



# GENERAL ASSEMBLY UPDATE



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It has been a very busy week at the Capitol with action on several industry issues. The deadline for each house to complete action on its own bills is February 16, so next week will be more 12 hour days prior to the session reaching its half-way mark.

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## Lottery Expense Cap/Online Gaming

Under present law, the Virginia Lottery is allowed to spend up to ten percent of its receipts on administrative expenses. However, in recent years actual expenses have been in the five percent range. Delegate Ben Cline filed [HB1089](#) to cap future expenses at five percent. In subcommittee last week, that cap was amended to six percent and the effective date delayed for a year in light of undetermined expenses related to the lottery's move to a new downtown headquarters at the end of this year. We are concerned that a further decrease in the cap will mostly impact lottery sellers who receive in store merchandising and point of sale materials. The Department of Planning and Budget agreed with our assessment stating that *"a reduction in operating and capital expenses of this magnitude would likely result in decreased support to retailers in terms of equipment for selling lottery products and informational materials to assist players in understanding lottery products available for purchase, which may result in a reduction in overall lottery sales."* This bill will be heard by the full Finance Committee Monday morning.

Yesterday, Lottery Director Paula Otto testified before the House Appropriations Committee on several issues including last year's study relative to online lottery sales. While we have a great working relationship with the Lottery, VPCGA does not support lifting the prohibition on online sales or repeal of the state's ban on using credit cards to buy lottery products. Fortunately, there seemed to be little enthusiasm on the part of committee members to allow online sales.

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## Regional Gas Tax Bill Amended in Senate - Status in Doubt

This week a Northern Virginia transportation official testified that there is a "crisis" in Northern Virginia because the decrease in crude oil has lowered their receipts from the regional 2.1% gas tax. On Wednesday, [Senate bill 742](#) emerged from the Senate Finance Subcommittee on Transportation. The revised bill increases the tax from 2.1 to 3 percent in Northern Virginia with a floor, and also imposes a floor on the Hampton Roads tax, resulting in a new tax of about 5.4 cents per gallon. Neither proposal includes a ceiling. We are still working to have the bill amended to utilize the six month average/cents per gallon language added to the bill, which will be considered Tuesday or Wednesday morning.

It is likely that this bill will be revised again to make it more palatable to House members, the majority of whom are opposed to new taxes. Given the controversial nature of this matter, the outcome won't be decided until the final days of session.

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## **Weights and Measures Continuing Education**

[House bill 472](#) passed the House of Delegates by a vote of 98-0 last Monday. Remaining intact (so far at least) are our changes mandating that the Department of Agriculture and Consumer Services provide this training on-line and at no charge to the technician or employer. The bill now goes to the Senate Committee on Agriculture and Natural Resources on February 18.

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## **General Business Issues**

Just like Groundhog Day, every year various general business issues are raised at the General Assembly which are generally supported by Democratic members and opposed by Republicans. Once again this year bills related to increasing the minimum wage, imposing mandatory paid parental and sick leave, and banning plastic bags have been killed - but surely will be brought back in 2017.

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## **ABC Store Competition**

[House bill 323](#) passed the House of Delegates by a vote of 97-0 on Wednesday. The bill, which now goes to the Senate, contains amendments we suggested that preclude the ABC stores from competing with private sector businesses. Under this law the ABC will only be allowed to sell items licensed by the Virginia Tourism Corporation, which are basically limited to trinkets branded with the "Virginia Is For Lovers" trademark.

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## **Senate Approves Conventional Gasoline For Marinas Legislation**

[Senate bill 557](#) is designed to improve availability of conventional gasoline at marinas located in non-attainment areas (Hampton Roads, Metropolitan Richmond and Northern Virginia.) Specifically, it directs the Virginia Department of Environmental Quality to seek an exemption from RFG regulations to allow conventional gas to be sold at marinas only. This bill passed the Senate by a unanimous vote of 40-0 on Wednesday and now heads to the House after crossover.

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