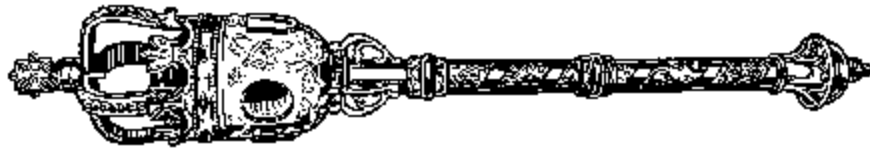


*Report of the
House Appropriations
Subcommittee*

on

*Compensation & General
Government*



House Bill 29

House Bill 30

February 17, 2002

Respectfully Submitted by the House Appropriations Subcommittee on
Compensation & General Government:

Robert Tata, Chairman

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REPORT OF THE SUBCOMMITTEE

on

Compensation and General Government

Mr. Chairman and Members of the Committee:

This marks the first report of the newly created Subcommittee which has the combined responsibilities of last year's Compensation and Retirement Subcommittee and the General Government Subcommittee, as well as the work of the Claims Committee. The merger was a tremendous learning experience for us all as we became exposed to entirely new areas of state government for which we will be the better for in the upcoming Sessions as we go about our Subcommittee's work.

The work of the Subcommittee has focused on three primary goals – replacing the Transportation Trust Fund funding, addressing the continuing decline in general fund revenues, and recognizing the value of our public employees.

General Government

In the general government area, the Subcommittee focused on identifying programs and services that can be reduced to generate savings. Recommendations include establishing public defender commission offices in two localities thereby generating savings through corresponding reductions in the criminal defense fund.

The Subcommittee also examined the smaller agencies under our purview to determine if consolidation or elimination was feasible. It was apparent through our review that the Competition Council and the Department of the State Internal Auditor could be eliminated. The Auditor of Public Accounts will assume responsibilities for the activities undertaken by the State Internal Auditor.

The Competition Council's responsibilities will once again be fulfilled by the Auditor of Public Accounts and JLARC.

We also looked within the legislative branch of government. Our review has concluded that the Youth Commission and the Behavioral Health Commission could be merged into the Joint Commission on Health Care. This consolidation will provide greater economies-of-scale enabling the same work to be done for less. The Subcommittee also proposes that the Housing Study Commission be eliminated effective in fiscal year 2004. Finally, we propose that Joint Rules continue to review the existing legislative commissions to determine whether additional savings and efficiencies can be achieved.

Because of the Committee's work to eliminate unnecessary programs the Subcommittee also was able to reduce the faceless across-the-board cuts to executive agencies in our area from 7 and 8 percent to 4 percent each year. In addition, because of the specific budget savings identified by our Subcommittee, we were able to reduce the across-the-board reductions to the Judicial Branch by almost 50 percent to ensure that justice is served in a timely fashion.

Compensation and Retirement

Mr. Chairman, the Subcommittee's work in the area of employee compensation has been unwavering since the announcement that employee pay raises would be suspended due to the continuing decline in revenues. At that time, we concluded that we would not look at the suspension of salary increases as permanent, rather as an opportunity for us to step to the plate and find the resources necessary to provide all hard working state employees, state-supported local employees, faculty, and teachers a pay raise this biennium.

Clearly, Mr. Chairman, with the fiscal constraints facing this Committee, finding the revenue to finance these objectives would

be difficult at best. However, due in large part to the diligence of the other Subcommittees as they undertook their budget reviews, we are able to propose a compensation reserve fund that will provide for a salary increase totaling 2.75 percent in December 2003 for state employees, state-supported local employees, faculty and our public school teachers at a cost of \$101.3 million.

In the area of employee compensation, we began our budget review by examining all of the compensation adjustments contained in the introduced budget. This included the contribution rates adopted by the Virginia Retirement System in November 2001 as a result of their June 30, 2001 actuarial valuation.

