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HOUSE BILL NO. 763**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the Joint Conference Committee
on March 9, 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 § 2.2-1831.2* 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 § 2.2-1831.2 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 There is hereby created in the state treasury a special nonreverting fund to be known as the Revenue
94 Reserve Fund, referred to in this article as "the Fund." The Fund shall be established on the books of
95 the Comptroller. All funds appropriated for such purpose and any gifts, donations, grants, bequests, and
96 other funds received on its behalf shall be paid into the state treasury and credited to the Fund. Interest
97 earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in
98 the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund
99 but shall remain in the Fund. Moneys in the Fund shall be used to offset, in whole or in part, certain
100 anticipated shortfalls in revenues when appropriations based on previous forecasts exceed expected
101 revenues in subsequent forecasts as provided in § 2.2-1831.4.

102 § 2.2-1831.3. Commitment of funds for Revenue Reserve Fund.

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

108 B. Whenever there is a fiscal year in which general fund revenues do not result in a mandatory
109 deposit to the Revenue Stabilization Fund required by Article X, Section 8 of the Constitution of
110 Virginia, the Comptroller shall, at the end of the fiscal year, commit within his annual report pursuant
111 to § 2.2-813 the amount of the general fund revenue in excess of the official forecast for that prior fiscal
112 year, less any deposit to the Virginia Water Quality Improvement Fund pursuant to subsection A of
113 § 10.1-2128, for deposit into the Fund. Such amount committed for deposit into the Fund shall not
114 exceed one percent of the total general fund revenues for the prior fiscal year. In no event shall the
115 total amount in the Fund at any time exceed two percent of the total general fund revenues for the prior
116 fiscal year.

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 and confirmed by the Auditor of Public Accounts for such
121 purposes pursuant to the provisions of subsection B. A schedule of deposits may be provided in the

122 appropriation act.

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

126 E. For the purposes of the Comptroller's preliminary and final annual reports as required by
127 § 2.2-813, all balances remaining in the Fund on June 30 of each fiscal year shall be considered to be
128 a portion of the fund balance of the general fund of the state treasury. However, if any amounts accrue,
129 such as through interest or dividends, to the credit of the Fund in excess of the limit set forth in this
130 subsection as calculated by the Auditor of Public Accounts, any excess shall be paid into the general
131 fund.

132 **§ 2.2-1831.4. Decline in forecasted revenues.**

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

138 When the General Assembly is not in session, after review of the May general fund revenue
139 collections and certification to the General Assembly that actions to curtail spending will not be
140 sufficient to avoid a cash deficit, the Governor may withdraw amounts appropriated to the Fund to
141 avoid such cash deficit, not to exceed 50 percent of the amount in the Fund.

142 **§ 2.2-1831.5. Sources or components of general fund revenues.**

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