



General Assembly Week 1 Update (1/20/10)

The first week of the General Assembly, typically a fairly slow week, brought the public airing of major budgetary differences amongst our outgoing and incoming Governors, changes to committee assignments in the House and Senate and very little movement on actual legislative issues. Not unusual, as the real work for the General Assembly starts in earnest next week.

Last Wednesday, outgoing Governor Tim Kaine gave his final State of the Commonwealth address to the General Assembly. While the majority of the speech focused on accomplishments of his administration, he did defend his budget proposal, which includes a proposal to increase the personal income tax. Five days later, newly inaugurated Governor Bob McDonnell categorically rejected any notion of increasing taxes during a recession, claiming that he would veto any bill that included a tax increase and that he would send any budget that included a tax increase back to the General Assembly. Removing the personal income tax increase from Governor Kaine's introduced budget means the General Assembly and new Governor will need to plug that hole by cutting an additional \$2 billion, bringing total cuts to the biennial budget to \$4.3 billion.

House and Senate leaders restructured their respective committees to reflect a larger Republican majority in the House, and a slightly larger Democratic majority in the Senate. House Committees now have greater Republican majorities. Several Senate Committees, most notably the powerful Finance and Courts of Justice Committees, have increased Democratic majorities.

Here is a short list of some of the issues we're following this year:

- Dealer Discount – Just like last year, Governor Kaine proposed removing the dealer discount that retailers receive in exchange for doing the state's tax collecting work. This is simply a \$70 million tax increase on Virginia's retailers, and the coalition, of which the Greater Richmond Chamber is a member, seeking to keep the dealer discount will carry that message to the General Assembly again this year
- Financial Literacy – Several legislators have introduced proposals that eliminate the mandate that financial literacy be taught in Virginia's high schools. A coalition of financial institutions, Chambers of Commerce, and other business groups are working with the patrons to keep the financial literacy curriculum without placing undue stress on local school systems.
- Stormwater Regulations – Under the direction of Governor Kaine, the department of Conservation and Recreation promulgated new regulations governing stormwater runoff from newly developed properties as well as redeveloped properties. Although they have since been revised to be somewhat more reasonable, the original proposal would've destroyed Virginia's building industry and contributed to unwanted sprawl development. With the revisions, one of the biggest problems with the regulations is that it takes effect July 1, 2010. Six months later, EPA is scheduled to promulgate its own regulations governing Total Maximum Daily Loads (TMDLs) for Virginia streams and rivers. During the session we will seek to at least delay implementation of Virginia's stormwater regulations until EPA's TMDL regulations are implemented.
- Funding for Early Childhood Development Programs – With the Commonwealth facing the worst budget crises in a generation, we will be working hard to protect as much of the Commonwealth's investment in early childhood development as possible. Specifically, we will advocate for level funding for the Virginia Early Childhood Foundation, Virginia's Star Quality Initiative, the Virginia Preschool Initiative, and home visiting services.

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