

## LEGISLATIVE SCOREBOARD

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### FEDERAL

#### MINIMUM WAGE INCREASE

In partnership with the Virginia Chamber, the Hampton Roads Chamber and The Retail Merchants Association, Retail Alliance is opposing efforts to raise Virginia's minimum wage beyond the rate required by federal law. Virginia's minimum wage is currently the same as the federal minimum wage. This coalition believes that the federal minimum wage establishes a level playing field for employers across the country and helps Virginia remain competitive. Moreover, this is the position taken by Delegate Harvey Morgan, Chairman of House Commerce and Labor in the General Assembly.

On the federal level, the Senate Finance Committee this week approved legislation that would provide an important change in depreciation rules for retailers and other tax relief for small businesses as the Senate considers an increase in the federal minimum wage. The House last week passed a "clean" minimum wage bill without any tax provisions. (*NRF Washington Retail Insight*). Please contact Virginia's federal delegation to support the Senate version of the minimum wage bill. Contact information is available through Legislative Action Center at [www.retail-alliance.com](http://www.retail-alliance.com).

### STATE – Retail Alliance Priorities

#### TRANSPORTATION

Yesterday, in a hastily called press conference, state House and Senate negotiators announced a transportation package that raises billions of dollars to solve transportation problems, particularly in Hampton Roads and Northern Virginia. The plan establishes two regional transportation authorities that would have the ability to impose new taxes, fees and tolls. Most important for retailers in Hampton Roads, the plan calls for a commercial real estate property tax increase on businesses of 30 cents per \$100 of assessed value. At least six of the 11 cities and counties in the region must approve the plan. If that occurs, then the taxes and fees would take effect across all of Hampton Roads including any localities that vote no (*The Virginian Pilot, January 19, 2007*).

Legislators who brokered the plan included Senators Ken Stolle, Frederick Quayle, Thomas Norment, Walter Stosch, and Marty Williams; Speaker William Howell and Delegates David Albo, Kirk Cox, Morgan Griffith and Terry Kilgore. This plan must gain approval from the Finance and Transportation Committees as well as the entire General Assembly. For more information about details of the transportation proposal, please contact Margaret Ballard, [mballard@retail-alliance.com](mailto:mballard@retail-alliance.com), 757-376-0005. Retail Alliance will send a survey next week to gather opinions on this issue from our members.

#### **SALES TAX HOLIDAY**

A bill to establish a sales tax holiday for hurricane preparedness supplies has been introduced by Senator Ken Stolle. The legislation, S.B. 1167, is also fully supported by Governor Kaine. It establishes a seven-day period beginning each year on May 25 – May 31 when sales tax would be eliminated for retail items including generators priced at \$1000 or less, batteries, ice, coolers, flashlights, two-way radios and a wide variety of additional hurricane preparedness equipment. Retail Alliance is in full support of this Hurricane Preparedness Tax Holiday which is extremely popular in Florida. Association staff is planning a meeting with Senator Stolle and Governor Kaine's staff to develop strategies that will successfully take the bill forward. Please IMMEDIATELY contact members of the Senate Finance and House Finance Committees in support of S.B. 1167. Contact information is available through the Retail Alliance Web site.

#### **PAWNBROKERS/SECONDHAND SHOP LEGISLATION**

After numerous attempts to rewrite legislation that would help curb trafficking of stolen goods through pawn dealer and secondhand retailers, Retail Alliance agreed with Senator Ken Stolle to table the bill and work with the Virginia Beach Police through the year to develop a more equitable version for retailers. The language in the bill would have placed the same reporting and thumb printing restrictions on antique dealers and consignment shops which is unnecessary and unacceptable.

#### **AGGRAVATED ASSAULT**

In agreement with Delegate Bill Janis, The Retail Merchants Association and Retail Alliance will not pursue a state bill dealing with assault and battery during retail theft. A Virginia Supreme Court ruling already establishes considerable penalties for this type of robbery. The merchants associations will meet with the Commonwealth's Attorneys' Association at their spring meeting to educate them further on the Supreme Court Ruling and the necessity of using it in retail theft trials.

#### **BPOL – MOTOR FUELS TAX EXEMPTION**

House and Senate versions of bills to overturn a ruling by the Norfolk Commissioner of the Revenue passed unanimously out of Finance Committees this week. The ruling created an additional BPOL tax on federal and state excise taxes that oil and gas dealers currently pay. There is no expected opposition to the bills on the House and Senate floors.

### **BPOL REPEAL**

Delegate Jeff Frederick is patron of H.B. 2443, legislation that would fully repeal the Business Professional Occupational License (BPOL) tax. BPOL repeal is at the top of an anti-tax agenda advanced by Tertium Quids, a free market advocacy organization. The legislation will be heard in the House Finance Committee on Monday. Please contact members of the committee to voice your support for H.B. 2443. Contact information is available on the Retail Alliance Web site.

### **BIFURCATED TAX**

In partnership with the Virginia Chamber of Commerce, Retail Alliance helped to kill all bills that split commercial and residential property taxes into two different rates. The bills were heard this week in a House Finance Subcommittee. The proposals would have allowed localities to raise commercial property tax rates while lowering the residential rates.

