

Virginia Viewpoint - April 19, 2024

Reconvened Session Update

In bipartisan fashion, Governor Youngkin and legislators have agreed on a fresh start to negotiate a new two-year budget.

The reconvened session of the General Assembly commenced on Wednesday to consider the Governor's numerous actions on legislation in addition to a completely revamped budget. The legislative agenda was substantial, considering the Governor vetoed 153 bills and made 233 recommendations to the budget – a staggering number that could have only been surpassed by an unprecedented veto on the overall budget.

Just hours before the reconvened session began, the Governor and Democratic leaders in the General Assembly struck an agreement to sidestep a budget confrontation, opting instead to restart the budget process in a special session next month. The bipartisan decision underscores a shared objective of averting a government shutdown and preserving the Commonwealth's esteemed AAA bond rating – a financial assessment closely monitored by Wall Street.

Meanwhile, the Democratic majorities in the House and Senate utilized their narrow margins to reject many of the changes to legislation proposed by the Governor, although some technical changes were accepted. In contrast, since vetoes require a two-thirds majority vote to override, every one of the Governor's vetoes remained intact.

Governor's Budget Changes Dismissed, Clearing Way for Special Session

Rather than veto the budget in its entirety, Governor Youngkin unveiled a significant overhaul to the budget early last week with hundreds of recommendations for the General Assembly's consideration. While the Governor hailed the proposal as a compromise that contained neither tax increases nor tax cuts, Democrats in the General Assembly dismissed it as a nonstarter that failed to sufficiently reflect their priorities.

The Governor's proposal eliminated a digital sales tax that was initially proposed in his introduced budget and agreed to by the General Assembly. It also omitted language mandating the Commonwealth's reentry into the Regional Greenhouse Gas Initiative. Moreover, it removed spending for a minimum wage increase and adult-use retail marijuana market to reflect his vetoes on both policies. It also proposed a 3 percent raise for teachers in 2025 and 2026.

With the Democratic majorities' opposition to the budget revisions, questions arose regarding the General Assembly's approach to the changes and the feasibility of completing so much work in one day: Would they reject all recommendations en masse, or consider each one individually? Furthermore, what would the Governor's next move be following the General Assembly's dismissal of his proposals?

In the end, on the morning of the reconvened session, the Governor and the General Assembly agreed to renew negotiations in a special session scheduled for May 13. As outlined in the resolution establishing the special session, the enrolled budget bill that was originally sent to the Governor last month will serve as the basis for discussions.

While the move sets the stage for a fresh budget process, it ramps up the pressure to reach a deal before the beginning of the new fiscal year on July 1.

General Assembly Rejects Governor's Restrictions on Skill Games



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After years of fluctuating regulations surrounding skill games in Virginia, a bill to formally legalize them garnered bipartisan support from the General Assembly this year. Rather than vetoing the bill, the Governor put forward significant amendments just before the amendment deadline that restrict the areas where skill games can operate in Virginia.

The geographic constraints prohibit the machines within a 35-mile radius of licensed casinos or horse racing tracks. Furthermore, they restrict their presence within 2,500 feet of schools, daycares, and places of worship. Additionally, the Governor raised the tax on the machines from 25 percent to 35 percent.

The Senate rejected these changes, which means the bill returns to the Governor in its original form as passed by the General Assembly. The Governor must now decide whether to accept or veto the bill.

Legislature Sustains Governor's Veto on School Construction Bill

Meanwhile, legislation that would permit local referendums to raise the sales tax for school construction was vetoed by the Governor.

Although the bills initially passed the House and the Senate with veto-proof margins over the winter, the legislation fell two votes short in the Senate of the required two-thirds majority to override the Governor's veto. As a result, the legislation was effectively defeated.

Governor's Revisions to Petersburg Casino Legislation Approved

Legislation has been approved by the General Assembly that primes Petersburg for a voter referendum later this year to decide whether the city should add a casino. The bill originally went to the Governor's desk with a reenactment clause requiring a second vote from the General Assembly in order to go into effect, but the Governor removed the clause and the General Assembly subsequently accepted his changes. Meanwhile, Richmond was officially removed from the list of eligible host cities.

Following the vote, Petersburg released a statement saying it would work quickly to prepare the casino referendum in time for the ballot this November.

Minimum Wage Increase, Adult-Use Marijuana Retail Market Bills Officially Defeated

This week marked the official end for legislation aimed at establishing a regulated marijuana retail market and implementing a minimum wage increase in Virginia.

While the General Assembly passed both pieces of legislation largely on a party-line vote, the minimum wage legislation failed to meet the two-thirds threshold to override the Governor's veto, while the adult-use marijuana retail market bill was passed by for the day. This procedural motion effectively terminated the bill given that it also lacked sufficient support to override a veto.

Next Steps: Special Session in May

The General Assembly will convene for a special session on May 13 to consider a new budget bill. During the interim period, the House and Senate money committees will have the opportunity to engage in negotiations with the Governor's office on a budget that reflects mutual priorities.

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[In a bipartisan move, Youngkin and Democrats agree to take the state budget back to the drawing board](#)

By MARKUS SCHMIDT, Cardinal News

[Virginia Senate rejects Youngkin's tougher rules for skill games](#)

By DAVE RESS, Richmond Times-Dispatch (Metered Paywall – 7 articles a month)

Even with some Republican support, Senate can't override Youngkin's veto of school construction tax option

By MICHAEL POPE, Radio IQ | WVTF

Virginia lawmakers pave the way for Petersburg casino vote in 2024

By DEAN MIRSHAHI, WRIC ABC 8News
