

# Virginia Political Update - 2026

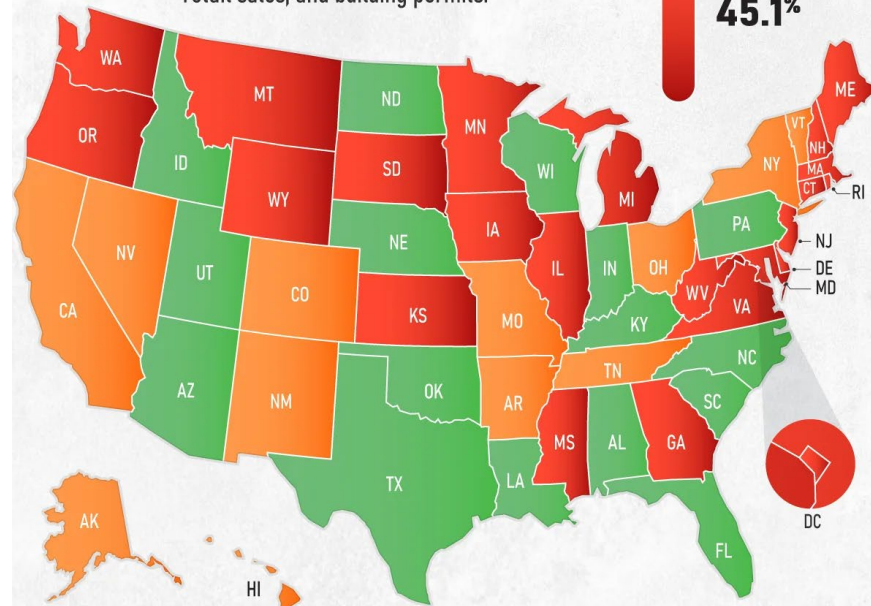
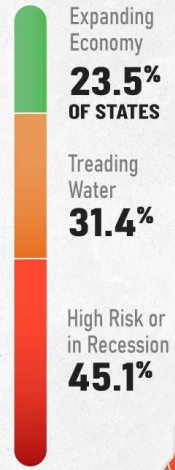
Christopher D. Lloyd, SVP and Director, Infrastructure and Economic  
Development

April 21, 2026

# RECESSION RISK

★ ★ ★ BY STATE

States were analyzed based on economic activity, in addition to payrolls, unemployment, retail sales, and building permits.



Source: Mark Zandi, Moody's Analytics. Data as of Oct 2025  
Figures do not add to 100 due to rounding.

