

Finance

The approved 2000-02 budget for Finance agencies contains a net increase of \$393.1 million GF and \$39.6 million NGF over the adjusted appropriation for current operations.

The single largest increase in general funds is \$266.4 million for two payments into the Revenue Stabilization or "Rainy Day" Fund. Additional funding increases include:

- \$102.2 million GF in debt service payments for the Higher Education Equipment Trust Fund (partly a transfer from various institutions of higher education);
- \$13.7 million GF for payments to localities from higher shared tax sources (like wine taxes and alcoholic beverage control profits);
- \$9.0 million GF in debt service payments for the Newport News Advanced Shipbuilding and Carrier Integration Center, and;
- \$1.1 million GF for service fees to banks for Virginia's banking accounts.

Increases in nongeneral funds include \$27.1 million for contractor payments and agency costs of the Tax Department's public-private technology partnership, \$4.8 million in debt service payments for the Higher Education Equipment Trust Fund, and \$1.0 million to begin the eventual replacement of the Commonwealth's program budgeting computer system. Of the nongeneral fund increase, \$6.2 million reflects the transfer of the Division of Risk Management from the Department of General Services to the Department of The Treasury.

- **Secretary of Finance**

- ***Study Pharmaceutical Costs.*** Directs the Secretaries of Finance, Administration, and Health and Human Resources to study the impact of rising pharmaceutical costs on the state budget. Also directs the Secretary of Finance to establish a provider advisory group to assist with the study. The report is to be submitted to the Governor and General Assembly by October 20, 2000.
- ***Study Taxing of Internet Providers.*** Directs the Secretaries of Finance and Technology to study the taxation of tangible personal property purchased by Internet services providers. The report is to be submitted to the Governor and General Assembly by October 1, 2000.

- **Study Decentralization of Higher Education.** Establishes a task force to direct the review of decentralization opportunities in higher education.
- **Department of Accounts**
 - **Required Payments for the Revenue Stabilization Fund.** Adds \$266.4 million GF for payments to the Revenue Stabilization (Rainy Day) fund. Of this amount, a payment of \$103.3 million GF will be required in the first year of the 2000-02 biennium, based on FY 1999 actual revenues. A second payment of \$163.1 million GF is anticipated based on updated revenue estimates for FY 2000.
 - **Updated Revenue Projections for Aid to Localities.** Projects an additional \$6.7 million GF the first year and \$7.0 million GF the second year for payments to localities from shared tax sources. The amount reflects projected increases in alcoholic beverage control profits, proceeds from the wine and rolling stock taxes, and sales tax revenues generated by qualifying public facilities in Roanoke and Suffolk.
 - **Increased Line of Duty Payments.** Adds \$240,000 GF each year of the biennium for the Line of Duty Act, which entitles beneficiaries of deceased public safety officers payments of \$50,000 or \$25,000, depending on the circumstances of death. Also adds language that requires payment of health insurance premiums for the surviving spouse and dependents of law enforcement officers killed in the line of duty, consistent with legislative intent.
- **Department of Planning and Budget**
 - **Replace State's Program Budgeting Computer System.** Provides \$1.0 million NGF the first year to address deficiencies in the current program budgeting computer system (PROBUD) and to begin replacing the system. An additional \$300,000 GF is provided for the same purpose in HB 29. The current program budgeting system was purchased in fiscal year 1981, and was updated in fiscal years 1985 and 1990.
- **Department of Taxation**
 - **Technology Partnership Payments.** Adds \$12.0 million NGF the first year and \$15.1 million NGF the second year to reflect increased revenues anticipated from the public-private partnership contract. The public-private partnership allows the Tax Department to contract with a private vendor (American Management Systems, Inc.) for management services and upgraded hardware and software, in order to improve the tax compliance program. The Tax Department pays the private vendor from the increased tax

revenues attributable to the vendor services, which are deposited in a special Technology Partnership Fund. Up to 10 percent of the Fund is used to reimburse the Tax Department's expenses attributable to the partnership.

