

Amended

**Department of Planning and Budget
2012 Fiscal Impact Statement**

1. Bill Number: HB877

House of Origin	X	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: Sickles

3. Committee: Appropriations

4. Title: Assignment of general fund balance remaining at year end.

5. Summary: Assignment of general fund balance remaining at year end; Changes current law for the assignment of any year-end general fund surplus. The surplus would first be used for any Revenue Stabilization Fund deposit. Next, 30 percent of the remaining amount of the surplus would be set aside as additional contributions (i) for defined benefit retirement plans maintained by the Virginia Retirement System if the ratio of the actuarial assets to actuarial liabilities of any such plan is less than 0.80, and (ii) to the retirement plans of certain employees of public institutions of higher education who elected to be covered for retirement purposes under an optional defined contribution retirement plan in lieu of the Virginia Retirement System defined benefit retirement plan, if certain minimum contributions have not been made to such optional retirement plans. Any general fund balance remaining would then be set aside as provided under current law.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Indeterminate

8. Fiscal Implications: The bill changes the priorities for the distribution of any available year-end surplus from the priority set out in the current law. The total remaining general fund balance does not change, but the designated funds are allocated in a new priority system. This would increase funding for the Virginia Retirement System (VRS).

The bill requires VRS to calculate the actuarial assets to actuarial liabilities to determine if remaining general fund balances are to be deposited into the defined benefit retirement plan. VRS does not complete this calculation until October. The distribution formula for any general fund balance could not be completed until VRS was finished, therefore the other funding sources would not know the level of funding until October.

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This bill may create a conflict with §10.1-2128 pertaining to the required deposits to the Virginia Water Quality Improvement Fund (fund). Specifically, the component of §10.1-2128 that requires 10 percent of any revenue surplus to be deposited to the fund may not be available as required by law under the assignment priority order specified in the bill.

9. Specific Agency or Political Subdivisions Affected: All state agencies, especially the Virginia Retirement System (VRS), the Department of Accounts (DOA) and the Department of Planning and Budget (DPB).

10. Technical Amendment Necessary: The bill does not specify which defined benefit retirement plan at VRS shall receive the funds at year-end. VRS operates defined benefit retirement plans for teachers, local government employees, specific law enforcement personnel and state employees. Local government plans do not currently receive general fund support. However, this bill would seem to direct year-end general fund dollars to any such plan if its asset/liability ratio falls below .80.

11. Other Comments:

Date:

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