



Public Policy Update – May 2026

Virginia Policy in Limbo: What the Business Community Should Be Watching

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By the time most Virginians believe the General Assembly session has concluded, the reality is often far more complicated. Legislative sessions may adjourn, but policy decisions continue well beyond the final gavel in Richmond. As of the time of writing, Virginia remains in an unusual period of political and policy uncertainty, with several major issues still unresolved and important decisions yet to be finalized. So, this month we wanted to discuss the business repercussions of uncertainty in government.

For the business community, uncertainty itself can be a huge challenge. Employers, investors, local governments, and economic development organizations all rely on a reasonable degree of predictability when making long-term decisions. Whether it involves workforce planning, capital investment, compliance preparation, or operational strategy, businesses function best when the policy environment is relatively stable and understandable.

At the moment, however, Virginia remains in something of a holding pattern.

One of the most notable examples involves the ongoing standoff between Governor Abigail Spanberger and the General Assembly over amended legislation. During Virginia's reconvened session last week, lawmakers rejected many of the Governor's proposed amendments to legislation that had originally passed the General Assembly earlier this year. In several cases, bills were effectively sent back to the Governor without lawmakers accepting her requested changes, leaving final action unresolved.

As of this writing, dozens of measures remain in this category.

Among the legislation caught in this back-and-forth are bills dealing with labor standards, regulatory oversight, environmental policy, healthcare matters, and business-related compliance requirements. In some cases, lawmakers argued that the Governor's amendments substantially altered the intent of the legislation as originally passed. In others, the disagreement appeared rooted in broader philosophical differences over implementation, enforcement authority, or the pace of regulatory expansion.

For employers and industry groups, these unresolved outcomes create challenges that extend beyond politics. Businesses often begin preparing for legislative changes months before laws formally take effect. Human resources departments, compliance officers, legal teams, and operational leadership frequently need time to adapt internal policies, train staff, revise procedures, or budget for new requirements. When final policy outcomes remain uncertain deep into the post-session period, that preparation becomes significantly more difficult.

This uncertainty is not limited to legislation alone...

Another major unresolved issue is the pending decision from the Supreme Court of Virginia regarding the recent redistricting referendum. The case has drawn statewide and national attention because of its potential implications for how legislative districts could be drawn in the future and how much authority would remain with elected officials versus independent or quasi-independent structures.

Regardless of where individuals may stand politically on the proposal itself, the court cases highlight a broader issue that matters deeply to the business community: confidence in institutional stability and public trust in governance systems. Businesses tend to favor predictability, consistency, and transparent processes.

Meanwhile, budget-related uncertainty also continues to linger in several areas. Although Virginia remains in a comparatively strong fiscal position relative to many states, disagreements over spending priorities, program implementation, and future funding obligations continue to shape ongoing negotiations and policy discussions. For local governments, public institutions, and organizations that rely on state partnerships or appropriations, these unresolved matters can complicate planning for the upcoming fiscal cycle. (That said, Peninsula lawmakers have repeatedly stated that they believe the budget impasse will be worked out soon and that we will have a clean budget before the end of the fiscal year.)

By the way, none of this is to suggest that disagreement or debate is inherently negative. Robust debate is part of the democratic process, and Virginia's system of checks and balances was intentionally designed to create negotiation between the legislative and executive branches. However, extended periods of uncertainty can have real-world consequences for economic planning and business confidence.

This is particularly important at a time when employers are already navigating significant external pressures, including workforce shortages, supply chain concerns, rising energy costs, rapidly evolving technology adoption, and continued geopolitical uncertainty.

For businesses across the Peninsula and throughout the Commonwealth, now is an important time to remain engaged and informed. Employers should continue monitoring developments closely, particularly in areas that could affect workforce regulations, operational compliance requirements, taxation, procurement, healthcare obligations, or permitting processes. Business organizations and regional chambers of commerce continue to play an important role in helping translate these evolving developments into practical information for employers and community leaders.

This is also a reminder that public policy does not stop when the legislative session adjourns. Some of the most consequential decisions affecting Virginia's economic climate can occur weeks or even months after session deadlines have technically passed. As these issues continue to unfold, the Virginia Peninsula Chamber will remain actively engaged in monitoring developments, communicating with policymakers, and advocating for clarity, stability, and policies that support a strong and competitive business environment for our region and the Commonwealth as a whole.