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HOUSE BILL NO. 763**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the Senate Committee on Finance
on February 27, 2018)

(Patron Prior to Substitute—Delegate Jones, S.C.)

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 2.2-1831.5, relating to establishment of Revenue Reserve Fund.

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 2.2-1831.5, as follows:

§ 2.2-1514. (Contingent expiration date) Commitment 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~~ *commit* 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~~ *committed* 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~~ *committed* for nonrecurring expenditures. No such ~~assignment~~ *commitment* 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, ~~and~~ (viii) *the Revenue Reserve Fund deposit pursuant to § 2.2-1831.3*, are set aside. 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~~ *committed* 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) Commitment 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~~ *commit* within his annual report

60 pursuant to § 2.2-813 as follows: 67 percent of the remaining amount of the general fund balance that is
61 not otherwise restricted, committed, or assigned for other usage within the general fund shall be assigned
62 committed by the Comptroller for deposit into the Transportation Trust Fund established pursuant to
63 § 33.2-1524 or a subfund thereof, and the remaining amount shall be assigned committed for
64 nonrecurring expenditures. No such assignment commitment shall be made unless the full amounts
65 required for other restrictions, commitments, or assignments, including but not limited to (i) the Revenue
66 Stabilization Fund deposit pursuant to § 2.2-1829, (ii) the Virginia Water Quality Improvement Fund
67 deposit pursuant to § 10.1-2128, but excluding any deposits provided under the Virginia Natural
68 Resources Commitment Fund established under § 10.1-2128.1, (iii) capital outlay reappropriations
69 pursuant to the general appropriation act, (iv) (a) operating expense reappropriations pursuant to the
70 general appropriation act; and (b) reappropriations of unexpended appropriations to certain public
71 institutions of higher education pursuant to § 23.1-1002, (v) pro rata rebate payments to certain public
72 institutions of higher education pursuant to § 23.1-1002, (vi) the unappropriated balance anticipated in
73 the general appropriation act for the end of such fiscal year, and (vii) interest payments on deposits of
74 certain public institutions of higher education pursuant to § 23.1-1002, and (viii) the Revenue Reserve
75 Fund deposit pursuant to § 2.2-1831.3, are set aside. The Comptroller shall set aside amounts required
76 for clauses (iv) (b), (v), and (vii) beginning with the initial fiscal year as determined under § 23.1-1002
77 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
82 committed by the Comptroller for such purpose pursuant to the provisions of subsection B. Such deposit
83 to the 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. Definitions.**

88 *As used in this article, unless the context requires a different meaning:*

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

91 *"Fund" means the Revenue Reserve Fund.*

92 **§ 2.2-1831.2. Creation of Revenue Reserve Fund.**

93 A. There is hereby created in the state treasury a special nonreverting fund to be known as the
94 Revenue Reserve Fund. The Fund shall be established on the books of the Comptroller. All funds
95 appropriated for such purpose and any gifts, donations, grants, bequests, and other funds received on its
96 behalf shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the
97 Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including
98 interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in
99 the Fund, except that any amounts accrued to the credit of the Fund in excess of the limit set forth in
100 subsection B shall be paid into the general fund. Moneys in the Fund shall be used to offset, in whole
101 or in part, certain anticipated shortfalls in revenues when appropriations based on previous forecasts
102 exceed expected revenues in subsequent forecasts as provided in § 2.2-1831.4.

103 B. In no event shall the total amount in the Fund at any time exceed two percent of the total general
104 fund revenues for the prior fiscal year.

105 **§ 2.2-1831.3. Commitment of funds for Revenue Reserve Fund.**

106 A. On or before November 1 of each year, the Auditor of Public Accounts shall report to the
107 General Assembly the total general fund revenues collected in the most recently ended fiscal year. At the
108 same time, the Auditor of Public Accounts shall report on the amount that could be paid into the Fund
109 pursuant to subsection B and the amount by which the amount in the Fund is less than the maximum
110 amount permitted.

111 B. At the end of the fiscal year, after assigning within his annual report pursuant to § 2.2-813 the
112 full amounts required by clauses (i) through (vii) of subsection B of § 2.2-1514, and assigning or
113 committing any amount of the general fund balance that normally would be committed or assigned
114 pursuant to Governmental Accounting Standards Board standards, the Comptroller shall commit the
115 remaining general fund balance, up to a maximum of one percent of total general fund revenues for the
116 prior fiscal year, for deposit into the Fund.

117 C. The Governor shall include in "The Budget Bill" pursuant to § 2.2-1509 recommended
118 appropriations from the general fund or recommended amendments to general fund appropriations in
119 the general appropriation act in effect at that time an amount for deposit into the Fund at least equal to
120 the amounts committed by the Comptroller to the Fund pursuant to subsection B. A schedule of deposits
121 may be provided in the appropriation act. The General Assembly shall, in its discretion, appropriate any

amount deemed appropriate to the Fund from the amount committed by the Comptroller, and may appropriate any other amounts to the Fund that it deems necessary, subject to the limitation set forth in subsection B of § 2.2-1831.2.

D. The State Comptroller shall draw such warrants as appropriated, and the State Treasurer shall deposit such warrants into the Fund. No withdrawal shall be made from the Fund except in accordance with § 2.2-1831.4.

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

§ 2.2-1831.4. Transfers and appropriations from the Fund.

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

B. If the revised general fund forecast is presented when the General Assembly is not in session, the Governor shall manage the projected shortfall through spending limits pursuant to withholding of appropriation authority set forth in the general appropriation act in effect for the fiscal year. If in any fiscal year, after review of the May general fund revenue collections, the Governor certifies to the General Assembly that actions taken to curtail spending will not be sufficient to avoid a cash deficit, the Governor may appropriate amounts in the Fund to avoid such cash deficit, not to exceed 50 percent of the amount in the Fund.

§ 2.2-1831.5. Sources or components of general fund revenues.

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