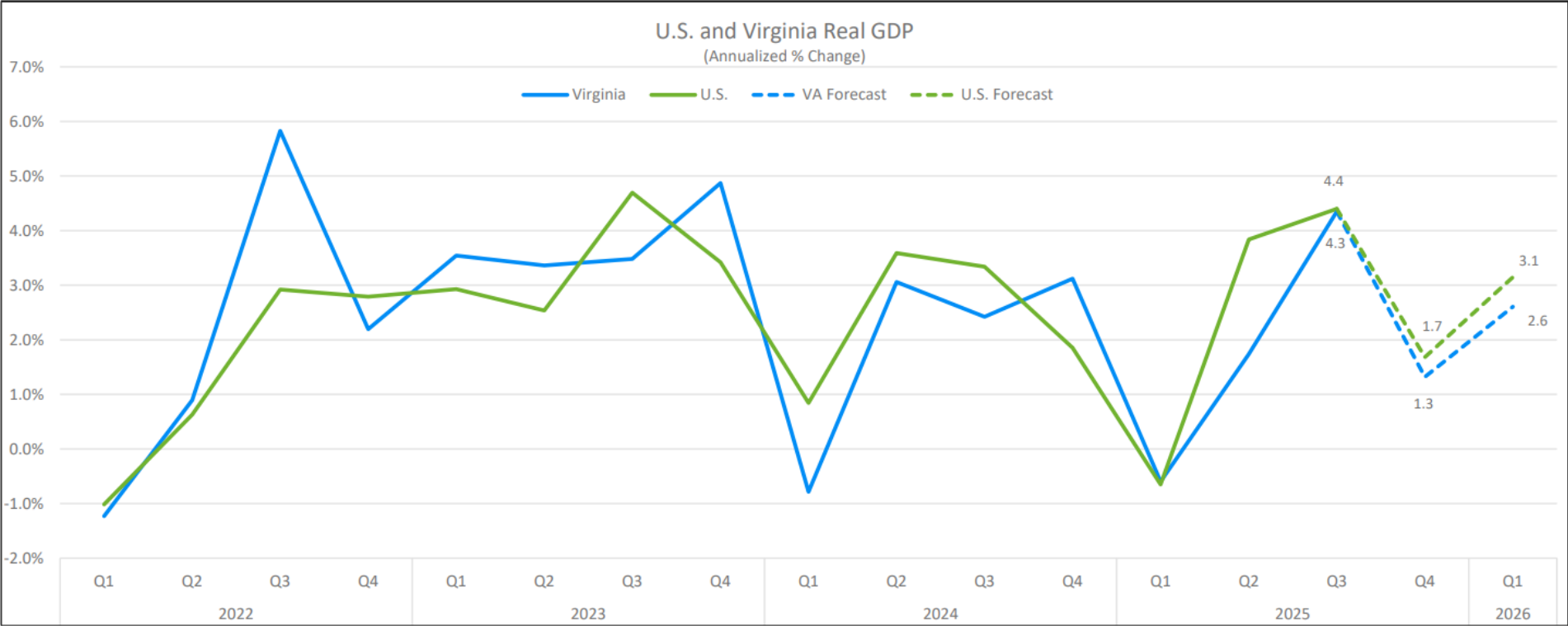
VISUAL CAPITALIST



Where Data Tells the Story

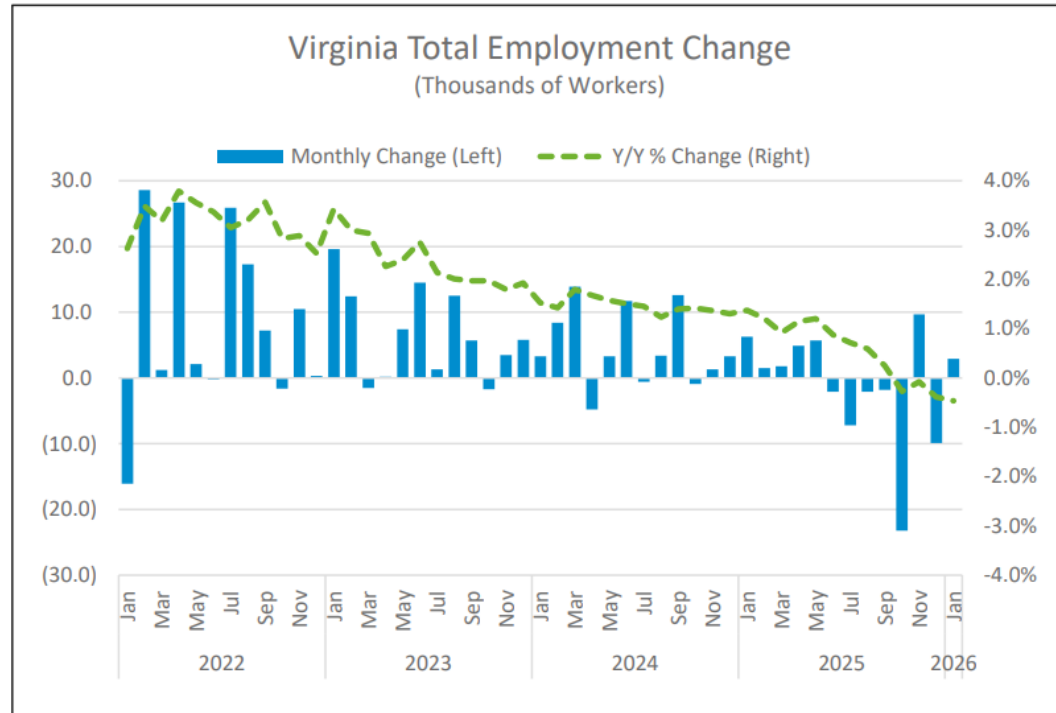


# U.S. and Virginia GDP Growth Expected to Moderate

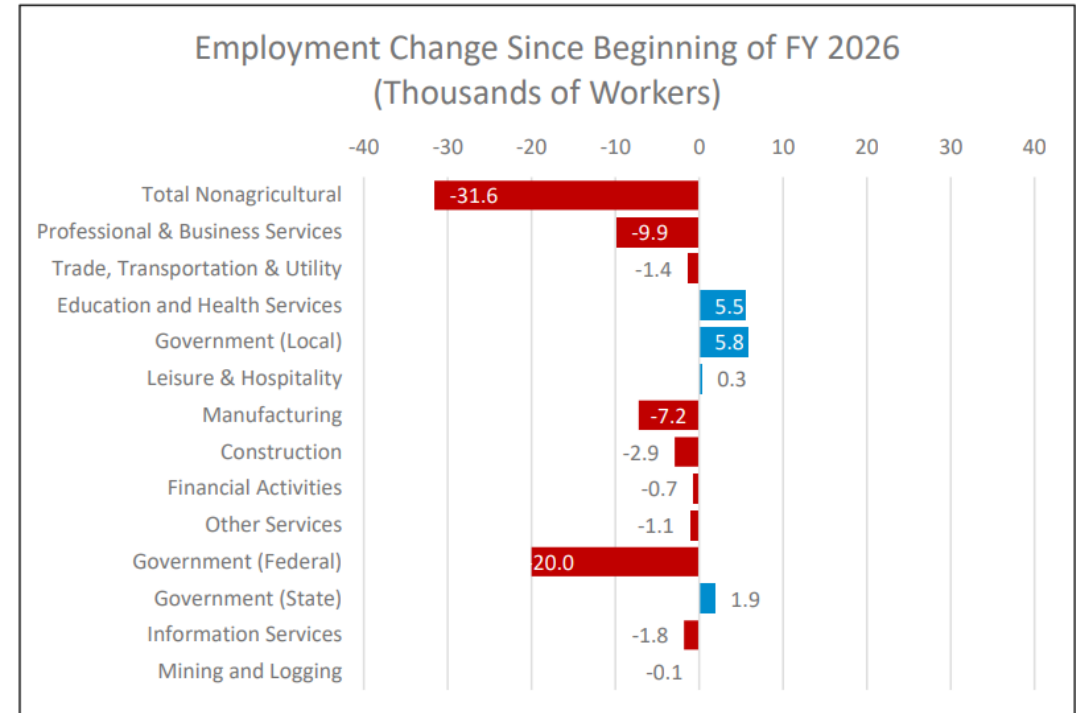


Source: U.S. Bureau of Economic Analysis; Moody's Analytics January Baseline Forecast

