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SENATE JOINT RESOLUTION NO. 361

Offered January 8, 2003

Prefiled January 8, 2003

Proposing amendments to Section 5 of Article V and to Section 8 of Article X of the Constitution of Virginia, relating to spending restrictions.

Patrons—Newman; Delegates: Byron and Rapp

Referred to Committee on Privileges and Elections

RESOLVED by the House of Delegates, the Senate concurring, a majority of the members elected to each house agreeing, That the following amendments to the Constitution of Virginia be, and the same hereby are, proposed and referred to the General Assembly at its first regular session held after the next general election of members of the House of Delegates for its concurrence in conformity with the provisions of Section 1 of Article XII of the Constitution of Virginia, namely:

Amend Section 5 of Article V and Section 8 of Article X of the Constitution of Virginia as follows:

ARTICLE V
EXECUTIVE

Section 5. Legislative responsibilities of Governor.

The Governor shall communicate to the General Assembly, at every regular session, the condition of the Commonwealth, recommend to its consideration such measures as he may deem expedient, and convene the General Assembly on application of two thirds of the members elected to each house thereof, or when, in his opinion, the interest of the Commonwealth may require.

The Governor shall submit a Budget Bill to the General Assembly prior to every regular session that adheres to the spending restrictions and requirements set forth in Section 8 of Article X, and with such other content and in such form and under such other conditions as the General Assembly may provide.

ARTICLE X

TAXATION AND FINANCE Section 8. Limit of tax or revenue.

No other or greater amount of tax or revenues shall, at any time, be levied than may be required for the necessary expenses of the government, or to pay the indebtedness of the Commonwealth.

The General Assembly shall establish the Revenue Stabilization Fund. The Fund shall consist of an amount not to exceed ten percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales as certified by the Auditor of Public Accounts for the three fiscal years immediately preceding. The Auditor of Public Accounts shall compute the ten percent limitation of such fund annually and report to the General Assembly not later than the first day of December. "Certified tax revenues" means the Commonwealth's annual tax revenues derived from taxes on income and retail sales as certified by the Auditor of Public Accounts.

The General Assembly shall make deposits to the Fund to equal at least fifty percent of the product of the certified tax revenues collected in the most recently ended fiscal year times the difference between the annual percentage increase in the certified tax revenues collected for the most recently ended fiscal year and the average annual percentage increase in the certified tax revenues collected in the six fiscal years immediately preceding the most recently ended fiscal year. However, growth in certified tax revenues, which is the result of either increases in tax rates on income or retail sales or the repeal of exemptions therefrom, may be excluded, in whole or in part, from the computation immediately preceding for a period of time not to exceed six calendar years from the calendar year in which such tax rate increase or exemption repeal was effective. Additional appropriations may be made at any time so long as the ten percent limitation established herein is not exceeded. All interest earned on the Fund shall be part thereof; however, if the Fund's balance exceeds the limitation, the amount in excess of the limitation shall be paid into the general fund after appropriation by the General Assembly.

The General Assembly may appropriate an amount for transfer from the Fund to compensate for no more than one-half of the difference between the total general fund revenues appropriated and a revised general fund revenue forecast presented to the General Assembly prior to or during a subsequent regular or special legislative session. However, no transfer shall be made unless the general fund revenues appropriated exceed such revised general fund revenue forecast by more than two percent of certified tax revenues collected in the most recently ended fiscal year. Furthermore, no appropriation or transfer from such fund in any fiscal year shall exceed more than one-half of the balance of the Revenue Stabilization Fund. The General Assembly may enact such laws as may be necessary and appropriate to implement the Fund.

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58 Whenever the total projected revenues from the taxes and fees imposed by the Commonwealth, as
59 set forth in the applicable appropriation act for any fiscal year, plus any surplus revenues from the
60 immediately preceding fiscal year, exceed the total revenues from the Commonwealth's taxes and fees
61 actually collected in the immediately preceding fiscal year by a rate of more than 6.9 percent, then the
62 revenues attributable to the first two percentage points of growth in excess of such 6.9 percent shall be
63 appropriated solely for public school capital construction projects and transportation capital projects;
64 and all revenues attributable to any additional rate of growth shall be used (i) to reduce the debt of the
65 Commonwealth; (ii) to increase the deposit to the Revenue Stabilization Fund; (iii) to fund nonrecurring
66 capital projects; or (iv) to provide tax relief by the reduction of taxes or by the refund of tax revenues
67 to taxpayers in a manner to be determined by the General Assembly. Revenue may be excluded in
68 calculating the spending requirements of this paragraph, and the spending requirements of this
69 paragraph may be altered, upon a two-thirds vote of all members elected to each house.