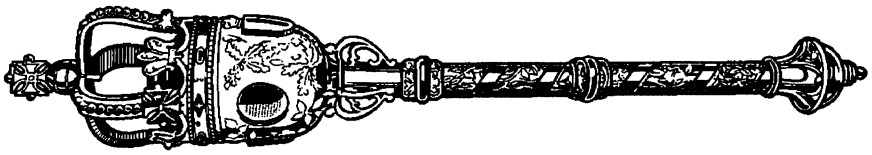
Summary of Proposed Committee Resources



House Bill 29 & House Bill 30

February 19, 2006

House Bill 29 and 30
General Fund Summary
HAC Amendments

Summary Recommended Revenue Adjustments	HB 29 FY 2006	HB 30 FY 2007	HB 30 FY 2008	FY 2006-08 Biennium
UNAPPROPRIATED BALANCE	1,242,399,699	1,791,298,623		1,791,298,623
FY 04 Balance Minus HB 30 Introduced		(1,240,688,090)		(1,240,688,090)
HB 30 Fiscal Year Ending Balance		550,610,533	42,901,091	593,511,624
ADDITIONS TO BALANCES				
DOE Carryover Balances	3,829,916			0
Legislative Balances		547,000	547,000	1,094,000
Subtotal-Balances	3,829,916	547,000	547,000	1,094,000
ADDITIONAL REVENUES				
Revised Corporate Tax Collection	53,100,000			0
Purchase of Norfolk Health Bld. (Offset by Spending)	1,060,000			0
Tax Conformity - Revised Cost Based on Current Law	(207,000)	(240,000)	(263,000)	(503,000)
Correction on Interest & Indirect Cost for Sponsored Programs		666,846	755,053	1,421,899
Eliminate Accelerated Sales Tax in FY 06	(26,000,000)			0
Restore Interest Earnings from Higher Education		7,794,694	4,404,990	12,199,684
Revised GF Interest Earnings Based on FY 2007 Rainy Day Deposit		14,627,280		14,627,280
Estate Tax Repeal			(98,600,000)	(98,600,000)
Long Term Care Tax Credit		(4,950,000)	(5,200,000)	(10,150,000)
Back to School Sales Tax Holiday		(2,900,000)	(3,100,000)	(6,000,000)
School Efficiecny and Review Recoveries			295,625	295,625
Mid-Session Forecast Revision	124,000,000	34,000,000	5,000,000	39,000,000
Interest Earnings on FY 08 Rainy Day Payment		3,925,400	4,085,000	8,010,400
Subtotal-Revenues	151,953,000	52,924,220	(92,622,332)	(39,698,112)
TRANSFERS				
Eliminate Transfer of Transporation Savings to GF		(1,148,533)		(1,148,533)
Transfer of Excess Cash Charitable Gaming		587,000		587,000
Increase in Game Fund - Reduce GF		(110,195)	(110,195)	(220,390)
Revised Sale of ABC Building in Alexandria	(7,500,000)	15,000,000		15,000,000
Excess Rainy Day Deposit	(16,303,363)			
Transfer TTF - Sales Tax Holiday		(400,000)	(400,000)	(800,000)
Restore Interest Earnings from H.E. (UVA, VT, CWM)			4,420,748	4,420,748
Subtotal-Transfers	(23,803,363)	13,928,272	3,910,553	17,838,825
COMMITTEE TOTAL	1,374,379,252	625,374,231	(45,263,688)	580,110,543
Grand Total-Spending	(424,283,577)	450,999,571	114,800,811	565,800,382
New Unappropriated Balance	1,798,662,829	174,374,660	(160,064,499)	14,310,161

Commerce And Trade	**FY 04-05**	**FY 05-06**	
Department Of Housing And Community Development	$0	$1,060,000	GF

Language:

Page 17, line 18, strike "$40,689,160" and insert "$41,749,160".

