The following is a 2026 Virginia General Assembly update from Sarah Thomas and Phil Abraham, who lobby on behalf of the Virginia Association for Commercial Real Estate (VACRE) before the Virginia General Assembly and Executive Branch of Virginia State Government. VACRE is a coalition of the Greater Richmond Association for Commercial Real Estate (GRACRE); the Hampton Roads Association for Commercial Real Estate (HRACRE); and the Commercial Real Estate Development Association, Northern Virginia (CREDA Northern Virginia, formerly NAIOP Northern Virginia).

These associations are comprised of executives and professionals committed to promoting the ownership, use and development of commercial real estate in the Commonwealth of Virginia. Commercial real estate represents ***all*** building types. Concurrently balancing the concerns of the private sector with the public interest, VACRE strives to support, educate, and advocate for legislative initiatives that enhance commercial real estate. As a member of one or more of the above-mentioned organizations, you will receive information related to VACRE's efforts on your behalf. Please take a few minutes to read this update so that you are informed about the legislative issues facing the industry.

You can find a summary of each bill discussed in this update, as well as its full text and legislative history by clicking on the bill number or hyperlink shown in blue. For more information about the Virginia General Assembly, you may go to the Legislative Information System website, which is operated by the Virginia General Assembly.

2026 Virginia General Assembly Update

On Saturday March 14, 2026, the Virginia General Assembly adjourned its 2026 Regular Session but, as discussed below, immediately convened a Special Session to continue negotiations over the next state budget. In even-numbered years, the session is considered a "long" session, and typically lasts 60 days. About 2,400 total bills and another 1,300 resolutions were filed, of which about 64% of the bills originated in the House of Delegates. The General Assembly passed 1,156 of the bills, or about 49% of the introduced legislation. This percentage of approved bills is higher than the 40% average passage rate but nearly identical to the 50% approved at the last long Session in 2024.

The deadline for Governor Spanberger to act on the bills passed by the General Assembly was Monday, April 12, 2026. At this point in the process, no progress on the budget had been achieved. In a surprise to Democrats in the General Assembly, the Governor announced that she was proposing substantive and technical amendments to 180 bills and she vetoed 8 bills. After the General Assembly rejected many of her proposed amendments at the Reconvened Session on April 22, the Governor vetoed another 23 bills, bringing her total number of vetoes in 2026 to 31 bills, most of which were introduced by members of her own party.

Bills vetoed included those that would have authorized collective bargaining for public employees. Legislation providing for the implementation of the retail sale of recreational marijuana was also vetoed but later included in the agreed upon compromise budget. As discussed in the review of the budget below, the House and Senate agreed on a new budget for the upcoming 2026-2028 biennium on June 22, about one week before the expiration date of the current budget. The Assembly returned to Richmond on Monday, June 29 to act on a final set of amendments proposed by the Governor following her brief opportunity for review of the compromise.

More than 60 bills were introduced at the 2026 Session dealing with data centers. Only about fifteen of those bills were approved and most of those included identical House and Senate versions of the same bill. Many of the approved bills dealt with the allocation of data center utility costs, as well as provisions dealing with transmission planning. As discussed in the review of the state budget below, a major new data center electricity consumption tax was approved as were two identical bills that imposed new siting restrictions on data centers (**HB 153** -Thomas and **SB 94** – Roem), as detailed under "Land Use" below.

This update reviews the major bills of interest to VACRE that we followed during the 2026 Regular Session and the actions taken by the General Assembly on each. Symbols used are:

👎 = VACRE opposed the bill
👍 = VACRE supported the bill
👈 = VACRE took no position on the bill or did not oppose final amended version
✕ = bill was defeated
☑ = bill passed the General Assembly
🖊 = bill has been signed by the Governor
VETOED = bill has been vetoed and the veto was sustained by Assembly
IT'S LAW = bill has become effective and is current law

The 2026 legislation of interest to VACRE is as follows:

