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SENATE BILL NO. 584

Offered January 16, 2002

A BILL to amend the Code of Virginia by adding in Part C of Subtitle I of Title 2.2 a chapter numbered 15.1, consisting of sections numbered 2.2-1514 through 2.2-1520, relating to the Virginia Investment Act of 2002; establishment of the Virginia Investment Account.

Patron—Barry

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Part C of Subtitle I of Title 2.2 a chapter numbered 15.1, consisting of sections numbered 2.2-1514 through 2.2-1520, as follows:

CHAPTER 15.1.**VIRGINIA INVESTMENT ACT OF 2002.****§ 2.2-1514. Definitions.**

As used in this article:

"Account" means the Virginia Investment Account established by this chapter.

"Cost of living" means the Consumer Price Index (all items) for the United States, or any comparable index, as computed by the federal Bureau of Labor Statistics for a twelve-month period.

"Emergency" means an extraordinary event or occurrence that could not have been reasonably foreseen or prevented and that requires immediate expenditure to preserve the health, safety and general welfare of the residents of the Commonwealth.

"Expenditures" means the total amount of appropriations by the Commonwealth except:

1. Appropriations-funded moneys received from the federal government;

2. Principal and interest on bonded indebtedness;

3. Appropriations funded by unemployment and disability insurance funds;

4. Appropriations funded by user charges to the extent that such charges do not exceed the cost of the goods or services and that the purchase of such goods or services is discretionary;

5. Appropriations funded from permanent endowments, trust funds, or pension funds;

6. Proceeds of gifts or bequests made for purposes specified by the donor; and

7. Moneys appropriated for tax relief.

"Per capita expenditures" means the quotient derived from dividing expenditures of the State for a fiscal year by its population on the first day of that fiscal year.

"Personal income" means the total income received by residents of the Commonwealth from all sources, including transfer payments as defined and officially reported by the federal Department of Commerce for a twelve-month period.

"Population" means the number of people residing in the Commonwealth, excluding members of the armed forces stationed overseas, as determined by the federal Bureau of the Census.

§ 2.2-1515. Expenditure limitation.

The Governor shall not submit any budget bill or any amendments to a general appropriation act pursuant to § 2.2-1509 that increases state expenditures above the amount of state expenditures for the prior fiscal year by a percentage that is greater than the total of the rates of increase in cost of living and population growth over the same period; however, in no event shall such percentage of increase in expenditures exceed the average percentage change in the Commonwealth's per capita personal income over the prior three fiscal years.

§ 2.2-1516. Virginia Investment Account established; deposits; withdrawals.

A. There is hereby established in the state treasury a special nonreverting fund to be known as the Virginia Investment Account. The Account shall be established on the books of the Comptroller. Any moneys remaining in the Account, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Account.

B. Any excess of the Commonwealth's revenues over expenditures, collected and measured at the end of a fiscal year, as certified by the Auditor of Public Accounts under § 2.2-1829, net of any deposits required to be made to the Revenue Stabilization Fund and the Water Quality Improvement Fund, shall be deposited in the Account; however, any such excess amount that is more than a sum equal to five percent of the total expenditures for the then-current fiscal year shall be rebated to taxpayers as provided in § 2.2-1517.

C. The Governor shall include an appropriation for the amount required by subsection B to be deposited into the Account in his budget bill, or amendments proposed to the general appropriation act,

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59 submitted to the General Assembly pursuant to § 2.2-1509. The State Comptroller shall draw such
60 warrants as are appropriated, and the Treasurer of Virginia shall deposit such warrants into the
61 Account. Such required amount shall be deposited into the Account on the first day of the fiscal year,
62 but the amount deposited shall not be withdrawn from the Account until at least July 1 of the
63 subsequent biennium except to defray the cost of an emergency.

64 D. No amounts shall be withdrawn from the Account except in pursuance of appropriations made by
65 the General Assembly. Moneys shall be appropriated from the Account based on the current need for (i)
66 new transportation infrastructure construction, (ii) matching grants to localities for K through 12 public
67 school construction and renovation projects, and (iii) non-recurring research and development grants
68 relating to economic development activities, which may be conducted at public institutions of higher
69 education. Moneys in the Account shall not be appropriated for any other purpose. Matching grants to
70 localities for K through 12 public school construction and renovation projects shall be based on the
71 Commonwealth paying no more than one dollar for every three dollars generated by the locality.
72 Notwithstanding the foregoing, moneys in the Account may be appropriated to address an emergency.

73 § 2.2-1517. Excess revenues.

74 If at the end of a fiscal year the Commonwealth's revenues exceed the amount of (i) expenditures,
75 (ii), deposits required to be made to the Revenue Stabilization Fund and the Water Quality Improvement
76 Fund, and (iii) deposits required to be made to the Account pursuant to § 2.2-1516, the amount of the
77 excess shall be rebated to individuals filing Virginia individual income tax returns pro rata on their
78 annual income tax returns.

79 § 2.2-1518. Emergencies.

80 The limitation on the rate of growth in expenditures established by § 2.2-1515 may be exceeded upon
81 the exhaustion of the moneys in the Account and upon the declaration of an emergency by the
82 Governor. The General Assembly shall set forth the amount of the cost of the emergency and the method
83 by which it shall be defrayed. The limitation on the rate of growth in expenditures may be exceeded
84 only for the year or years in which the emergency is declared. In no event shall such emergency
85 expenditures be included in the computation of the limitation imposed by § 2.2-1515 for any other year.

86 § 2.2-1519. Mandated and shifted costs.

87 The Commonwealth shall not impose upon any county, city, town or other political subdivision of the
88 Commonwealth any part of the total costs of new programs or services, or increases in existing
89 programs or services, unless a specific appropriation is made sufficient to pay the political subdivision
90 for that purpose. The proportion of all state revenue paid to all political subdivisions of the
91 Commonwealth collectively shall not be reduced below that proportion in effect on July 1, 2002. If costs
92 are transferred from one unit of government to another unit of government, either by legislative or
93 judicial action, the limitation imposed by § 2.2-1515 shall be adjusted and transferred accordingly so
94 that total costs are not increased as a result of such transfer.

95 § 2.2-1520. Severability.

96 If any expenditure category or revenue source shall be adjudged to be exempt from this article by a
97 court of competent jurisdiction, the process of computing the expenditure limitation shall be adjusted
98 accordingly and the other provisions shall remain in full force and effect.