



GENERAL ASSEMBLY U P D A T E



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The 2016 General Assembly session adjourned last Friday evening at 8:30pm. Fortunately for your association, most legislative issues were resolved to our satisfaction early in the session. We are pleased to report that no legislation opposed by VPCGA passed the 2016 General Assembly session. Following is a summary of some of the issues we addressed this year.

Regional Gas Tax in NOVA and Hampton Roads

Early in the session there appeared to be some traction for legislation to impose a price floor on the 2.1 percent regional gas taxes in Hampton Roads and Northern Virginia. However, an early decision by the House leadership not to support such an initiative doomed its chances in 2016. Legislation passed the Senate to increase the NOVA tax from 2.1 to 3 percent and establish a variable rate for the Hampton Roads region, however, a House Finance subcommittee carried over the legislation until 2017, so we will be addressing this issue again next year.

Weights and Measures

One policy change that will impact many members is [House bill 472](#) related to private companies that calibrate weights and measures devices. This bill was originally explained to us as a simple regulatory clean up measure with little impact on the industry. After further review we found that it was instead an attempt by the Department of Agriculture and Consumer Services to mandate, for the first time, that registered technicians take continuing education classes once every three years in order to continue their certification. We were able to amend this requirement to provide that the department will provide the training on-line and at no charge to the technician or employer. In the coming weeks we will be meeting with the Department to discuss the issue, specifically the role the association can play in developing the new online product.

ABC Legislation

This session we saw many bills to amend state law relative to food ratios at on premises ABC locations. For decades Virginia has not allowed stand alone bars in the Commonwealth, in part by requiring those serving spirits to meet certain food sales requirements. Because of the complexities of this issue and many stakeholders involved the Assembly has formed a special subcommittee to review this issue, and we attended its first meeting last week. We will participate to assure that whatever changes are considered will not negatively impact off premises licensees. The one successful bill that we were actively involved in this session was ([House bill 323](#)) to allow the state's ABC stores to sell merchandise licensed by the Virginia Tourism Corporation. We expressed our concerns that this was open ended and could lead to the state's stores selling items in direct competition with the private sector. After discussion, the ABC

leadership agreed to an amendment which limits the expanded merchandise they may sell to the "Virginia is For Lovers" brand, which includes key chains, hats, t-shirts and the like. The bill has been signed by the Governor.

Clean Fleet Bill Pulled

As we reported earlier in the session, legislation was filed by Senator Frank Wagner of Virginia Beach to create a clean fleet incentive program. This legislation ([SB 475](#)) would have begun a program of cash rebates ranging from \$3,000 to \$10,000 based on the GVW per vehicle for fleets of at least 20. The proponents of the bill had sought an appropriation from Governor McAuliffe in his proposed budget, but were unsuccessful. Therefore, the bill became unnecessary because of the lack of funding. While the clean fleet program included propane, we had concerns that this could have placed the state of Virginia in the position of picking winners and losers from among private sector competitors - a role better suited for the private sector. The legislation was stricken from the docket (killed for the year). Supporters of state funding for alternative fuel vehicles have already said they will be back in 2017, so we need to monitor this issue carefully during the interim.

Conventional Gas For Marinas Legislation Signed into Law

Senator Bill DeSteph's legislation, [Senate bill 557](#), designed to improve availability of conventional gasoline at marinas located in non-attainment areas (Hampton Roads, Metropolitan Richmond and Northern Virginia) has been signed into law by Governor McAuliffe. 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. We were pleased to testify in support of the Senator's bill and detail some of the difficulties experienced in the boating community for those who have used ethanol based gasoline. In the coming weeks we will be meeting with DEQ to discuss RFG exemptions after the bill takes effect on July 1.

Lottery Issues

Under present law the Virginia Lottery is permitted to spend up to 10 percent of receipts on administrative expenses. In recent years that amount has rarely exceeded 5 percent. This led to [HB 1089](#) by Delegate Ben Cline to cap future expenses at five percent. This was amended to 6% in the House. 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." The bill was defeated by the Senate Finance Committee.

One of the real surprises of the session was a successful bill that will make Virginia the first state in the nation to regulate fantasy sports sites. After July 1, the Virginia Department of Agriculture and Consumer Services will oversee sites such as Fan Duel and Draft Kings. During consideration of the legislation it was stated that these games are not games of chance, (such as the lottery) but instead games of skill which require participants to pick players based upon their knowledge of skills of the athletes which make up their team.

However, since all fantasy sports transactions are conducted online, we can foresee some advocates of online lottery sales using Fantasy Sports legislation to seek repeal of Virginia's ban

on online and lottery sales by credit card.

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