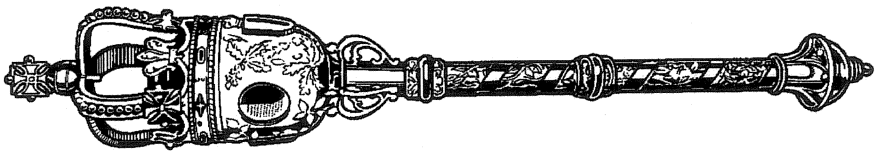
Summary of Proposed Committee Resources & Budget Adjustments



House Bill 1500

February 6, 2011

House Bill 1500
GF Summary HAC Amendments

Summary Recommended Revenue Adjustments	HB 1500 FY 2011	HB 1500 FY 2012	FY 2010-2012 Biennium
Ending Balance - HB 1500 as Introduced	**249,675,089**	**(245,602,347)**	**4,072,742**
ADDITIONS TO BALANCES			
Replace VRS Proposal in Introduced Budget	0	122,866,900	122,866,900
Increase in VRS rates	0	(43,515,725)	(43,515,725)
Unexpended Balance from 3% Bonus	7,551,951	0	7,551,951
FY 2010 Balances - House Clerk	275,000	0	275,000
FY 2010 Balances - DLAS	473,266	0	473,266
FY 2010 Balances - JLARC	477,344	0	477,344
FY 2010 Balances - Youth Commission	50,000	0	50,000
FY 2010 Balances - Capitol Police	2,299,709	0	2,299,709
FY 2010 Balance - Disability Commission	92,212	0	92,212
FY 2010 Balance - Housing Study Commission	20,651	0	20,651
FY 2010 Balance - Unemployment Comp Comm	11,705	0	11,705
FY 2010 Balance - Small Business Comm.	29,561	0	29,561
FY 2010 Balance - Electric Utility Restructuring Comm	26,093	0	26,093
FY 2010 Balance - Manufacturing Development Comm	26,971	0	26,971
FY 2010 Balance - Jt Comm on Administrative	11,739	0	11,739
FY 2010 Balance - Prevention of Human Trafficking Comm	24,145	0	24,145
FY 2010 Balance - Water Commission	58,633	0	58,633
50% FY 2010 Balance - Indigent Defense	297,171	0	297,171
FY 2010 Balances - Mary Washington Melchers Monroe	14,532	0	14,532
FY 2010 Balances - VCCS Workforce	439,280	0	439,280
FY 2010 Balances - Gunston Hall	11,661	0	11,661
FY 2010 Balances - Research Funding in DPB	51,258	0	51,258
FY 2010 Balances - DBHDS	1,111,444	0	1,111,444
FY 2010 Balances - DCJS	17,500	0	17,500
Restore State Bar funding	(5,000,000)	0	(5,000,000)
Productivity Investment Fund	500,000	0	500,000
Subtotal-Additions to Balances	**8,871,826**	**79,351,175**	**88,223,001**
ADDITIONS TO REVENUES			
Technical Adjustment for Federal Conformity	(600,000)	(520,000)	(1,120,000)
Sale of Brunswick @ 25% of market value	0	11,250,000	11,250,000
Accelerated Sales Tax for $50 million and greater	(111,600,000)	0	(111,600,000)
Mid Session Reforecast - Withholding Taxes	85,000,000	87,000,000	172,000,000
Mid Session Reforecast - Non-withholding	(45,000,000)	0	(45,000,000)
Mid Session Reforecast - Tax Refund - Land Preservation Tax Credit	25,000,000	0	25,000,000
Federal Tax Conformity - §108	(14,900,000)	7,400,000	(7,500,000)
Distribution of Circuit Court Excess Fees	(2,763,180)	(2,763,180)	(5,526,360)
Subtotal-Additional Revenues	**(64,863,180)**	**102,366,820**	**37,503,640**
TRANSFERS			
Undo Governor's VRS proposal 5% pickup	0	(53,704,151)	(53,704,151)
Undo Governor's VRS proposal 2% salary offset	0	35,502,909	35,502,909
Sale of Women detention	175,000	0	175,000
Wine Tax credit	0	250,000	250,000
Subtotal-Transfers	**175,000**	**(17,951,242)**	**(17,776,242)**
COMMITTEE RESOURCES ADJUSTMENTS TOTAL	**193,858,735**	**(81,835,594)**	**112,023,141**
Grand Total-Spending	**(6,204,298)**	**110,604,974**	**104,400,676**
New Unappropriated Balance	**200,063,033**	**(192,440,568)**	**7,622,465**

