

Department of Planning and Budget 2007 Fiscal Impact Statement

1. Bill Number HB2664

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Marsden

3. Committee General Laws

4. Title Department of Planning and Budget, reestimate of agency needs.

5. Summary/Purpose: Department of Planning and Budget, reestimate of agency needs. Provides that within five business days after the preliminary close of the Commonwealth's accounts at the end of each fiscal year, each of the several state agencies and other agencies and undertakings receiving financial aid from the Commonwealth shall report to the Department of Planning and Budget, in a format prescribed for such purpose, an estimate of cost reductions that may be accomplished by the agency without diminution of the services or programs provided by the agency. Of the reductions so identified, 50 percent shall be retained by the agency for its use; the remaining 50 percent shall be returned to the general fund to be directed first (i) to the revenue stabilization fund created in accordance with Article X, § 8 of the Constitution of Virginia and thereafter (ii) to debt relief. Any moneys retained by an agency which have not been spent at the end of three quarters of the next fiscal year shall revert to the general fund.

6. Fiscal Impact Estimates are: Indeterminate (See Item 8)

7. Budget amendment necessary: No

8. Fiscal implications: The bill requires agencies to identify cost reductions that can be accomplished without reduction in services or programs administered by the agencies. The report of the savings will come to the Department of Planning and Budget (DPB) within five business days after the preliminary close of the Commonwealth's accounts at the end of each fiscal year. DPB will absorb in its current budget any workload changes due to the bill.

The amount identified by the agencies cannot be determined until the reports are received and reviewed by DPB. The bill proposes that agencies retain 50 percent of the savings and if unspent at the end of three quarters in the next fiscal year shall revert to the general fund. It is unclear if "the next fiscal year" is the year in which savings are identified or the following year.

The bill also provides that the remaining 50 percent of the identified savings be returned to the general fund for deposit to the revenue stabilization fund or reduction to debt relief.

9. Specific agency or political subdivisions affected: All state agencies, other agencies, and undertakings receiving financial aid from the Commonwealth

10. Technical amendment necessary: No

11. Other comments: The bill does not define “financial aid from the Commonwealth” and “other agencies and undertakings.”

Date: 01/16/07 / jwe

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cc: Secretary of Finance