

Virginia General Assembly

2025 Report from Delegate

Vivian Watts



Vivian

This year with major changes coming out of the federal government daily, I'm glad I wait to do my annual newsletter until early fall, midway between our annual Sessions. More than ever, the focus needs to be on the challenges, not just on what was accomplished. I fervently hope the solutions we ultimately hammer out will be worthy of this time in history and of your future.

Please share your thoughts —

GOOD NEWS

Virginia's budget is well-managed. We have the top AAA bond rating earned by only a dozen states. (Maryland just lost theirs.) We're facing national economic challenges that will hit us harder than other states, but **Virginia is in better shape than most.**

In the year leading up to our 2025 Session, the economy was stronger than expected. More people were working for better wages. This produced higher than expected tax revenue, and almost \$1 billion will be sent back to taxpayers **in October, with \$400 rebate checks for married and \$200 for single filers.**

Ongoing tax relief from inflation will come from a permanent increase in the Standard Deduction: \$17,500 for married and \$8,750 for single filers. This gives **90% of filers almost triple the tax-free income that they got in 2018.** In addition, low-income working families who qualify for a tax credit will now get full refunds if the credit is more than the taxes that they owe.

Fairfax County schools will get \$52.1 million more in state support than last year. More recommended changes definitely need to be made, but it's a start at more realistic funding for special needs students and addressing historic under funding of Northern Virginia (NoVa).

We continue to increase state funding to make college degrees and community college professional credentials more accessible and affordable. This year we added \$253 million towards meeting the need for professionals with **relevant knowledge, training, and degrees/credentials for relevant future careers** that also will grow our economy.



BAD NEWS AHEAD

Over 25% of Virginia's economy depends on federal spending. Civilian and military federal employees and consultants are a bigger share of our workforce than of any other state's. Since many have major responsibilities, they earn double the average Virginia salary. **Every job lost will have twice the impact on our budget,** which depends on the state income tax.

Virginia's expansive **ports and agriculture are vulnerable to tariffs and to cutting international food aid.** They, also, are big sectors of Virginia's economy.

At the same time, Virginia must deal with significant, permanent federal program cuts. **Health insurance will cost a lot more for 350,000 Virginians** not covered by an employer and who earn less than \$62,600 if single; \$128,600 for a family of four. This is due to Congress not continuing the premium tax credit that allowed people, on average, to buy insurance for under \$100/month with the rest covered by a \$400 tax credit to the insurer.

It's extremely tough to come up with \$400 a month and at least 1/3 will go without insurance. Those people plus the low-income people on Medicaid targeted to be cut by Congress's Big Bill will total **at least 260,000 people ending up in emergency rooms needing care with no way to pay for it.** The cost will fall on people who can pay – driving up the price of health insurance up for all of us. Rural hospitals and clinics with fewer people having private coverage may have to close down services.

While health care cuts will impact us all, because of other cuts:

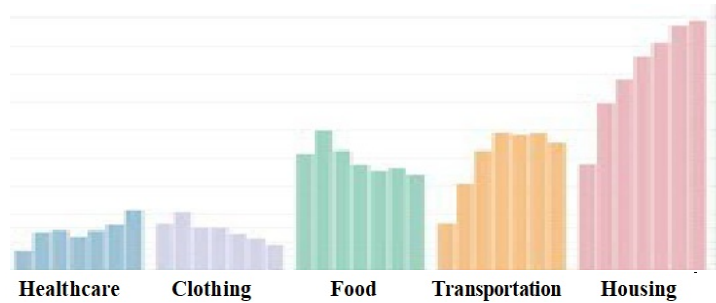
- **college will be pushed out of reach** for many;
- **school lunches will be reduced** by food nutrition cuts;
- enforcing complex regulations for food and health assistance will cost Virginia 100s of millions; and
- **interest rates on buying a house or expanding a business will be driven up** by higher interest needed to cover unprecedented national debt.

COST OF HOUSING

I've used this graph again and again to underscore how hard the high cost of housing is hitting families.

75 Years of How Americans Spend Their Money

1941-2014 Bureau of Labor Statistics <https://howmuch.net>



State funding to help people get into affordable housing supports just 1 out of 7 NoVa applicants – elsewhere in Virginia it's 1 out of 4. Concern about upcoming federal funding cuts when we passed the budget in April kept us from funding more people.

