



COMMONWEALTH OF VIRGINIA  
HOUSE OF DELEGATES  
RICHMOND

APPROPRIATIONS COMMITTEE  
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VINCENT F. CALLAHAN, JR., CHAIRMAN

April 6, 2006

MEMORANDUM

TO: Member, House of Delegates

FROM: Vincent F. Callahan, Jr.

A handwritten signature in black ink, appearing to read "V. Callahan, Jr.", written over the printed name.

SUBJECT: House Bill 5002 as amended

On April 3<sup>rd</sup>, the Appropriations Committee took up HB 5002 which I introduced on March 15<sup>th</sup>. This bill is identical to HB 30, which I also introduced at the request of Governor Warner.

With the exception of one amendment, the Committee amendments that were incorporated into HB 5002 are identical to the amendments adopted by the House to HB 30 on February 23, 2006.

I know that you all share my belief that our first obligation to the citizens of the Commonwealth is to approve a new two-year spending plan. In order to accomplish this objective, and in the spirit of compromise, the Appropriations Committee adopted an amendment on April 3<sup>rd</sup> that would set aside the House's transportation initiative into a new Transportation Program Reserve Fund contained in the Central Appropriations section of the budget.

This amendment is consistent with an earlier proposal put forward by the House budget conferees. In early discussions with the Senate, it became quite clear that relatively few, yet "bridgeable", differences exist between our two budgets, with the exception of transportation. However, despite these relatively few differences, the Senate has refused to discuss, let alone resolve, the budget until we agree to a transportation plan that includes \$1.0 billion in new taxes, which are embedded in the new spending plan.

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This resulting impasse endangers funding for education, health care, and public safety. Right now, local governments, state agencies, health care service providers, and educational institutions are unwilling spectators to a fight they did not initiate.

In my nearly 40 years in the House of Delegates, previous Governors who put forth major initiatives did so separate and apart from action on the budget. When advocating the imposition of a sales tax 40 years ago, Governor Godwin called the General Assembly into a special session – long after it had completed its work on Virginia’s budget. Governor Baliles followed Governor Godwin’s example 20 years later, calling the General Assembly into a special session restricted to transportation in 1986 – again, after it had completed its work on a budget. Likewise, Governor’s Allen and Gilmore chose to hold special sessions separately – one to address parole reform and the other to address personal property tax relief and school construction.

In fact, the amendment adopted by the Appropriations Committee this week is modeled after the budget amendment adopted by the 1998 General Assembly establishing the Personal Property Tax Relief and School Construction Fund. By separating the Car Tax issue from the budget we avoided an unnecessary budget stalemate. It was the right approach then and it is the right approach now.

The Committee amendment setting aside a portion of the existing transportation dollars and surplus into a reserve fund ensures that both the House and Senate will have a seat at the negotiating table. Under the accompanying language in the amendment, these monies would be allocated through separate legislation either during the current special session or a subsequent special session of the General Assembly devoted to transportation.

Adoption of this amendment allows both sides to step back, thereby avoiding an unnecessary budget stalemate. This is the right way to address an issue of this magnitude, the way Virginia has traditionally employed and one intended as a budget compromise.

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I have attached a copy of the Transportation Program Reserve Fund amendment. Likewise, I have included information highlighting the funding included in the Committee budget, as well as a comparison of the House and Senate budget in several of the major areas.

If you have any questions, please let me know. Thanks.

Attachments