Page 17, after line 18, insert:

"111. Economic Development Research, Planning, and Coordination (53300)	45,077,706	~~40,689,160~~ 41,749,160
Regional and Community Developmental Planning (53301)	3,028,772	3,078,772
Financial Assistance for Substate Planning (53303)	2,284,859	2,796,313
Financial Assistance for Community Development (53305)	39,764,075	~~34,817,075~~ 35,874,075
Fund Sources:		
General	14,795,960	~~10,407,414~~ 11,467,414
Special	150,000	150,000
Federal Trust	30,161,746	30,131,746

Authority: Title 15.2, Chapter 13, Article 3 and Chapter 42; Title 36, Chapters 8, 10 and 11; and Title 59.1, Chapters 22 and 22.2, Code of Virginia.

A. This appropriation includes annual membership dues to the Appalachian Regional Commission, $128,091 the first year and $128,091 the second year, from the general fund. These dues are payable from the amounts for Regional and Community Developmental Planning.

B.1. Out of the amounts provided to the Department shall be provided $2,880,000 the first year and $2,880,000 the second year from the general fund for the Indoor Plumbing Program. In addition, an annual allocation of federal dollars will be made available to this program dependent upon the level of federal support each year. Any unexpended balance in this program at the close of business on June 30, 2005, and June 30, 2006, shall not revert to the general fund, but shall be carried forward and reappropriated.

2. The Department and local program administrators shall make every reasonable

effort to provide participants basic financial counseling to enhance their ability to benefit from the Indoor Plumbing Program and to foster their movement to economic self-sufficiency.

C. Out of the amounts for Financial Assistance for Substate Planning shall be paid from the general fund in four equal quarterly installments each year:

1. To the Lenowisco Planning District Commission, $89,812 the first year and $89,812 the second year, which includes $38,610 the first year and $38,610 the second year for responsibilities originally undertaken and continued pursuant to § 15.2-4207, Code of Virginia, and the Virginia Coalfield Economic Development Authority.

2. To the Cumberland Plateau Planning District Commission, $92,446 the first year and $92,446 the second year which includes $42,390 the first year and $42,390 the second year for responsibilities originally undertaken and continued pursuant to § 15.2-4207, Code of Virginia, and the Virginia Coalfield Economic Development Authority.

