This Issue Brief contains descriptions of some of the issues that appear likely to capture the attention of legislators at the 2008 Session of the General Assembly. It is not intended to be a comprehensive listing of every issue that will be considered. Unanticipated issues will undoubtedly surface, and some of the issues discussed in these pages may not be considered during the 2008 Session. Finally, and most importantly, these descriptions are not predictions of how the General Assembly will respond to any issue.

Budget Outlook

During the 2008 Session of the General Assembly, the members will be grappling with two major budget issues. The first issue will be how to amend the current two-year budget, which expires on June 30, 2008, to adjust for the $641 million General Fund revenue shortfall that the administration is currently projecting. The second issue will be how to balance the budget in the current economy, which is slowing, and maintain the necessary revenue collections to meet all of the priority needs of the two-year biennial budget that begins on July 1, 2008.

In order to balance the current budget to reflect the reality of a General Fund revenue shortfall, Governor Kaine released this fall the administration's plan that would make up the deficit by:

- Reducing discretionary spending by $54 million.
- Reducing personnel costs by $39 million.
- Improving business practices and efficiencies resulting in $92 million.

The Governor's plan also calls for the use of slightly more than $300 million from Virginia's Rainy Day Fund, formally known as the Revenue Stabilization Fund, to make up the revenue shortfall. The money taken from the Rainy Day Fund would make up almost half of the deficit.

If the 2008 General Assembly chooses not to utilize moneys in the Rainy Day Fund, or it chooses to withdraw less revenue from the Rainy Day Fund than called for in the Governor's plan, the members will need to determine where to further cut spending in order to balance the current budget.
The 2008 General Assembly will also be concerned with whether Virginia's revenue shortfall may be higher than projected. Global Insight, the Commonwealth's economic forecasting service, currently projects that the lowest point in the national economy will occur during the last three months of 2007 and will continue in the first six months of 2008. This nine month period coincides exactly with the last nine months of the current Appropriation Act. It certainly is possible that Governor Kaine and the 2008 General Assembly will be dealing with a General Fund deficit greater than the projected $641 million.

Governor Kaine will issue a revision of the official General Fund revenue estimate to a joint meeting of the House Appropriations Committee, House Finance Committee, and Senate Finance Committee on December 17, 2007. The Governor will present his proposed revisions to the current Appropriation Act that ends June 30, 2008, including how he proposes to deal with the shortfall of General Fund revenue for the current fiscal year. Governor Kaine will also submit his Budget Bill for the upcoming 2008-2010 Biennium, which will be the administration's first opportunity to present a new two-year budget.

**Finance/Taxation**

**Real Estate Tax Reform**

The 2008 General Assembly will most likely consider legislation dealing with real estate tax reform. One major issue is the relatively hidden impact that rising real estate reassessments have on the tax burden of homeowners. For example, if a locality maintains the same tax rate from one year to the next, but a general reassessment of the value of real estate increases by 20%, the locality's homeowners will, on average, see a 20% increase in their real estate tax bills.

Legislation may be introduced to bring more transparency to the process by requiring that taxpayers be provided specific information regarding the impact of reassessments on their real estate tax burden. Legislation may be considered, as well, concerning the process that localities must follow in setting real estate tax rates in conjunction with adopting local budgets.

**Transportation Funding**

It is almost certain that the 2008 General Assembly will introduce legislation to make some modifications to House Bill 3202, the transportation funding bill passed in 2007. In particular, legislation to modify the abusive driver fees is likely with possible changes including the application of the fees equally to residents and nonresidents of Virginia, reducing the amount of the civil penalties imposed on violators, or a repeal of the abusive driver fees altogether.

Legislation may arise from the Hampton Roads Transportation Authority’s (HRTA) desire to change the seven regional fees and taxes under its authority. The HRTA would like for the General Assembly to reduce the seven taxes and fees to the three that follow:

- 5% sales tax on motor fuel.
- 5% sales tax on automobile rentals.
- 2% increase in the initial vehicle registration fee.

**Commerce/Labor**

**Credit Freezes**

Three dozen states have enacted legislation that allows consumers to bar consumer reporting agencies from releasing information in their credit files to a business until the consumer uses a PIN to unlock access to the credit file. The goal of these laws is to stop persons who have obtained an identity theft victim's personal information from getting credit in the victim's name. Without the victim's credit report and credit score, a business is unlikely to issue new credit to the identity thief. Recently, the three major credit reporting agencies have announced that they will voluntarily allow consumers in those states, which includes Virginia, that have not enacted credit freeze legislation to freeze access to their credit reports.