### **SPECIAL EVENTS FOR MEALS ASSEMBLY KITCHENS**

Retail Alliance supported and lobbied for Delegate Terrie Suit's bill to allow Dream Dinners and other meals assembly kitchens statewide to offer alcohol at non-public events. The alcohol servings are limited to two glasses of wine or beer. The events will help this small retailer, a member of Retail Alliance, build its customer base. The bill has passed the House and will move to the Senate for consideration.

### **OTHER TOBACCO PRODUCT (OTP) LEGISLATION**

Retail Alliance is working with a coalition including tobacco manufacturers and retail organizations that are opposed to legislation to change OTP products, like snuff, to a weight-based tax calculation. The legislation will be heard Monday in House Finance Committee. If your retail establishment sells OTP products, please contact committee members in opposition to a weight-based tax that could lead to tremendous fines for retailers.

### **ELECTRICAL DEREGULATION**

Attorney General Bob McDonnell held hearings this week on Electric Utility Restructuring and proposals by Dominion Power to return to state regulation of electrical utilities. Many concerns were voiced about Dominion's proposals including elimination of the ability for commercial businesses to aggregate and no allowance for the SCC to lower rates if Dominion Power profits exceeded expectations. This debate is expected to continue for several weeks.

## **PAWNBROKERS/SECONDHAND SHOP LEGISLATION**

**At the request of Senator Ken Stolle, Retail Alliance hosted a December meeting of interested parties to find common ground on proposed legislation by the Virginia Beach Police Detective Bureau. The intent of the legislation is to curb trafficking of stolen goods through pawn shops and secondhand dealers. Attendees at the meeting included Virginia Beach Police Captain John Bell and his staff as well as representatives from the Virginia Pawnbrokers Association; e-Bay; and Cash Converters. All parties agreed to the legislation that requires customer thumbprints (electronic or hard copy); maintenance of loan and transaction records for one year; daily electronic reporting to law enforcement of all goods and articles sold to dealers; and storage of purchased goods for a minimum of 15 days.**

## **AGGRAVATED ASSAULT**

**At the request of members attending the 2006 Virginia Loss Prevention Conference, the associations are working with Delegate Bill Janis to file a bill providing significant felony penalties for persons committing assault or battery while in the commission of retail larceny.**

## **BPOL TAX – MOTOR FUELS EXEMPTION**

**In support of the Virginia Petroleum, Convenience and Grocery Association, Retail Alliance and The Retail Merchants Association will lobby aggressively for H.B. 1695 introduced by Delegate Bob Purkey. The bill overturns a ruling by Norfolk Commissioner of the Revenue, Sharon McDonald, which included motor fuels tax in the BPOL gross receipts tax. This “tax on a tax” is an extraordinary burden on oil and gas retailers, especially independent businesses.**

## **BIFURCATED TAX**

**In partnership with the Hampton Roads Chamber of Commerce, Retail Alliance worked with Delegate Ken Alexander to amend H.B. 155, a bill he filed to split residential and commercial property taxes into two different rates. As originally introduced, the bill would have allowed localities to increase commercial real estate rates while lowering residential rates. Delegate Alexander agreed that his intention was not to allow local governments to lower residential rates on the backs of business owners. His bill has been amended to prevent localities from raising commercial rates if they choose to lower residential property taxes.**

## **ELECTRICAL DEREGULATION**

The caps on electricity rates are currently due to come off in Virginia in 2010. In response to mounting fears that allowing competitive power markets to set retail rates would cause extraordinary rate increases for businesses and residents, the Commission on Electric Utility Restructuring held a pre-session hearing to address these concerns. In a surprise move at the end of the four-hour hearing, Dominion Virginia Power called for a return to state regulation of electric rates. If approved by the General Assembly, the proposal would lift the cap on retail rates at the end of 2008 and establish a new way of setting rates that would not rely on market prices (*Richmond Times-Dispatch, December 20, 2006*). Retail Alliance is working with Delegate Clarke Hogan, a South Boston business owner who is an aggressive advocate for independent businesses that would be impacted by electrical deregulation.

## **MINIMUM WAGE**

Several bills have been filed to increase the Virginia minimum wage. Retail Alliance is advocating the position of Delegate Harvey Morgan, chairman of the House Commerce and Labor Committee, who has stated that the state minimum wage must conform to the federal level and there is no need for state legislative action on an increase at this point.

## **STATE – Retail Alliance Monitored Bills**

### **TRANSPORTATION**

Governor Kaine, the House of Delegates, and the Senate have all proposed varying plans for transportation funding and unused surplus monies. Representatives from each body are working behind closed doors before the General Assembly session starts to reach compromises on funding solutions. One proposed solution involves easing up Dillon rule restrictions on localities so that local governments can find ways to solve transportation funding problems. Retail Alliance will report regularly throughout the session as various initiatives are considered.

### **OTHER TOBACCO PRODUCT (OTP) LEGISLATION**

A bill has been introduced to change OTP products, like snuff, to a weight-based tax. Retailers may be held responsible if the weight-based calculation for the tax is incorrect. Retailers have experienced considerable fines for unknown cigarette stamp errors and the weight-based tax may lead to similar fines. Retail Alliance is part of a coalition opposing the change in OTP taxes.

*For further information on retail issues during the General Assembly session, please contact Margaret Ballard at 757-406-9431 or [mballard@retail-alliance.com](mailto:mballard@retail-alliance.com). The session begins January 10 and ends February 23.*