# Virginia Jobs Down 31,600 from Start of Fiscal Year

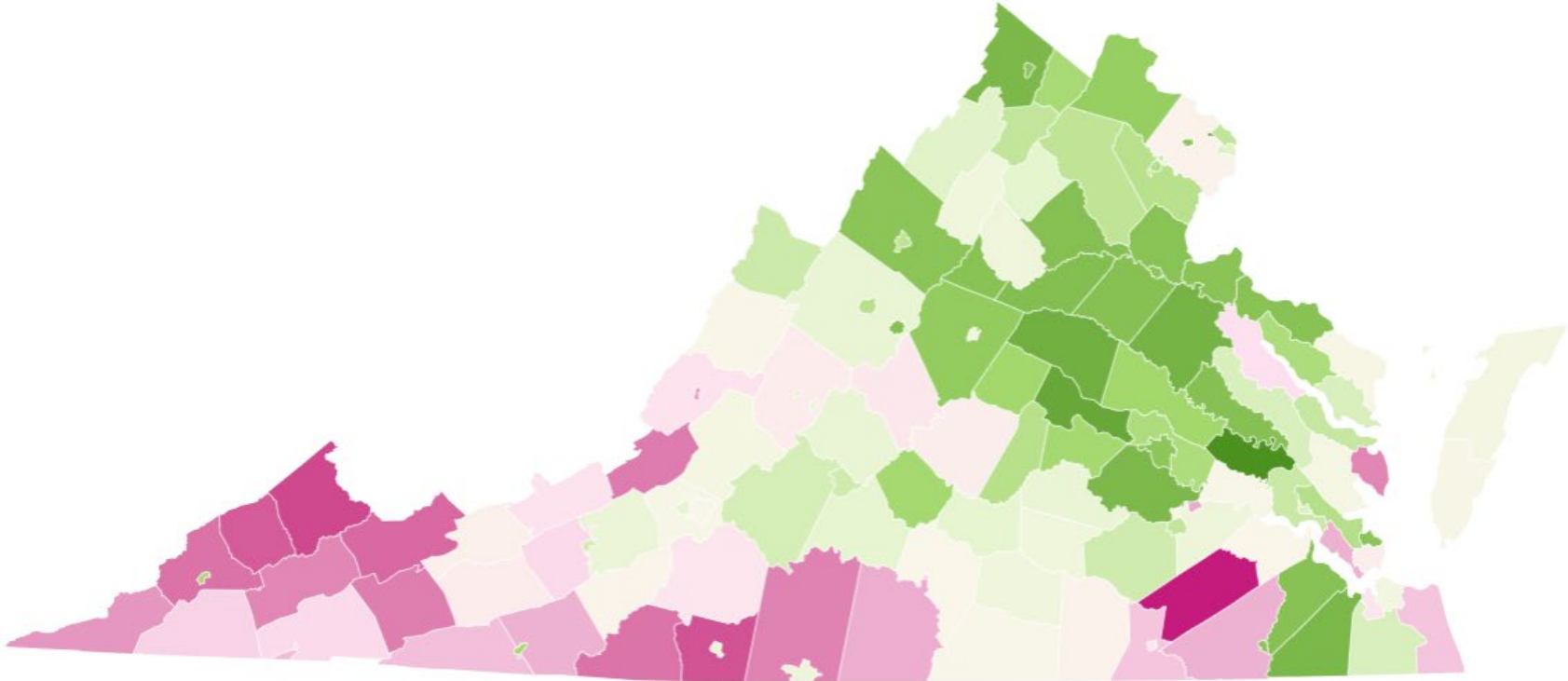


Source: U.S. Bureau of Labor Statistics



Source: U.S. Bureau of Labor Statistics

# Population changes 2020-2025

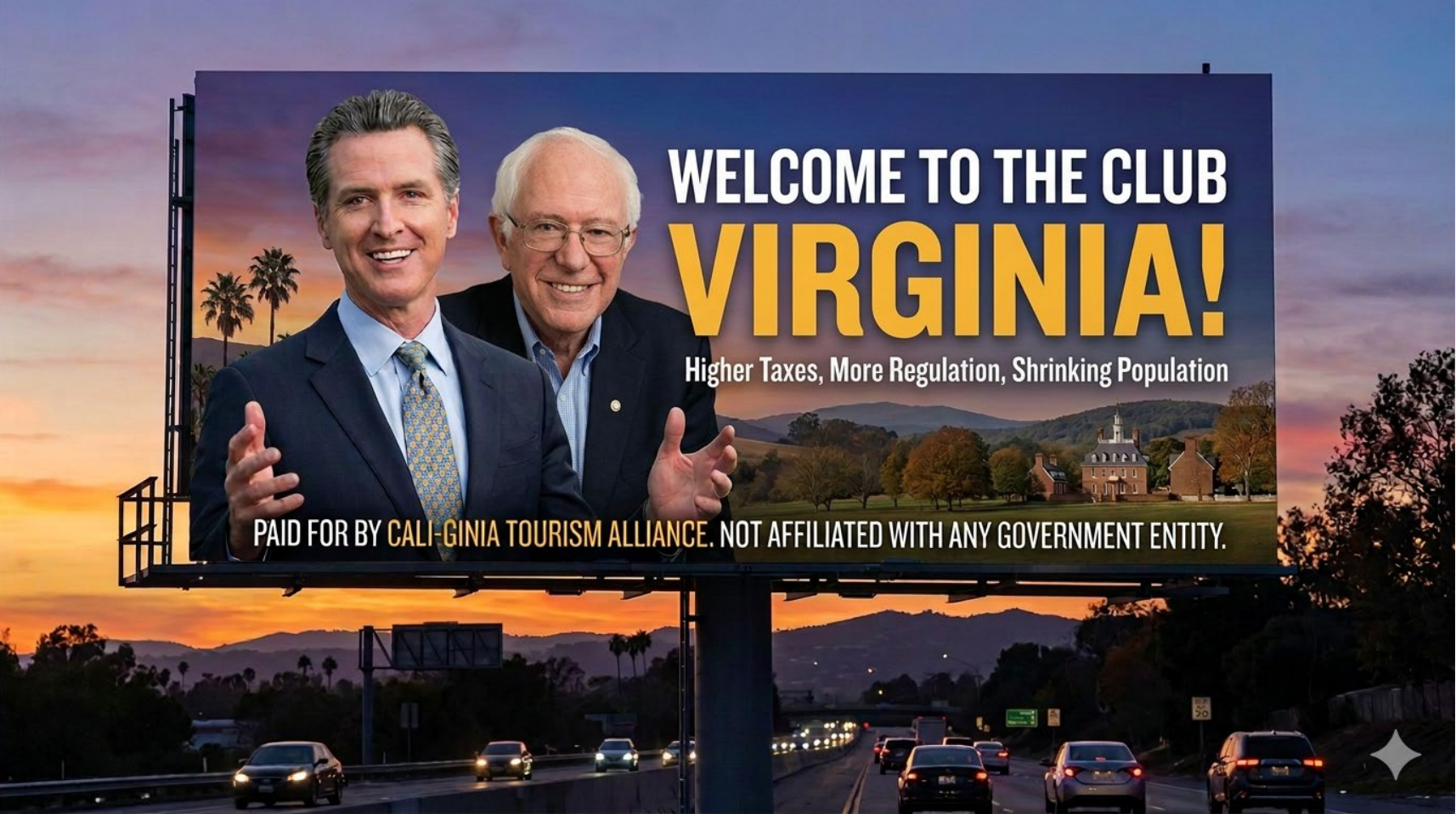


[Get the data](#) • Created with [Datawrapper](#)

# General Assembly 2026



- House of Delegates – 64 Democrats and 36 Republicans
- Senate of Virginia – 21 Democrats and 19 Republicans





# Spanberger Affordability Agenda

- Lower health care costs
- Lower cost of housing
- Increase access to child care
- Lower energy costs

SPANBERGER FOR GOVERNOR

# GROWING VIRGINIA PLAN



**“I want to protect  
the financial security  
and opportunities  
of everyone who calls  
our Commonwealth  
home.”**

**ABIGAIL SPANBERGER**

[AbigailSpanberger.com](http://AbigailSpanberger.com)

- Investment in new sites through the Virginia Business Ready Sites Program
- Investment in economic development and tourism marketing
- Investment in apprenticeships and internships
- Restore Virginia to #1 state for business
- Support small business
- Streamline regulations and permitting

# Failed Progressive Bills of the 2026 Session

- HB 188 – 10% income tax on incomes over \$1 million
- HB 243 – Corporate welfare tax of 100% of cost of employee benefits to support social safety net programs
- HB 978 – Expansion of sales taxes to digital services (though better than earlier proposals)
- SB 120 – Warehouse worker protection act

# Taxes



# “We Did Not Raise Taxes!” – REALLY??

- 1% increase of local sales tax for school construction (by referendum)
- Increased unemployment insurance benefits (\$48 per week)
- Deconformity with OBBBA tax provisions