**Payday Lending**

Since its enactment in 2002, Virginia's Payday Loan Act has allowed the rapid statewide growth of payday loans, which are short-term loans secured by the borrower's personal check. The fee for a payday loan in Virginia is capped at $15 per $100 advanced. Given the short term of the loans, the rate of interest charged by payday lenders can exceed 300% on an annualized basis. Efforts to curtail payday lending from recent sessions include repealing the Payday Loan Act, requiring lenders to confirm through a central database that borrowers do not have other payday loans outstanding, requiring a "cooling off" period between loans, and capping the annual rate of interest that may be charged on such loans at 36%.
Public Education

K-12 Science, Technology, Engineering, and Math (STEM) Education

The Joint Subcommittee to Study Science, Math, and Technology Education in the Commonwealth at the elementary, secondary, and undergraduate levels, established by House Joint Resolution 25 in 2006, is poised to make its final recommendations during the 2008 Session. Advancing STEM education has become an increasingly important issue for the General Assembly over the past two years. On both a national and state level STEM education is essential for future job growth and competitiveness in the global market place.

The study committee’s recommendations will likely spur legislation targeting programs and funding for K-12 students, teachers, and schools, as well as possible recruitment strategies for educators in STEM subject areas and an increase in opportunities for professional development and training.

Higher Education and Increased Security

In response to the mass shootings that occurred at Virginia Tech in April 2007, there will likely be legislative proposals aimed at safeguarding the students, faculty, and staff at the Commonwealth’s institutions of higher education. The Virginia Tech Review Panel submitted a multitude of recommendations relating to strengthening security in the unique setting of university environments, including the following:

- Ensuring that emergency response plans are kept current.
- Ensuring that each campus has a threat assessment team.
- Requiring campus emergency communications systems.

Higher Education and Illegal Immigrants

The 2008 General Assembly may once again consider legislation related to illegal immigrants in institutions of higher education. Because the new Virginia Commission on Immigration, which was established during the 2007 Regular Session, stated as one of its major goals to "study, report, and make recommendations to address the costs and benefits of immigration on the Commonwealth, including the impact on education," there may be proposals offered on this issue.

Courts

Child Custody and Military Deployments

Because child custody arrangements may be thrown into disarray when a parent in the military is deployed overseas, such as to Iraq or Afghanistan, the 2008 General Assembly may consider legislation in this area. At least four states have enacted, and several more states are considering, laws intended to protect the custody rights of a parent who is called to active military duty. These laws have been characterized as "reverter" statutes as they serve to essentially reset any custody decision made while a parent is deployed on active military duty by mandating that any custody arrangement revert to its pre-deployment state after the deployment ends. Although the federal Servicemembers Civil Relief Act (SCRA), 50 U.S.C. Appx. § 501 et seq., allows service members to obtain stays of civil actions under certain circumstances, these "reverter" laws have arisen in response to the decisions of some courts that have concluded that their obligation to consider the best interests of a child in a custody case renders the SCRA inapplicable. These "reverter" laws effectively preclude a court from permanently modifying the rights of the military parent solely on the basis of the deployment.

Immigration

Attention is high regarding issues related to illegal immigration in states across the nation, and Virginia is no exception. The issue potentially could surface in several policy areas ranging from identification requirements, to access to social and medical services, to workforce regulation.

One of the more problematic areas involves enforcement of federal immigration laws. Virginia, along with several other states, may look for ways to involve local and state agencies to assist federal authorities in enforcement, including authorizing law-enforcement agencies to report immigration violations and to create a working relationship with federal agencies.
Access to education, including special education and vocational education following release.

Financial considerations, including issues surrounding the payment of fees, fines, restitution, and child support by prisoners.

Reentry planning, including provision of identification documents and other key documents to prisoners.

Development of and support for reentry pilot programs to implement key reentry strategies.

Health

Childhood Obesity

Childhood Obesity is an issue that has gained much attention in recent years, both nationally and in the Commonwealth. The Governor held the Healthy Students Summit in Richmond on September 20, 2007, to bring local school division representatives together with their health department counterparts to address this issue.

Also during the interim, the Joint Subcommittee Studying Child Obesity worked to formulate legislation to recommend during the upcoming session. The General Assembly may consider legislation regulating the food that can be sold in public schools, increasing or strengthening physical education requirements, or requiring schools to collect and report health-related information. The collection of students' body mass index, or BMI, is a hot topic nationally, so legislation on this issue also may be proposed. Some states have started measuring BMIs and reporting them in the aggregate, rather than individually, so this is an approach that may be considered.

