

LEGISLATIVE SCOREBOARD

*By Margaret Ballard
Vice President, Advocacy
Retail Alliance
mballard@retail-alliance.com
757-406-9431*

The following report was available as *Retail Angles* goes to press. Please see the weekly e-mail Legislative Scoreboard for current updates.

On January 30, Retail Alliance and The Retail Merchants Association hosted a highly successful dinner in Richmond for over 25 legislators from the two regions. It was an opportunity to thank the delegates and senators for their hard work on behalf of the retail industry. Favorable retail industry bills, ranging from Organized Retail Theft to the Sales Tax Holiday, have been passed every year since Retail Alliance entered the state legislative arena in 2001. Many thanks to board members Bob Gurnee, Kathie Strauss and Tim Hampton for attending the dinner and meeting with legislators.

INSERT PHOTOS with headline or something to indicate dinner

PHOTOS

SALES TAX EXEMPTION ON HURRICANE SUPPLIES

A sales tax “holiday” for hurricane supplies, sponsored by Senator Ken Stolle and co-patroned by Senator Tommy Norment, was successfully lobbied by Retail Alliance and passed the Senate Finance Committee on a vote of 12 to 2. SB 1167, which calls for a seven-day tax exempt week in May for items ranging from generators to batteries, subsequently passed on the Senate floor with a unanimous vote. The bill now goes to the House of Delegates for consideration. In the Senate, Retail Alliance overcame serious objections by both Republican and Democrat committee members who are concerned that tax-exempt sales “holidays” will deplete state coffers. The bill mirrors a 2006 Florida sales tax exemption on hurricane preparation materials. Please contact Hampton Roads delegates to urge passage of SB 1167. Contact information is available at www.retail-alliance.com, Legislative Action Center. Please thank Senator Stolle for his efforts in introducing legislation that will assist Virginia families in preparing for the hurricane season and alleviate pressure on public disaster response efforts.

TRANSPORTATION

Efforts to pass a plan agreed upon by key House and Senate leaders failed in the Senate Finance Committee. The House-Senate GOP leadership plan, which included a 30 cent per \$100 increase on commercial real estate property and various other fees for Hampton Roads, was killed by the committee. It was replaced by SB

1379, carried by Senator Russ Potts and crafted primarily by Senator John Chichester, chairman of Senate Finance. Senators Stolle and Norment objected strongly to the tax increases in the new bill, raising concerns that a tax increase will never pass the House. They also questioned whether SB 1379 was germane and appropriately drafted to be considered on the Senate floor. Both Senate transportation bills subsequently failed on the Senate floor. The House bill, HB 3202, passed and replaced a 5 percent sales tax on auto repairs with a \$5-a-night lodging tax. The lodging tax allowed the House to reduce a 20 cent per \$100 increase on commercial real estate properties to 15 cent per \$100. The House bill will now head to the Senate Finance Committee for consideration.

MINIMUM WAGE INCREASE

The Senate Commerce Committee passed a minimum wage increase for Virginia that slightly exceeds the increase under consideration in the U.S. Congress. SB 1327, sponsored by Senator Charles Colgan, raises Virginia's minimum wage to \$5.85 per hour after 60 days of enactment, \$6.55/hour one year later and to \$7.25/hour a year later. SB 1367 subsequently passed the Senate and is now in the House Commerce Committee for consideration. This committee previously killed minimum wage increases proposed by state delegates. Congressional efforts to raise the minimum wage are stalled in the Senate which failed to pass a bill due to disagreements over business tax relief included in the legislation. The U.S. House of Representatives has passed minimum wage legislation.

Retail lobbyists and the Virginia Chamber opposed the minimum wage increase. Retail Alliance noted in testimony that the federal standard will prevail and is bipartisan. Please contact the Hampton Roads delegation in the House and voice your opinion on the minimum wage.

SMOKING BAN

Senator Brandon Bell's legislation, banning smoking in restaurants and other public venues, has passed the Senate. It is now under consideration in the House General Laws Committee which killed the bill last year. Similar measures in the House were halted in subcommittee hearings except for Delegate Morgan Griffith's bill, HB 2422, that requires restaurants to post "Smoking Permitted" signs at each public entrance. This bill passed the House and has moved to the Senate for consideration. Retail Alliance is part of a hospitality and retail coalition opposing the smoking ban legislation. Restaurants in Norfolk and Virginia Beach have strongly voiced their fear that a total ban will hurt their businesses as has proven true in Maryland.