- **Tax Partnership Staffing.** Provides \$400,000 the first year and \$700,000 the second year for additional technical resources to meet staffing obligations of the American Management Systems contract.
- **Roof Collapse Estimates.** Provides \$2.9 million GF in the 2000-02 biennium above the \$3.0 million GF included in HB 29 to relocate the Department's operations due to collapse of a portion of the roof at the central office building. The current year costs include leasing replacement space, relocating computers, running new computer lines into the leased space, and telephone set-up. Costs in the next biennium include continued lease payments, on-going costs for computer lines, and maintenance agreements for equipment. These estimates do not include any of the capital costs that will be necessary to repair the Department's building (see Capital Outlay).
- **Administration of Enacted Legislation.** Provides \$616,268 GF the first year and \$245,880 GF the second year for the Department to administer enacted legislation. A portion of the funding will be used to hire 3.0 FTE (using existing MEL authority).
- **Administrative Costs.** Reduces the Department of Taxation's administrative budget by \$46,500 the first year and \$38,675 the second year.
- **Collection of Fines and Costs Pilot.** Authorizes a one-year pilot program for the collection of unpaid fines and court costs by Commonwealth's Attorneys and others in the same manner and means as provided to the Department of Taxation in §58.1-1804.
- **Department of the Treasury**
 - **Increase GF Support to Pay Bank Fees.** Provides \$569,100 GF each year to pay bank fees that are currently being covered by leaving balances in bank accounts. By using general funds instead of bank balances, the balances can be invested, earning a higher interest rate. It is projected that this action would result in higher revenues of \$857,000 GF annually, as reflected in the 2000-02 revenue assumptions.
 - **New Positions.** Adds \$89,178 NGF and 2.0 FTE each year to support the Virginia Public School Authority. The Authority's board authorized the transfer of funding to support the creation of the positions, one in the debt management division and the other in trust accounting.

- ***Continue Maintenance of Bank Reconciliation System.*** Adds \$71,447 GF each year for 1.0 FTE and an annual software maintenance contract for the new bank reconciliation computer system funded by the 1999 General Assembly.
 - ***Lease Additional Bloomberg Terminal.*** Provides \$12,000 GF each year to lease an additional Bloomberg terminal. The additional terminal will allow the Department's trading assistants to have access to the Bloomberg database of financial data on stocks and bonds available for public resale.
 - ***Risk Management Transfer.*** Transfers \$3,117,235 NGF the first year and \$3,118,502 NGF the second year and 15.00 FTE positions from the Department of General Services, to reflect the transfer of the Division of Risk Management to the Department of Treasury pursuant to the passage of House Bill 828 by the General Assembly.
 - ***Unclaimed Property Auditors.*** Provides \$325,000 NGF the first year and \$325,000 NGF the second year and 5.00 FTE positions to increase auditing staff in the Unclaimed Property Division of the Department of the Treasury, pursuant to HB 763 and SB 676 as passed by the 2000 General Assembly.
- **Treasury Board**
 - ***Debt Service Payments for Shipbuilding and Carrier Integration Center in Newport News.*** Provides \$2.2 million GF the first year and \$6.8 million GF the second year for debt service payments for 10-year bonds to be issued by the Newport News Industrial Development Authority (IDA) for the construction of a building for the Advanced Shipbuilding and Carrier Integration Center.
 - ***Debt Service for Higher Education Equipment Trust Fund.*** Provides \$46.7 million GF and \$2.4 million NGF the first year and \$56.3 million GF and \$2.4 million NGF the second year for debt service payments for the higher education equipment trust fund. The majority of the funding is transferred from the institutions of higher education to the Treasury Board in an effort to centralize debt service funding on outstanding obligations. The amount for 2000-02 includes an additional \$13.6 million GF to cover the debt service payments required to support the purchase of \$99.1 million in instructional and research equipment. Lease payments assume debt service repayment over a four year period. In addition, language increases the cap from \$150 million to \$170 million on the principal amount of Equipment Trust Fund bonds that may be outstanding at any one time.

- **Revised Debt Service Schedule.** Provides reductions of \$5.2 million GF and \$186,347 NGF the first year and an increase of \$25,859 GF and a decrease of \$206,117 NGF the second year based on revised debt service schedules.
- **Transfer Capital Lease Payments for Tidewater Community College.** Moves \$739,090 GF the first year and \$737,963 GF the second year from the Virginia Community College System to the Treasury Board for the lease payments for the Norfolk Campus of Tidewater Community College's capital lease project.
- **21st Century College Program.** Reduces debt service provided for projects funded through the 21st Century College program by \$161,000 the first year and \$989,000 the second year to reflect the funding of two projects through capital leases.