

LEGISLATIVE SCOREBOARD

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GENERAL ASSEMBLY WRAP-UP REPORT

SALES TAX EXEMPTION ON HURRICANE SUPPLIES

The 2007 Virginia General Assembly ended with a BIG win for Retail Alliance members. A sales tax “holiday” for hurricane supplies, with chief patron Senator Ken Stolle and co-patrons Senator Tommy Norment and Delegate Sal Iaquinto, was successfully lobbied by Retail Alliance. It passed the Senate and House with large majorities and establishes a seven-day tax exempt week in May for items ranging from generators to batteries. In the Senate, Retail Alliance overcame serious objections by both Republican and Democrat committee members who were concerned that tax-exempt sales “holidays” would deplete state coffers. A House substitute bill, adding computers into the August Sales Tax Holiday, was turned down by the Senate. SB 1167 eventually passed both houses in its original form, offering tax-exempt hurricane supplies only.

The bill mirrors a 2006 Florida sales tax exemption on hurricane preparation materials. Please contact 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. His e-mail address is vasenate08@kenstolle.com, 757-486-5700. Special thanks are due as well to Senator Norment, district 03@sov.state.va.us, 757-259-7810; and Delegate Iaquinto, sal@saliaquinto.com, 757-430-0102.

ENERGY-EFFICIENT SALES TAX HOLIDAY

HB 1678 and SB 867, carried by Delegate John Cosgrove and Senator John Watkins, successfully passed the General Assembly. The bills provide a sales tax exemption for energy-efficient dishwashers, washing machines, dryers, air conditioners, etc., selling for \$2,500 and under during a four-day weekend in October. Promoted by Home Depot, the bills require that qualified appliances meet Energy Star Program criteria established by the EPA and the U.S. Department of Energy. Retailers are allowed to pay the tax for the consumer on all other items during the time period and market them as tax-free.

TRANSPORTATION

Efforts to pass a plan reached final agreement on the last day of the General Assembly session, February 24. The last-minute negotiations were contentious, barely passing the Senate with a 21-18 vote. However, the agreed-upon plan is meeting with grave doubts from Governor Kaine who has 30 days to offer amendments which the legislature can vote up or down on April 4. The new legislation proposes a \$250 billion bond offering that would rely on General Fund revenues for debt service. The General Fund is currently dedicated to core services such as education, Medicaid and safety. The key issue for Hampton Roads retailers is the legislation's provision for a new Hampton Roads regional transportation authority that will levy a 2 percent gas tax and a 10 cent on \$100 increase in commercial property assessments.

The new authority, which must have buy-in from seven out of 12 localities, would also collect an array of new taxes and fees. The total amount generated for local transportation projects by the regional authority is expected to be \$200 million. If you have concerns about the transportation package, contact Governor Kaine and the Hampton Roads delegation. Contact information is available at www.retail-alliance.com.

MINIMUM WAGE INCREASE

SB 1327, sponsored by Senator Charles Colgan, raising Virginia's minimum wage, was passed by the Senate and the House Finance Committee. However, in a last minute effort to defeat the bill, opponents rallied support on the House floor and killed the increase by sending the bill back to a committee that was no longer scheduled to meet. Both the U.S. House and Senate have passed a minimum wage increase and the federal legislation is now in conference.

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.

RECEPTIONS FOR MEAL PREPARATION RETAILERS

HB 1815, sponsored by Delegate Terrie Suit, passed the House and Senate with large majorities. Retail Alliance was the primary organization supporting the bill. It allows Retail Alliance member Dream Dinners and all meal assembly retailers to offer wine and beer at private gatherings or special events. Meal preparation franchises are designed for busy parents who want to maintain the connection among the food, the cook and the family, but do not have time to deal with time-consuming, traditional home-cooked meals.

SMOKING BAN

Senator Brandon Bell's legislation, banning smoking in restaurants and other public venues, was defeated. However, Delegate Morgan Griffith's bill, HB 2422, requiring restaurants to post "Smoking Permitted" signs at each public entrance, was successful. There is speculation that Governor Kaine may amend the signage bill to ban smoking in all restaurants. 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.

COMPUTER LARCENY

H.B. 2321, proposed by the Virginia Retail Merchants Association (VRMA) and sponsored by Delegate Todd Gilbert, was defeated in Senate Courts Committee. The bill would punish persons using computers or computer networks to purchase or sell stolen goods. Retail Alliance will work with Delegate Gilbert to form a retail coalition in support of the bill during the next General Assembly session.

ELECTRICAL DEREGULATION

Compromise legislation, authored by Delegate Clarke Hogan, was voted out of the General Assembly. A companion bill was carried in the Senate by Senator Tommy Norment. 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 marketplace. The bill also requires Dominion Power to refund charges to consumers if the utility exceeds thresholds for profits.

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.

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