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Retaining Skill Games Beyond June 30th Will Require Intervention by Gov. Northam

The fate of skill machines across Virginia remains in doubt. A House bill ([HB1880](#)) to reauthorize the machines until June 30, 1922 was not voted on in committee after it was determined it had insufficient votes to pass. Opposition in the Senate was even more steadfast with senior legislators from across the state expressing their opposition. The opposition to skill-games does not come from philosophical aversion to gambling as both branches passed legislation this session benefitting casinos, the lottery, historical horse racing venues, and sports betting. It is now up to Governor Northam to decide if he wants to send down an amendment to extend skill games for consideration at the one day veto session on April 6th. He did so last year which led to more than \$140 million in game revenue directed to the state's Covid-19 relief efforts. We will continue to keep you updated on new developments over the next five weeks.

Electrify Everything Lobbyists and State Bureaucrats Mostly Come Up Short - But They Will Be Back

At the beginning of the session, advocates from the "Electrify Everything" lobby were pushing to bring California vehicle emission standards to Virginia along with state rebates to Virginians purchasing electric vehicles. While they did push the California cars legislation across the finish line, other language in [that bill](#) (HB1965) that would have allowed the Air Board to ignore the General Assembly and consider the Transportation Climate Initiative without General Assembly review (and public input,) was dropped. Today, even the legislation's supporters stated that lack of state funding would likely make the timing of the grant programs unrealistic. Because of this, many who had supported the bill now believe that that lack of prospective purchasers render California emissions standard unreasonable. A re-do of the entire issue, as well as TCI, is likely next year.

What was left unaddressed the entire session was the issue of the transportation spending and how Virginia will fund its roads and bridges when electric vehicles pay only a \$98 annual fee in lieu of taxes, whereas cars and trucks using gasoline and diesel pay about twice that amount. The Virginia "Electrify Everything" lobby needs to inform the public that for every electric vehicle they put on the road there will be less revenue for highway construction and maintenance. This will be one of our important messages in the future.

Dominion Electric School Bus Subsidies Killed Again

A [bill](#), SB 1380, that would have allowed Dominion to purchase cut rate electric school buses while profiting from the venture by transferring energy back on to the grid when the vehicles are not carrying passengers

has been defeated for the second year in a row. It was certainly not for lack of trying as during the process proponents offered at least three differing versions, all while pushing the benefits of electric buses, but not the financial benefit for Dominion. Despite this and literally a dozen environmental and justice organizations pressing support, these efforts came up short when the Dominion school bus bill was defeated by the House 41-49 on its final vote of the session at 11:00 p.m., Saturday evening.

Dyed Diesel Tax

As originally drafted [House bill 2118](#) would have imposed the first ever tax on dyed diesel for the purpose of capitalizing another fund where the state would provide rebates to purchasers of electric cars. We opposed this strongly along with trade groups from construction and agriculture that rely heavily on dyed diesel. The dyed diesel tax was ultimately dropped from the bill. Proponents expected to receive an appropriation from the state budget to proceed, but none materialized. The effect is that we will now have an electric vehicle fund on the books, but without money to fund rebates. Unfortunately, the ultimate report contained the following language:

"Fund and Program project" means all or any part of projects pursued for the Fund and Program, that are necessary and desirable for (i) reducing air pollution in order to protect the health of Virginians; (ii) increasing the number and use of electric school buses in Virginia; (iii) replacing commercial vehicles or heavy equipment in Virginia that uses fossil fuels with electric vehicles or equivalents that reduce air emissions; (iv) ensuring a broad geographic distribution of grant awards; and (v) creating employment opportunities for Virginians.

We will have to continue to monitor this issue, particularly how sections (ii) and (iii) impact member companies and customers.

Electric Utilities Fail in Attempt to Convert Propane, Oil Heat and Natural Gas to Heat Pumps

As we have reported, the electric utilities ran a Trojan horse bill through the House during the first half of the session and almost accomplished their long sought goal of ending fossil fuel heating of Virginia homes. The original version would have required ratepayer subsidized conversions from heating oil, propane, and natural gas to electricity. Because it was introduced on the last day of the session to do so, the bill moved under the cover of darkness thru the full House. After determining the true intent of the bill, the petroleum and propane industries along with the natural gas companies began contacting senators describing how this bill was nothing more than a windfall for regulated utilities at the expense of Virginia small businesses. We owe a great deal of thanks to Senator Monty Mason of Williamsburg who recognized the problems and removed the language with regard to ratepayer subsidization. Because the two branches could not agree, a conference committee drafted new language that, while imperfect, removed the ratepayer subsidization provision. [Here is a copy](#) of the revised bill that is on its way to the governor.

Styrofoam Containers

On July 1, 2023 food establishments which are affiliated with 20 or more retail locations will no longer be able to dispense food items into styrofoam containers. The same restriction will apply to all food establishments on July 1, 2025. Those sellers will be able to apply for two one year extensions if they can demonstrate that the removal of Styrofoam would be financially burdensome. See the full bill [here](#).

Food and Drink Permits

The day the session began we were approached by the Virginia Department of Agriculture and Consumer services with a bill HB 2275 that would have mandated annual food and drink permits by the department issued after annual inspections and a \$40 fee (inspections and fees are already law). The department's main reason behind the draft was that Virginia was the only state without such a process. Only after amendments were added to revive any regulatory burden did we agree to be neutral on the bill. The bill passed the House in a close vote but was ultimately defeated by one vote in the Senate. Should the department decide to move on this again, hopefully they will begin those discussions before the first day of the next session.

What's next?

In November all 100 members of the House of Delegates will stand for election and a new governor will be elected. Republicans must pick up six seats in the House, and defend at least one seat on the outskirts of Northern Virginia which is in a swing district. Their path to retaking power will be steep. Senators will not stand for reelection until 2023.

Virginia will be one of only two states electing a governor this year, and that has attracted a record number of candidates to date. It remains to be seen if former Governor Terry McAuliffe will be able to use his largely successful first term for a return to the governor's mansion or whether the calls for diversity will lead to change in the top of the ticket. Likewise, a crowded field of Republican primary candidates will make this fall's governor election one of the most highly contested in recent memory.
