

General Assembly Preview

January 8, 2025



General Assembly Preview

Logistics/Process

Budget Overview

Anticipated Key Topics/Bills

Influencing Factors



General Assembly Preview

Logistics: The “Short Session” Schedule

- Budget presentation—December 18
- General Assembly Convenes—January 8
- House and Senate budget changes—February 2
- “Crossover Day” of bills—February 4
- Adjournment—February 22
- Virginia Constitution (Article IV, Section 6): “...no regular session of the General Assembly convened in an odd-numbered year shall continue longer than thirty days; but with the concurrence of two-thirds....extended....not exceeding thirty days.”

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Logistics: Lay of the Land

- Democrats maintain narrow margin of power in legislature
 - Senate is 21-19
 - House of Delegates is 51-49
- Bill introduction limits: 15 for delegates and 20 for senators
- Deadline for requesting bill drafts was 11/25
- “Pre-filed” bill introduction deadline is today
- Final bill introduction deadline is 1/17

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State Budget Proposal

- Chapter 2 approved 5/13/24 and took effect 7/1/24
- Governor Youngkin proposed amendments on 12/18/24
- Revised revenue reforecast adds \$3.2 billion (\$2.1 billion in FY 25 and \$1.1 billion in FY 26) to the current (one year old) estimates.
- Anticipates state GF revenue growth of 4.1% for the remainder of FY25 and 2.5% in FY26.
- Must have a balanced budget!

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State Budget Proposal

- Tax relief is key component of introduced budget
- Middle Class Car Tax Cut: \$150/\$300 income tax credit for individuals under \$50/\$100K AGI.
- Would use \$1.1 billion in one-time revenues, then \$370 million cost beginning in FY27.
- Virginia standard deduction: \$8,500 (single)/\$17,000 (married) deductions set to expire in 2025.
- Ending taxes on “tip” income
- “The governor proposes, and the General Assembly disposes.”

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State Budget Proposal

- Disaster Assistance Fund is proposed to assist with life, safety, and housing disaster-related costs not otherwise covered; funded by \$100 million in NGF (RGGI) and \$25 million GF.
- Water Quality Improvement Fund dollars from surplus
- Funnel more dollars to reserves (nearly \$300 million)
- No additional enhancements to pay hikes for state-supported local employees that are already included in the FY26 budget (3% bump effective July, 2025).

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Budget:

K-12

- ❑ \$290 million for the School Construction Assistance Program; includes an additional \$120 million GF and \$150 million transfer from the Literary Fund in FY25, along with \$20 million GF in FY26
- ❑ \$110.7 million over the two years (\$48.8 million in FY25 and \$61.9 million in FY26) to support English Language Learners
- ❑ \$61 million in FY25 for a new statewide assessment contract
- ❑ \$51.25 million in math, reading and science support to students most in need
- ❑ \$50 million for Virginia Opportunity Scholarships
- ❑ Budget projects roughly 6K more students

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Budget:

Community Develop- ment

- VBRSP: \$50 million increase for the Virginia Business Ready Sites Program, which would bring funding in FY26 to \$70 million.
- Early Learning Capital Supply Building program in FY25 (DHCD): \$14 million competitive grant program for local governments and higher education institutions to increase supply of quality early learning spaces in childcare.
- VATI: Shifts the remaining \$10 million in VATI funding in the FY26 budget, to FY25 (\$50 million total).

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Budget:

Environ- ment

- Nearly \$26.3 million to the Water Quality Improvement Fund (WQIF); includes \$8.9 million to the reserve fund and \$17.4 million to the Virginia Natural Resources Commitment Fund.
- Supplants \$400 million existing bond authorization for WQIF-eligible wastewater projects with GF from FY24 excess revenues.
- Budget language would extend the delay of the prohibition on the use of polystyrene containers from July 1, 2025, to July 1, 2028 (chain restaurants) and from July 1, 2026, to July 1, 2030 (all food vendors).

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Budget:

HHR

- \$632.2 for increases in the Medicaid forecast (\$337 million in FY25 and \$295.2 million in FY26)
- \$105.4 million (\$37.1 million in FY25 and \$68.3 million in FY26) in additional funding for the Children's Services Act
- Language is included that would limit growth in state reimbursement for the cost of private day services to 2.5 percent beginning in 2026.