Mental Health

Proposed legislation will most certainly result from the release this fall of the report by the Virginia Tech Review Panel, which contained several recommendations for mental health reform. One of the panel’s recommendations was to clarify privacy laws related to health records to the extent possible under state law. A college or university student's mental health records are either governed by the Family Educational Rights and Privacy Act (FERPA) or the Health Insurance Portability and Accountability Act (HIPAA), depending on who maintains the records. While there is some confusion regarding the implementation of the two federal laws, the
Local Government

The General Assembly passed several important land use measures during the 2007 Session as part of the transportation package in an effort to better coordinate local growth with the provision of adequate transportation infrastructure. These measures, some of which were originally introduced during the 2006 Special Session, seek to provide localities with greater control over land use decisions as well as potential additional revenue authority in exchange for promoting more efficient land use patterns and greater responsibility over the maintenance of subdivision roads. As localities and other interested parties become more familiar with these measures, the General Assembly may see attempts to amend the new provisions.

Constitutional Issues

Pending Amendments

The 2007 General Assembly proposed two constitutional amendments that will be on the agenda for action at the 2008 Session. If the General Assembly agrees with the proposed amendments, they may be submitted to voters for final approval at the November 2008 election.

Homestead property tax relief

The amendment authorizes the General Assembly to pass legislation that will allow any locality by ordinance to exempt from real property taxes, or defer real property taxes on, up to 20 percent of the value of residential or farm property that is the owner-occupant's primary dwelling and lived in continuously.

Servicemen's car tax relief

The amendment authorizes the General Assembly to pass legislation that will allow any locality to exempt or partially exempt from property taxes motor vehicles owned or leased by any member of the armed forces serving in an area of military conflict.

Future Amendments

The 2008 General Assembly can, and undoubtedly will, start the constitutional amendment process for other proposals that could be submitted to the voters in 2010. Likely topics include successive terms for the governor; additional private property rights and eminent domain limits; protections for transportation funds; property tax...
relief for disabled veterans; and changes in the process for redrawing General Assembly and congressional election districts.

Transportation

Federal Real ID Act Implementation

The federal Real ID Act of 2005 requires the states to redesign driver's licenses to comply with federal antiterrorist standards by May of 2008. Required changes to Virginia driver's licenses will have major impacts on the Department of Motor Vehicles and its customers. The Real ID Act requires that state-issued driver's licenses and identification cards meet minimum federal standards contained in regulations of the Department of Homeland Security, including verification of the applicant's identity and legal status and implementation of various antifraud security features.

These federal regulations, expected by late 2006, have still not been promulgated. If the May 2008 deadline for the implementation of the Act is to be met, the General Assembly will have to act expeditiously not only to amend Virginia's statutes to conform with the federal regulations, but provide significant additional funding to cover the Department of Motor Vehicles' considerable costs to implement changes.

Composion of the Transportation Board

The past several sessions have seen several efforts to change the composition of the Commonwealth Transportation Board, either to include members of the General Assembly in the board's membership or to give the General Assembly a more direct voice in choosing at least some of the board's members. So far, the Governor has been successful in resisting these efforts. It is highly probable that the 2008 Session will see renewed efforts by the legislature on this issue.

Second Signature Requirement for Owning a Trespassing Vehicle

In 2006, the General Assembly passed and the Governor signed into law House Bill 1258 and Senate Bill 134, establishing the Board for Towing and Recovery Operators and making a series of changes in state law dealing with the operation of tow trucks in general and the towing of vehicles without their owners' consent in particular. One new provision authorized local governments by ordinance to require, at the time a trespassing vehicle is towed, written authorization from the property owner or his agent before the tow could be performed. The "second signature" is in addition to any contract or agreement between the property owner and the towing company. This law has not been popular with...
some towing and recovery operators and some property owners. Since in 2007, legislation to repeal this requirement was passed by the House of Delegates but failed in the Senate, proposals on this issue may again be considered by the 2008 General Assembly.