3. To the Mount Rogers Planning District Commission, $59,611 the first year and $59,611 the second year.

4. To the New River Valley Planning District Commission, $59,611 the first year and $59,611 the second year.

5. To the Roanoke Valley-Alleghany Regional Commission, $72,824 the first year and $72,824 the second year.

6. To the Central Shenandoah Planning District Commission, $67,367 the first year and $67,367 the second year.

7. To the Northern Shenandoah Valley Regional Commission, $59,611 the first year and $59,611 the second year.

8. To the Northern Virginia Regional Commission, $303,499 the first year and $303,499 the second year.

9. To the Rappahannock-Rapidan Regional Commission, $59,611 the first year and $59,611 the second year.

10. To the Thomas Jefferson Planning District Commission, $59,611 the first year and $59,611 the second year.

11. To the Region 2000 Regional Commission, $63,778 the first year and $63,778 the second year.

12. To the West Piedmont Planning District Commission, $70,023 the first year and $70,023 the second year.

13. To the Southside Planning District Commission, $59,611 the first year and $59,611 the second year.

14. To the Piedmont Planning District Commission, $59,611 the first year and $59,611 the second year.

15. To the Richmond Regional Planning District Commission, $165,277 the first year and $165,277 the second year.
16. To the RADCO Planning District Commission, $59,611 the first year and $59,611 the second year.
17. To the Northern Neck Planning District Commission, $59,611 the first year and $59,611 the second year.
18. To the Middle Peninsula Planning District Commission, $59,611 the first year and $59,611 the second year.
19. To the Crater Planning District Commission, $59,611 the first year and $59,611 the second year.
20. To the Accomack-Northampton Planning District Commission, $59,611 the first year and $59,611 the second year.
21. To the Hampton Roads Planning District Commission $293,995 the first year, and $293,995 the second year.
22. In addition to the amounts provided in paragraph C of this item, $511,454 the second year from the general fund shall be provided to supplement funding made available to the planning district commissions in conformance with the Regional Cooperation Act. The Department shall distribute these additional funds in such a manner as to bring each planning district commission's appropriation to a minimum level of $90,000 in the second year.
D. Out of the amounts provided to the Department shall be provided $1,463,112 the first year and $1,463,112 the second year from the general fund for the Southeast Rural Community Assistance Project (formerly known as the Virginia Water Project) operating costs and water and wastewater grants. The Department shall disburse the total payment each year in twelve equal monthly installments.
E. This appropriation includes annual membership dues in the DELMARVA Advisory Council, $7,500 the first year and $7,500 the second year from the general fund.
F. Any remaining balances in the Virginia Enterprise Initiative and the Virginia Removal or Rehabilitation of Derelict Structures Fund shall not revert to the general fund, but shall be carried forward and reappropriated.
G. Any unexpended balance in the Industrial Site Development fund at the close of business on June 30, 2005, and June 30, 2006, shall not revert to the general fund, but shall be carried forward and reappropriated.
I VETO THIS ITEM. /s/ Mark R. Warner (6/25/04) (Vetoed item is enclosed in brackets.)
[H. Out of the amounts in this item shall be provided $50,000 the first year and $100,000 the second year from the general fund for the Center for Rural Virginia. The department shall report periodically to the Chairmen of the Senate Finance and

House Appropriations Committees on the status, needs and accomplishments of the Center.]

I. As part of its mission, the Center for Rural Virginia shall monitor the implementation of the budget initiatives approved by the 2005 Session of the General Assembly for rural Virginia and shall report periodically to the Chairmen of the Senate Finance and House Appropriations Committees on the effectiveness of these various programs in addressing rural economic development problems. Any unexpended balance for the Center for Rural Virginia at the close of business on June 30, 2005, and June 30, 2006, shall not revert to the general fund but shall be carried forward and reappropriated.

J. Out of the appropriation for this item, $5,000,000 the first year from the general fund shall be provided to pay the capital costs for safe drinking water and wastewater treatment in the Lenowisco, Cumberland Plateau, or Mount Rogers planning districts. The Department shall leverage the appropriation with other state moneys, federal grants or loans, local contributions, and private or nonprofit resources. Any unexpended balance in the item for this purpose on June 30, 2005, and June 30, 2006, shall not revert to the general fund but shall be carried forward, reappropriated, and allotted.

K. Out of the amounts for Economic Development Research, Planning, and Coordination shall be provided $1,060,000 in the second year from the general fund to the City of Norfolk to assist a local economic development effort."

Explanation:

(This amendment provides funding to the City of Norfolk to assist a local economic development effort. A companion amendment in § 3-3.04 clarifies that the City must provide a comparable amount of in-kind services to the Commonwealth.)

Finance	**FY 04-05**	**FY 05-06**	
Department Of Accounts Transfer Payments	$0	($402,224,018)	GF

Language:

Page 0, line 0, strike "$0" and insert "($402,224,018)".
Page 64, strike line 33 through line 42.
Page 64, line 43, strike "4." and insert "3."

Explanation:

(This amendment eliminates the proposed pre-payment of the fiscal year 2007 mandatory deposit to the Revenue Stabilization Fund. The amounts proposed in House Bill 29 as introduced are in excess of the amounts certified by the Auditor of Public Accounts and result in the Fund exceeding the cap, thereby requiring a year-end transfer out of the Fund. A companion amendment to House Bill 30 sets out the fiscal year 2007 Revenue Stabilization Fund deposit as certified by the Auditor of Public Accounts.)

Transfers

Interfund Transfers Language

Language:

Page 199, after line 48 insert

"QQ. On or before June 30, 2006, the State Comptroller shall transfer from the general fund of the state treasury, to the following agencies and fund details, to restore nongeneral funds reverted to the general fund on June 30, 2005 pursuant to § 4-1.05 B of the General provisions of this Act.