Land Use and Real Estate Transactions

Local Authority to Require Solar Canopies on Commercial Surface Parking Lots
(HB 1234 - Sewell 👎 as introduced ☑ 🖊 IT'S LAW; SB 26–Carroll Foy 👎 as introduced ☑ 🖊 IT'S LAW 👈 as passed)
These bills were introduced in identical form to those advanced at the 2025 General Assembly, which were strongly opposed by VACRE and ultimately vetoed in 2025 by Governor Youngkin. Given Governor Spanberger's strong support for renewable energy and that her Secretary of Natural Resources, David Bulova, patroned this legislation in 2025, another veto of this legislation in 2026 was highly unlikely. VACRE worked with the patrons of the 2026 legislation to adopt a series of amendments to protect commercial developers. As passed and signed into law, this legislation allows any locality after July 1, 2027 to require solar canopies be installed on up to fifty percent of any new surface parking lot with 100 spaces or more. The amendments proposed by VACRE that were adopted in the approved legislation included provisions that: (1) require that any such ordinance apply equally to local government and public school surface parking lots; (2) exclude redevelopment projects from the requirement; (3) exempt the area containing solar panels from tree or landscaping requirements; (4) exempt mixed-use projects from the solar canopy requirement if fifty percent or more of the square footage is for residential uses; and (5) provided relief from the new requirements if the energy output from the facility would be 75% or less of its design capacity due to shading from nearby buildings or vegetation.

Data Center Siting
HB 153 – Thomas 👈 ☑ 🖊 IT'S LAW; SB 94 – Roem 👈 ☑ 🖊 IT'S LAW
This was compromise legislation agreed to by the Data Center Coalition. It allows localities to require applicants for the siting of a new high energy use facility (HEUF) to perform and submit a site assessment to examine the sound profile of the HEUF on residential units and schools located within 500 feet of the property boundary. The bill also allows a locality to require that the site assessment examine the effect of the proposed facility on (i) ground and surface water resources, (ii) agricultural resources, (iii) parks, (iv) registered historic sites, and (v) forestland on the HEUF site or immediately contiguous land. Despite the fact that this was compromise legislation, Senator Roem proposed amending the bill to restrict data centers to only industrially zoned property. The original compromise legislation prevailed without this restriction.

Code Commission Work Group on Plats and Plans
HB 135 – Simon 👍 ☑ 🖊 IT'S LAW
This legislation continues a Code Commission work group study for a second year of state laws related to the submission, review and approval of subdivision plats and site plans. Sarah Thomas has been participating in this study on behalf of VACRE and it is focused on ways to eliminate inconsistencies in terminology and to standardize requirements and accelerate review time frames. The work group is to submit its findings to the General Assembly by November 1, 2026.

Review of Decision by Local Board of Zoning Appeals

HB 197 👍 ✖ and HB 198 – Thomas 👍 ☑ 🖊 IT'S LAW

HB 197 would have allowed direct appeals of land use decisions from Circuit Court or a Board of Zoning Appeals to the Virginia Supreme Court, bypassing the Court of Appeals. It would have significantly reduced delays in the appeals process for land use decisions. While supported by VACRE, this legislation was carried over until the 2027 Session due in part to concern over its potential applicability to data center decisions.

HB 198 was approved and clarifies timing and filing requirements for appeals to Circuit Court of Board of Zoning Appeals decisions. It was recommended by the Boyd Graves Conference. Significantly, the bill clarifies that an aggrieved party must file a challenge to a BZA decision within 30 days of a final decision and that this requirement is mandatory and jurisdictional.

Jurisdiction of Appeals of Local Land Use Decisions

HB 447 – Simon 👍 ✖

This legislation was introduced to narrow the scope of standing to appeal land use decisions following the decision of the Virginia Supreme Court in the Wegmans case. It attempted to revive the standing rules that existed prior to Wegmans. It was strongly opposed by the environmental community and VACRE successfully opposed proposals to narrow the applicability to residential projects only. The bill was subsequently defeated in its house of origin.

Local Option EV Charging Ready Land Use Requirements

HB 833 - McClure 👎 as introduced ☑ 🖊 IT'S LAW 📢 as passed

Effective July 1, 2027, this legislation authorizes localities to require, as part of its subdivision or site plan approval process, electric vehicle supply equipment or EV-ready or EV-capable charging spaces for commercial, industrial or multifamily developments. The Virginia Department of Energy, with assistance from the State Corporation Commission, is directed to study the infrastructure to support EV charging at single family and multifamily residential units. An amendment to the legislation requested by VACRE also requires the Department of Energy to provide recommendations on the appropriate number of EV charging spaces for new commercial and industrial developments. The legislation can only become effective if the Department of Energy certifies to the Code Commission that it recommends the provisions contained in the statute.

