

Capitol Contact

Virginia General Assembly

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Casino bill takes on the House

If the Senate's efforts pay off, casinos may be coming to Virginia soon. Legislation introduced by Senator Louise Lucas that could open the door for casino gambling has passed the Senate this week and will now be considered by the House of Delegates.

[SB 1126 \(Lucas\)](#) authorizes five localities – Bristol, Danville, Portsmouth, Norfolk, and Richmond – to hold a referendum on the question of allowing casino gaming in their cities. Each locality may hold such a referendum in the Fall of 2019, and the Commonwealth may in turn grant a license beginning July 1, 2020.

SB 1126 also directs the Joint Legislative Audit and Review Commission (JLARC) to conduct a review of casino gaming laws in other states and report its findings to the Chairs of the Senate General Laws and Technology Committee and the House General Laws Committee on or before November 1, 2019. None of the eligible localities may hold a referendum on gaming until this report is published. Additionally, no locality may hold such a referendum after January 21, 2021.

SB 1126 only passed the Senate floor after extensive amendments were made, most notably related to taxes on adjusted gross receipts and stipulations on how those tax proceeds would be spent. While the original legislation called for a 10 percent tax on adjusted gross receipts, the amended version that passed the Senate called for a rate of 14 percent in the first year, and then each year thereafter, the rate would be 13 percent for a licensed operator with less than \$200 million annual adjusted gross receipts; 14 percent for a licensed operator with at least \$200 million but less than \$300 million annual adjusted gross receipts; and 15 percent for a licensed operator with at least \$300 million annual adjusted gross receipts.

Proceeds from this tax would be used to fund several things, including transportation projects, school construction, teacher pay raises, and tourism marketing. Notably, 10

percent of the revenue shall be returned to the county or city in which they were collected on a pro rata basis.

SB 1126 passed the Senate by a vote of 28-12 and has now been referred to the [House Rules Committee](#).

VACo Contact: [Chris McDonald, Esq.](#)

School counselor staffing ratio reduction bills

One of the primary recommendations of the [House Select Committee on School Safety](#) and the [Governor's Student Safety Workgroup](#) was to reduce the ratio of counselors to students in Virginia K-12 schools. The Virginia Board of Education and the American School Counseling Association recommend a ratio of 1 counselor for every 250 students. The Governor proposed an additional \$36 million in General Funds in FY 2020 to cover the State share of an initial partial reduction in the ratio with the intent to get to the recommended ratio over a multiyear phase-in. Any school division that currently does not staff at these ratios would need to hire additional school counselors to meet the new mandated ratios would still need to provide the local share.

[HB 2053 \(McQuinn\)](#) and [SB 1406 \(Dance\)](#) were introduced to authorize this, but have been amended to a more limited reduction of the following: the elementary school ratio would go from 1:500 to 1:375, Middle School from 1:400 to 1:325, and High School from 1:350 to 1:300. Both bills passed their respective chambers and will likely be referred to the Education Committees. Notably, the Senate version of the bill has a financial enactment clause.

The current House version of the proposed budget matches the Governor's proposed ratio reduction and provides \$36 million in funding. The current Senate version has a committee approved amendment ([Item 136 #2](#)) to provide only \$10 million in funding, which would cover the state share of the following ratios: the elementary school ratio would go from 1:500 to 1:460, Middle School from 1:400 to 1:375, and High School from 1:350 to 1:330.

VACo Contact: [Jeremy Bennett](#)

Industrial hemp bills have the House and Senate seeing green

Two bills removing significant barriers to industrial hemp have passed their respective chambers and will continue to make their way through the General Assembly as the session enters its second phase.

[SB 1692 \(Ruff\)](#) and [HB 1839 \(Marshall\)](#) seek to conform Virginia law to the 2019 federal Farm Bill, which lifted restrictions on the cultivation of industrial hemp and allow states to develop their own plans to legalize and regulate industrial hemp farms. Specifically, the bills amend the definitions of cannabidiol (CBD) oil, marijuana, and tetrahydrocannabinol (THC) to exclude hemp products and industrial hemp that is grown, dealt, or processed in compliance with state or federal law. The bill also specifically defines "industrial hemp" as any part of the plant *Cannabis sativa* that has a concentration of THC that is no greater than that allowed by federal law (a plant containing a concentration of 0.3 percent THC would be considered non-hemp cannabis – or marijuana), and it adds the category of "dealer" in industrial hemp to the existing registration categories of grower and processor. Beyond making clear these new definitions, Senator Ruff's and Delegate Marshall's legislation also opens the door for cultivation of industrial hemp under the oversight of the Virginia Department of Agriculture and Consumer Services (VDACS).