Agency Code	Agency Name	Fund Group Fund Detail	Second Year
146	The Science Museum of Virginia	0275	$15,000
750	Department of Correctional Education	0200	$25,795
765	Department of Social Services	0236	$76,144
799	Department of Corrections	0257	$24,913
	Total		$141,852"

Explanation:

(This amendment restores amounts transferred to the general fund by the State Comptroller per § 4-1.05 B. from certain inactive nongeneral fund balances in the agencies and fund details specified. This transfer is reflected on the transfers displayed on page 1 of this bill but the language was inadvertently omitted from the miscellaneous transfers shown in § 3-1.01 when this bill was introduced.)

Transfers

Interfund Transfers Language

Language:

Page 199, after line 48 insert

"QQ. On or before June 30, 2006, the State Comptroller shall transfer from the general fund of the state treasury, to the following agencies and fund details, to restore nongeneral funds reverted to the general fund on June 30, 2005 pursuant to § 4-1.05 B of the General provisions of this Act.

Agency Code	Agency Name	Fund Group Fund Detail	Second Year
146	The Science Museum of Virginia	0275	$15,000
750	Department of Correctional Education	0200	$25,795
765	Department of Social Services	0236	$76,144
799	Department of Corrections	0257	$24,913
	Total		$141,852"

Explanation:

(This amendment restores amounts transferred to the general fund by the State Comptroller per § 4-1.05 B. from certain inactive nongeneral fund balances in the agencies and fund details specified. This transfer is reflected on the transfers displayed on page 1 of this bill but the language was inadvertently omitted from the miscellaneous transfers shown in § 3-1.01 when this bill was introduced.)

Special Budget Review Subcommittee Item 3-3.04 #1h

General Fund Deposits

Payments by the City of Norfolk Language

Language:

Page 200, line 39, strike "an initial cash payment of $1,400,000" and insert: "$2,460,000".

Page 200, line 40, after "Center." strike the remainder of the line.

Page 200, line 41, strike: "additional $1,060,000 in cash or in-kind to be provided to the Commonwealth in due course." and insert:

"The City of Norfolk shall provide $1,060,000 of in-kind services to the Commonwealth."

Explanation:

(This amendment clarifies that the City of Norfolk must provide $1,060,000 of in-kind services to the Commonwealth. A companion amendment provides $1,060,000 to the City of Norfolk to assist a local economic development effort.)

Effective Date

Effective Date Language

Language:

Page 203, line 7, strike "Not set out." and insert:

"3. That § 58.1 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-615. Returns by dealers.

A. Every dealer required to collect or pay the sales or use tax shall, on or before the twentieth day of the month following the month in which the tax shall become effective, transmit to the Tax Commissioner a return showing the gross sales, gross proceeds, or cost price, as the case may be, arising from all transactions taxable under this chapter during the preceding calendar month, and thereafter a like return shall be prepared and transmitted to the Tax Commissioner by every dealer on or before the twentieth day of each month, for the preceding calendar month. In the case of dealers regularly keeping books and accounts on the basis of an annual period which varies 52 to 53 weeks, the Tax Commissioner may make rules and regulations for reporting consistent with such accounting period.

Notwithstanding any other provision of this chapter, a dealer may be required by the Tax Commissioner to file sales or use tax returns on an accounting period less frequent than monthly when, in the opinion of the Tax Commissioner, the administration of the taxes imposed by this chapter would be enhanced. If a dealer is required to file other than monthly, each such return shall be due on or before the twentieth day of the month following the close of the period. Each such return shall contain all information required for monthly returns.

A sales or use tax return shall be filed by each registered dealer even though the dealer is not liable to remit to the Tax Commissioner any tax for the period covered by the return.

B. 1. In addition to the amounts required under the provisions of this section and § 58.1-616, any dealer as defined by § 58.1-612 or direct payment permit holder pursuant to § 58.1-624, with taxable sales and purchases of $1,300,000 or greater for the 12-month period beginning July 1, and ending June 30 of the immediately preceding calendar year, shall be required to make a payment equal to 90 percent of the sales and use tax liability for the previous June. Beginning July 1, 2005, for the payment required in 2006, the payment required under this subdivision shall only

apply to such dealers or direct payment permit holders with taxable sales and purchases of $50,000,000 or greater for such period of time and the payment required shall equal 20 percent of the sales and use tax liability for the previous June.