Local Minimum Parking Requirements

HB 888 – Shin 👍 ☑ 🖊 IT'S LAW; HB 262 – Simonds (incorporated into HB 888); SB 354 – Salim ✖

HB 888 as approved prohibits a locality with a population greater than 600,000 from requiring as a condition of zoning for residential, multifamily or mixed-use development, the following: more than one-half of one parking space for mixed use or multifamily developments or one parking space per dwelling unit for single family and two-family dwellings. It also requires any locality with a population greater than 20,000 to establish an administrative review process where developers of residential, multifamily or mixed-use development may request a reduction of off-street parking requirements of not less than twenty percent. SB 354 was not approved and would have prohibited localities from mandating any minimum parking requirements.

Landowner Vested Rights

HB 1122 – Reid 👍 ✖

This bill would have broadened the vested rights protections afforded to a landowner with an approved use to include the right to make minor modifications to the approved plan provided they do not materially alter the character of the approved project. This proposal was opposed by a number of environmental groups and did not advance in part over concerns that compromise language could actually weaken existing vested rights protections that are afforded to landowners.

Local Impact Fee Authority

HB 536 – Hamilton 👎 ✖ ; HB 1430 – Cousins 👎 ✖

These two bills would have repealed the restrictions on local impact fee authority - authority which currently only allows impact fees on residential development in urban transportation service districts. The bills would have allowed any locality in the state to impose impact fees on residential development to defray the cost of public facilities needed for the development. VACRE has long-opposed impact fees and both bills failed to report from the House Counties, Cities and Towns Committee.

Local Adequate Public Facilities Authority

SB 781 – Sturtevant 👎 ✕

As introduced, this bill would have allowed any locality to delay the development of an approved use if it determines that the public infrastructure necessary to support the development is inadequate. An amendment proposed in committee by the patron would have limited this authority to localities with a population of 250,000 or greater. VACRE has historically opposed the grant of APF authority to any locality and the bill was defeated in committee in its house of origin.

Timely Decision on By Right Local Land Use Permits

HB 708 – Thomas 👍 ✕

This bill would have required the average time period a locality takes to act on any by-right permit application to be 12 months from the date of submission. Failure to comply with the requirement would have triggered a two percent reduction in the allocation from the Department of Transportation for any project underway within the noncompliant locality. The bill was left without action in the House Committee on Counties, Cities and Towns.

Environment

Tree Conservation During Development

HB 549 – Hope 👎 as introduced ☑ 🖊 IT'S LAW 👍 as passed; SB 589 – Salim 👎 as introduced ☑ 🖊 IT'S LAW 👍 as passed

As introduced, VACRE strongly opposed both of these bills. HB 549 as introduced would have expanded tree conservation authority to all localities statewide. It also would have given all localities the power to require that the established tree canopy percentages be achieved within 10 years (as opposed to the current 20 year provision) and would have allowed all localities to exceed any of the thresholds established under current law by unlimited amounts. While the fight over these proposals extended until the final day of Session, compromise legislation was agreed upon and signed by the Governor that increased the canopy percentages for large lot residential developments, allowed towns in Northern Virginia to require canopy percentages to be achieved within 10 years, and created a work group to consider additional changes for 2027. VACRE is participating in this work group that will meet and report prior to the 2027 Session.

Marine Resources Commission – Impacts on Wetlands

HB 521 – Hernandez 👍 ☑ 🖊 IT'S LAW

This approved legislation codified the current regulatory requirement that development in tidal wetlands result in no net loss of such wetlands. The no net loss requirement is first to be met on site and if not achievable on site can be met through off site mitigation.

Statewide Land Conservation Goals

SB 519 – Deeds 👍 ✕

This bill would have required the Department of Conservation and Recreation to assess how best to permanently conserve twenty percent of the land area of the entire Commonwealth and ten percent of urban areas of the Commonwealth by 2036. The bill passed the Senate but was carried over in the House Rules Committee to 2027.

