

## Finance

The FY 2002 budget, as adopted, includes amendments resulting in a net increase of \$23.9 million GF. This total represents new spending of \$25.5 million, offset by \$1.6 million in targeted reductions. However, this amount does not include \$1.1 million in Executive Order 74 savings and \$927,595 for a 3 percent across-the-board cut that is reflected in a central account.

The major appropriation increase is \$24.0 million for the required FY 2002 deposit to the Rainy Day Fund, based on FY 2000 fiscal performance. Other spending includes \$1.2 million for Tax Department relocation expenses and \$200,000 to create a unit to enforce the non-participating manufacturers' provision of the Master Tobacco Settlement Agreement.

Of the general fund reductions, \$900,000 in savings result from lower-than projected interest rates and decreased use of short-term financing. The remainder of the savings is from reductions in the Alcoholic Beverage Control profits distribution.

The adopted budget also includes an increase of \$375,000 from nongeneral fund cash balances in the Court Debt Collection Program to fund administrative costs of implementing accelerated sales tax collections.

<b>Finance Agency Central Account Reductions</b>		
<b>Agency</b>	<b>E.O. 74 Actions</b>	<b>3% Across- the-Board</b>
Secretary of Finance	\$0	\$ 15,353
Dept. of Accounts	73,702	278,991
Dept. of Planning and Budget	142,760	170,499
Dept. of Taxation	0	269,694
State Internal Auditor	0	22,745
Dept. of the Treasury	60,824	170,312
Treasury Board	<u>804,815</u>	<u>0</u>
<b>Total</b>	<b>\$1,082,101</b>	<b>\$927,595</b>

- **Secretary of Finance**
  - ***Change in Higher Education Decentralization Language.*** Limits the review and approval responsibility for the Secretary of Finance to higher education decentralization issues in the area of finance and accounting.
- **Department of Accounts**
  - ***Required Deposit for the Revenue Stabilization “Rainy Day” Fund.*** Provides \$24.0 million GF in FY 2002 for a payment to the Revenue Stabilization Fund, based on FY 2000 certified tax collections.
  - ***Aid to Localities.*** Includes a net reduction of \$710,280 GF in FY 2002 payments to localities from shared sources, as summarized in the table below:

<b>CHANGE IN AID TO LOCALITIES</b>	
	<b>FY 2002</b>
Alcoholic beverage control profits	\$ 90,720
Wine taxes	50,000
Rolling stock taxes	(700,000)
Recordation tax to localities	0
Sales tax revenues from public facilities	(31,000)
Other services (Tennessee Valley Auth.)	<u>(120,000)</u>
<b>Total</b>	<b>\$ (710,280)</b>

- ***Use of “Rainy Day” Fund.*** Provides language specifying the use of \$467.0 million from the Revenue Stabilization Fund for deposit into the general fund pursuant to § 2.2-1830, *Code of Virginia*.
- **Department of Taxation**
  - ***Continue Relocation Expenses.*** Appropriates \$1.2 million GF in FY 2002 to annualize lease payment costs and operating costs related to the relocation of the department. The Department had to lease new facilities after a roof collapse at its other location.

- ***Tobacco Enforcement Unit.*** Includes \$202,400 GF in FY 2002 to create a unit to enforce the non-participating manufacturers provision of the Master Tobacco Settlement Agreement with cigarette manufacturers. The general fund is reimbursed from the Tobacco Indemnification and Revitalization Fund and from the Tobacco Settlement Fund through Part 3 transfers.
- ***Administrative Costs of Accelerated Sales Tax Collections.*** Provides \$375,000 NGF in FY 2002 from cash balances in the Court Debt Collection Program Fund to fund the administrative expenses of the proposed acceleration of sales tax payments. Language implementing the accelerated tax collections is in Part 3.
- ***Consolidation of Functions from the Department of Motor Vehicles.*** Language is included which begins the processing of transferring and consolidating similar functions at the Department. These include revenue forecasting, and administration of the Personal Property Tax Relief Act (PPTRA) including the forecasting of its costs.
- ***PPTRA Audit Process.*** Language establishes a task force to design a program to increase compliance with the Act. The creation of a PPTRA audit and compliance program was a recommendation of the Auditor of Public Accounts.
- **Treasury Board**
  - ***Debt Service Savings.*** Includes savings of \$904,615 GF in FY 2002 due to lower-than-projected interest rates and decreased use of short-term financing.
  - ***Juvenile Detention Home Financing through VPBA.*** Provides that reimbursement of the state share of capital costs for two juvenile detention facilities (estimated at \$3.8 million) be paid through the issuance of VPBA bonds. Language authorizing the issuance of bonds also is included.
  - ***Prior Year Reversion Language.*** Provides language specifying that \$1.4 million of Treasury Board's June 30, 2001, fund balance was reverted and included in the general fund revenues available for appropriation in FY 2002.