



January 18, 2026

Tobacco Seller Registration and New Taxes

On many occasions over the last 25 years, we have worked to defeat licensing and fees for businesses that sell tobacco products. Virginia is in the minority of states that do not require either a license or annual fees. However, this year Delegate Patrick Hope of Arlington has filed House bill 308 which would require all tobacco outlets to register with the state, pay a one-time \$400 license fee and then an annual registration fee of \$400. The stated purpose of the bill is to fund enforcement of underage sales laws by the Virginia ABC, however incidents of illegal youth sales have decreased precipitously since the adoption of tobacco-21 in the Commonwealth. Additionally, federal law requires an annual report on enforcement and underage sales and Virginia's numbers have also decreased substantially over the past five years.

The anti-smoking community has long sought to license tobacco sellers, so that they petition to revoke them. This bill also contains unrelated issues relative to manufacturers, and we will be looking for their input in the coming days. Given the current overwhelming Democratic majority in the House, this bill represents a significant threat.

Building and Fire Code Regulations

Every three years we participate in an exhaustive process to review changes to the state's building and fire codes. In the past advocates for electrification have used this process to target heating oil and propane consumers for conversion. Additionally in 2019 a California company

sought to change the fire code to allow for direct fueling of gasoline. After a year and a half regulatory battle and subsequent legislation, they were unsuccessful.

One of the key components of this regulatory review process is that changes must be the result of consensus agreement of all stakeholders, often achieved only after months of negotiation and ultimately days-long meetings where each change is reviewed by all stakeholders on a line-by-line basis. Therefore, this week we were disappointed to learn of House bill 951, by Delegate Alfonso Lopez of Arlington. This legislation would end the consensus based negotiating process by allowing the proponent of any change to take a defeated proposal directly to the Board of Housing and Community Development. The ramifications of such a change are significant for regulated businesses and we will keep you informed of developments.

Transportation Electrification

Readers will remember last year's transportation electrification bill included a protracted debate over which locations would be protected from utility ratepayer-subsidized retail charging locations. We are pleased to report that, as promised, Delegate Shin's House bill 1225 seeks to protect all businesses from utility ratepayer subsidized chargers. It would direct the State Corporation Commission to develop guidelines to establish an exclusion zone around private businesses operating electric chargers, and utilities would be prohibited from competing with private chargers within that zone. In states with similar legislation, exclusion zones of a ten mile radius are common. During last year's debate on the bill a provision was added to sunset this law, if passed in 2031, this provision remains in HB1225. Our counsel's interpretation of this provision is that the sunset would end the exclusion zone's protection at that time and again raise the possibility of ratepayer subsidization after 2031.

Skill Games

2026 will see a new version of skill games legislation, with the goal of returning legal games along with new tax revenue

to the state. This has been a multi-year effort by a diverse coalition of stakeholders. Unfortunately, Governor Youngkin vetoed a skill bill passed in 2024. It remains to be seen what the position of the Spanberger Administration will be. Additionally, there are efforts to establish a state gaming commission to consolidate the disparate regulation of various forms of gambling in the Commonwealth. Some are likely to argue that the gaming commission should be established first before skill restoration is considered. We will be supporting House bill 1272 and will be calling on the membership for assistance.

Preliminary List of Bills We are Monitoring

Sincerely,

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