Mr. Chairman, that particular review concluded that the state employees and teacher systems stood at over 106 percent funded which represents an increase over the previous year's valuation. In other words, neither system had any unfunded liabilities as of the June 30, 2001 actuarial valuation. Moreover, a combination of more than \$1.8 billion in actuarial gains were in both systems. These statistics are highlighted even more when you consider that they reflect full prefunding of the cost-of-living allowance which was achieved in 2000. The consistent financial commitment by this Committee and the General Assembly has helped make this important achievement possible.

Mr. Chairman, when reviewing the June 30, 2001 valuation report, the fact that VRS chooses to amortize all gains and losses over a 25 year period was identified. This led to the question why not amortize the current gains over a shorter period of time which would benefit the Commonwealth in the relatively near future and not over the next 25 years? To determine whether this was appropriate, we asked the JLARC actuary to evaluate this issue.

JLARC's actuary concluded that the current gains could be amortized separately from the remainder of the funds' assets over a ten year period and then applied as a charge or credit to the normal cost rate to determine the total employer contribution rate. This

enables the Commonwealth to benefit sooner from the existing gains through lower contribution rates.

This action in no way affects the pension benefits of current or future retirees. This action essentially decouples the excess gains from a 100% fully funded system. In effect, we will have a 100% funded system and separate "pot" representing the five percent of gains that will be used in part for a much needed salary increase.

Applying the shorter amortization period to the current rates yields general fund and nongeneral fund savings approaching \$140.0 million for both the state and the localities over the biennium. These savings are sufficient to fund a compensation reserve which will provide a cushion against future revenue downturns and provide a December 2003 salary increase for state employees, state-supported local employees, and teachers.

The final issue that the Subcommittee addressed in the area of employee compensation was health insurance for state employees. The introduced budget in December 2001 proposed major benefit reductions for employees. Amendments offered by Governor Warner made substantial strides in addressing many of the concerns.

However, the Subcommittee desired to try to mitigate the negative impact of some of the remaining benefit changes. Specifically, we were able to retain the existing pharmaceutical benefits, although there are small increases in the co-pay from \$15 to \$17 per prescription. In addition, plan premiums will have to increase slightly. However, the proposed three-tiered drug benefit was eliminated that would have resulted in expensive co-payments. State employees can know that they will have a benefit package that will protect them with limited out-of-pocket expense.

Mr. Chairmen and fellow Committee members, I will ask staff to take you through our detailed recommendations, and then I hope it will be your pleasure to adopt our subcommittee report.

Budget Amendment Recommendations

<u>Amendment</u>	2002-04 BIENNIAL TOTAL			Total <u>FTE</u>
	General	NGF	Total	
	<u>Fund</u>	<u>Fund</u>		

General Government

HB 30 (2002-04 Budget)

Additions to Balances

Revert Legislative Balances	2,600,000	0	2,600,000
PPTRA Recovery through Audit	8,500,000		8,500,000
	11,100,000		11,100,000

Additional Revenues

Interest Earnings: VRS Quarterly Payments	3,237,680		3,237,680
Limit Sales Tax Exemption for Internet Providers	520,000		520,000
Limit the Equity and Subordinated Debt Tax Credit	2,000,000		2,000,000
Limit Tax Credit Retaliatory for Insurance Companies	480,000		480,000
Repeal Withholding Tax Schedule Change	31,800,000		31,800,000
Recordation Processing Fee -- \$5	20,520,000		20,520,000
Increase Criminal Court Fees - \$12	44,643,828		44,643,828
Increase Notary Fees	800,000		800,000
Reestimation of of Low Income/Military Tax Credit	27,200,000		27,200,000
Recovery of Federal Fire Supression Funds	1,000,000		1,000,000
Revenue Adjustment	(384,900,000)		(384,900,000)
NGF Interest Earnings	41,600,000		41,600,000
	(211,098,492)		(211,098,492)