**Overweight Truck Permits**

The 2007 Session passed several pieces of legislation dealing with the subject of overweight truck permits. House Bill 2917 extended until 2009 the "sunset" on overweight permits for gravel trucks in certain counties. House Bill 1645 authorized overweight permits for vehicles used in underground pipe cleaning and hydroexcavating. The two bills contain provisions requiring the Department of Transportation to recommend legislation to the 2008 Session dealing with the permits and operation of overweight vehicles. These requirements will almost certainly provide a mechanism for a comprehensive assessment by the General Assembly of the issue of overweight vehicles and the fees charged for the permits under which they operate. The recent collapse of an interstate highway bridge in Minnesota will also enhance the relevance of any legislation on this issue introduced at the 2008 Session.

**Animal Welfare**

Recently, national media attention has exposed seemingly inhumane "puppy mills" in the Commonwealth. While the Code of Virginia prescribes minimum care standards for companion animals, questions remain about the effectiveness of statutory law if, in fact, widespread noncompliance continues. In addition to existing standards of care that would apply to puppy mills and the penalties for violations, the General Assembly may choose to examine the inspection and enforcement issues such as:

- Do the local and state authorities have sufficient resources to effectively perform their responsibilities?
- Are animal control officers, Commonwealth’s Attorneys, and members of the judiciary sufficiently educated and trained on the identification, inspection, and regulation of such facilities?
- How can local and state authorities work together with the U.S. Department of Agriculture, which licenses breeders that ship animals across state lines, to achieve maximum compliance?

**Natural Resources**

**Citizen Environmental Boards**

During the 2007 General Assembly, the House and Senate passed Senate Bill 1403 and House Bill 3113, which are identical pieces of legislation replacing the current Air Pollution Control Board, Water Control Board and Waste Management Board with a single Virginia Board of Environmental Quality. The new board would be charged with adopting the regulations that set standards and requirements for air quality, water quality, and waste management. The authority for issuing permits and enforcing regulations would be vested with the Department of Environmental Quality. The legislation contains a reenactment clause requiring the 2008 General Assembly to reaffirm its passage before the implementation of any changes.

At the request of the House Committee on Agriculture, Chesapeake and Natural Resources and the Senate Committee on Agriculture, Conservation and Natural Resources, stakeholders met to discuss the legislation. The workgroup has met three times so far during the interim and consensus remains elusive. Among other issues, the workgroup discussed the following questions:
Housing

Housing Trust Fund

Legislation may be introduced during the 2008 Session reestablishing a Virginia Housing Trust Fund. A portion of each locality’s real estate recordation tax would be deposited into a state fund. The moneys would serve as an incentive to localities to provide affordable housing funding as a matching component to the Fund. Additional sources of funding will be considered before legislation is introduced.

Common Interest Community Manager Licensing

New legislation is likely to be introduced creating a licensing scheme for Common Interest Community managers. A board under the direction of the Department of Professional and Occupational Regulation will also be established, as well as a regulatory scheme outlining the board’s duties and obligations.

On-Site Soil Scientists and Engineers

Legislation may be proposed to create a classification of soil scientists, allowing some contractors to install certain types of on-site sewers without the oversight of an engineer. Another proposal may outline what constitutes domestic sewage and several definitions dealing with on-site sewer installation may be modified.

Carbon Monoxide

Additions to the Landlord Tenant Act may be proposed dealing with carbon monoxide detectors. The proposed legislation would prohibit a tenant from tampering with an installed detector, including removing batteries to disable the mechanism.

Sprinklers

Legislation may be introduced requiring all residential high rise buildings that are over 75 feet to be equipped with sprinklers within a set time period. Recommendations propose a statewide requirement and encompass existing structures, as well as call for the phasing in of older structures in need of retrofitting. An incentive program may be created to give a tax credit to developers that proactively install sprinklers in their buildings before a mandated deadline.

Mold

Legislation may be considered to modify pertinent parts of the Virginia Landlord Tenant Act, Virginia Residential Landlord Tenant Act, and Virginia Manufactured Home Lot Rental Act and provide for an inspection scheme of all rental properties for mold.

Database Breach Notification

Database breach legislation has been offered during the past three sessions of the General Assembly and will likely be introduced during the 2008 Session. The legislation generally requires companies to notify consumers when there is a breach of a data system that may result in the theft or use of a consumer’s personal information. With over 35 states enacting database breach notification statutes, Virginia is part of a minority of states holding out for action on legislation pending in Congress. During the 2007 interim, the Governor convened interested parties as part of Executive Directive 5 to study three consumer protection issues, one of which was database breach legislation.

