



Anticipated Issues in the Virginia 2022 Legislative Session

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In November 2021, Virginians elected Republicans to all three statewide Executive Branch offices, which had been controlled by Democrats since 2013, and regained control of the House of Delegates after two years of Democratic control. As a result, Republicans are expected to make proposals that would unwind certain policies enacted by the Democrat controlled state government over the past two years.

According to the incoming Speaker of the House, Delegate Todd Gilbert, the House Republican Caucus' goal is to help the newly elected governor achieve his campaign's 'Day One' agenda. The Virginia Senate, however, remains a 21-19 Democrat majority, with the Republican Lieutenant Governor casting any tiebreaking votes.

The highlights of Gov.-elect Glenn Youngkin's initiatives include the items below. His complete agenda can be found here: <https://www.youngkinforgovernor.com/game-plan>.

1. Education

Education was a key issue for the governor-elect during his campaign and he promised to do the following once elected:

- a. Keep schools safely open five days a week.
- b. Help every student become college or career ready.
- c. Eliminate political agendas from the classroom by banning the teaching of critical race theory.
- d. Rebuild the schools in poor physical condition, raise teacher pay and invest in special education. (Note: Outgoing Gov. Northam included a 10% teacher pay increase in his proposed budget to the General Assembly. There is also movement for the state to help fund school construction, which has traditionally been the responsibility of local governments.)
- e. Create at least 20 new K-12 charter schools. The proposed schools will be public schools but would not have to adhere to certain state laws and regulations. Applicant schools would be required to file education plans and provide metrics for measurements of success to the state.

2. Taxes

Cutting taxes was also a key issue of the governor-elect's campaign.

In part, thanks to a \$3 billion state surplus, Gov. Northam proposed tax cuts in his outgoing budget to the General Assembly. Gov.-elect Youngkin has pledged the following tax cuts, some of which are in outgoing Gov. Northam's proposed budget:

- a. Eliminate Virginia's 1.5% state and 1% local grocery tax.
- b. Suspend a recently adopted gas tax increase for 12 months.
- c. Provide a one-time tax rebate of \$600 for those who file taxes jointly and \$300 for individuals.
- d. Provide voters with the opportunity to pass a referendum to eliminate property tax increases. The General Assembly would first have to approve this choice in order for it to be allowed on a ballot.
- e. Reduce individual income taxes by doubling the standard deduction and reducing the tax rate on veteran retirement pay. There is some support for both ideas in the General Assembly, but the legislature is currently conducting a study on how to modernize Virginia's tax structure. The debate during the 2022 Session will be whether to expand the existing study to include the proposed policy changes or to just enact legislation.

3. Crime

The Democrat controlled legislature for the past two years made dramatic changes to Virginia's criminal law system (e.g. giving 'good time credit' to felons, eliminating mandatory minimum sentences and allowing judges to sentence at jury trials). It is expected that legislation will be introduced to unwind these laws. Gov.-elect Youngkin's specific proposals include:

- a. Increase law enforcement officers' salaries. Gov. Northam proposed a 10% pay raise for police in his outgoing budget.
- b. Terminate all existing members of Virginia Parole Board, following allegations that the Parole Board violated state law and victim-notification procedures.
- c. A roll back of legislation that created more gun control and firearm restrictions.

4. Economic Development

Gov.-elect Youngkin's ideas include:

- a. Protect Virginians from required unionization (stop efforts to eliminate Virginia's 'Right to Work' laws).
- b. Enact a small business tax holiday.
- c. Eliminate taxes on government loans provided to mostly small businesses during the COVID-19 pandemic (e.g. Rebuild VA and PPP Loans) that continue to be available.

Other potential items of discussion that were not a part of Gov.-elect Youngkin's campaign platform, but are issues that the legislature is anticipated to address in the 2022 Session, include:

5. Health Insurance

Over 600,000 Virginians enrolled in a federal marketplace plan received a subsidy through the American Rescue Plan Act of 2021 (ARPA). Virginia enacted legislation in 2020 to create a state-based health insurance marketplace, or state exchange. The Legislature will have to decide if it will continue to offer a subsidy to those who remain in the state exchange in the event the federal subsidy expires.

6. Cannabis sales

In 2021, the state enacted legislation to legalize the possession of up to 1 oz. of cannabis and up to four home-grown cannabis plants. The legislation, however, failed to set up a legal path for the commercial industry, including cultivation, manufacture and sales of cannabis. Prominent Republicans who voted against legalization have stated that they doubt there will be votes to make cannabis illegal again. The legislature will likely have to decide how they will provide a legal way for Virginians to acquire cannabis.

7. Environment

- a. In 2020, lawmakers passed legislation to make Virginia a part of the Regional Greenhouse Gas Initiative (RGGI). Shortly after being elected, Gov.-elect Youngkin said that he would, by executive action, withdraw the state from RGGI. Democrats will likely introduce legislation to prevent the governor from being able to take such action, but prospects of such legislation passing the Republican controlled House are minimal.
- b. Virginia recently passed the Clean Economy Act, which requires the two incumbent utilities in the Commonwealth to be carbon-free by 2050. Legislation will likely be introduced to change this requirement. ?

8. State Budget

A nearly \$13 billion state surplus (from past, current and the projected next two fiscal years) will result in many requests for additional state appropriations. Items being discussed include:

- a. Enhanced economic development funding.
- b. Broadband funding and a pledge to make broadband available to every Virginian by 2024.
- c. Additional funding for behavioral health services as Virginia transitions to community-based services (as opposed to large institutions) as a result of a Department of Justice settlement agreement.
- d. Additional funding for substance abuse treatment services and supports.
- e. Funding for affordable housing.
- f. Money to address coastal flooding.
- g. Elimination of the accelerated sales tax for retailers.

While Gov. Northam has already introduced his outgoing budget, the politically divided General Assembly will take their turn amending that budget before sending it to Gov.-elect Youngkin for consideration of his amendments.

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