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**The Honorable Lacey E. Putney
Floor Comments
Conference Report
House Bills 29 and 30**

Mr. Speaker and Members of the House:

On behalf of my fellow budget conferees – starting with our veterans Delegates Cox, Sherwood and Joannou, along with our two newbies Delegates Landes and Jones -- I am very pleased to present the conference committee reports on House Bills 29 and 30.

Sixty-one days ago we started this process knowing that the task that lay ahead was going to be tough. As I have previously stated, at no time in my 49 years as a member of the House have I seen a budget situation this bad. Despite the fiscal challenges we faced, the House and Senate conferees started the conference committee with a shared commitment to approving a state budget that does not contain a tax increase. Clearly, a \$2.0 billion tax increase would have hampered our economic recovery, exacerbating the burden on Virginia's taxpayers, working families and small businesses.

With regard to fees, the House conferees were equally insistent that the budget not contain a level of fees that would be overly burdensome to our citizens. We demanded that any fees under consideration have a tight nexus to the program. As such, the proposal to increase the premium tax on property and casualty insurance by one-half of one percent did not meet our test; nor did the increase of 18 cents on the E-911.

The additional fees approved for the two year period total approximately \$95.0 million, considerably less than the nearly \$330.0 million in fees sought by the Senate.

With regard to budget specifics, the House conferees prevailed on several key areas of the budget designed to meet our core responsibilities of state government, which is to protect the public safety of our citizens; to ensure the safety net for our most vulnerable citizens; and to promote Virginia as the best state for attracting business and creating jobs.

In the area of public education, the conference report mitigates further cuts while providing our schools much needed flexibility in managing their budgets by relaxing state mandates. In addition, the conferees provide funding for a 100% hold harmless against the LCI update in FY 2011 and a 50% hold harmless in FY 2012.

Mr. Speaker and members of the House, I am particularly pleased that the House Conferees were able to prevail and reaffirmed our priority of meeting the needs of families through our Waiver program. Specifically, the conference committee report will restore funding to lift the freeze on all Medicaid community based waivers slots and to provide 250 new ID waiver slots. In addition, we restored funding both for waiver providers and respite care hours for individuals that are currently receiving waiver services.

As we all know, the best remedy for improving the state's revenue picture is to make strategic investments in economic development. The package before you will provide approximately \$50.0 million over the biennium to expand our economy through economic development program support and business incentives for creating new jobs and opportunities in the private sector.

As has long been the position of this committee, the amendments provide support for tourism promotion – increasing by \$3.6 million each year the amounts available to market Virginia's natural and historic treasures. Thousands of tourism-related businesses can be found in virtually every part of the state. This industry employs more than 200,000 Virginians, and contributes more than \$1.2 billion in state and local tax revenue each year.

While we work to attract new businesses to Virginia, we must also make this the best state in which to grow a small business and not lose sight of our existing industries. That is why my amendments include funds to recapitalize the Department of Business Assistance's Loan Guarantee Fund as well as appropriations for the Center for Innovative Technology's GAP Funds. In these times of tight lending standards, often all a company needs is a little bit of support to grow their business and expand much-needed jobs.

In the area of public safety, the Conferees agreed to eliminate all of the nearly \$98.6 million in proposed budget reductions to Sheriffs, and to restore \$32.6 million for 599 funding for localities with police departments.

Finally Mr. Speaker, the conferees were able to also restore \$21.0 million for the state police, including funding for a new Trooper Academy so that we can begin to fill the nearly 200 vacant trooper positions.

With regard to the other Constitutional Offices, the Conferees were able to restore nearly \$60.0 million in proposed cuts for Commissioners, Treasurers, and Court Clerks.

Finally, I want to comment on our state employees and college faculty. Clearly, with budget cuts and fewer employees, the need to be creative and more productive is paramount to maintaining the title "the best managed state".

Even in difficult financial times, I believe it is important to reward our workers. Our state employees have only one employer to turn to, the General Assembly.

To these employees the conferees recommend several actions that were originally included in the House budget.

First, we will keep our promise made in 1983 and continue to pay 100% of your VRS contributions.

Second, we restored funding for the cash match program.

Third, the conference budget recommendations do not include any furlough days in either FY 2011 or FY 2012.

Finally, as our economy continues to improve, the conferees recommend language that will allow the Governor to utilize any year-end revenues, over and above the official forecast in the current fiscal year, to provide a bonus of up to 3% for state employees and college faculty.

Finally Mr. Speaker, as I reflect on the last several months and the difference between the budget we started with on December 18th and the budget we are about to approve today, what stands out the most is what I said at the beginning of my remarks. That is we started our budget process - both House and Senate - with a shared commitment not to impose a \$950 million a year tax increase on the people of Virginia. Our citizens expect us to make hard decisions and more importantly to keep our promises.

While this year's budget conference consumed a lot of time and energy -- as it always does -- and extended a bit beyond our deadline -- as it sometimes does -- I think this conference has produced a report that maintains and reaffirms our previous commitments to the citizens of the Commonwealth.

I thank all of my budget colleagues for their support, good work and most importantly for the sacrifice they made over the last 2 weeks of non-stop round the clock negotiations.

With that, Mr. Speaker and Members of the House, I ask that you accept the conference committee reports on House Bill 29 and 30.