

Finance

The proposed amendments for the Finance secretariat include \$208.7 million in additional general funds and \$0.1 million in additional nongeneral funds for the biennium above the base budget.

Proposed general fund spending includes \$21.3 million in the second year for the constitutionally-mandated deposit to the Revenue Stabilization Fund required by Article X, Section 8 of the Constitution of Virginia; and \$198.1 million in additional debt service for current and new obligations.

In addition, the proposed amendments include numerous savings proposals within the secretariat. These savings proposals include two addenda to reduce transfer payments to localities for ABC profits and wine taxes by \$15.9 million and a reduction at the Department of Taxation of \$1.3 million for savings related to changes in the rate structure charged by the Virginia Information Technologies Agency.

- **Department of Accounts**

- *Staffing to Support Information Technology Security Audit Standards for Small Agencies.* Includes \$318,870 GF in the first year and \$363,594 in the second year to establish a section, with two staff, which will assist small agencies with the support needed to comply with recently issued security standards for their information technology.
- *Increase Positions in Payroll Service Bureau.* Provides four additional personnel for the payroll service bureau which recently assumed responsibility for the payroll functions for the Department of Motor Vehicles.
- *Governor's October 2007 Budget Reductions.* Continues the strategies announced in October 2007 contained in the Governor's introduced budget for 2008 for a savings of \$201,957 GF each year.

- **Department of Accounts Transfer Payments**

- *Revenue Stabilization Fund Deposits.* Includes a technical amendment that removes the \$184.3 million deposit that was assumed in Chapter 847 for FY 2008 from the base for each year and budgets a \$21.3 million deposit into the "Rainy Day Fund" in FY 2009. No deposit is required in FY 2010 based on current revenue projections.
 - At the end of FY 2009, the Revenue Stabilization Fund balance is projected to be \$1.653 billion with interest payments increasing the balance to \$1.215 billion by the end of FY 2010.

- *Limit Alcohol Beverage Control Profits Transfers to Towns.* Reduces the general fund distributions paid to localities for such alcohol beverage control profits by \$3.9 million GF each year by limiting the transfers to towns. Under this proposal these transfers would no longer be made to counties and cities.
- *Limit Wine Taxes Transfers to Towns.* Reduces the general fund distributions paid to localities for wine taxes by \$4.1 million GF each year by limiting the transfers to towns. Under this proposal these transfers would no longer be made to counties and cities.
- *Additional Funding for Line of Duty Benefits.* Includes \$1.3 million GF in the first year and \$2.6 million the second year to begin funding Line of Duty benefits on an actuarial basis.
- **Department of Planning and Budget**
 - *Governor's October 2007 Budget Reductions.* Continues the strategies announced in October 2007 contained in the Governor's introduced budget for 2008 for a savings of \$410,042 GF each year of the biennium.
 - *Establish Finance Management Training Program.* Provides \$287,767 GF the first year and \$366,947 GF the second year to establish a finance intern program with five positions. Over a two year period the interns will rotate through DPB, Tax, DOA, Treasury, APA, JLARC, Senate Finance and House Appropriations.
- **Department of Taxation**
 - *Increased Funding for Postage Cost.* Includes \$340,000 GF in each year for increased postage costs related to recent rate increases by the US postal service. The Department of Taxation sends over eight million pieces of mail a year.
 - *Governor's October 2007 Budget Reductions.* Continues the strategies announced in October 2007 contained in the Governor's introduced budget for 2008 for a savings of \$4.4 million GF in the first year and \$3.9 million GF in the second year.
 - *Reflect Savings Attributable to Changes in the Rate Structure for the Virginia Information Technologies Agency.* Assumes savings of \$658,802 GF each year for the Tax Department related to changes in the rate structure for services provided by the Virginia Information Technologies Agency. The new rate structure will reduce expenditures at the Tax Department and some other agencies but will result in a net increase for agencies in total. Funding is included in central appropriations for the agencies that will incur increased cost due to the new rate structure.
 - *Administer the New Locally Motor Vehicle Taxes.* Includes language allowing the Department of Taxation to recover its direct cost related to administering the new

Motor Vehicle Fuel Sales Tax under the Hampton Roads Transportation Authority, and the new sales and use tax on motor vehicle repairs under the Hampton Roads Transportation Authority and the Northern Virginia Transportation Authority.

- **Department of the Treasury**

- *Increased Funding for Postage Cost.* Includes \$113,850 GF in each year for increased postage costs related to recent rate increases by the US postal service.
- *Appropriation for Increased Charges by the Virginia Information Technologies Agency.* Provides \$119,000 in nongeneral funds in each year for increased cost related to changes in the rate structure for services provided by the Virginia Information Technologies Agency.
- *Funding for Unclaimed Property Compliance Services and Securities Portfolio Custody Services.* Increases the nongeneral fund appropriation by \$200,000 each year of the biennium to reflect increases in stock portfolio and mutual fund holdings and three new compliance services contract.
- *Reduction in Check Processing Costs.* Reduces the nongeneral fund appropriation by \$304,755 each year of the biennium to reflect decreases in check processing costs due to the Virginia Employment Commission, which process unemployment checks, and the Department of Social Services, which processes child support checks, switching to paycards for these services.
- *Fund Costs for Administration of Local Government Investment Pool.* Includes \$71,092 NGF in the first year and \$75,920 NGF the second year to fund an additional staff person for the Local Government Investment Pool.
- *Governor's October 2007 Budget Reductions.* Continues the strategies announced in October 2007 contained in the Governor's introduced budget for 2008 for a savings of \$442,000 GF in each year of the biennium.

- **Treasury Board**

- *Adjust Debt Service Funding.* Increases the general fund amounts required for debt service on outstanding obligations and issuances of currently authorized General Obligation, Virginia College Building Authority (VCBA), and Virginia Public Building Authority bond projects by \$54.9 million in the first year and \$84.5 million in the second year. The increases are also based on the assumption of \$50 million in additional VCBA equipment authorization each year.
- *Debt Service for New Issuances.* Proposes \$42.4 million general fund in the second year for debt service on new authorizations and issuances which have been proposed as part of the capital bond program for the 2008-2010 biennium.

- ***Higher Education Equipment Trust Fund.*** Recommends \$12.9 million GF for lease payments on \$57.9 million in equipment allocations from the Higher Education Equipment Trust Fund in each year of the biennium. An additional \$3.4 million is proposed in FY 2010 for lease payments on \$15 million of additional allocations from the trust fund for the proposed research program. No distribution of the equipment are detailed, allocations will be awarded by a research committee.