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SENATE BILL NO. 1521

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Appropriations
on February 13, 2023)

(Patron Prior to Substitute—Senator Barker)

*A BILL to amend and reenact §§ 2.2-1829 and 2.2-1831.3 of the Code of Virginia, relating to Revenue Stabilization Fund and Revenue Reserve Fund; required deposits.***Be it enacted by the General Assembly of Virginia:****1. That §§ 2.2-1829 and 2.2-1831.3 of the Code of Virginia are amended and reenacted as follows:****§ 2.2-1829. Reports of Auditor of Public Accounts; Fund deposits and withdrawals.**

A. On or before December 1 of each year, the Auditor of Public Accounts shall report to the General Assembly the certified tax revenues collected in the most recently ended fiscal year. The Auditor shall, at the same time, provide his report on (i) the limitation on the total amount in the Fund; (ii) the amount that could be paid into the Fund; and (iii) the amount necessary for deposit for the next fiscal year into the Fund in order to satisfy the mandatory deposit requirement of Article X, Section 8 of the Constitution of Virginia. The Governor shall include any such amount in his budget bill submitted to the General Assembly pursuant to § 2.2-1509. A schedule of deposits may be provided for in the Appropriation Act.

B. If the report of the Auditor of Public Accounts, pursuant to subsection A, indicates that the annual percentage increase in the certified tax revenues collected in the most recently ended fiscal year is eight percent or greater than the certified tax revenues collected for the immediately preceding fiscal year and that such annual percentage increase in the certified tax revenues for the most recently ended fiscal year is also equal to or greater than 1.5 times the average annual percentage increase in the certified tax revenues collected in the six fiscal years immediately preceding the most recently ended fiscal year, the Governor shall include in his budget recommendations, submitted to the General Assembly in the subsequent session pursuant to § 2.2-1509, an additional amount for deposit to the Fund in excess of any mandatory deposit to the Fund required by Article X, Section 8 of the Constitution of Virginia. Such additional amount shall be equal to at least 25 percent of the product of the certified tax revenues collected in the most recently ended fiscal year multiplied by the difference between the annual percentage increase in the certified tax revenues collected for the most recently ended fiscal year and the average annual percentage increase in the certified tax revenues collected in the six fiscal years immediately preceding the most recently ended fiscal year. Any such additional deposits to the Fund shall be included in the Governor's budget recommendations submitted to the General Assembly in the subsequent session pursuant to § 2.2-1509 only if the estimate of general fund revenues prepared in accordance with § 2.2-1503 for the fiscal year in which the deposit is to be made is at least five percent greater than the actual general fund revenues for the immediately preceding fiscal year.

C. The State Comptroller shall draw such warrants as appropriated and the State Treasurer shall deposit such warrants into the Fund. No amounts shall be withdrawn from the Fund except pursuant to appropriations made by the General Assembly in accordance with § 2.2-1830. However, if any amounts accrue, such as through interest or dividends, to the credit of the Fund in excess of the limitation calculated by the Auditor of Public Accounts as provided in subsection E D, any excess shall be paid into the general fund either from the Fund or from the Revenue Reserve Fund created pursuant to § 2.2-1831.2.

D. C. 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.

E. D. At no time shall the combined amount in the Fund and the Revenue Reserve Fund exceed 15 percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales as certified by the Auditor of Public Accounts for the three fiscal years immediately preceding.

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

A. On or before November 1 of each year, the Auditor of Public Accounts shall report to the General Assembly the total general fund revenues collected in the most recently ended fiscal year. The Auditor of Public Accounts shall, at the same time, provide his report on the amount that could be paid into the Fund and the amount by which the amount in the Fund is less than the maximum amount permitted.

B. I. Whenever there is a fiscal year in which general fund revenues do not result in a mandatory deposit to the Revenue Stabilization Fund required by Article X, Section 8 of the Constitution of Virginia, the Comptroller shall, at the end of the fiscal year, commit within his annual report pursuant to § 2.2-813 the amount of the general fund revenue in excess of the official forecast for that prior fiscal

60 year, less any deposit to the Virginia Water Quality Improvement Fund pursuant to subsection A of
61 § 10.1-2128, for deposit into the Fund. Such amount committed for deposit into the Fund shall not
62 exceed one percent of the total general fund revenues for the prior fiscal year.

63 2. *In addition to the deposit required by subdivision 1, if the annual percentage increase in the*
64 *certified tax revenues collected in the most recently ended fiscal year is eight percent or greater than*
65 *the certified tax revenues collected for the immediately preceding fiscal year and such annual*
66 *percentage increase in the certified tax revenues for the most recently ended fiscal year is also equal to*
67 *or greater than 1.5 times the average annual percentage increase in the certified tax revenues collected*
68 *in the six fiscal years immediately preceding the most recently ended fiscal year, the Comptroller shall,*
69 *at the end of the fiscal year, commit within his annual report pursuant to § 2.2-813 an amount equal to*
70 *25 percent of the product of the certified tax revenues collected in the most recently ended fiscal year*
71 *multiplied by the difference between the annual percentage increase in the certified tax revenues*
72 *collected for the most recently ended fiscal year and the average annual percentage increase in the*
73 *certified tax revenues collected in the six fiscal years immediately preceding the most recently ended*
74 *fiscal year.*

75 C. The Governor shall include in "The Budget Bill" pursuant to § 2.2-1509 recommended
76 appropriations from the general fund or recommended amendments to general fund appropriations in the
77 general appropriation act in effect at that time an amount for deposit into the Fund at least equal to the
78 amounts committed by the Comptroller and confirmed by the Auditor of Public Accounts for such
79 purposes pursuant to the provisions of subsection B. A schedule of deposits may be provided in the
80 appropriation act.

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

84 E. For the purposes of the Comptroller's preliminary and final annual reports as required by
85 § 2.2-813, all balances remaining in the Fund on June 30 of each fiscal year shall be considered to be a
86 portion of the fund balance of the general fund of the state treasury. However, if any amounts accrue,
87 such as through interest or dividends, to the credit of the Fund in excess of the limitation calculated by
88 the Auditor of Public Accounts as provided in subsection F, any excess shall be paid into the general
89 fund either from the Fund or from the Revenue Stabilization Fund created pursuant to § 2.2-1828.

90 F. ~~At no time shall the~~ The combined amount in the Fund and the Revenue Stabilization Fund
91 created pursuant to § 2.2-1828 *shall not* exceed 15 percent of the Commonwealth's average annual tax
92 revenues derived from taxes on income and retail sales as certified by the Auditor of Public Accounts
93 for the three fiscal years immediately preceding.