

Commonwealth of Virginia

GENERAL ASSEMBLY

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Virginia Republican Leaders Support Protecting and Creating Jobs

-- Governor's Amendments Will Lead to Fewer Jobs, Higher Taxes on Virginia Businesses --
-- Republicans Endorse \$62.5 Million for Unemployed Workers Not Tied to Permanent Changes --

RICHMOND, VA — In their latest effort to strengthen Virginia's economic recovery and hasten a return to prosperity, Virginia House of Delegates Speaker William J. Howell (R-Stafford) and Virginia Senate Republican Leader Thomas K. Norment, Jr. (R-James City) were joined today by fellow Republican elected leaders to express their support of legislative efforts to protect and create jobs in the Commonwealth. The Virginia General Assembly is scheduled to complete the 2009 legislative session tomorrow as it meets for one day to consider amendments and vetoes offered by the Governor.

"Virginia Republicans understand that while working Virginians are struggling because of the current economic recession, our citizens rightfully expect their elected officials to make the tough decisions that will free business and entrepreneurs to invest in job creation and more opportunities," said Speaker Howell. "During the 2009 General Assembly session, Republican legislators initiated, advanced and successfully secured bipartisan enactment of [many practical solutions to economic challenges](#) facing Virginia's families and businesses. Now, we must continue to foster a positive, pro-growth environment and resist misguided policies that restrict Virginia's economic potential and impede its ability to create new jobs in the future."

Under the federal stimulus bill signed by President Obama, Virginia could receive \$187.5 million for the state unemployment insurance program. Of that total amount, Virginia already is eligible to receive one-third of that funding – \$62.5 million – based on changes made by the General Assembly in 2003. The remaining \$125 million in *one-time* funds is subject to Virginia making at least two out of four *permanent* expansions to the state unemployment insurance program. Governor Kaine has proposed amendments to [Senate Bill 1495](#) that would permanently expand benefits for the first time in Virginia history to part-time separated workers seeking part-time work and separated workers undertaking training programs.

"Even in this time of economic hardship, Virginia is working to attract new jobs particularly in the manufacturing sector," remarked Senator Norment. "We have had success due to our well-qualified workforce and attractive business climate. By accepting the Governor's proposed amendments – particularly when other Southern states are considering not expanding unemployment benefits – we jeopardize our status as one of America's most business-friendly states. If we are to continue to attract new, high-paying jobs and secure those we currently have, we must be cautious not to increase the cost of doing business in Virginia. Accepting these amendments would put us at a competitive disadvantage with other states."

Based on [projections](#) from the Virginia Employment Commission, even without any expansion in new unemployment insurance benefits or beneficiaries, Virginia’s average tax per employee paid by Virginia businesses is anticipated to double to \$199 per job over the next three years. Additional expansion of benefits will increase further the cost to employers – most likely through higher payroll taxes – to retain current workers or to create new jobs for unemployed Virginians looking for a job.

The Virginia chapters of the Chamber of Commerce and the National Federation of Independent Business (NFIB) – along with the Virginia Manufacturers Association, Virginia Retail Federation, Virginia Retail Merchants Association and a host of other prominent and leading business organizations across the Commonwealth – have united to urge legislators to reject the Governor’s amendments. For them, higher taxes may be the difference between showing a profit or recording a loss, between preserving jobs or losing them.

“Republicans have and will continue to approve common sense policies that help our citizens and businesses in their time of need in a way that does not add an undue burden to the current economic situation,” noted House Majority Caucus Chairman Samuel A. Nixon (R-Chesterfield). “Unfortunately, Governor Kaine and Democratic lawmakers want to permanently expand state benefits to receive one-time, temporary funding from the federal government. Doing so would inflict long-term damage to Virginia’s ability to remain economically competitive and attract new jobs by changing the focus of the unemployment insurance program from temporary assistance for those seeking full-time employment to a no-fault entitlement program. Leaving Virginia’s businesses to pay for the costs of these new expanded benefits when the federal funding ends will result in permanent increases in payroll taxes and additional job losses.”

“While Virginia’s current challenges are severe, we recognize that, like all recessions, these challenges will soon end and more prosperous days will ensue,” said Senate Republican Whip Frank Wagner (R-Virginia Beach). “We must realize that our actions today will not only have immediate consequences, but will also have consequences down the road. During previous economic recessions, Virginia has made wise, forward-looking decisions that allowed us to recover quickly when the economy improved. Similarly, by sacrificing a short-term benefit this year, Virginia will position itself for a faster and stronger recovery when the current recession ends.”

“Making it harder to create and obtain jobs in the midst of a recession by providing a disincentive for business investment and new hires ultimately will make Virginia less competitive and job opportunities less available,” concluded Speaker Howell. “Tomorrow, elected leaders need to set aside ideological partisan pressure and put the long-term interests of Virginia’s families, workforce, and businesses first.”

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