  - \$177 million corporate tax hike because of the special 100% deduction (which allows companies to immediately expense new capital investments in manufacturing equipment)
  - \$163.1 million corporate tax hike by not allowing full deductibility of R&D expenses. This is on the heels of last year eliminating the R&D income tax credit
  - \$35 million corporate tax hike by not conforming with Section 179 limits
  - \$173 million corporate tax hike by not allowing at least 50% business interest deduction
  - \$54 million individual income tax hike by not conforming on itemized deductions and putting the Pease limitation back into place
  - \$165 million individual income tax hike by not conforming (even partially) with no tax on overtime
  - \$53.5 million individual income tax hike by not conforming with no tax on tips
  - \$53.3 million individual income tax hike by not conforming with no tax on car loan interest

# Cost of Doing Business



# New Costs on Businesses

- Statewide paid family and medical leave program (new employer tax effective April 1, 2028)
  - Up to 12 weeks per year
  - All employers (regardless of size), except state employees, covered
  - Businesses with 10 or more employees collect 50% of tax from the employee (estimated at 0.72% of payroll), smaller businesses only pay the 50% employer share
  - Benefit equals 80% of weekly wage
  - Job protected during leave and benefits must continue
  - Companies can opt-out if they have a private plan approved by VED
- Statewide paid sick leave program (1 hour off for every 30 hours worked)
- Unemployment benefits will be paid during an employee lockout
- More class action lawsuits under the Virginia Consumer Protection Act
- Numerous changes to Virginia Landlord-Tenant Act that are pro-renter

