



In the final days of the 2021 Virginia General Assembly session, the Chamber focused on PPP deductibility as our top issue. We are happy with the compromise, even though full deductibility would have been a better outcome. **Be on the lookout for a full write up of this year's unusual virtual session(s).**

Budget – the conference report was released Thursday evening (Feb. 24) and invests in most of our priorities. The only priority we identified early in the session that did not get full funding was the restoration of the Talent Accelerator expansion at VEDP. Priorities like G3, affordability funding for Mason, and the Technology Development Grant Fund (related to Microsoft's Fairfax County expansion) are fully funded. A large part of the additional \$730 million in revenue identified in the most recent forecast will go to pay raises. One additional positive from this budget compromise is a greater-than-expected increase in the Cost of Competing formula funding for Northern Virginia K-12 (increased from 10.6% to 18%).

Tax Conformity/PPP Deductibility – Status: pending final floor action. Late Wednesday (Feb. 24) House and Senate negotiators agreed on a package that: set the deductibility threshold at \$100,000, applied this same treatment to recipients of Rebuild Virginia grants, allowed all businesses this deduction no matter how they are organized, and included an emergency clause so businesses can start filing as soon as the Governor signs the bill. The Chamber, our members, and a number of our colleagues from business groups around the state worked hard over the last two weeks of session to ensure as much deductibility as the General Assembly would consider. One wrinkle – the bill only applies to 2020, so we will need to be vigilant that this same treatment applies for 2021 PPP loans (second draw).

In-Person Learning: This bill – [SB1303](#) from Sen. Dunnavant – **was passed by the House and Senate and is on to the Governor.** The bill was made more specific in the past week. It now requires in-person learning, defined as teachers and students together in person, beginning in the fall unless the Governor attaches an emergency clause to it. It states 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 says CDC guidelines should be followed, but they cannot be used to keep schools closed. 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 or hybrid for all students if the VDH health metrics for the school move to the "high" level according to state guidance. It also asks that guidelines be developed to monitor academic progress of virtual students.

Criminal record sealing – The House (Del. Charniele Herring) and Senate (Sen. Scott Surovell) reached a compromise on their bills last week which is now headed to the Governor. Here are some key provisions included in their compromise – a very impactful piece of legislation for returning individuals:

Sealing of charges is automatic for:

- **certain misdemeanor charges that result in conviction or deferred disposition after seven years** if no other convictions have occurred – minor in possession of alcohol or possession of a false ID and possession of marijuana (even when deferred/dismissed), petit larceny, shoplifting, several types of trespass, possession with intent to distribute marijuana, and disorderly conduct;
- **certain misdemeanor charges that result in acquittal, nolle prosequi, or dismissal** – misdemeanor charges that result in these outcomes are automatically sealed at the time of that outcome (no seven-year delay – some limitations on “stacked” charges)
- **mistaken identity**

Sealing of certain charges requires the individual to petition the court. Petitioning is required for:

- **class 5 and 6 felonies and grand larceny** that result in conviction or deferred disposition (petitioner must never have been convicted of a Class 1 or 2 felony or any other felony punishable by imprisonment for life, not been convicted of a Class 3 or 4 felony within the past 20 years, or not been convicted of any other felony within the past 10 years of his petition.
- violent felonies, DUI and domestic assault do not qualify for petition-based sealing.

The compromise allows certain employers to look at sealed records, and requires prospective employees to disclose sealed charges to:

- any employer or prospective employer required by federal or state law or local ordinance to inquire about prior criminal charges or convictions;
- any employer or prospective employer where the position that a person is applying for or the areas where they have access is related to national security;
- any employer or prospective employer that is allowed access to such sealed record;
- to any business screening service for purposes of complying with the bill.

Paid leave, class action lawsuits, and reinsurance – Del. Guzman’s **paid leave bill** [for essential workers](#) was amended in the Senate to limit it only to home healthcare workers and is headed back to the House. **Class action lawsuits** are currently not possible in Virginia, and it looks like

that will remain the case after [Sen. Surovell's SB1180](#) failed in committee late last week.

Commonwealth Health Reinsurance Program – [Del. Mark Sickles' HB2332](#) was problematic until last 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. It's now headed to the House for final approval.

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).