It is a constant challenge to keep affordable housing affordable. We cut taxes on non-profit affordable housing projects by requiring the tax value be tied to the low rent charged, not to the high re-sale price a speculator might pay. To further help churches and non-profits who want to build housing, the state will put out summary guidance by the end of the year.

However, the Governor vetoed another bill to keep from losing affordable housing to speculators. It would have given local governments the right of first refusal to buy publicly supported projects.

REAL ESTATE TAXES

When my family moved into our new subdivision, virtually all of us were young parents at the start of our careers. The price of the house we qualified to buy was reasonably related to our income. For those who've aged in place, that's no longer true.

In today's high-priced market, the fact that local government gets most of its revenue from real estate taxes makes owning a house even more prohibitive for long-time residents and first-time buyers.

Until 2020, state law limited counties to taxing property – the colonial measure of wealth. Now, counties have the same authority cities have had for 100 years to more broadly tax ability-to-pay and non-residents. One-third of Fairfax's new meals tax and virtually all the hotel tax comes from non-residents.

DATA CENTERS

Fairfax and Arlington depend on offices and retail for taxes to lower residential taxes – Loudoun and Prince William depend on data centers. However,

replacing lost revenue from vacant Fairfax offices due to remote work and federal cuts by cramming a data center beside Bren Mar townhouses is absolutely the wrong way to go.

In fact, a detailed General Assembly (GA) study of data centers singled out Bren Mar as what shouldn't be done. However, only 2 bills the study recommended passed out of 30 that were introduced addressing power and water use, public disclosures, and residential and environmental concerns.

ELECTRICITY RATES

With more data centers than anywhere in the world, Virginia is at the heart of concerns about their demand for electricity – which is projected to increase as much as 10-fold due to AI using many sources to compute responses. In contrast, residential use has been essentially flat for 2 decades, with population growth offset by efficiency. Data centers are driving today's demand and should pay for it.

Dominion has requested the first base rate increase in over 3 decades. If granted, residential bills would go up 15%. I'm hopeful the new State Corporation Commission judges we chose after a 2-year partisan stand-off will focus on setting separate rates for big users so residents don't subsidize data center demand. Also being considered is making a data center commit to pay for the new transmission infrastructure needed to serve it.



GREEN ENERGY

While AI increases computing many fold, cooling the computers is what takes massive amounts of energy. Tax breaks should be shifted to investments data centers make to save energy. It's a win-win for them to save operating costs. Dominion will need to partner in upgrading current transmission lines that lose 50% of energy carried.

The source of new power is as critical as reducing the demand. Initial federal action to stop almost all off-shore wind development didn't include Dominion's major off-shore project. I'd assumed this was because it's so far along. However, in mid-August one off Rhode Island even closer to operating was stopped. I am concerned.

Nationally, 21% of non-nuclear power is from renewables – mostly dams, solar, and wind. In Virginia it's 12%. Besides off-shore wind, more solar in urban areas would help, such as parking lot canopies, community shared solar, public building installations, and industrial/commercial site panels. However, losing federal incentives to develop large storage batteries means lost value of solar and wind as constant power sources and well as, lost Virginia jobs.

Thank you for sharing ..Cảm ơn chia sẻ .. Gracias por compartir .. 공유해 주셔서 감사합니다

Vivian, my personal concern about Virginia is

My biggest ongoing concern(s) are ☐ Education ☐ Health Care ☐ Mental Health ☐ Environment
☐ Equality ☐ Law Enforcement ☐ Tax Reform ☐ Personal Freedoms ☐ Other _____

✂ Please cut to include your name and address, which is printed on the back, with your response. ✂

HIGHWAY SAFETY

- ✓ All adult passengers in a motor vehicle, including those in the back seat, **must use a seat belt**. Before, only kids had to buckle up.
- ✓ Excessive speed is involved in almost 30% of traffic deaths. Judges can now order drivers convicted of **speeding over 100 mph** to have a device installed in their vehicle that won't allow it to go more than 10 mph over the speed limit instead of losing their license or jail time.
- ✗ Pedestrians are twice as likely to be killed in this metro area as a decade ago, but a bill to expand use of speed cameras beyond school zones in residential areas failed to pass.

CRIME

- ✓ Fentanyl-related deaths are down 44% from last year, but the tragic loss of lives continues. Annandale parents who lost their son shared the devastation of learning he may have been saved if the emergency room had tested him for fentanyl. Their actions resulted in a new law starting this January to require **fentanyl testing be part of emergency room urine drug screens**. Another new law makes dealers of drugs laced with fentanyl guilty of manslaughter with up to 10 years in prison if a sale results in death.