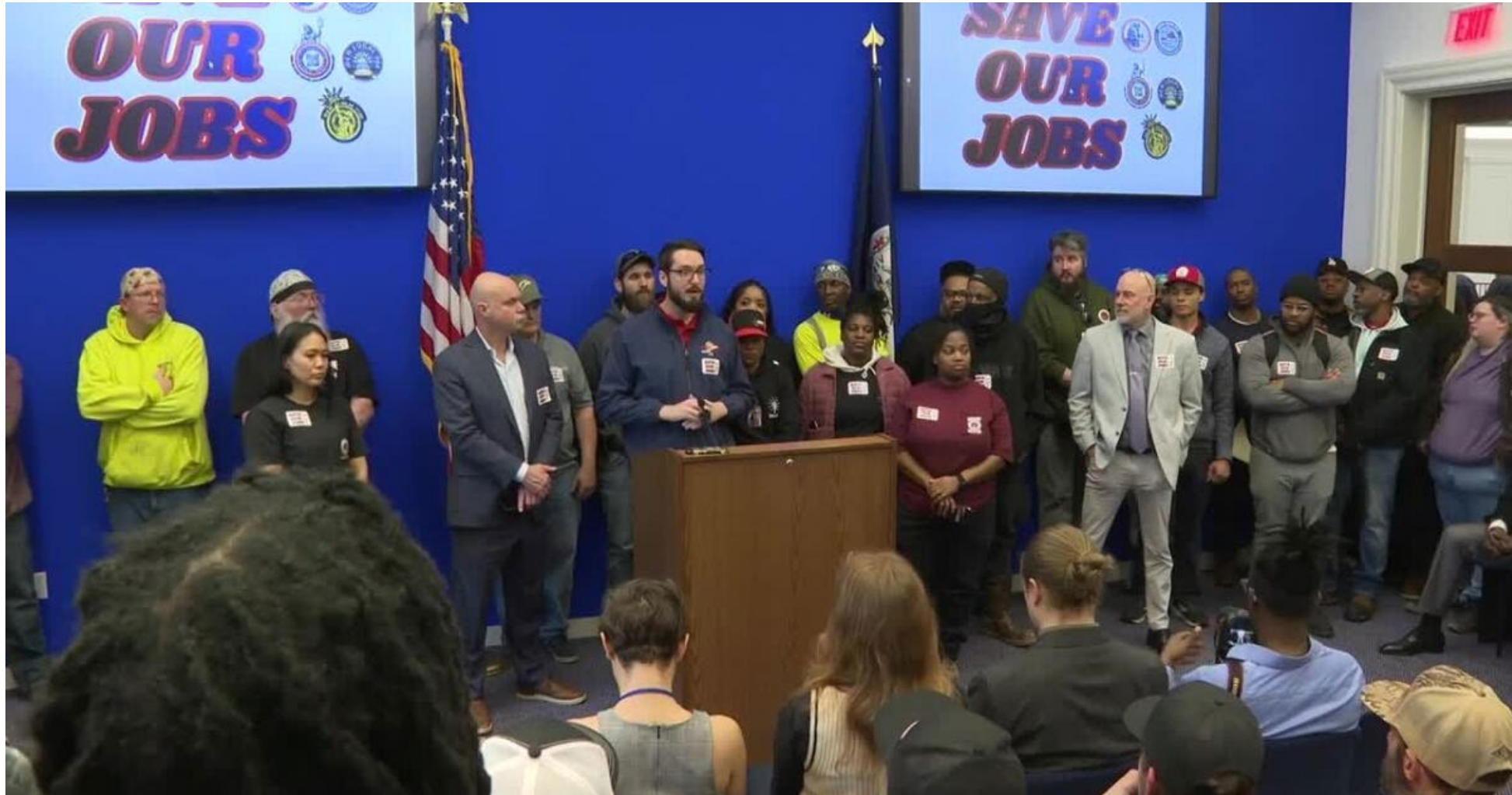
# New Costs on Individuals

- Rejoined Regional Greenhouse Gas Initiative
- No changes to Virginia Clean Economy Act provisions
- Deconformity on federal income tax provisions from OBBBA

When Virginia left RGGI, Dominion stopped charging that rider, saving "typical" residential customers (those using 1,000 kilowatt hours per month) an estimated \$4.43 each month. While it was being charged, that covered ongoing costs to participate in the program, as well as some earlier deferred costs – Dominion temporarily stopped charging the rider while Virginia was still a member.

# Labor







>> ON POWERFUL INTERESTS GET  
SPECIAL CARVE-OUTS. THAT COST  
DOESN'T DISAPPEAR.

CAPITOL CONNECTION

## DATA CENTER DOLLARS

TEACHERS UNION URGES GENERAL ASSEMBLY TO SCRAP SALES TAX EXEMPTION

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42°



# Public Employee Collective Bargaining



**§ 40.1-57.7. Exemptions from article.**

*A. The following individuals shall be excluded from the provisions of this article:*

- 1. Elected officials, persons appointed to fill vacancies in elected offices, and members of any board or commission;*
- 2. Representatives of a public employer, including the administrative officer, director, or chief executive officer of a public employer or major division thereof, as well as his deputy, first assistant, and any nonbargaining unit supervisory employees, provided, however, that nothing herein shall be construed to prohibit a public employer from bargaining with, and entering into a contract with, a labor organization certified to represent a separate unit composed solely of supervisors;*
- 3. Confidential employees;*
- 4. Temporary public employees;*
- 5. Judicial branch employees, including any judge as defined in § 51.1-301, referees, receivers, arbiters, masters and commissioners in chancery, commissioners of accounts, and any other persons appointed by any court to exercise judicial functions, and jurors and notaries public;*
- 6. Patients and inmates employed, sentenced, or committed to any state or local institution;*
- 7. Employees working for the General Assembly;*
- 8. Quasi-judicial employees of the Commonwealth, including commissioners and deputy commissioners of the Workers' Compensation Commission and hearing officers assigned to conduct grievance hearings pursuant to § 2.2-3005;*
- 9. Employees of a public institution of higher education except for service employees. For the purposes of*

*C. Bargaining units of state employees shall include employees in broad classification categories across the various agencies and departments of the executive branch. There shall be bargaining units for each of the following, subject to modification by the Board in the event that such occupational categories are revised by the Department of Human Resource Management:*

