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**HOUSE BILL NO. 763**

Offered January 10, 2018

Prefiled January 9, 2018

*A BILL to amend and reenact § 2.2-1514, as it is currently effective and as it may become effective, of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 18 of Title 2.2 an article numbered 4.1, consisting of sections numbered 2.2-1831.1 through 2.2-1831.4, relating to establishment of Revenue Reserve Fund.*

Patrons—Jones, S.C., Landes, McGuire, Torian and Wright

Referred to Committee on Appropriations

**Be it enacted by the General Assembly of Virginia:**

**1. That § 2.2-1514, as it is currently effective and as it may become effective, of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Chapter 18 of Title 2.2 an article numbered 4.1, consisting of sections numbered 2.2-1831.1 through 2.2-1831.4, as follows:**

**§ 2.2-1514. (Contingent expiration date) Assignment of general fund for nonrecurring expenditures.**

A. As used in this section:

"The Budget Bill" means "The Budget Bill" submitted pursuant to § 2.2-1509, including any amendments to a general appropriation act pursuant to such section.

"Nonrecurring expenditures" means the acquisition or construction of capital outlay projects as defined in § 2.2-1518, the acquisition or construction of capital improvements, the acquisition of land, the acquisition of equipment, or other expenditures of a one-time nature as specified in the general appropriation act.

B. At the end of each fiscal year, the Comptroller shall assign within his annual report pursuant to § 2.2-813 as follows: 67 percent of the remaining amount of the general fund balance that is not otherwise restricted, committed, or assigned for other usage within the general fund shall be assigned by the Comptroller for deposit into the Transportation Trust Fund established pursuant to § 33.2-1524 or a subfund thereof, and the remaining amount shall be assigned for nonrecurring expenditures. No such assignment shall be made unless the full amounts required for other restrictions, commitments, or assignments including but not limited to (i) the Revenue Stabilization Fund deposit pursuant to § 2.2-1829, (ii) the Virginia Water Quality Improvement Fund deposit pursuant to § 10.1-2128, but excluding any deposits provided under the Virginia Natural Resources Commitment Fund established under § 10.1-2128.1, (iii) capital outlay reappropriations pursuant to the general appropriation act, (iv)(a) operating expense reappropriations pursuant to the general appropriation act, and (b) reappropriations of unexpended appropriations to certain public institutions of higher education pursuant to § 23.1-1002, (v) pro rata rebate payments to certain public institutions of higher education pursuant to § 23.1-1002, (vi) the unappropriated balance anticipated in the general appropriation act for the end of such fiscal year, ~~and~~ (vii) interest payments on deposits of certain public institutions of higher education pursuant to § 23.1-1002 are set aside, *and (viii) the Revenue Reserve Fund deposit pursuant to § 2.2-1831.2.* The Comptroller shall set aside amounts required for clauses (iv) (b), (v), and (vii) beginning with the initial fiscal year as determined under § 23.1-1002 and for all fiscal years thereafter.

C. The Governor shall include in "The Budget Bill" pursuant to § 2.2-1509 recommended appropriations from the general fund or recommended amendments to general fund appropriations in the general appropriation act in effect at that time an amount for deposit into the Transportation Trust Fund or a subfund thereof, and an amount for nonrecurring expenditures equal to the amounts assigned by the Comptroller for such purposes pursuant to the provisions of subsection B. Such deposit to the Transportation Trust Fund or a subfund thereof shall not preclude the appropriation of additional amounts from the general fund for transportation purposes.

**§ 2.2-1514. (Contingent effective date) Assignment of general fund for nonrecurring expenditures.**

A. As used in this section:

"The Budget Bill" means "The Budget Bill" submitted pursuant to § 2.2-1509, including any amendments to a general appropriation act pursuant to such section.

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59 appropriation act.

60 B. At the end of each fiscal year, the Comptroller shall assign within his annual report pursuant to  
61 § 2.2-813 as follows: 67 percent of the remaining amount of the general fund balance that is not  
62 otherwise restricted, committed, or assigned for other usage within the general fund shall be assigned by  
63 the Comptroller for deposit into the Transportation Trust Fund established pursuant to § 33.2-1524 or a  
64 subfund thereof, and the remaining amount shall be assigned for nonrecurring expenditures. No such  
65 assignment shall be made unless the full amounts required for other restrictions, commitments, or  
66 assignments including but not limited to (i) the Revenue Stabilization Fund deposit pursuant to  
67 § 2.2-1829, (ii) the Virginia Water Quality Improvement Fund deposit pursuant to § 10.1-2128, but  
68 excluding any deposits provided under the Virginia Natural Resources Commitment Fund established  
69 under § 10.1-2128.1, (iii) capital outlay reappropriations pursuant to the general appropriation act, (iv)  
70 (a) operating expense reappropriations pursuant to the general appropriation act, and (b) reappropriations  
71 of unexpended appropriations to certain public institutions of higher education pursuant to § 23.1-1002,  
72 (v) pro rata rebate payments to certain public institutions of higher education pursuant to § 23.1-1002,  
73 (vi) the unappropriated balance anticipated in the general appropriation act for the end of such fiscal  
74 year, and (vii) interest payments on deposits of certain public institutions of higher education pursuant to  
75 § 23.1-1002 are set aside, and (viii) the Revenue Reserve Fund deposit pursuant to § 2.2-1831.2. The  
76 Comptroller shall set aside amounts required for clauses (iv) (b), (v), and (vii) beginning with the initial  
77 fiscal year as determined under § 23.1-1002 and for all fiscal years thereafter.