Environmental Justice and Comprehensive Plans

HB 256 – Simonds 👍 ☑ 🖊 IT'S LAW; SB 425 – Bagby 👍 ☑ 🖊 IT'S LAW

This legislation requires cities with populations greater than 20,000 and counties with populations greater than 100,000 to consider, beginning July 1, 2026, at the next and all subsequent reviews of the comprehensive plan, adopting an environmental justice strategy.

State Budget 👍 ☑ 🖊 IT'S LAW

Disagreement over the existing sales tax exemption for data centers on qualifying computer equipment and enabling software pushed the adoption of the new 2026-2028 Virginia State budget to June 29, 2026. This was the day before the existing state budget expired and far beyond the adjournment of the Regular Session. This deadlock and delay began when the Senate Finance and Appropriations Committee, in a surprise move, recommended an early repeal of the data center sales tax exemption when it released its proposed amendments to the introduced budget on February 22, 2026. The SFAC had not given any indication it would propose this action which would have repealed a tax exemption that was valued at about $1.8 billion annually. Governor Spanberger and the House of Delegates refused to accept the proposed repeal of the data center sales tax exemption, arguing it represented the state going back on a commitment it made to the business community. With the two sides remaining far apart, budget talks remained at a standstill until mid-June.

Finally, on June 19, 2026, the Senate and House budget conferees agreed on a compromise budget conference report. The House and Senate approved that conference report on June 22, and then on June 29 approved 14 amendments Governor Spanberger proposed to the conference report. The approved budget took effect two days later on July 1, 2026.

The total approved budget appropriates $206 billion split over its two fiscal years. It includes about $3 billion of additional revenue for the general fund compared to the introduced bill. The new revenue results from a new data center energy consumption tax discussed below ($1.2 billion), changes to tax legislation ($907 million), and an updated June revenue reforecast ($922 million). An amended version of the legislation establishing a legal framework for the retail sale of recreational marijuana was included in the final budget. It will become effective on July 1, 2027. The full text of the approved budget can be found here.

Rather than repealing the existing data center tax exemption, as proposed by the Senate, the budget conference report established a data center electricity consumption tax of 0.011/kWh of electricity consumed at each data center per month. Total collections from the tax are capped at $600 million per year for each fiscal year of the biennium and the tax expires at the end of the biennium on July 1, 2028. The language in the budget establishing this tax can be found here. The budget also includes language placing restrictions on water use by data centers located in "Cooling Water Scarcity Areas" (See Item 366, Subsection M). It also empowers DEQ to adopt regulations governing noise from data centers (See Item 367, Subsection E). The final budget also calls for the existing legislative Joint Subcommittee on Tax Policy to study data center tax policy and other data center impacts (See Item 1, Subsection N.5). This Joint Subcommittee is to report its findings by December 15, 2026.

The approved budget includes more than $92 million to foster affordable housing and reduce homelessness in Virginia, including a $60 million appropriation to the housing trust fund. It also includes nearly $330 million in FY 2027 to fund point source pollution control projects at wastewater treatment plants and an additional $43.5 million for stormwater local assistance projects.

Language is included in the approved budget that directs the Office of Intermodal Planning and Investment at VDOT to study the feasibility of a new tax in Northern Virginia on the gross receipts of commercial parking lots or a tax on parking spaces (Item 420, Subsection D.5). These funds would be used to support public transit in Northern Virginia. VACRE opposes these commercial parking tax proposals and will provide input into this study.

Energy

Distributed Energy Resources Task Force

HB 285 – Helmer 👍 ☑ 🖉 IT'S LAW; SB 223 – VanValkenburg 👍 ☑ 🖉 IT'S LAW

This 16-member task force will be chaired by the Chief Energy Officer of the Commonwealth and is created as an advisory commission within the executive branch to develop a comprehensive strategy to advance energy affordability, the transition to integrated distributed energy resource markets, and compliance with FERC Order 2022. It will review existing laws, regulations, and practices impacting distributed energy resources, make recommendations to the SCC to modernize and streamline interconnection standards and timelines, and will seek input from stakeholders, including commercial and industrial scale energy customers. An interim report is to be submitted by October 1, 2026 and a deployment report by February 1, 2027.

