

Virginia Viewpoint - The Power of the Pen

The Power of the Pen

With only a few days remaining to act on legislation that passed during the regular session, Governor Youngkin has issued a flurry of vetoes including several that stymie Democratic priorities from this session. Meanwhile, the Governor's hopes to bring a professional sports arena to Northern Virginia have been officially dashed. Given these recent developments, describing the current political climate as tense would be an understatement.

As the vetoes stack up, members of the General Assembly will have a busier-than-usual reconvened session on their hands in two weeks. With razor-thin Democratic majorities in both the Senate and the House, the likelihood of overturning most vetoes is exceedingly slim.

In addition, the legislature will consider the Governor's changes to the new two-year budget. If the Governor's recent actions on bills are any indication, the budget could undergo significant alterations compared to the proposal sent by the House and Senate a month ago.

| Sports Arena in Northern Virginia Dead

When the Governor's plan to launch a professional sports arena in Northern Virginia was scrapped from the House and Senate budget report, the deal faced an uncertain path forward. Despite the Governor's efforts to resurrect it, its demise was made official last week when Alexandria announced that the arena deal would not move forward while D.C. subsequently announced an agreement for the Wizards and Capitals to stay downtown.

The rejection of the sports arena, which was vocally spearheaded by Senate Finance and Appropriations Chair Louise Lucas, shuts the door on a contentious process that began last year when the Major Employment and Investments Project Approval Commission endorsed the proposal. In a press release, the Governor bemoaned the legislature's decision and characterized the arena as an economic investment that would have benefited Virginians.

| Marijuana Retail Market, Minimum Wage Increase Vetoed

Governor Youngkin issued vetoes on several bills that passed the General Assembly on a party-line vote, including one to establish a regulated marijuana retail market and another that mandated a minimum wage increase.

While the Governor's rejections come as little surprise, they effectively defeat some of the most significant Democratic priorities from this session. While the General Assembly has the power to overturn vetoes, they require a two-thirds vote that Democrats do not realistically have.

The Governor cited threats to public safety – specifically related to children – as the prime reason for vetoing the cannabis bill, while the bill's sponsors cited the opportunity to tackle the illicit market as a reason to pass it. As a result, Virginia continues to operate in a space where marijuana is legal to possess without a regulatory framework for retail use.

Meanwhile, the veto on a minimum wage increase halts a proposal that would have increased the current \$12.00 minimum wage in Virginia to \$13.50 in 2025 and \$15.00 in 2026. The Governor referenced preserving market freedom and protecting small businesses as the impetus for his veto on the legislation.



Julia Clarlo Hammond

**Senior
Principal,
Cozen O'Connor
Public
Strategies**

jhammond@cozen.com
Phone: (804) 762-6920
Fax: (804) 762-6950



Kyler Hedrick

**Government
Relations
Associate,
Cozen O'Connor
Public
Strategies**

khedrick@cozen.com
Phone: (804) 762-6925
Fax: (804) 762-6950



Heidi L. Hertz

**Principal,
Cozen O'Connor
Public
Strategies**

hhertz@cozen.com
Phone: (804) 762-6920
Fax: (804) 762-6950



Jerry W. Kilgore

**Co-Chair, State
Attorneys
General**

jkilgore@cozen.com
Phone: (804) 762-6916
Fax: (804) 762-6950

You can view the full list of approved legislation [here](#), while the 91 bills that have been vetoed thus far can be found [here](#).

| Digital Tax, Skill Games Face Uncertain Future

One point of contention with the budget is the inclusion of a new digital sales tax and the absence of tax cuts. Originally proposed by the Governor to level the playing field between digital and physical goods, the digital tax made it into the legislature's budget deal while the Governor's income tax cuts were scrapped. This raises doubts about the Governor's stance on implementing a new tax without the accompanying cuts.

After years of back-and-forth bans on skill games in Virginia, a bill to formally legalize them garnered bipartisan backing from the General Assembly. The Governor has yet to make a decision on the bill, sparking curiosity about the possibility of a veto.

| Budget Update: All Options on The Table

The Governor has the power to deploy various measures when it comes to the budget. He can simply approve it, make recommendations, offer line-item vetoes, or even veto the budget entirely. He can also call a special session to introduce a new budget for the General Assembly to consider.

However, it is important to note that the Governor and the General Assembly face a July 1 deadline – when the new fiscal year begins – to work out their differences on the budget and avert a government shutdown. While Virginia has crept dangerously close to a potential budget crisis – as recent as 2014 and 2018 when debate over Medicaid expansion delayed adoption of both budgets until June – the Commonwealth has found ways to reach a consensus before the deadline.

| Looking Ahead: Reconvened Session

The Governor has until this Monday, April 8 to act on remaining legislation that passed the General Assembly. Any legislation that he does not act on by this constitutionally-mandated deadline will be approved without his signature.

When the General Assembly reconvenes in Richmond on April 17, the House and Senate will have their turn to consider the Governor's actions.

Alexandria declares \$2 billion arena project dead; Youngkin blames legislature

By MICHAEL MARTZ, Richmond Times-Dispatch (Metered Paywall – 7 articles a month)

Gov. Youngkin vetoes cannabis bill, minimum wage hike

By MARKUS SCHMIDT, Cardinal News

Clock ticking for Youngkin to take action on skill games legislation, state budget

By TYLER ENGLANDER, ABC 8News

In politically calamitous week, talks break down with state budget on the line

By MICHAEL MARTZ, Richmond Times-Dispatch (Metered Paywall – 7 articles a month)



Thomas Alan Lisk

Member

tlisk@cozen.com
Phone: (804) 762-6921
Fax: (804) 762-6950

Related Practice Areas

- Government Relations - Cozen O'Connor Public Strategies