78 C. The Governor shall include in "The Budget Bill" pursuant to § 2.2-1509 recommended  
79 appropriations from the general fund or recommended amendments to general fund appropriations in the  
80 general appropriation act in effect at that time an amount for deposit into the Transportation Trust Fund  
81 or a subfund thereof, and an amount for nonrecurring expenditures equal to the amount assigned by the  
82 Comptroller for such purpose pursuant to the provisions of subsection B. Such deposit to the  
83 Transportation Trust Fund or a subfund thereof shall not preclude the appropriation of additional  
84 amounts from the general fund for transportation purposes.

85 *Article 4.1.*

86 *Revenue Reserve Fund.*

87 **§ 2.2-1831.1. Creation of Revenue Reserve Fund.**

88 *There is hereby created in the state treasury a special nonreverting fund to be known as the Revenue*  
89 *Reserve Fund, referred to in this article as "the Fund." The Fund shall be established on the books of*  
90 *the Comptroller. All funds appropriated for such purpose and any gifts, donations, grants, bequests, and*  
91 *other funds received on its behalf shall be paid into the state treasury and credited to the Fund. Interest*  
92 *earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in*  
93 *the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund*  
94 *but shall remain in the Fund. Moneys in the Fund shall be used to offset, in whole or in part, certain*  
95 *anticipated shortfalls in revenues when appropriations based on previous forecasts exceed expected*  
96 *revenues in subsequent forecasts as provided in § 2.2-1831.3.*

97 **§ 2.2-1831.2. Assignment of funds for Revenue Reserve Fund.**

98 A. As used in this section, "The Budget Bill" means "The Budget Bill" submitted pursuant to §  
99 2.2-1509, including any amendments to a general appropriation act pursuant to such section.

100 B. On or before December 1 of each year, the Auditor of Public Accounts shall report to the  
101 General Assembly the certified tax revenues collected in the most recently ended fiscal year. The Auditor  
102 of Public Accounts shall, at the same time, provide his report on the amount that could be paid into the  
103 Fund and the amount by which the amount in the Fund is less than the maximum amount permitted. The  
104 State Comptroller shall draw such warrants as appropriated, and the State Treasurer shall deposit such  
105 warrants into the Fund. No amounts shall be withdrawn from the Fund except pursuant to  
106 appropriations made by the General Assembly in accordance with § 2.2-1830. However, if any amounts  
107 accrue, such as through interest or dividends, to the credit of the Fund in excess of the limit set forth in  
108 this subsection as calculated by the Auditor of Public Accounts, any excess shall be paid into the  
109 general fund.

110 C. Whenever there is a fiscal year in which there is no mandatory deposit to the Revenue  
111 Stabilization Fund required by Article X, Section 8 of the Constitution of Virginia, the Comptroller shall,  
112 at the end of the immediately prior fiscal year, assign within his annual report pursuant to § 2.2-813 the  
113 remaining amount of the general fund balance for that prior fiscal year that is not otherwise restricted,  
114 committed, or assigned for other use within the general fund, less any deposit into the Revenue  
115 Stabilization Fund deposit that is not required by Article X, Section 8 of the Constitution of Virginia,  
116 and the deposit to the Virginia Water Quality Improvement Fund pursuant to § 10.1-2128, for deposit  
117 into the Fund. Such amount assigned for deposit into the Fund shall not exceed one percent of the total  
118 general fund revenues for the prior fiscal year. In no event shall the total amount in the Fund at any  
119 time exceed two percent of the total general fund revenues for the prior fiscal year.

120 D. The Governor shall include in "The Budget Bill" pursuant to § 2.2-1509 recommended

121 appropriations from the general fund or recommended amendments to general fund appropriations in  
122 the general appropriation act in effect at that time an amount for deposit into the Fund at least equal to  
123 the amounts assigned by the Comptroller for such purposes pursuant to the provisions of subsection C.  
124 A schedule of deposits may be provided for in the appropriation act.

125 E. The State Comptroller shall draw such warrants as appropriated, and the State Treasurer shall  
126 deposit such warrants into the Fund. No amounts shall be withdrawn from the Fund except pursuant to  
127 appropriations made by the General Assembly in accordance with § 2.2-1831.3.

128 F. For the purposes of the Comptroller's preliminary and final annual reports as required by  
129 § 2.2-813, all balances remaining in the Fund on June 30 of each fiscal year shall be considered to be  
130 a portion of the fund balance of the general fund of the state treasury.

131 **§ 2.2-1831.3. Decline in forecasted revenues.**

132 In the event that a revised general fund forecast presented to the General Assembly reflects a decline  
133 when compared with total general fund revenues appropriated, and the decrease is two percent or less  
134 of certified tax revenues collected in the most recently ended fiscal year, the General Assembly may  
135 appropriate an amount for transfer from the Fund, not to exceed 50 percent of the amount in the Fund,  
136 to the general fund to stabilize the revenues of the Commonwealth.

137 **§ 2.2-1831.4. Sources or components of general fund revenues.**

138 Any revised general fund revenue forecast presented to the General Assembly for purposes of this  
139 article shall consist of the same revenue sources or components as those on which the total general fund  
140 revenues appropriated are based.

141 **2. That the Revenue Reserve Fund shall be funded at the maximum amount permitted by**  
142 **§ 2.2-1831.2 of the Code of Virginia, as created by this act, after no more than six annual deposits**  
143 **pursuant to subsection B of § 2.2-1831.2 of the Code of Virginia, as created by this act.**