



November 3, 2021

Historic Day in Virginia Politics

Yesterday was a historic day in Virginia political history. After not winning a statewide election in 12 years, the Republican party came back to sweep all three statewide offices and turn what had been a 55-45 Democrat controlled House of Delegates into an apparent 51-49 Republican majority. However, because of threatened lawsuits and mandated redistricting, it is possible that there could be a do-over for House seats in 2022 and redistricting in 2023 will create new districts that reflect the urbanization of Virginia. So while we may not see the legislative overreach in the House we have seen the last two years, the long term prognosis is incomplete this morning.

As one of his major campaign pledges, Governor-elect Glen Youngkin has pledged to roll back the 5 cent per year gas tax increases that took effect July 1, 2020 and July 1, 2021. Given that these funds are being spent just as fast as they come in, and some are used to finance long term debt for major projects, it is hard to imagine the Democrat controlled Virginia Senate agreeing to a roll back. A realistic alternative may be to suspend increases scheduled for July 1, 2022. This scheduled increase will for the first time taxes are tied to the increase in the consumer price index for the previous year. Today that equates to about 3 cents per gallon. Any time you open the fuels tax code for amendment it also raises the possibility of returning to regional and non-transparent wholesale taxes and numerous other provisions vitally important to members of the Association. More information on fuels taxes will be forthcoming as we have it.

Every four years the state is mandated to update its energy plan. In the early days of the Northam Administration this was done under the guise of inclusive meetings with all interested parties. When it came time to draft the actual plan, all comments submitted by the petroleum and propane industries were thrown out the window, while the plan was written behind closed doors by environmental groups, the "electrify everything" movement, and electric utilities. Once this 2023 process evolves, we will be asking for your assistance to create a plan that is more transparent and inclusive than the present one.

Yesterday's results probably mean that the Transportation Climate Initiative is dead in Virginia. This brainchild of academics and unelected bureaucrats would have led to state takeover of petroleum marketing and pricing, while mandating rationing and higher taxes on remaining gallons. We look forward to the upcoming departure of a glib political operative at the DEQ whose portfolio was to promote "electrify everything" movement and eliminate Virginia based small businesses in the process. His upcoming departure will mark a welcome

first step toward restoring respectful discourse to energy related issues in the Commonwealth.

Finally, forced unionism, or repealing Virginia's right to work law is off the table for at least the next four years.

Are we in a better place than we were at this time yesterday? Without question. Future hurdles will be new and perhaps just as difficult, but we are ready for the challenge.