The General Assembly convened the 2019 legislative session in Richmond on January 9, 2019. The Hampton Roads Chamber was diligent in supporting legislation and policies that strengthens Virginia’s competitive standing in the global and national economy.

AS THE VOICE OF BUSINESS, the Hampton Roads Chamber’s fundamental purpose is to create and sustain a competitive advantage for businesses throughout the region. It is our goal to develop and promote public policy positions and foster a proactive agenda to protect the interest of business and advance the quality of life here in Hampton Roads.

During this year’s 45-day General Assembly session, 2362 Bills were introduced excluding commending and memorial resolutions. The Chamber continued to advance discussions on tax reform, the Port of Virginia expansion efforts, energy costs, access to capital, job growth, health care and other initiatives to ensure that the business climate in Hampton Roads remains conducive for business to thrive.

We are proud to serve as a voice for the Hampton Roads business community and hope that you will continue to remain engaged in our advocacy effort.
2019 GENERAL ASSEMBLY SESSION OVERVIEW

- 2362 Bills introduced in 2019 (excludes commending and memorial resolutions)
- 950 Passed, 1,311 Failed, 101 Consolidated
- 401 Passed with opposition, 549 Unanimous
- 554 Died in House Subcommittee, 449 Senate Committees, 256 Died in House Committee
- 44% of Passed bills sponsored by Republican Senators
- 32% of Passed bills sponsored by Democratic Senators
- 53% of Passed bills sponsored by Republican Delegates
- 30% of Passed bills sponsored by Democratic Delegates
- 28% of Bills were killed with no recorded Note (73% in 2016)

WORKING TO KEEP BUSINESS TAXES LOW IN THE COMMONWEALTH

The Federal Tax Cuts and Jobs Act of December 22, 2017 made sweeping changes to the Internal Revenue Code and had the unintended consequence of increasing taxes by approximately $1.4B. Some of these changes harmed business taxpayers due to changes to certain international tax provisions, net operating losses, and interest expense deduction limitations.

ACTION:
- The Chamber joined a tax coalition prior to the General Assembly Session including the C.P.A. Association, Virginia State Chamber, the National Federation of Independent Business and others.
- A statewide survey was conducted and three recommendations were adopted as a result of the survey data results.
Coalition tax recommendations were then incorporated into the House Budget bill patroned by Delegate Hugo and supported by the House leadership. This was a result of direct lobbying by coalition members including the Hampton Roads Chamber.

**OUTCOME:**
- De-conforms the Global Intangible low-tax income: $13M
- Includes a deduction for 20% of net interest expenses: $43M
- Provides an October tax return: $110/$220 ($976M)
- Increases the standard deduction for individuals to $4500 and $9,000 for couples: $4500/$9000 ($360M)
- Maintains current favorable state law regarding State and Local Taxes (SALT): $56M
- Creates a “Taxpayer Relief Fund”: $80M
- Establishes a work group to develop guidelines for the implementation of the limitation on interest expenses: YES

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**INCREASING THE OPTIONS FOR BUSINESS SPONSORED GROUP HEALTH PLANS**

One of the most pressing concerns we hear from members is the ever-increasing cost of health insurance coverage. A recent independent analysis by the Congressional Budget Office estimates that premiums for association health plans (MEWAs in Virginia) on average are 30% lower than premiums for fully regulated small group coverage.

**ACTION:**
This year, the Hampton Roads Chamber actively supported several bills that attempt to address the challenge of rising health care costs for small businesses. Specifically, HB 2443 and SB 1689 that allows associations to sell Group Health Plans in a benefits consortium with certain restrictions and requirements.

The Governor’s proposed substitutes would have resulted in the following:
- Multiple Employer Welfare Arrangements (MEWAs) to be fully subject to the Affordable Care Act.
• A change to the definition of a small employer and exclusion of sole proprietors. Sole proprietors represent close to 600,000 non-employer establishments in Virginia.

• Negated the original intent of HB 2444 and SB1689, which helps employees and small business owners.

OUTCOME:
The Governor's recommendations were rejected by the Senate (6 YES – 32 NO vote). The significance of this victory is that these types of plans typically yield a 15 to 30 percent savings for businesses. The vote against Governor Northam's harmful substitutions was a bi partisan effort. The Hampton Roads Chamber will continue engaging in this issue and work to address the business aspects of establishing these insurance plans in place.

IMPROVING THE LEGAL CLIMATE IN VIRGINIA TO REDUCE THE BURDEN ON BUSINESS

A predictable legal system that discourages litigation abuse gives businesses the ability to more accurately predict and budget for legal risk, which in turn allows them to free up capital for business expansion, innovation, and job creation. According to a 2018 survey piloted by the U.S. Chamber of Commerce, 85 percent of executives and attorneys indicated that a state’s litigation environment is likely to impact important business decision at their respective companies.

ACTION:
The Chamber joined a business led coalition to improve the legal climate in Virginia. Hampton Roads Chamber communicated directly with members of the appropriate House and Senate Committees and lobbied in support of HB 2167; SB 1457; HB 2197 and SB 1486.

OUTCOME:
HB 2167 and SB 1457 allows a corporate officer with offices in the Commonwealth to be a deposition witness.

HB 2197 and SB 1486 allow a deposition to be used for cases between business entities when the amount at issue is $50,000 or more.

