

Legislative Update

December 2024



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Legislative Update

- 2025 General Assembly convenes January 8
- 46-day “short” session; adjournment set for February 22
- Democrats maintain narrow margin of power in legislature (assuming no changes with special elections)
 - Senate is 21-19
 - House of Delegates is 51-49
- Bill introduction limits: 15 for delegates and 20 for senators; deadline for requesting bill drafts was November 25



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Legislative Update

□ State Budget

- Governor introduces FY25/FY26 amendments on December 18.
- State revenues for FY24 yielded \$1.1 billion “surplus,” for the current biennium, they are exceeding expectations, with \$3.3 to \$3.4 billion in additional revenue expected to be available for appropriation thru FY26.
- Budget leaders are stressing use of funds for one-time, rather than recurring, expenses.
- FY25 Revenue Growth (estimated) 3.7% – 4.8%
- FY26 Revenue Growth (estimated) 1.7% - 2.6%



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Legislative Update

- Mandatory expenditures the remainder of the biennium are less than in previous years; roughly \$840 to \$870 million.
- Majority of mandatory expenditures is additional necessary spending for Medicaid; \$70 million also is needed for the Children’s Services Act.
- Possible insufficient revenue capacity in FY27 if actions in the 2025 session increase ongoing spending items significantly.
- Governor Proposes, General Assembly Disposes
 - Legislators propose amendments by January 10; House and Senate committee amendments released mid-session.



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Legislative Update

- Other Budget Considerations:
 - High priority spending items identified by money committee staff that may be considered include alternative transportation for TDO cases; the Business Ready Sites Program; capital projects; salary bonuses; and making contributions toward the state's unfunded pension liabilities.
- Budget Risks:
 - Higher tariffs ■ Federal spending/workforce changes ■ Monetary policy action ■ Expanded Middle East and China tensions ■ Labor tightness over immigration policy ■ Low-income household financial distress



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Legislative Update

- Legislation: Expect roughly 2,000 bills to be introduced
- Local governments will again plan DEFENSE on land use authority legislation (solar, housing, etc.)
- Local initiatives:
 - Sales tax for school facilities (??)
 - Changes to speed camera legislation
 - LODA benefits for private police department officers
 - Various budget initiatives



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Questions?