- 1. Administrative services;*
- 2. Education and media services;*
- 3. Engineering and technology;*
- 4. Health and human services counseling services and health care compliance;*
- 5. Health and human services direct services;*
- 6. Health and human services health care technology, rehabilitation therapies, pharmaceutical services, and nurse and physician assistant services;*
- 7. Health and human services physician services, psychological services, and dental services;*
- 8. Natural resources and applied science;*
- 9. Security guards and protective services;*
- 10. Corrections;*
- 11. Juvenile justice;*
- 12. Probation and parole;*
- 13. Law enforcement, except for state police;*
- 14. State police;*
- 15. Firefighters;*
- 16. Other public safety services not described in another subdivision of this subsection;*
- 17. Trades and operations; and*
- 18. Individual providers.*

## Estimated costs for state agency staff required to address collective bargaining requirements

Agency	New Staff	Salary and Benefits	GF Cost	NGF Cost
Department of Corrections	20	\$2,581,040	\$2,534,257	\$46,783
Virginia Community College System	25	\$3,226,300	\$1,903,806	\$1,322,494
Department of Transportation	13	\$1,677,676	\$0	\$1,677,676
Mental Health Treatment Centers	9	\$1,161,468	\$1,120,050	\$41,418
Department of Health	15	\$1,935,780	\$807,220	\$1,128,560
Department of State Police	9	\$1,161,468	\$977,010	\$184,458
Department of Motor Vehicles	7	\$903,364	\$0	\$903,364
Department of Social Services	9	\$1,161,468	\$421,024	\$740,444
Virginia Alcoholic Beverage Control Authority	13	\$1,677,676	\$0	\$1,677,676
Department of Veterans Services	8	\$1,032,416	\$474,325	\$558,091
Intellectual Disabilities Training Centers	4	\$516,208	\$321,032	\$195,176
Department of Conservation and Recreation	4	\$516,208	\$465,277	\$50,931
Department of Education, Central Office Operations	5	\$645,260	\$237,708	\$407,552
Virginia Employment Commission	5	\$645,260	\$2,879	\$642,381
<i>All other "large" agencies (&gt;3,000 employees)</i>	24	\$3,097,248	\$836,454	\$2,260,794
<i>All other "medium" agencies (&gt;300,&lt;3,000 employees)</i>	96	\$12,388,992	\$5,436,739	\$6,952,253
<i>All other "small" agencies (&lt;300 employees)</i>	32	\$4,129,664	\$1,950,006	\$2,179,658
<i>Shared Service Center client agencies</i>	2	\$296,820	\$183,660	\$113,155
<b>Total</b>	<b>300</b>	<b>\$38,754,316</b>	<b>\$17,671,447</b>	<b>\$21,082,864</b>



January 30, 2026

To: Members of the Virginia General Assembly  
Cc: Office of the Governor  
From: The Mayors of the Seven Cities of Hampton Roads

**Subject: Maintaining Local Authority on Collective Bargaining**

Dear Senators and Delegates:

As the Mayors of the seven cities of Hampton Roads, we write to express our strong support for preserving the current legislation that grants local governments the option to determine if and how to engage in collective bargaining with public sector employees.

While our individual governing bodies hold varying perspectives on collective bargaining, we are united in one fundamental principle: local decision-making is essential. Each community is best positioned to evaluate its own fiscal capacity, service delivery needs, and workforce priorities. The ability to make these determinations locally ensures that decisions reflect the unique circumstances and values of our residents.

The collective-bargaining bill that has emerged from the conference process, in particular, is flawed. We are concerned about the following impacts of this bill:



- The imposition of a uniform statewide collective bargaining framework on school divisions that vary dramatically in size, resources, and operational capacity.
- The establishment of a new state regulatory body – the Public Employee Relations Board (PERP) – with broad authority over local school board operations.
- The transfer of final decision-making power regarding the pay and conditions of employment from school boards and their employees to an arbitrator.



If water and wastewater authorities are subject to public employee collective bargaining and the resulting agreements increase wages and benefits and other related operational costs, authorities will have no choice but to turn to their one primary revenue stream – ratepayer fees for service – to cover the increased costs. Additionally, rate increases would also have to cover collective bargaining-related attorneys' fees and administrative costs.



These bills will:

- Force taxpayers to foot nearly \$1 billion in annual costs incurred by local governments as local employees unionize; one larger locality reported an expected fiscal impact exceeding \$400 million annually.
- Jeopardize your priority of affordability for Virginians, as taxpayers in every locality will face significant increases in real estate and personal property taxes to fund the collective bargaining contracts; this cost to citizens will be anything but affordable.
- Restrict local governments' ability to provide basic services with the efficiency taxpayers expect and deserve.

way to reduce the risk of taking a political stand.  
 "The political sensitivity of redistricting leads them, particularly corporations and politically exposed actors, to avoid being publicly associated with map-drawing outcomes," Akomolafe said.

a Times-Dispatch review of state Department of Elections and Federal Elections Commission filings found. It has given a total of \$33 million. It's exempt from taxes, but its 501(c)(4) status allows it to engage in lobbying and political campaigning, which most tax-exempt nonprofits aren't allowed to do.

Republican delegation.  
 The Fund for Policy Reform, one of George Soros' Open Society Foundations, gave \$5 million. Meanwhile, a total of more than \$1 million came from political action committees to both campaigns. Although political action committees do disclose their donors,

fund the campaign against new districts, with a donation to the Justice for Democracy PAC, which is funding flyers that falsely assert former President Barack Obama wants voters to oppose the new maps. The Iowa committee hasn't been raising much money recently. It told the Federal Election Commission it

independent decision to draw Senate and House district lines, Florida. That change 66% of voters. "It'll take some change minds," And because be control of the representatives after midterm election national interest partisan money - he said.