Proponents of this bill cite the lucrative potential hemp has in Virginia, as it is used extensively for textiles, paper, industrial building materials, health and beauty products, and even animal feed. In fact, the potential economic benefits are so great, the patrons argue, that emergency clauses have been attached to each bill. This means that, if passed and signed by the governor, this legislation would take effect *immediately*, thus allowing farmers to take advantage of this new crop in time for this spring's planting season.

SB 1692 passed the Senate unanimously (40-0) and will be reheard in the [House Agriculture, Chesapeake, and Natural Resources Committee](#) (where its House counterpart reported out 22-0). HB 1839 also passed the House unanimously and will now be heard in the [Senate Agriculture, Conservation and Natural Resources Committee](#) (where its Senate counterpart reported out 15-0). Both bills are expected to be received favorably and quickly be reported to the full chambers.

VACo Contact: [Chris McDonald, Esq.](#)

Early childhood education legislation update

One area of focus for Governor Ralph Northam's Children's Cabinet is [early childhood development and school readiness](#). Early childhood care and education programs like Head Start are currently administered across multiple agencies. Over the summer, Jenna Conway [joined](#) the Department of Education as Chief School Readiness Officer in an effort to unify and improve Virginia's early childhood education system. She had overseen similar efforts in [Louisiana](#).

VACo supports efforts to increase at-risk children’s access to high-quality, enriching learning environments, including more resources and flexibility for localities participating in programs like the Virginia Preschool Initiative and Head Start. Two bills this session that seek to make changes aimed at streamlining Early Childhood services have met different fates.

[HB 2458 \(Landes\)](#) directs the Virginia Board of Education to establish and administer a statewide unified public-private system for early childhood care and education to ensure school readiness. The bill mandates that this system use state-level authority and regional-level public-private partnership assets and establishes exemptions from licensure. The bill also creates the Early Childhood Innovation Fund to facilitate regional public-private collaboration and to field test strategies and practices that support a system of comprehensive early childhood care and education services in order to deliver measurable school readiness outcomes and meet regional workforce support needs. The bill has a delayed effective date of July 1, 2021 and directs the Superintendent of Public Instruction to create a plan accordingly. The bill was reported by the House Education Committee on a 20-1 vote and referred to [House Appropriations](#) where it was left before crossover.

[SB 1095 \(Howell\)](#) was significantly amended and parred down from its original scope, which was like HB 2458, to instead direct the Superintendent of Public Instruction and the Commissioner of Social services to convene a stakeholder group that shall investigate the development of a unified early childhood education system that incorporates private and public options. The bill passed the Senate on February 4 on a vote of 37-2 with one abstention and has since been referred to [House Education Committee](#).

VACo Contact: [Jeremy Bennett](#)

Class size limit bill left in Appropriations

[HB 2646 \(Hugo\)](#) reduces from 29 to 28 the maximum class in kindergarten, from 30 to 28 the maximum class size in grades one, two, and three; and from 35 to 29 the maximum class size in grades four, five, and six.

Although not opposed to the intent of the bill, **VACo expressed concerns** regarding the local fiscal impact. The estimated cost to the State was \$4.7 million per year which was a through increased costs through the Standards of Quality.

Local school divisions would be required to fund their local share to match any additional state funds and hire additional teachers.

On February 5, the bill was left in House Appropriations after the [Elementary and Secondary Education Subcommittee](#) voted unanimously 7-0 to lay the bill on the table at its February 1 meeting.

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Key Dates for 2019 General Assembly Session

In accordance with the [procedural resolution](#) adopted by the House and Senate on January 9, key dates for the 2019 General Assembly Session are as follows:

- **January 9:** General Assembly convenes at noon. Bills that are “prefiled” must be submitted by 10 a.m. House bills affecting the Virginia Retirement System or creating or continuing a study must be filed before adjournment of the House; a similar deadline applies to Senate bills. The House and Senate will meet in Joint Assembly, typically at 7 p.m., for the Governor’s “State of the Commonwealth” address.
- **January 11:** Budget amendments from General Assembly members must be submitted to the House Appropriations and Senate Finance Committees by 5 p.m.
- **January 18:** All bills must be filed by 3 p.m. (bills may be introduced after the deadline by unanimous consent)
- **February 3:** House Appropriations and Senate Finance Committees report their respective budgets by midnight.
- **February 5:** “Crossover” deadline for each chamber to complete work on legislation originating in that chamber (except for the budget bills)
- **February 7:** Deadline for each chamber to complete work on its budget
- **February 13:** Deadline for each chamber to complete work on the other chamber’s budget and appoint budget conferees; also the deadline for each chamber to act on revenue bills from the other chamber and appoint conferees.
- **February 18:** Deadline for committee action on bills
- **February 23:** Scheduled adjournment *sine die*
- **April 3:** Reconvened session to consider gubernatorial amendments and vetoes

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