



COMMONWEALTH OF VIRGINIA

HOUSE OF DELEGATES

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The Honorable Lacey E. Putney
Comments to the House of Delegates
On The Committee Recommendations to House Bill 30
February 16, 2012

Mr. Speaker and Members of the House, over the last several days, I have heard remarks on this Floor and read articles in various newspapers that suggest that the only business being conducted by this House deals with either guns or abortion.

So today, I rise to talk about the real business that we on the Appropriations Committee, and ultimately the House of Delegates, will be grappling with over the next week. Mr. Speaker, I am referring to the state budget for the 2012-14 biennium.

Since we arrived here some 36 days ago, the 9th floor has been in full gear evaluating the most important document this House will vote on. While taking place on the 9th floor, these discussions have involved all 100 Members of this body.

Over a 3 week period, I, along with the conferees, have conducted 7 small group briefings, in which members from both sides of the aisle participated in an in-depth discussion of the Governor's proposed budget.

The 90-minute briefings were structured by functional area of the budget, allowing for questions and answers after each segment; followed by a general discussion at the end of the briefing. Because of everyone's busy schedules a make-up session was provided for each caucus.

So what did we learn in these meetings? Well, we heard concerns that we should thoroughly examine the Governor's policy proposal that removed the inflation adjustment for public education.

We heard that the continuation of the Aid to Localities cuts in HB 30 will create hardship for our local governments as they search for ways to balance their budget in light of declining real estate values.

We also heard that reductions to the health safety net will negatively impact our most vulnerable citizens; and that adequate funding to our hospitals and nursing homes is not only important for the delivery of quality health care to the aged and disabled, but it also recognizes that our health providers are major employers in much of rural Virginia.

We also heard that transportation is a core service of government and that using general funds has been done for 25 years. Investments in our transportation system help create and retain the jobs that grow our economy.

Finally Mr. Speaker, while our economy continues to grow, as we heard from Secretary Brown yesterday, uncertainty still exists. As a result, I believe we will need to continue to show restraint if we are to match our budget to the constraints of our ongoing revenue stream.

Leadership is measured by looking beyond today.

I believe that the Committee's budget amendments will meet that test and put forth a common sense road map that embraces the bold initiatives and vision of Governor McDonnell, along with the collective wisdom of an independently elected House of Delegates.

Mr. Speaker over the last several years this House has made a priority commitment to the long-term structural balance of our finances.

This budget will be no different.

With the Governor's leadership, this budget will include nearly \$300.0 million in Rainy Day Fund deposits, replenishing the fund, which was used, as intended, to weather the recession. The Fund balance at the end of FY 2014 will be in excess of \$600.0 million, or about half of the level it was prior to the withdrawal.

Last Session, the General Assembly began to phase-out the accelerated collection of sales tax revenues that required nearly 9,000 retailers to pay July's sales tax in June.

Our recommendations immediately began the phase-out, resulting in 80% of the impacted retailers not having to accelerate their sales tax remittance last June.

Mr. Speaker, I want to applaud the Governor for proposing \$50 million to continue the phase-out. This action, which will be in our budget, will remove another 1,407 retailers from accelerating the tax collections. With this budget, and last year's actions, 95.6% of all retailers will be removed from this requirement.

Finally Mr. Speaker, I believe that it is imperative to ensure that we have adequate cash reserves on hand as we continue to emerge from the worst recession in memory. To that end, we will set aside a couple of reserve funds. The first is designed to meet any negative impact of federal budget reductions on the Commonwealth over the next several years.

The second reserve fund will serve two purposes; first, as a revenue reserve in the event that our economy does not perform at the levels that we anticipate. If our economy does perform, then these appropriated dollars will be earmarked for a pay raise in the second year of the budget -- fiscal year 2014 -- for state employees, college faculty, and our state supported Constitutional Officers and their employees, such as deputy sheriffs, Commonwealth Attorneys, and such.

On Sunday, the Appropriations Committee will meet at 1:00 p.m. At that time the full details of our fiscal plan will be unveiled.

However, like a movie "trailer", I would like to give you a sneak preview of the coming attraction. Specifically, our amendments will:

- Provide additional funding for both our public schools and our local governments so that they can keep local taxes low,
- Use one-time savings to fund non-recurring costs such as capital projects, and minimize the amount of new debt,
- Provide full funding of the VRS contribution rates,

- Reduce the burden on Virginia's businesses with fewer and lower fees,
- Provide additional support to attract new industry and promote tourism, and
- Make the largest investment in over a decade to our colleges and universities.

In closing, Mr. Speaker, not only did we receive the input from all 100 members, but I believe we are heeding much of what they told us. In keeping with the old adage -- - the Governor proposes and the Legislature disposes.

The product I will submit to this body next Thursday will reflect the bi-partisan work of all 22 members of the Committee, and reflect the thinking of all 100 members of the House.

Thank you.