"I think that gives Democrats something to rally around, so an excuse to a donors for money to feed the economic system of the perpetual campaign while providing a conduit for frustration of that the rules of changed in an said Alex Keen tist at Virginia University. "This present time opportu new member the normal fe giving to can "The que the buying?"

### Redistricting: The Money

So far, nearly \$76 million has flowed into redistricting committees' campaign funds. Here are some of the largest donations.

FOR REDISTRICTING			
Organization	Donations	Status	Affiliations
Virginians for Fair Elections			
House Majority Forward	\$33,000,000	501(c)(4), donors not disclosed	Affiliated with House Majority PAC
The Fairness Project	\$11,022,950	501(c)(4), donors not disclosed	Launched by SEIU United Healthcare Workers; the SEIU itself gave another \$500,000
Fund for Policy Reform, Inc.	\$5,000,000	501(c)(4), donors not disclosed	Affiliated with George Soros' Open Society Foundations
Global Impact Social Welfare Fund	\$1,500,000	501(c)(4), donors not disclosed	Affiliated with Global Impact Ventures, a nonprofit that advises philanthropies and corporations on where to give
American Opportunity Action	\$1,000,000	501(c)(4), donors not disclosed	Gives to House Majority PAC, Democratic Attorneys General Association and other progressive PACs
AGAINST REDISTRICTING			
Virginians for Fair Maps			
Virginians for Fair Maps	\$16,500,000	Virginia nonstock company	SCC filing discloses no members or bylaws
Justice for Democracy			
Per Aspera Policy	\$5,000,000	501(c)(4), donors not disclosed	Affiliated with Peter Thiel
America Future Fund	\$425,000	political action committee	No donors in 2025; Nebraska businessman Thomas Peed gave \$400,000 in 2022

## Avula signals he'll back away from severance

**SAMUEL B. PARKER**  
 Richmond Times-Dispatch  
 In remarks made Friday at

released Friday, included an amendment that would strike that language altogether.

rampant inflation because of the war in Iran, it's possible that "the time is not right."



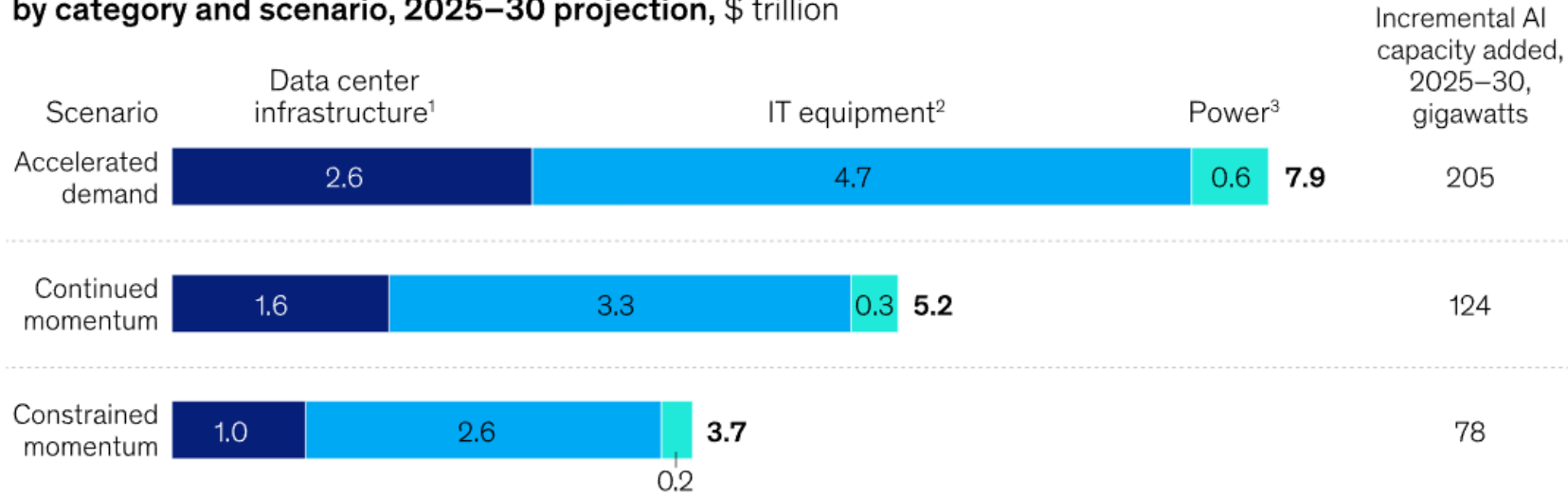
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# Data Centers



## Capital investments to support AI-related data center capacity demand could range from about \$3 trillion to \$8 trillion by 2030.

Global data center total capital expenditures driven by AI, by category and scenario, 2025–30 projection, \$ trillion



Note: Figures may not sum to totals, because of rounding.

<sup>1</sup>Excludes IT services and software (eg, operating system, data center infrastructure management), since they require relatively low capex compared with other components.

<sup>2</sup>Includes server, storage, and network infrastructure. IT capex also accounts for replacing AI accelerators every 4 years.

<sup>3</sup>Assumes \$2.2 billion–\$3.2 billion/gigawatt (including power generation and transmission cost) to account for a range of power generation scenarios (eg, fully powered by gas, a combination of gas power and storage, and solar) and regional cost differences. Distribution cost is neglected, as most AI centers are expected to be >50 megawatt scale and connected to a transmission grid.

