Below is information related to the status of the state budget and revenues during the ongoing COVID-19 emergency. TJPDC continues to communicate with the region’s legislators about issues of importance related to the state budget, with outreach expected to increase as state and local financial pictures evolve in advance of a likely special legislative session this summer.

>**The latest state revenue report:** April state revenue collections fell over 26% from the same period a year ago (or about $700 million less than the state normally would have collected). Payment of individual and corporate income tax payments was deferred until June 1, so the state received only about half of the tax payments by the end of April than it usually would receive.

>**The gloomy state revenue forecast:** State officials are expecting its revenue collections will drop $1 billion for FY20 and at least another $1 billion FY21 (and that amount could go significantly higher). Specifically, they are predicting large reductions in income taxes, sales taxes and corporate profits in the April to June period.

>**Transportation funding stalls:** Expect state transportation revenues to also decline sharply, due to their reliance on retail sales taxes, motor vehicle sales taxes and motor fuel taxes.

>**What about local revenues?:** Jim Regimbal (Fiscal Analytics) recently suggested that FY 20 revenues to Virginia localities may decline by over $500 million from losses in sales taxes, meals, transient occupancy, service fees and delinquent payments, and that FY 21 local revenues could decline by $1.5 billion or more.

>**Summer Scenarios:** Expect a re-forecast of state revenues in August. A special session of the General Assembly is expected to be called to consider access to reserve funds, lower revenue projections and budget-cutting amendments. Recall that some $2 billion in new spending initiatives was put on hold in April because of COVID-19 revenue impacts.
Some help from the feds: Localities across Virginia are slated to receive more than $644 million in federal CARES Act money around the first of June. The dollars are part of the $3.1 billion in federal dollars from the federal stimulus package signed into law in late March. In our region, estimated payments are as follows:

- Albemarle $9.5 million
- Charlottesville $4.1 million
- Fluvanna $2.4 million
- Greene $1.7 million
- Louisa $3.3 million
- Nelson $1.3 million

However, these funds can only be used for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to make up for revenue shortfalls.

State education dollars: Nearly $215 million in CARES Act funding will be sent to Virginia school divisions in the fall. That amount represents 90% of the $238.6 million that was allocated to Virginia under the federal law. Allocations will be based on each school division’s relative share of Title I, Part A funds for FFY19. Allowable uses of the dollars are very flexible, and applications for the funding are due August 1.

Final Legislative Summary: A final summary of action on legislative bills from the 2020 Session was distributed in the most recent Legislative Update and is available at [http://tjpdc.org/media/2020ReportFINAL.pdf](http://tjpdc.org/media/2020ReportFINAL.pdf)