

Department of Planning and Budget 2005 Fiscal Impact Statement

1. **Bill Number** HB2882

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron** Louderback

3. **Committee** General Laws

4. **Title** Surplus agency operating funds.

5. **Summary/Purpose:** Requires the Department of Human Resource Management to implement a program to permit any state agency that has surplus operating funds at the end of any fiscal year to allow the agency to retain 25 percent of the surplus for any purpose the agency selects provided that in the next fiscal year the agency's budget is reduced by the amount of the entire surplus.

6. **Fiscal Impact Estimates are:** The fiscal impact will change from year to year. Twenty-five percent (25%) of agency discretionary fund balances at the end of FY 2004 equaled \$9.9 million.

7. **Budget amendment necessary:** Yes. The General Provisions, § 4-1.05 a.1, would need to be amended to modify the Governor's authority to approve the reappropriation of unexpended general fund balances.

8. **Fiscal implications:** Currently the Governor has discretion to prescribe the use of unexpended general fund appropriations, which are not designated by language in the Appropriation Act for a specific purpose. The bill would restrict the Governor's authority to 65 percent of the discretionary amounts, after deducting 10 percent of the Water Quality Fund and 25 percent for the new provision.

9. **Specific agency or political subdivisions affected:** All state agencies with general fund appropriations.

10. **Technical amendment necessary:** This bill should not amend § 2.2-1201, which is the Department of Human Resource Management. It would be more appropriate to amend § 2.2-1501, which is the Department of Planning and Budget.

11. **Other comments:** None.

Date: 01/25/05 / rtb

Document: (DPB F:RTB/FIS/HB2882.DOC)

cc: Secretary of Finance

Secretary of Administration