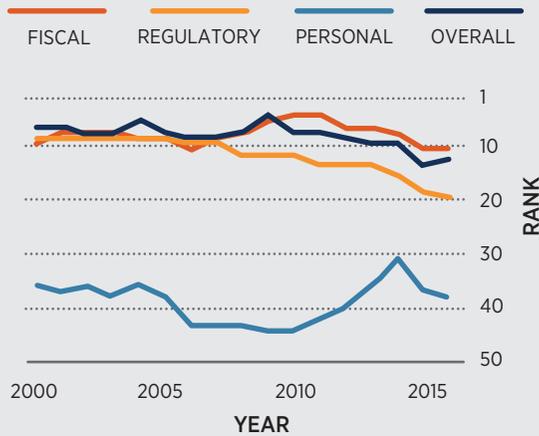


VIRGINIA

2016 RANK
13th



POLICY RECOMMENDATIONS

- **Fiscal:** Transfer spending responsibilities and taxation authority from counties to municipalities.
- **Regulatory:** Legalize independent practice with full prescriptive authority for nurse practitioners, adopt a nursing consultation exception for interstate practice, and allow dental hygienists to clean teeth without dentist supervision.
- **Personal:** Reform sentencing for nonviolent offenses with an eye to reducing the incarceration rate to the national average in the long term.



Population, 2017
8,470,020

Net Migration Rate
1.6%



State Taxes, Percent of Personal Income, FY 2017
4.70%

Local Taxes, Percent of Personal Income, FY 2015
4.04%

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Real Per Capita Personal Income, 2016, in 2009 \$
\$46,856

Real Personal Income Growth, CAGR, 2000-15
2.7%

ANALYSIS

As a historically conservative southern state, Virginia has usually done much better on economic freedom than on personal freedom. However, we record some significant improvements in personal freedom in recent years, along with a decline in regulatory policy. Due in part to rising cost of living, Virginia has had a mediocre growth rate since 2008, though still better than neighbors Maryland, North Carolina, West Virginia, and Kentucky (but not Tennessee).

Virginia is a somewhat fiscally decentralized state with an average local tax burden (about 4 percent of adjusted income) and a below-average state tax burden (4.7 percent of income, a moderate decline from FY 2007). Virginians' choice in local government is subpar, with just half a competing jurisdiction per 100 square miles; the reason for this is that counties raise much more in taxes than municipalities. Government debt is low, but so are cash and security assets. Government employment is a bit lower than average, and government share of GDP is much lower than average. Those policies do not show much change over time.

Virginia's land-use freedom is generally good, although local zoning rules have tightened slightly in recent years, reportedly especially in the northern part of the state. Eminent domain reform has been effective. Labor law is well above average, with right-to-work, no minimum wage, fairly relaxed workers' compensation rules, a federally consistent anti-discrimination law, no E-Verify, no paid family leave or short-term disability mandate, and

enforcement of noncompete agreements. Health insurance mandates have long been much higher than the national average. Cable and telecommunications have been liberalized. Occupational licensing is more extensive than in the average state. Nurses and dental hygienists enjoy little practice freedom. Insurance freedom is a bit above average, but Virginia has a certificate-of-need law, a price-gouging law, and mover licensing. Some direct-to-consumer automobile sales were legalized in 2015-16. The civil liability system is about average.

Virginia's criminal justice policies are subpar but at least are no longer worsening. Victimless crime arrest rates are below average, but incarceration rates are high. Asset forfeiture was slightly reformed in 2016. The state's approach to cannabis producers and consumers is draconian. Even low-level cultivation gets a year-long mandatory minimum sentence, and it is possible to get a life sentence for a single marijuana offense not involving minors. Virginia is one of the better states for gun rights. Alcohol freedom is subpar but improved in the early 2000s as some regulations were withdrawn. State liquor store markups are still huge. The state does not have much legal gambling. Educational freedom grew substantially in 2011-12 with a tax credit scholarship law. Tobacco freedom is better than average, with comparatively low cigarette taxes and respect for the property rights of private workplaces. The state was forced to legalize same-sex marriage in 2014, which also overturned the state's oppressive super-DOMA banning all relationship-style contracts between two gay people.