Transfers

Reduce NGF Transfer	(20,616,150)		(20,616,150)
Technical Amendment: Indirect Cost Recovery	(713,960)		(713,960)
Group Life Savings from NGF Agencies	14,540,693		14,540,693
VRS Savings from NGF Agencies	15,569,889		15,569,889
VRS Dormant Accounts -- NGF Agencies	7,168,654		7,168,654
VIPNET Fee Increase \$1	10,000,000		10,000,000
Uninsured Motorists Fees	10,000,000		10,000,000
VRS Amortization -- NGF Agencies	42,875,586		42,875,586
Suspend Active Group Life Rate	9,693,836		9,693,836
Suspend Portion of Health Care Credit	7,547,598		7,547,598
Suspend Portion of VSDP Rate	3,467,789		3,467,789
Revised Lottery Profits	14,500,000		14,500,000
	114,033,935	0	114,033,935

LEGISLATIVE DEPARTMENT

General Assembly Of Virginia		
Consolidation of Legislative Commissions	Language	
Legislative Services Position Regrades	200,000	200,000
Auditor Of Public Accounts		

Budget Amendment Recommendations

<u>Amendment</u>	2002-04 BIENNIAL TOTAL			<u>Total FTE</u>
	<u>General Fund</u>	<u>NGF Fund</u>	<u>Total</u>	
Continuing Education for Internal Auditors		Language		
Division Of Capitol Police				
Capitol Police Worker's Compensation	88,000		88,000	
Joint Commission On Health Care				
Additional Areas Responsibility		Language		
Virginia Commission On Youth				
Consolidation of Legislative Commissions	(400,000)		(400,000)	(3.00)
Virginia Crime Commission				
Crime Commission Criminal Justice Agency		Language		
Virginia Housing Study Commission				
Elimination of Housing Study Commission	(153,180)		(153,180)	(2.00)
Legislative Department Reversion Clearing Account				
Rural Virginia Prosperity Commission		Language		
Bi-State Blue Crab Advisory Committee Funding		Language		
GAB Building Maintenance Costs	55,600		55,600	
Security for Seat of Government	934,000		934,000	10.00
Legislative Balances	5,721,574		5,721,574	
JUDICIAL DEPARTMENT				
Circuit Courts				
State Bar Per Diems	(13,500)	0	(13,500)	
State Bar Management Services	(29,292)	0	(29,292)	
General District Courts				
Increase District Court Fees		Language		
Juvenile And Domestic Relations District Courts				
Increase JDR Court Fees		Language		
Guardian Ad Litem Fees	(3,743,210)	0	(3,743,210)	
Combined District Courts				
Increase Combined District Court Fees		Language		
Public Defender Commission				
Establish Norfolk Public Defender Office	3,239,334	0	3,239,334	34.00
Newport News Public Defender	2,157,569	0	2,157,569	22.00
Public Defender VRS for PT	(82,014)	0	(82,014)	
Judicial Department Reversion Clearing Account				
Reduce Across-the-board Cuts for Judicial Agenc	9,000,000	0	9,000,000	
Criminal Fund Reductions to Offset New PD Offic	(7,569,258)	0	(7,569,258)	
Attorney General And Department Of Law				
Delay Sexual Predator Unit	(364,416)	0	(364,416)	
Secretary Of The Commonwealth				
Increase Fee for Notary's Commission		Language		
Secy Commonwealth Postage Increase	(180,000)	0	(180,000)	
ADMINISTRATION				
Secretary Of Administration				

