

Finance

Adopted Amendments				
(\$ in millions)				
	FY 2015 Adopted		FY 2016 Adopted	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2014-16 Current Budget (Chapter 3, 2014 Special Session I)	\$2,044.1	\$652.7	\$1,844.1	\$655.6
Increases	129.6	0.0	0.7	1.1
Decreases	<u>(10.4)</u>	<u>>(0.0)</u>	<u>(40.6)</u>	<u>(0.2)</u>
\$ Net Change	119.2	<u>>(0.0)</u>	(39.9)	1.5
Chapter 665 (HB 1400, as Adopted)	\$2,163.3	\$673.3	\$1,804.3	\$657.1
% Change	(5.8%)	0.0%	(2.2%)	0.2%
Central Account Reversions	(\$2.4)	\$0.0	(\$3.6)	\$0.0
% Change	(0.0%)	0.0%	(0.0%)	0.0
FTEs	1,104.50	194.50	1,098.50	200.50
# Change	0.00	0.00	(12.00)	12.00

- **Department of Accounts**

- *Implement U.S. Treasury Vendor Offset Program.* Includes \$180,000 GF the second year for the implementation of the U.S. Treasury Vendor Offset Program. A companion amendment in the Department of Taxation assumes \$1.0 million in additional revenues the second year from implementation of the program.
- *Increase Working Capital Advance for Cardinal Implementation.* Amends budget language to increase the capital working advance for the development of the Cardinal System from \$60.0 million to \$75.0 million.
- *Central Account Reductions.* Item 471.10 reflects savings totaling \$593,329 the first year and \$881,352 the second year, with one layoff, for the Department of Accounts. Significant actions include:
 - The reversion of \$593,329 in FY 2014 year end balances.

- Savings of \$119,624 GF the second year from consolidating two sub-units, which includes one layoff.
 - Savings of \$153,200 GF the second year from eliminating a proposed expansion in the oversight of other agencies' accounts receivables processes.
 - Additional resources of \$57,000 GF the second year from charging a new fee of \$0.15 per payday for employees who elect to participate in the Supplemental Insurance and Annuities program.
- **Department of Accounts Transfer Payments**
 - *Revenue Stabilization Fund Reserve.* Includes a one-time deposit of \$129.5 million GF the first year to a reserve account in advance of a required deposit to the Revenue Stabilization Fund in FY 2017.
 - *Establish Appropriation for Sales Tax Distributions to Localities with Tourism Zones.* Provides \$125,000 GF the second year to establish an appropriation to transfer general funds to localities with tourism zone projects. Section § 58.1-3851 of the *Code of Virginia* provides that localities may establish certain tax incentives for projects within a tourism zone. The proposed appropriation is equal to an estimated 1 percent sales tax on purchases at the project.
- **Department of Planning and Budget**
 - *Central Account Reductions.* Item 471.10 reflects savings totaling \$359,111 GF the first year and \$304,960 GF the second year for the Department of Planning and Budget. Significant actions include:
 - The reversion of \$359,111 in FY 2014 year end balances.
 - Savings of \$200,000 the second year from eliminating state funding for the School Efficiency Review program (localities maintain the option of participating in the program with 100 percent local funding).
 - Saving of \$38,360 GF the first year from reducing the funding for the Council on Virginia's Future by 7 percent.
- **Department of Taxation**
 - *Implement U.S. Treasury Vendor Offset Program.* Assumes \$1.0 million GF in additional revenues the second year from implementation of the U.S. Treasury Vendor Offset Program. A companion amendment in the Department of

Accounts provides \$180,000 GF the second year for the implementation of the Program.

- ***Increased Enforcement of the Retail Sales and Use Tax Dealer Exemption.*** Assumes \$1.0 million GF in additional revenues the second year from increased enforcement of the Retail Sales and Use Tax dealer exemptions.
- ***Local Tourism Incentive Reporting.*** Requires the Department of Taxation to publish a quarterly report on the amount of state sales and use tax that is remitted to certain public facilities and local tourism projects to assist with debt financing under the Tourism Development Financing Program.
- ***Mandate Electronic Filing.*** Includes two language amendments which continue the transition to electronic filing. The amendments require pass-through entities to file electronically and eliminate the exemption that allowed homeowner associations to not file electronically.
- ***Central Account Reductions.*** Item 471.10 reflects savings totaling \$2.3 million GF the first year with five layoffs, and \$2.2 million GF the second year for the Department of Taxation. Significant actions include:
 - Savings of \$171,072 the first year and \$422,142 the second year from an agency reorganization which include five layoffs.
 - Savings of \$437,972 the first year and \$350,000 the second year from converting two contractor positions to full-time staff.
 - Savings of \$17,000 from assessing a \$5 fee for copies of tax returns.

- **Department of the Treasury**

- ***Payment of Refunds.*** Rescinds a previous policy requiring that all taxpayer refunds be provided in an electronic format and provides \$264,000 GF in the second year to cover the costs of printing and mailing paper checks to taxpayers that select a paper check option.
- ***Complete Web Migration of Unclaimed Property System.*** Includes \$300,000 GF the second year to complete the process of migrating the Unclaimed Property computer system to a web-based system.
- ***Convert Positions to NGF Funded.*** Recovers savings of \$201,000 GF the second year from charging the cost of 2 positions currently paid for with general funds to NGF revenue sources.

- *Payment of Claims.* Provides \$175,440 GF the second year for payment of the claim to Jonathan Christopher Montgomery, pursuant to Chapter 219 of the 2015 Acts of Assembly (SB 843).
- *Central Account Reductions.* Item 471.10 reflects savings totaling \$0.4 million GF the first year and \$0.5 million GF the second year, with three layoffs for the Department of the Treasury. Significant actions include:
 - Savings of \$139,755 the first year and \$273,251 the second year from a reduction in banking fees, and
 - Savings of \$145,637 the second year from eliminating 3 positions (three layoffs).
- **Treasury Board**
 - *Recognize Debt Service Savings.* Assumes savings of \$7.2 million GF the first year and \$17.0 million GF the second year which are primarily the result of revised issuance assumptions.
 - *Regional Jail Financing.* Authorizes both the Pamunkey and Prince William-Manassas Regional Jails to receive reimbursement of 50 percent of eligible costs for expansion projects that reduce overcrowding consistent with the actions of the Board of Corrections in July 2014.
 - *Reflect Debt Service Savings Included in Central Appropriations in Chapter 3.* Adjusts the appropriation for the Treasury Board to reflect \$3.2 million in savings the first year and \$23.0 million in savings the second year that were assumed in Chapter 3 of the 2014 Acts of Assembly, Special Session I.