Amendments to House Bill 1500, as Introduced

Special Budget Review Subcommittee — Item 0 #3h

Revenues

Revenues — Language

Language:

Page 1, strike lines 39 through 50, and insert:

	"First Year	Second Year	Total
Unreserved Balance, June 30, 2010	$491,244,000	$0	$491,244,000
Additions to Balance	$86,832,137	$224,062,153	$310,894,290
Official Revenue Estimates	$14,652,586,729	$15,554,564,746	$30,207,151,475
Transfers	$427,603,371	$467,997,627	$895,600,998
Total General Fund Resources Available for Appropriations	$15,658,266,237	$16,246,624,526	$31,904,890,763"

Page 2, strike line 1.

Page 2, strike lines 3 through 18, and insert:

	"First Year	Second Year	Total
Balance June 30, 2010	$3,893,497,975	$0	$3,893,497,975
Official Revenue Estimates	$23,157,616,156	$23,352,675,124	$46,510,291,280
Lottery Proceeds Fund	$435,200,000	$435,875,000	$871,075,000
Bond Proceeds	$507,662,011	$1,347,847,857	$1,855,509,868
Total Nongeneral Fund Revenues Available for Appropriations	$27,993,976,142	$25,136,397,981	$53,130,374,123
Total Projected Revenues	$43,652,242,379	$41,383,022,507	$85,035,264,886"

Explanation:

(This amendment reflects general fund and nongeneral fund revenue adjustments included in the House Amendments to House Bill 1500).

Special Budget Review Subcommittee — Item 3-1.01 #2h

Transfers

Interfund Transfers — Language

Language:

Page 460, line 38, strike "$300,000" and insert "$475,000".

Explanation:

(This amendment accounts for the final proceeds from the sale of the Richmond Women's Diversion Center. This surplus property was authorized for sale in the past

biennium, but was not sold until this year. The proposed budget had an estimated amount from the proceeds of the sale of $300,000. The final amount is $475,000 after accounting for sale-related costs.)

Special Budget Review Subcommittee Item 3-5.10 #1h

Adjustments And Modifications To Tax Collections
TREATMENT OF CERTAIN CANCELLATION OF DEBT INCOME Language

Language:

Page 469, after line 40, insert:

"§ 3-5.10 TREATMENT OF CERTAIN CANCELLATION OF DEBT INCOME

Notwithstanding any other provision of law, income from the discharge of indebtedness in connection with the reacquisition of an "applicable debt instrument" under § 108 (i) of the Internal Revenue Code reacquired in taxable year 2010 may be included in the taxpayer's Virginia taxable income ratably over a 3-taxable-year period beginning with taxable year 2010 for transactions completed in taxable year 2010 on or before April 21, 2010. If the taxpayer does not elect to include such income ratably over the 3-taxable-year period, then such income shall be fully included in the taxpayer's Virginia taxable income for taxable year 2010."

Explanation:

(This amendment extends to taxable year 2010 a provision of tax conformity related to "cancellation of debt" that was adopted last year in Chapter 874 (2010). As part of the American Recovery and Reinvestment Act of 2009, Congress enacted a special treatment for certain "cancellation of debt" income under § 108 (i) of the IRC. Under this provision, corporations that had income that would have been recognized and treated as taxable income from certain corporate restructurings were allowed the election to defer recognition of this income for five years and then include it in income over another five years. This special federal treatment was available for taxable years 2009 and 2010, and would have the same affect on taxable income in Virginia, if Virginia elected to conform to this federal change. House Bill 30 (2010) as introduced included legislation to deconform from this federal treatment to avoid a negative impact on general fund revenue in fiscal years 2010 through 2012. The adopted budget included action to lessen the impact on any company affected by this deconformity for taxable year 2009. For taxable year 2009 only, Chapter 874 allowed any company affected by this provision to spread the impact of this increased tax over 3 years. This special treatment was available only for transactions occurring in

taxable year 2009. This amendment will allow the three-year deferral to apply to taxable year 2010.)