These reforms ultimately lower the costs for business and are less burdensome. The Chamber will continue its fight for common sense legal reforms.
SETTING THE CONDITIONS FOR JOB GROWTH

Growth in local employment, along with increases in personal and business income are all essential to the economic well-being of Hampton Roads. The overall, employment in Virginia is projected to grow 9.3 percent by 2024 exceeding the national growth rate of 6.5 percent. The Chamber is committed to ensuring that local employers remain strong and competitive by supporting policies and initiatives that foster job creation and business growth.

ACTION:
During this year’s session, the Chamber supported legislation aimed at reducing cost to businesses, providing access to capital, and furthering opportunities for business expansion. Specific legislation the Chamber was involved in included the following:

- **SUPPORTED** HB 1840 that allows electric utilities to complete the construction phase of electric transmission for up to three business parks prior to occupancy.
- **SUPPORTED** HB 2003 that extends the major business facility job tax credit.
- **SUPPORTED** HB 2362 that made Advanced Shipbuilding and Production Facility Grants available from FY 2021 to FY 2025.
- **SUPPORTED** HB 2021 reauthorizing the Virginia Investment Performance Grant Program.
- **OPPOSED** HB 1850, HB 2157, HB 2631, SB 1017 and SB 1200 that would increase the minimum wage in Virginia along with HB 2348 that would have increased the minimum wage in Virginia on economic development grant funded projects. Small businesses are unable to absorb this dramatic increase in the minimum wage and Virginia would lose nearly 25,000 jobs if the minimum wage increases.

OUTCOME:
As a result of the Chamber’s advocacy efforts, HB 1840, HB 2003, HB 2362 and HB 2021 passed the 2019 General Assembly session. Legislation relating to increases to the minimum wage were successfully defeated.

KEEPING ENERGY COSTS LOW FOR VIRGINIA BUSINESS

ACTION:
Mitigation and adaptation efforts to address the changing climate, sea level rise, and increased flooding continues to be critical priorities for the Chamber. A number of bills aimed at energy efficiency were also considered in this year’s session. Advocacy efforts of the Chamber involved the following legislation:
• **OPPOSED** HB 1635, HB 1686 and SB 1648 that would have significantly limited the use of fossil fuels in generating electricity.

• **SUPPORTED** HB 2611 that prohibited Virginia from participating in the Greenhouse Gas Initiative.

• **SUPPORTED** SB1559 (Commercial Property Assessed Clean Energy: C-PACE) that authorizes any locality, by ordinance, to authorize contracts to provide loans for the initial acquisition and installation of shoreline resiliency improvements such as flooding mitigation or storm water management improvements (with free and willing property owners) of both existing properties and new construction. The current law authorizes such contracts only for clean energy improvements. This legislation provides a new financing alternative for commercial property owners and new construction developers to fund energy efficiency, renewable energy, water conservation projects in commercial and industrial properties.

**Benefits of C-PACE:**
• 100% financing requires no up-front cash investment.
• No out of pocket costs
• Long-term financing (up to 20 years) results in immediate positive cash flow
• Loan is not paid off at sale- it transfers to the new owner (like a tax assessment)
• Owner retains all tax incentives
• Can be combined with utility incentives

**OUTCOME:**
HB 2611 and SB 1559 passed this year’s legislative session. HB 1635, HB 1686 and SB 1648 were all defeated. While new technologies and renewable energy sources are gaining popularity, energy efficiency remains the easiest and single most cost-effective way to cut energy use. The Chamber will continue its work in supporting energy efficiency initiatives that improve the economy in Hampton Roads and helps save resources spent on energy costs.

**STOPPING HARMFUL GOVERNMENT REGULATIONS AND REQUIREMENTS THAT INCREASE THE COST OF DOING BUSINESS IN VIRGINIA**

Opposing government regulations and requirements that increase the cost of doing business in Virginia is key to ensuring that the business environment in Hampton Roads remains favorable and robust. The Chamber successfully lobbied against a number of labor and employment related bills that were harmful to business.
ACTION:
The Chamber **OPPOSED** HB 1806 which repealed the provisions of the Code of Virginia that prohibit any agreement or combination between an employer and a labor union where, a) non-members of the union are denied the right to work for the employer, or b) membership in a union is made a condition of employment.

Additionally, the Chamber **OPPOSED** HB 2261, HB 2120 and SB 1639 that would require businesses to establish paid family and medical leave programs.

OUTCOME:
HB 1806 concerning labor unions and HB 2261, HB 2120 and SB 1639, all regarding the establishment of medical leave programs failed to make it out of subcommittees.

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WORKING TO IMPROVE THE COMMONWEALTH’S TRANSPORTATION SYSTEM

A modern, safe, and efficient transportation system is necessary for the health of the region’s economy reduces congestion, and enhances the mobility of goods and citizens.

ACTION:
The Chamber **SUPPORTED** HB 1983, which involved matching funds for freight rail projects and HB 1722 and SB 1083, which directs the Department of Taxation to require a remote seller to collect sales and use tax.

OUTCOME:
HB 1722 and SB 1083 raise millions in new funding for passenger rail. HB 1983 expands the current law and allows for federal funds to be used to satisfy the requirement that any project funded by the Rail Enhancement Fund include at least 30 percent matching funds from a private source.
EXPANDING THE PORT OF VIRGINIA

The Port of Virginia serves as a global gateway to commerce and a driving economic engine for the Commonwealth of Virginia.

**ACTION:**
SB 1459 was introduced to renew the Port of Virginia Economic & Infrastructure Development Grant Fund & Program. This bill was SUPPORTED by the Chamber.

**OUTCOME:**
SB 1459 passed and extends the Port of Virginia Economic and Infrastructure Development Grant Fund and Program to June 30, 2025.
HAMPTON ROADS CHAMBER

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