Budget Amendment Recommendations

<u>Amendment</u>	2002-04 BIENNIAL TOTAL			<u>Total FTE</u>
	<u>General Fund</u>	<u>NGF Fund</u>	<u>Total</u>	
Study of Pharmaceutical Costs		Language		
Commonwealth Competition Council				
Elimination of Competition Council	(603,954)	0	(603,954)	(3.00)
Compensation Board				
Circuit Court Clerks		Language		
Compensation Board Appeals		Language		
Adjust VRS Rates for Sheriffs	(1,810,732)	0	(1,810,732)	
Sheriffs Reimbursement Adjustment to 2002	26,824,217	0	26,824,217	
Adjust VRS Rates for Commonwealth Attorneys	(285,976)	0	(285,976)	
Comm. Attys. Reimbursement Adjustment to 200	4,161,850	0	4,161,850	
PT to FT Commonwealth Atty	(174,786)	0	(174,786)	
Adjust VRS Rates for Clerks	(89,524)	0	(89,524)	
Clerks Reimbursement Adjustment to 2002	3,989,948	0	3,989,948	
Adjust VRS Rates for Treasurers	(123,538)	0	(123,538)	
Treasurers Reimbursement Adjustment to 2002	2,157,387	0	2,157,387	
Treasurer's Certification Program	(260,000)	0	(260,000)	
Adjust VRS Rates for Commissioners	(107,624)	0	(107,624)	
Commissioners Reimbursement Adjustment to 2002	1,572,435	0	1,572,435	
Department of General Services				
User Fees for Drinking Water Tests	(2,040,000)	0	(2,040,000)	
DGS Lab Services	(817,942)	0	(817,942)	
DGS Security Equipment MELP	(688,725)	0	(688,725)	
State Board of Elections				
SBE Referendum Costs	200,000	0	200,000	
FINANCE				
Secretary of Finance				
Study Purchase of Pres. Drugs with Other States		Language		
Department of Accounts				
State Waste, Fraud, Abuse Hotline		Language		
Remove Increase DOA Payroll Bureau	(490,238)	0	(490,238)	
Department of Taxation				
Eliminate Acceleration of Withholding Collections		Language	0	
Delete Sales Tax Acceleration Language		Language	0	
Collection of Unpaid Fines and Court Costs		Language	0	
Personal Property Tax Relief Act Audit Program	800,000	0	800,000	
Department of State Internal Auditor				
Elimination of State Internal Auditor	(1,512,836)	0	(1,512,836)	(9.00)
Department of the Treasury				
Remove New Position Treasury	(156,226)	0	(156,226)	(1.00)
Central Appropriations				
VRS Unclaimed Property	1,223,980	0	1,223,980	
State Employee Health Insurance	34,915,857	0	34,915,857	

Budget Amendment Recommendations

<u>Amendment</u>	2002-04 BIENNIAL TOTAL			Total <u>FTE</u>
	General <u>Fund</u>	NGF <u>Fund</u>	<u>Total</u>	
Reduce Across the Board Cuts	58,000,000	0	58,000,000	
Workforce Transition Act Language	Language			
Deferred Compensation Program Administration	Language			
Eliminate Salary Increases	(86,490,479)	0	(86,490,479)	
Group Life Contribution Rate Reduction	(26,360,999)	0	(26,360,999)	
Change VRS Contributions to Quarterly	Language			
VRS Actuarial Savings	(40,737,406)	0	(40,737,406)	
Compensation Reserve	101,250,000	0	101,250,000	
VRS 10-Year Amortization	(40,737,406)	0	(40,737,406)	
Group Life Active Rate Suspension	(20,450,176)	0	(20,450,176)	
State Employee Health Credit	(17,736,437)	0	(17,736,437)	
VSDP Savings	(7,992,236)	0	(7,992,236)	
Economic Contingency	(1,500,000)	0	(1,500,000)	
Long Term Care	7,185,999	0	7,185,999	
INDEPENDENT AGENCIES				
College Savings Plan Director Salary	Language			
Change VRS Contributions to Quarterly	Language			
VRS Director Salary	Language			
VRS Actuarial Valuations	Language			
VRS Annual Actuarial Valuations	Language			
VRS Study Commission	0	200,000	200,000	
VOLSAP Savings	(250,000)	0	(250,000)	
PART 3: MISCELLANEOUS/TRANSFERS				
Accelerated Sales Tax Language	Language			
Language to Implement Recordation Fee	Language			
Deconform State Tax Code from IRS Code	Language			
Group Life Rate Reduction	Language			
NGF Portion of VRS Rate Reductions	Language			
Seven and eight Percent Across-the-board Reduc	Language			
VRS Dormant Accounts	Language			
NGF Savings: VRS Active Rate Suspension	Language			
VRS NGF Retiree Health Credit Savings	Language			
NGF From VSDP Rate Adjustment	Language			
PART 4: GENERAL PROVISIONS				
DPB Performance Measures for New Programs	Language			
Check Reduction Strategies	Language			
VRS and Education Trust Fund Directors' Salarie	Language			
	(274,360)	200,000	(74,360)	
Grand Total -- Compensation and General Go	(86,238,917)	200,000	(86,038,917)	48

