



COMMONWEALTH OF VIRGINIA
HOUSE OF DELEGATES
RICHMOND

APPROPRIATIONS COMMITTEE
9TH FLOOR, GENERAL ASSEMBLY BUILDING
CAPITOL SQUARE, POST OFFICE BOX 406
RICHMOND, VIRGINIA 23218
804-698-1590

LACEY E. PUTNEY, CHAIRMAN
ROBERT P. VAUGHN, STAFF DIRECTOR

FOR IMMEDIATE RELEASE:
August 18, 2008

Contact: Robert P. Vaughn
(804) 698-1590

Statement of Chairman Lacey E. Putney -- on the Current State Revenue Situation Announced by Governor Kaine --

RICHMOND, VA – Virginia House of Delegates Appropriations Committee Chairman Lacey E. Putney (I-Bedford) today released the following statement on the current state revenue situation:

“This morning, Governor Kaine informed the General Assembly money committees that he has officially begun the review of the general fund revenue estimates contained in the recently adopted budget for the 2008-2010 biennium. This review is prompted by a slowdown in state revenue collections, primarily in payroll withholding and sales taxes.

“Last winter, I – and other members of the General Assembly – expressed concern that the revenue estimates proposed by Governor Kaine for the new biennial budget appeared to be overly optimistic. As a result of those concerns, Speaker Howell and I wrote the Governor, urging him to convene his board of economist and the business leaders. Of course, this did not occur, although the Governor and former Secretary of Finance Wagner did ultimately revise downward the revenue estimates as we suggested. However, it is now evident that the weakness of the economy is greater than administration officials thought.

“While I applaud the Governor for beginning the revenue review process, which includes calling in leading economists, business and legislative leaders, we all know that these meetings never involve the actual approval by legislators or business leaders of the revenue forecast by specific source. The long-standing purpose of these meetings is for the Administration to seek input from business leaders on the overall economic and business conditions of the Commonwealth, and to ensure that legislative leaders are appropriately informed about these matters.

“Because Governor Kaine has no legal authority to withhold appropriations until a new revenue forecast has been given to the General Assembly, it is my hope that we will receive an updated revenue forecast from him within the next six weeks. We can ill-afford to wait much longer without taking corrective action to align our spending with anticipated revenues.

“In 2004, then-Governor Warner stated that the tax increase approved by the General Assembly would align our longer term revenue and spending requirements. Clearly, this did not work. The fact that state spending continues to grow faster than revenue growth is not indicative of the need for more revenue, rather the need for spending reform. Last session, Governor Kaine continued to press for new spending initiatives despite the looming economic downturn. Obviously, creating new programs without a corresponding reduction elsewhere is a recipe for fiscal disaster.

“I look forward to working with Governor Kaine in developing long-term structural reforms in state spending without a tax increase.”

###