Solar Interconnection Grant Program
HB 683 – Herring 👍 ☑ 🖉 IT'S LAW; SB 659 – Craig 👍 ☑ 🖉 IT'S LAW
These identical bills create a fund for public bodies to receive grants to offset costs of the interconnection of local government renewable projects to the grid. The fund expires July 1, 2027.

Local Regulation of Solar Facilities
HB 711 - Herring 🖐 ☑ 🖉 IT'S LAW; SB 347 – VanValkenburg 🖐 ☑ 🖉 IT'S LAW
These identical bills establish guardrails on local ordinances regulating the development of solar facilities. They specify allowable provisions for setbacks, fencing, panel height, visual impacts, grading, and decommissioning plans. Localities must require a special exception for such facilities unless the project is located on property zoned for such use by-right. Localities are required to report to the SCC all special exception decisions and the reasons for denying such applications and the SCC is to maintain a searchable database of such decisions and submissions by localities. The legislation applies to projects filed on or after July 1, 2026 and after such date prohibits the application of ordinances inconsistent with its provisions.

Housing

Rent Control
HB 278 – Clark 👎 ✕; SB 355 – Boysko 👎 ✕; HB 1177 – N. Cole 👎 ✕
These bills would have allowed localities to adopt an anti-rent gouging ordinance. Rent control is a perennial issue before the General Assembly in Virginia. While all these bills were successfully defeated in committee, the Virginia Housing Commission continues to study local authority for rent regulation, such as rent control and algorithmic pricing.

By Right Multifamily Housing on Property Zoned Commercial
HB 816 – Helmer 🖐 ✕; SB 454 – VanValkenburg 🖐 ✕
HB 816/SB 454 proposed allowing by-right multifamily residential and mixed-use developments in commercially zoned corridors. The bills included a series of ordinance restrictions, so long as the provisions would not impose more stringent land use requirements for such development than would otherwise be required. After significant negotiations between the housing stakeholders and localities, both of these bills were sent back to committee from the floor, killing the legislation.

Expanded Local Affordable Housing Authority
HB 4 – Bennett Parker 🖐 ☑ 🖉 - IT'S LAW; HB 867 – Cousins 🖐 ☑ 🖉 - IT'S LAW; SB 74 – McPike 🖐 ☑ 🖉 IT'S LAW; SB 296 – Favola 👎 ✕
Affordable housing continues to be key issue before the Virginia General Assembly. HB 4 creates a framework for localities to preserve affordable housing by exercising a right of first refusal on publicly supported housing. HB 867/SB 74 authorize any locality in the Commonwealth to provide for an affordable housing dwelling unit program. Senator Favola's bill would have increased Arlington County's authority over affordable housing but it was defeated in the House after passing the Senate.

Statewide Housing Needs Assessment
HB 910 – Shin 👍 ☑ 🖉 IT'S LAW
This bill requires the Director of the Department of Housing and Community Development to conduct a review of parcels owned by certain partnerships, corporations, or real estate investment trusts as part of the comprehensive statewide housing needs assessment conducted by the Department at least every five years.

Workforce Housing for Local Government Employees
HB 1130 – Reid 👍 ☑ 🖉 IT'S LAW
Delegate Reid's bill permits any County Board of Supervisors or County School Board to lease as lessor surplus or underutilized property for the purpose of developing workforce housing for local employees.

Prohibition on Investment Firm Purchase of Single-Family Homes
SB 547 – Sturtevant 👎 ✕
Senator Sturtevant has introduced this bill over the last three sessions. This bill would have prohibited certain covered entities from purchasing more than five single family homes within the same locality. While versions of this bill in previous years specifically banned certain corporate entities, hedge funds, or trusts, the 2026

version targeted organizations by their asset size. This bill failed to advance in Senate General Laws and Technology due to a tie vote.

Taxes

Different Local Real Property Tax Rates on Improvements Versus Land

HB 282 – Callsen ✓ IT'S LAW

Adds the cities of Charlottesville, Falls Church, Fredericksburg and Newport News to the list of jurisdictions that may apply a different rate of real estate taxation to improvements to real property and to the land on which such improvements are located. Existing law continues to provide the rate adopted for improvements shall not exceed the rate for land.