- ✓ It's now a crime with up to a year in **jail to use AI images or audio to commit fraud**.

- ✗ We still struggle to regulate both marijuana and gambling. Marijuana buyers need THC concentration information – just like you get buying beer versus liquor. Age limits and bans on attractive THC edibles must be enforced. Without gambling regulation, machines can be set to stack the odds, age limits aren't enforced, and their spreading to more and more places entices addiction.



YOUR LIFE

- ✓ **“Macho Mufflers”** is the title of my very fat bill file trying to control loud mufflers. **We finally had a breakthrough** to deal with the worst of the culture: meet-ups. Police can arrest people involved in “demonstrating excessive power” for at least 2 other people on streets or parking lots. As reckless driving, punishment now can include jail time, a \$2500 fine, impounding vehicles, and loss of driver's license.



This makes the driving behavior (not the noise) illegal. Governor vetoed a \$100 fine on 2-axle vehicles exceeding 95 decibels on roadside monitors, which is louder than passing a diesel truck but less than riding a motorcycle. Enforcing current law continues to require a police officer to physically look under the car to determine whether it has "standard factory equipment."

- ✓ **Scams are increasing**. Virginians lost \$249 million in 2024. Victims were far more often under 30, but most lost less than \$420. Amounts scammed from older people were far higher. Romance scams made up for just 1% of reports but totaled 10% of losses.

Mail theft has seriously increased and federal law isn't being enforced. I got a bill passed to make **stealing mail or any package delivered to you a state crime**.

Criminals are looking for checks to get the account number with a name and address for **big dollar identity theft**. Mail any check directly inside the post office.



- ✓ Rising inflation makes it ever more important to compare prices. “Junk fees” make that difficult and cost on average

\$3200 a year. Now, **businesses must display total price, including all fees** you're required to pay. This applies to food delivery along with most sales, except car dealerships, utilities, real estate settlement services, and airline providers.

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This newsletter is a snapshot as of the end of August. Issues may change given unresolved federal actions against Virginia universities and local schools, unfolding ICE operations, and unknown impacts from pending cuts to the federal workforce and health care.

HEALTH CARE

✗ Virginia was set to finally join most states with nursing home staffing standards next April. However, Congress's Big Bill delayed the standards to be used for 10 years! On top of this and other Big Bill cuts, the Governor tried to reduce Medicaid payments to nursing homes by \$43 million.

Six out of 10 people in nursing homes are on Medicaid. Medicaid cuts mean staff cuts – mean people left to die with no care. Inspectors are supposed to assure basic care, but Virginia is 2nd in the nation for homes overdue for inspection, 42% of inspectors slots vacant, and as many family complaints in the last 6 months as all of last year.

✓ Lives will be saved with the “Momnibus” Package of 12 laws the GA passed and funded. Insurance coverage, midwife and doula care, and training to recognize pregnancy-related emergencies are all needed steps.

The U.S. has one of the highest maternal death rates of any developed nation. In Virginia, deaths among White, Hispanic, and Asian women are dropping, while they continue to rise for Black women who are twice as likely to die within 6 weeks of childbirth.

✓ We took the first step to give voters a chance to decide in November 2026 on whether Virginia's constitution should be amended to guarantee women's reproductive health decisions will be protected as they currently are under Virginia law.



EDUCATION

✓ We are making some progress in state school funding reform. As the State did 15 years ago, it again will share the cost of support staff essential to school functioning – custodians, cafeteria workers, computer techs, clerical, attendance, and health. This funding and \$1,000 per teacher gave Fairfax an added \$52.1 million that didn't get reduced by the problematic 50 year-old formula. Targeted new funding also will go to each special education and English language learner we educate.

✓ We added \$163 million to make college more accessible and help Virginians avoid crushing student debt. In 2019, the state paid just 45% of in-state student costs; we're now at 58% and in-state undergraduate tuition has decreased by almost 12% (inflation adjusted.)

MENTAL HEALTH

✓ We continue to focus on helping people in crisis, hiring needed mental health professionals, and expanding community resources. I was able to work with law enforcement to mandate training on alternatives to arresting people in a mental health or cognitive crisis such as autism or Alzheimer's. They need appropriate help, not a criminal record. But, training law enforcement to de-escalate the person's fear and confusion may still call for them getting help. Support and treatment programs must be available.