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Budget:

Public Safety

- \$35.2 million in grant funding in FY26 for Special Conservators of the Peace (SCOPs) in hospitals to help with alternative custody while individuals are awaiting placement for care.
- \$3.5 million in FY26 to reimburse local law enforcement agencies for time spent transporting individuals under such orders.
- Requires law enforcement to comply with ICE related to release of an undocumented immigrant who commits a crime. Failure to do so could result in withholding of state aid.
- \$6.8 million increase for School Resource Officers program in FY25 (to \$30 million). FY26 budget has \$20 million.
- \$5 million for protective equipment for firefighters
- \$2.5 million public safety radio and communications infrastructure equipment. Priority for fiscally-stressed localities.

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Budget: The Timeline

- Virtual budget hearings were held “across the state” last week
- Money committee staff will brief members on the budget proposal in session’s first few days
- General Assembly member budget amendments are due 1/10
- House and Senate versions of the budget to be released Sunday, 2/2

General Assembly Preview

Key Legislation

Bills, bills,
and more
bills

- Headlines: Tax relief, public education, energy, housing
- Tax Policy
- K-12: JLARC Recommendations/School Construction
- Land use issues
- About 900 introduced so far; expect 2,000+ and hundreds of resolutions

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Key Legislation

K-12 and School Capital

- JLARC: GA may address some short-term recommendations, including support cap and additional special education funding
- School Construction: During 2019/2020, nine localities authorized to enact a one-cent sales tax increase to generate revenue for construction or renovation of public schools, upon voter approval.
 - Individual and statewide authority bills all failed the past three years (2024 bills were vetoed)
 - SB 874 (Pulaski County)
 - About \$25+ billion in unmet needs identified

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Key Legislation Energy

- Demand for increasing energy production is driving push to amend 2020 Virginia Clean Economy Act (VCEA). Goals to decarbonize Virginia's electricity grid by 2045.
- December JLARC report:
 - Data center industry is forecast to drive immense increase in energy demand.
 - Building enough infrastructure for unconstrained data center demand will be very difficult, and meeting half that demand is still difficult.

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Key Legislation Energy

- Commission on Electric Utility Regulation seeking to address non-carbon energy production.
 - By July 1, 2027, PDCs shall create regional energy plans which shall demonstrate a meaningful contribution to state energy goals and forecasted energy growth
 - Plans shall be supported by state technical assistance and energy modeling reports which prescribe annualized targets of clean energy goals by region.

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Key Legislation Energy

- ❑ Solar developers would submit proposed “critical interconnection project” (20MW/2 MW and 3 miles from interconnection) to Energy Facility Review Board, which would determine if project is of statewide significance and meets local ordinance.
- ❑ Local governing body ordinances by 7/1/26 (consistent with model) could not prohibit or have “unreasonable restrictions” (amount of land, or amount, density, or size of such facilities)
- ❑ Board can disregard any unreasonable restriction in the local ordinance on installation of solar project.
- ❑ Board opinion presumed to be correct unless locality proves otherwise by preponderance of evidence.
- ❑ Local action appealable to circuit court.

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Key Legislation Land Use

- Local governments will again play DEFENSE on land use authority legislation
- Bills anticipated that would usurp or restrict local land use authority
 - Housing/affordable housing (SB 839 would provide for residential uses in all commercial or business zoning districts); also Faith in Housing legislation
 - Accessory dwelling units in SF residential zones (SB 932)
 - Restrictions on local authority to regulate short term rentals
 - HBAV/local processes legislation

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Key
Legislation

Other

- Finance/assessments
- Health and human services bills—
CSA, CSBs, social services
- Elections—early voting window
shortened? (currently 45 days)
- Freedom of Information legislation
- General/local government bills

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Other Considerations

- Statewide offices and all 100 House of Delegates seats up for election in November
- General Assembly/Governor and House/Senate relationships
- What's the mood?

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Where
to Turn
for More
Info

- [Virginia Legislative Information System](#)
- [Virginia State Budget](#)
- [Budget Highlights](#)
- [TJPD Legislative Services](#)
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Questions?

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