Such tax payments shall be made on or before the 30th day of June, if payment is made by electronic funds transfer, as defined in § 58.1-202.1. If payment is made by other than electronic funds transfer, such payment shall be made on or before the 25th day of June. For purposes of this provision, taxable sales or purchases shall be computed without regard to the number of certificates of registration held by the dealer. Every dealer or direct payment permit holder shall be entitled to a credit for the payment under this subsection on the return for June of the current year due July 20. The provisions of this subsection shall not apply to persons who are required to file only a Form ST-7, Consumer User Tax Return.

2. In lieu of the penalties provided in § 58.1-635, except with respect to fraudulent returns, failure to make a timely payment or full payment of the sales and use tax liability as provided in this subsection shall subject the dealer or direct payment permit holder to a penalty of six percent of the amount of tax underpayment that should have been properly paid to the Tax Commissioner. Interest will accrue as provided in § 58.1-15. The payment required by this subsection shall become delinquent on the first day following the due date set forth in this subsection if not paid.

<u>The provisions of this subsection shall expire on June 1, 2006.</u>

C. Any return required to be filed with the Tax Commissioner under this section shall be deemed to have been filed with the Tax Commissioner on the date that such return is delivered by the dealer to the commissioner of the revenue or the treasurer for the locality in which the dealer is located and receipt is acknowledged by the commissioner of the revenue or treasurer. The commissioner of the revenue or the treasurer shall stamp such date on the return, and shall mail the return to the Tax Commissioner no later than the following business day. The commissioner of the revenue or the treasurer may collect from the dealer the cost of postage for such mailing."

Explanation:

(This amendment reflects the elimination of the accelerated sales tax in fiscal year 2006.)

Finance	**FY 06-07**	**FY 07-08**	
Department Of Accounts Transfer Payments	$354,057,244	$95,000,000	GF

Language:

Page 216, after line 3, insert:

"260.10. Revenue Stabilization Fund	$354,057,244	$95,000,000
Fund Sources: General	$354,057,244	$95,000,000."

1. Out of this appropriation, $354,057,244 the first year from the general fund attributable to actual tax collections for fiscal year 2005 shall be paid into the Revenue Stabilization Fund pursuant to § 2.2-1829, Code of Virginia, by the State Comptroller on or before June 30, 2007, based on the certification of the Auditor of Public Accounts of actual tax revenues for fiscal year 2005. This appropriation meets the mandatory deposit requirement of Article X, Section 8 of the Constitution of Virginia.

2. Out of this appropriation, $95,000,000 the second year from the general fund shall be paid by the State Comptroller on or before June 30, 2008 into the Revenue Stabilization Fund pursuant to § 2.2-1829, Code of Virginia. This amount represents an estimate of the required deposit to the Revenue Stabilization Fund attributable to tax collections for fiscal year 2006, which the Auditor of Public Accounts shall determine for the year ending June 30, 2006.

3. On or before November 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 the 10 percent limitation and the amount that could be paid into the Fund in order to satisfy the mandatory deposit requirement of Article X, Section 8 of the Constitution of Virginia as well as the additional deposit requirement of § 2.2-1829, Code of Virginia."

Explanation:

(This amendment provides for the constitutionally required deposit to the Revenue Stabilization Fund in fiscal year 2007 as certified by the Auditor of Public Accounts based on final fiscal year 2005 revenue collections. This amendment also contains an appropriation for the Revenue Stabilization Fund for fiscal year 2008, based on preliminary assumptions about fiscal year 2006 revenue collections. The actual amount required for fiscal year 2008 will not be determined until certified by

the Auditor of Public Accounts on November 1, 2006, based on actual fiscal year 2006 collections. A companion amendment to House Bill 29 removes the prepayment of the fiscal year 2007 deposit to ensure that transfers out of the Fund are not required. The Auditor of Public Accounts indicates that proposing a deposit in excess of the calculated Fund maximum is contrary to the constitutional provisions regarding the Revenue Stabilization Fund.)