Data Center Land Conservation Tax

HB 641 – Krizek ✕ ; **SB 393 – Perry** ✕

This proposed legislation, which failed to pass, was titled the Great Outdoors Act. It was drafted and promoted by a number of the leading land conservation organizations in Virginia who continue to advocate for dedicated funding sources for land preservation programs in Virginia. It would have imposed a recurring annual land preservation tax on data centers in the amount of $3 per square foot of the footprint of each data center. It would have generated an estimated $250 million annually.

Taxes for Public Transit in Northern Virginia

HB 1179 – Tran ✕ ; **SB 638 – Ebbin** ✕

Both of these bills failed to pass in their house of origin but would have imposed a variety of new or increased taxes within the localities in Northern Virginia that comprise the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission. These taxes would support WMATA and other public transit agencies operating in Northern Virginia. Of significance to and opposed by VACRE, both bills would have imposed a ten percent tax on the gross receipts of parking facilities serving commercial developments. Other provisions would have imposed a tax on Transportation Networking Companies and a retail delivery fee of 50 cents per retail delivery made in the Commonwealth as well as an additional 25 cent fee for deliveries within localities in Northern Virginia. A regional highway use fee and an increase in regional sales taxes were also proposed. As discussed above, the state budget includes language directing a study of the feasibility of imposing the proposed commercial parking tax on gross receipts or a tax on commercial parking spaces.

Solar Equipment Income Tax Credit

HB 1422 – McGuire ✕

This legislation which failed to pass would have established a state income tax credit in the amount of fifteen percent of the cost of purchase and installation of solar energy equipment up to $1,000 maximum. The aggregate amount of credits allowed to be issued was set at $5 million per year.

Building Construction and Finance

Prohibit Negotiation of Title Insurance Rates

SB 622 – Marsden ✕

This legislation would have eliminated language in existing law that allows a title insurance company to negotiate rates for commercial properties. This could have significantly increased title insurance rates for commercial properties and significantly reduced competition between carriers. It would have required title insurance companies to publish their rates and to use those published rates. The bill passed the Senate without opposition. VACRE was the only entity to oppose the legislation in the House, and it was tabled in the House Courts of Justice Committee at its last meeting of the 2026 Session on a vote of 14-4.

Mechanics Liens

HB 752 – Runion ✕

This legislation failed to pass and was carried over to the 2027 Session to allow for a work group of interested parties to consider the proposal. It would have repealed the provision that prohibits a lien from attaching for claims for repairs to existing property unless they were ordered by the owner of the property. It also would have eliminated language in current law that restricts lien claims to those made 150 days or less from the last day on which labor was performed. Both of these changes would have increased the exposure of property owners to mechanics lien claims.

Entering Adjoining Property During Construction
HB 803 – Carr 👍 ☑ 🖋 IT'S LAW; SB 77 – Van Valkenberg 👍 ☑ 🖋 IT'S LAW
These identical bills were approved and allow an owner of real property who seeks to repair or maintain the exterior of his property to petition the circuit court for a right of entry to an adjoining property for the purpose of performing the repairs or maintenance when the property is so situated that it is impossible to perform the repairs or maintenance without entering such adjoining property and permission to enter such adjoining property has been denied. The adjoining property must be returned to its original condition, and the petitioner is made liable for any actual damages that result from such entry onto their property.

Other

Repeal Right to Work Law
SB 32 – Carroll Foy 👎 ✕
This bill failed in its house of origin and would have repealed Virginia's right to work law.

Require Local Lobbyist Registration and Reporting
SB 50 – Rouse 👎 ✕
VACRE strongly opposed this legislation that passed the Senate but failed in the House Appropriations Committee after referral from the House General Laws Committee. It would have expanded the current lobbyist registration and disclosure requirements to apply to persons attempting to influence local government action, including land use attorneys and employees of real estate development firms. This legislation will likely be reintroduced in 2027.

Questions or Comments

Please contact Sarah Thomas at sthomas@vectrecorp.com, Phil Abraham at pabraham@vectrecorp.com, Martha Marks at mmarks@credava.org, or Emily Tavino at etavino@credava.org if you have any questions or comments regarding this update or other legislative issues.

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