Manufacturer Responsibility Computer and Television Recycling Programs

With the growing volume of electronic equipment entering the waste stream, states are beginning to consider legislation to address the recycling of electronic equipment. Seven states have enacted several different types of electronic recycling legislation and a large number of states have pending legislation. The Joint Commission on Technology and Science (JCOTS) established an advisory committee to review the different types of legislation and will likely introduce a version of legislation proposed by Dell and enacted by the state of Texas. The Texas law establishes a manufacturer responsibility model that requires the manufacturer of a computer to offer a reasonably convenient means for the consumer to recycle the electronic equipment at no charge at the end of the product’s life. Additionally, companion legislation may be introduced that would allow localities to place a waste energy and landfill ban on products covered in the manufacturer responsibility legislation. The advisory
committee will present a final draft of the legislation at the full JCOTS meeting on December 10th.

FOIA

Meetings via Teleconferencing

The FOIA Council will likely be recommending legislation to allow any local governing body, school board, or any authority, board, bureau, commission, district, or agency of local government to meet by electronic communication means without a quorum of the public body physically assembled at one location when the Governor has declared a state of emergency. Currently, no local public body can meet via teleconferencing.

Social Security Numbers

The FOIA Council with JCOTS has been looking at public access to social security numbers (SSNs) in public records and they are considering recommending legislation limiting the collection of SSNs by state and local government to those instances where collection is required by law and essential to the mission of the agency. The FOIA Council and JCOTS have committed to continue their examination of this important issue in 2008.

Neighborhood Assistance Program (NAP) Credits

Legislation may be introduced to change how the value of automobiles is determined for tax purposes on donations to charitable organizations. New regulations promulgated by the Department of Social Services potentially lowered the tax value of new automobiles that are donated to nonprofit organizations and given NAP credits in order to follow the federal tax code that was changed to address the abuse of used car donations. Legislation may be proposed at the 2008 Session to change how new cars are valued, because there is less risk of the abuse of overvaluation from donations of new cars.

Code of Virginia to incorporate all food establishments. Two-thirds of restaurants in Virginia are currently smoke-free. In polling its members, Virginia Hospitality Association and Travel Industry found that if it is determined there are significant health risks associated with secondhand smoke, then a majority felt smoking should be banned in all establishments not just restaurants. Several localities are enacting local ordinances dealing with smoking in restaurants and the adjoining patio areas. Legislation may be proposed at the 2008 Session to create uniformity of smoking regulations across the state.

JCAR

Smoking Prohibition

Legislation may be introduced related to the smoking prohibition that was vetoed by the Governor during the Veto Session. Also, legislation may be spurred as a result of discussion by the Joint Commission on Administrative Rules (JCAR) regarding whether it is wise to change the definition of restaurant in the Code of Virginia.
Joint subcommittees should submit an executive summary including their findings and recommendations to DLAS by the first day of the General Assembly’s Regular Session.

Prefiling for the 2008 Session began on November 19, 2007.

All requests for drafts of legislation for prefiling to be submitted to DLS by 5:00 p.m. on December 5, 2007.

Budget submitted by the Governor on December 17, 2007.

All drafts of legislation to be prefilled returned by DLS for requester’s review by midnight December 28, 2007.

All requests for drafts, redrafts, and corrections of legislation creating or continuing a study to DLS by 5:00 p.m. on January 4, 2008.

All requests for redrafts and corrections for legislation to be prefilled to DLS by 5:00 p.m. on January 4, 2008.

Covered drafts of legislation to be prefilled available at DLS by noon on January 8, 2008.

All requests for drafts, redrafts, and corrections for first-day introduction bills to be submitted to DLS by 5:00 p.m. on January 8, 2008.

Prefiling for the 2008 Session ends at 10:00 a.m. on January 9, 2008.

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**Legislation Requested* before the deadline,**

**Introduced and Passed from 1993-2007**

* Bill drafts prepared by DLS.
2007 Requests for Draft Legislation *

**Total Bills - 6616**

- **Taxation and Finance**: 11.9%
- **Technology and Science**: 1.4%
- **Transportation**: 9.5%
- **Corporations, Insurance and Banking**: 6.3%
- **Courts of Justice and Corrections**: 22%
- **Welfare and Social Services**: 2.4%
- **Natural Resources**: 4.3%
- **Local Government**: 5.9%
- **General Laws**: 9.0%
- **Education and Health**: 11.4%
- **Special Projects and Rules**: 11.0%

* Bill drafts prepared by DLS for the 2007 Session (includes resolutions and substitutions).

2007 Regular Session *

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* Approximately 41% of introduced bills (excluding resolutions) became law and less than 68% of all bills and resolutions drafted by DLS were introduced.