BPOL TAX ON GAS

Both bodies of the legislature passed bills that killed a BPOL tax on retail gas tax in addition to the gross receipts tax. This ruling, implemented by Norfolk Commissioner of the Revenue Sharon McDonald, is now dead.

CREDIT FILE FREEZING/SECURITY BREACH

A large coalition, spearheaded by the Virginia Auto Dealers Association and including Retail Alliance, killed seven credit file freezing and two security breach bills considered in the House and Senate. In talking points distributed to legislators, the group noted that credit file freezing frustrates attempts to shop for automobiles, cell phones, mortgages, consumer loans, apartment rentals and a host of commerce driven activities. Regarding security breach, the coalition pointed out the unnecessary burdens breach reporting requirements would place on businesses. A particularly onerous bill, HB 2600, imposing document management demands on businesses, was also tabled. It would have required businesses that possess personal information to pulverize, shred or burn documents as simple as names and mailing addresses. All of these bills were directed to a study commission, authorized by Governor Kaine, to meet this summer and deal with personal identification and security issues.

SALES TAX EXEMPTION/ENERGY EFFICIENT PRODUCTS

Legislation sponsored by Delegate John Cosgrove, providing a sales tax exemption for purchases of certain energy-efficient products of \$2500 or less, passed unanimously through the House of Delegates. The legislation authorizes a four-day period each year in October for the sale which will primarily impact appliances. A companion bill in the Senate, SB 867, sponsored by Senator John Watkins, passed the Senate.

ELECTRICAL DEREGULATION

Compromise legislation, authored by Delegate Clarke Hogan, is moving through the House of Delegates. HB 3068, agreed to by business representatives and Dominion Power, will return the utility to oversight by the State Corporation Commission (SCC). A key component of the bill requested by The Retail Merchants Association allows businesses under 5 megawatts of power to aggregate and shop the utility market. The bill also requires Dominion Power to refund charges to consumers if the utility exceeds thresholds for profits. A companion bill, sponsored by Senator Tommy Norment, has passed the Senate.

SALES TAX HOLIDAY

Several bills adding computers into the Sales Tax Holiday have been introduced in the House and were rolled into one bill authored by Delegate Ben Cline. A bill requiring retailers to report directly to the legislature concerning Sales Tax Holiday results was killed by Retail Alliance and other retail lobbyists. Delegate Cline's bill does include a requirement that the Department of Taxation report Sales Tax Holiday results to the legislature and retail organizations. Although the Senate may defeat the addition of computers into the Holiday, Delegate Cline has agreed to offer a substitute bill that will sustain the reporting requirement by TAX.

OTHER TOBACCO PRODUCTS (OTP)

A bill requiring manufacturers and ultimately retailers to weigh OTP products, like snuff, to determine the tax was defeated in the House Finance Committee. Retail Alliance was part of a coalition that killed this potentially onerous bill.

E-FENCING PENALTIES

HB 2321 has passed the House. It places larceny penalties on any person that attempts to sell stolen property online.

PAWNBROKER/SECONDHAND SHOP LEGISLATION

In an agreement with Senator Ken Stolle, Retail Alliance is NOT pursuing legislation this year that attempted to curb trafficking of stolen products through pawn shops and secondhand dealers. The language of the bill was so broad that it would have placed an onerous burden on many retailers like antique shops and consignment shops that are not the target of law enforcement concerns. Due to these concerns, Retail Alliance requested cancellation of the bill.

AGGRAVATED ASSAULT

The Retail Merchants Association and Delegate Bill Janis agreed to strike legislation that would have caught the attention of legislators on the issue of assault during retail theft. The Supreme Court ruled on significant felony penalties for this activity several years ago and this ruling needs to be used in convictions of assault crimes. The Retail Merchants Association and Retail Alliance will brief commonwealth's attorneys on the Supreme Court ruling at their annual meeting in May.

For further information on these and other retail issues, please contact Margaret Ballard at 757-406-9431 or mballard@retail-alliance.com.