. The Chamber remains supportive of the study and the insurance policy being offered, but remains opposed to the public option for paid family and medical leave.

**Commonwealth Health Reinsurance Program** – [Del. Mark Sickles’ HB2332](#) was problematic until this week when the Senate Commerce and Labor removed the 1% tax on large group and individual health plans and instead asked the state to pay for the program. The Chamber made it clear to members that we support the program – per a new position in the 2021 Legislative Agenda – but opposed the funding mechanism that would have charged those who would not have benefited from the reinsurance program. The program will reduce the premiums of the individual market plans. **Status: waiting for full Senate approval before going back to the House to approve the amended version.**

**Class action lawsuits** – Virginia is currently only one of two states (the other being Mississippi) where the courts do not accept class action cases. Given the, it is likely that we will have class action lawsuits in Virginia very soon, if not this year. The Chamber has worked against the bill, but is asking that the Supreme Court study the bill in order to try to reduce some of the unintended negative consequences of shifting this burden from federal to state courts. **Status: the bill is up in House Courts of Justice committee on Feb. 19.**

**Military employment discrimination** – **status: approved unanimously by the House and Senate.** The Chamber was an early supporter of [military service member non-discrimination](#)

bills by Del. Tran and Sen. Bell. The bill would change the definition of veteran to military status, including active duty, their spouses and dependents, as well as veterans. Virginia has one of the highest concentrations of active duty military in the country, and also the second highest concentration of military families who [say they can't reliably afford to put food on the table](#). These families have earned the right to the same economic opportunities as all Virginians.

[HB1876 Workforce development](#) – **Status: headed to Senate floor after passing Senate General Laws unanimously on Feb. 17.** This bill by Del. Subramanyam is a mostly technical bill backed by the Virginia Economic Development Authority that breaks down silos among state agencies that engage in workforce development. We strongly support the state becoming a greater partner to the private sector on workforce development.

George Mason's Tier 3 elevation: **Status: the bills are headed to the Governor** after passing unanimously. These bills carried by Del. Bulova and Sen. Barker would elevate George Mason University's status to Tier III. This is a technical change that gives the university more autonomy but requires a new agreement with the state.

**Small, women- and minority-owned business procurement diversity** – the bill backed by Gov. Northam is a challenging one, but could increase the ability of SWaM-certified businesses to contract with the state. We have some concerns with the bill and were able to lower the set-aside for small businesses. However, the Chamber supports the concept and believes that the provisions of the bill allow for contractors who already do substantial business with the Commonwealth to continue to do so while improving access for SWaM businesses. **Status: the bill was approved by House General Laws this week but needs to go through Appropriations before going back to the Senate.**

*These weekly updates are meant to provide a snapshot of how the Chamber is advocating on behalf of our members at the General Assembly. If you would like to know how the Chamber is engaging on a topic not included in this update, please contact Vice President of Government Relations Clayton Medford ([cmedford@novachamber.org](mailto:cmedford@novachamber.org)).*