

Governor Kaine Touts Virginia's 'Best State for Business Honors'

By Jill M. Landsman, NVAR Communications Manager

Upon greeting his audience at the Opening Session of the NVAR Convention & Trade Show, Governor Tim Kaine delivered an upbeat talk to a standing-room only gathering of 300 NVAR members.

Kaine shared the great news that Virginia placed first among the 50 states in a new ranking of the "Best States for Business" by **Forbes.com**. "The best-in-the-nation designation by a respected business publication such as Forbes validates our hard work to diversify our economy," Kaine said. Commonwealth leaders will showcase this honor as another example of Virginia leading the way with quality schools, a vibrant economy, an outstanding workforce and an excellent quality of life, Kaine noted.

Confirming Volkswagen's announcement of its decision to relocate to Fairfax County, Kaine noted that the team from VW did "not need much care and

feeding from the Governor." He outlined his role in fostering Virginia's economic development but the North American CEO of Volkswagen remarked that "data drove the decision." Virginia offers fine schools, proximity to Dulles airport, a high standard of living and a technologically advanced workforce.

Governor Kaine pointed out that economic "down strokes are as natural as the change in the seasons." Confirming what his audience knew, he spoke of the statewide housing market slowdown since last year, noting, "We are in leaner times right now."

Thanking the Northern Virginia REALTOR® community for their support of the recently passed transportation bill, the Governor explained that its enactment should result in \$420 million of needed revenue within four years.

This year, Kaine pointed out, the 2007 statewide tax base has presented its own challenges. "Recordation tax revenues are slow," he said. "Sales tax revenues are slow; corporate income tax revenue is slow, so we are slowing spending to save for next year."

With the advent of the missed revenue goal, Kaine plans additional service cuts to help balance the budget. "We are not predicting a pickup until early '09," he said, offering his forecast for the anticipated economic rebound.

"Tight times are times for creativity," Kaine said. Appropriate belt tightening will last through next June

during his mandate for all "agencies to save." The Governor explained his strategies to close the existing \$640 million gap, including agency savings, agency reductions and dipping into the "revenue stabilization fund." Both old programs and new ones, such as plans for early childhood intervention, will be reviewed.

One reassuring point Kaine did offer is that in the wake of the Virginia Tech tragedy, the Commonwealth now will "do something significant" in considering revisions to the state's mental health legislation.

Kaine's noteworthy appearance was the result of a personal invitation from Luis A. Lama, NVAR's Chairman of the Board.