Source: McKinsey Data Center Capex TAM Model; McKinsey Data Center Demand Model

McKinsey & Company

# Big Tech's AI Push Is Costing a Lot More Than the Moon Landing

As a percentage of GDP, the projected 2026 spending of four tech giants rivals the most momentous capital efforts in U.S. history

By [Meghan Bobrowsky](#) [Follow](#), [Drew An-Pham](#) [Follow](#) and [Alana Pipe](#) [Follow](#)

Feb. 7, 2026 5:30 am ET



Gift unlocked article



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## Spending as percentage of GDP, annual average

Louisiana Purchase (1803)



## Projected capital spending for Meta, Amazon, Microsoft and Alphabet in 2026



U.S. railroads (1850-59)



U.S. interstate highway system (1955-70)\*



Apollo space program (1960-73)



# What's Driving Data Center Growth?

- Each home in the U.S. has an average of **16 connected devices**
- **Every day**, Netflix users stream **203,840,000 hours of content**
- **98% of Americans have a smart phone**
- Google Maps/Waze use is, on average, **269 minutes per month per user**
- **Google Maps receives updates at a remarkable rate of 200 contributions per second**, amounting to **200 million pieces of data from users every day**, ensuring constant currentness
- Banking is now digital, with around **77-85% of U.S. adults banking online** at least partially, primarily via mobile apps (around 55%) or web browsers
- Travel bookings are now made online, with estimates ranging from **around 70% to 74% of total bookings in 2024/2025**

# Water Consumption/Year in the US

- Agriculture – 118 billion gallons/day for irrigation (USGS)
- Beef – 21.2 trillion gallons (University of Nebraska)
- Golf Courses – 547 billion gallons (USGA)
- Data centers – 17 billion gallons
- Soft drinks – 11.9 billion gallons

Click

**The Washington Post**  
*Democracy Dies in Darkness*

# The data center rebellion is here, and it's reshaping the political landscape

As the buildout of AI infrastructure alarms communities, it is fast emerging as a potent electoral issue across the political divide.

January 6, 2026

“We know Trump wants data centers and Kevin Stitt wants data centers, but these things don't affect these people,” said Brian Ingram, a Trump voter living in the shadow of the planned project. “You know, this affects us.”

Ingram was standing before a homemade sign he planted on his front lawn that said, “Jesus Was Born on Ag Land.”



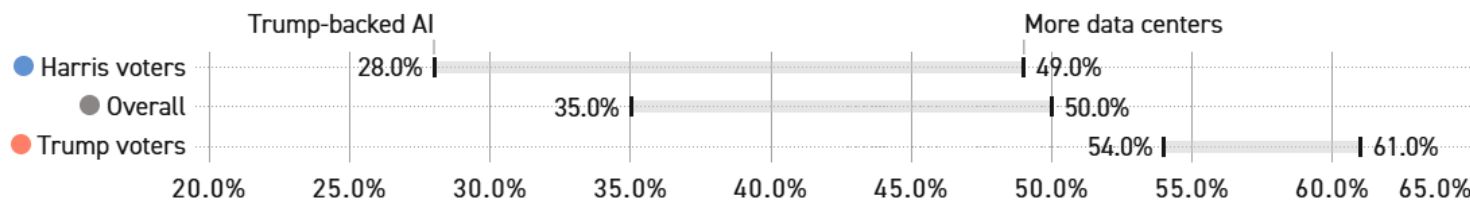


*Chair of the Environmental Justice Collaborative Elizabeth Gore speaks out against the Metrobloks data center proposal at a press conference on Nov. 17, 2025 in Martindale Brightwood. (Photo provided/Protect Martindale Brightwood Coalition)*

THE DONALD TRUMP EFFECT

# New data center plans draw less support if Trump is mentioned

Share of adults, split by their 2024 vote and those who are undecided in their midterm vote, who support a plan to **build more data centers in the U.S.** and those who support a plan **backed by Trump to advance AI models by building more data centers in the U.S.**



The poll surveyed 2,093 U.S. adults from Jan. 16 to 19, and has an overall margin of error of  $\pm 2$  percentage points. Smaller subgroups have higher margins of error.

Source: The POLITICO Poll with Public First

Anna Wiederkehr/POLITICO

# 2026 General Assembly – New Data Center Laws

- SB 253/HB 1393 – Cost shifting of energy import costs from residential customers to data centers
- HB 496/SB 553 – requires water utilities to disclose in their DEQ reports the amount of water consumed by data centers (both potable and reclaimed)
- HB 1487/SB 827 – expands underground lines pilot program and allows fees to cover costs (up to 99 cents/month/customer)
- HB 153/SB 94 – Requires site assessment of data center sites to review sound profiles along with impacts on water, parks, historical properties
- HB 507 – denies air permit for backup generators which are NOT Tier 4
- HB 323 – asks DEQ to study use of waste heat from data centers

# 2026 General Assembly – Data Center SUT Exemption

- Virginia adopted the first sales and use tax exemption for data center equipment in 2010
- Nearly 40 states now have a similar exemption (or a path to providing one)
- Current Virginia exemption sunsets in 2035
- Estimated “cost” now exceeds \$1 billion
- Economic benefits – both wages and state/local revenue is over \$8 billion/yr
- Initial bills considered full repeal, to limitation to rural Virginia, to putting new sustainability provisions on its use
- Senate proposed full repeal effective January 1, 2027 (with no grandfather provision)

# What's on the horizon – post session

- Executive Orders/Task Forces on housing affordability, economic resiliency
- Statewide economic development strategic plan
- 2026 Business Ready Sites Program funding round
- Designation of eligible census tracts for Opportunity Zones 2.0
- Designation of Military Prosperity Zones
- Implementation of the “Affordability Agenda”
- Will the “war on incentives” continue?

# Questions or Comments?