Proposed HB 30 Employee Compensation Package

Employee Compensation Proposals

Proposed package consists of a December 2003 pay raise, increased funding for the state employee health insurance program, and funding for the state employee long-term care program offered through the Virginia Sickness and Disability Program.

Proposed Employee Compensation Package	GF Cost (Millions)
2.75 Percent Pay Raise (December 2003)	
State Employees	\$30.7
State-Supported Local Employees	\$10.3
Higher Education Faculty	\$22.2
Public School Teachers	\$38.0
State Employee Health Insurance (Maintain current plan)	\$34.9
Long-Term Care Insurance	\$7.2
Total Cost of Compensation Package:	\$143.3

Financing Cost of Employee Compensation Package

The proposed enhancements to the employee compensation package were financed almost entirely from savings achieved by amortizing the current gains of the state and teacher VRS systems over a 10 year period.

FY 2004-2006 VRS 10-Year Amortization Savings	Savings (Millions)
State Employees	(\$83.5)
Teachers	(\$56.4)
Total VRS 10-Year Amortization Savings:	(\$139.9)

General Government - Independent Subcommittee

Item 22 #3h

Legislative Department

Legislative Department Reversion
Clearing Account

Language

Language:

Page 19, after line 32, insert:

"C. Upon approval by the Joint Rules Committee, out of this appropriation, \$75,000 the second year from the general fund shall be transferred to the Chesapeake Bay Commission for the Bi-State Blue Crab Advisory Committee."

Explanation:

(This amendment provides funding for the Bi-State Blue Crab Advisory Committee, as approved by the Chesapeake Bay Commission, to match funding provided by Maryland to coordinate blue crab fishery management.)

General Government - Independent Subcommittee

Item 31 #1h

Judicial Department

General District Courts

Language

Language:

Page 25, after line 42, insert:

"E. Notwithstanding the provisions of § 16.1-69.48:1, Code of Virginia, effective May 1, 2002, the fee for processing a misdemeanor or traffic violation case shall be \$40."

Explanation:

(This amendment increases the processing fees for criminal and traffic cases in general district courts by \$12, effective May 1, 2002.)

General Government - Independent Subcommittee

Item 32 #1h

Judicial Department

Juvenile And Domestic Relations
District Courts

Language

Language:

Page 26, after line 39, insert:

"E. Notwithstanding the provisions of § 16.1-69.48:1, Code of Virginia, effective May 1, 2002, the fee for processing a misdemeanor or traffic violation case shall be \$40."

Explanation:

(This amendment increases the processing fees for criminal and traffic cases for Juvenile and Domestic Relations Courts by \$12, effective May 1, 2002.)

General Government - Independent Subcommittee

Item 33 #1h

Judicial Department

Combined District Courts

Language

Language:

Page 27, after line 30, insert:

"E. Notwithstanding the provisions of § 16.1-69.48:1 Code of Virginia, effective May 1, 2002, the fee for processing a misdemeanor or a traffic violation case shall be \$40."

Explanation:

(This amendment increases the processing fees for criminal and traffic cases in Combined District Courts by \$12, effective May 1, 2002.)

General Government - Independent Subcommittee

Item 55 #1h

Administration

Secretary Of Administration

Language

Language:

Page 38, strike lines 5 through 14.

Explanation:

(This amendment removes proposed language requiring a study of long-term care benefits for state employees.)

General Government - Independent Subcommittee

Item 60 #1h

Administration

Compensation Board

Language

Language:

Page 40, line 11, after "62," insert "63,".

Page 48, line 51, strike "The" and insert:
"Except as provided in Item 63 A 2, the".

Explanation:

(This amendment provides authority for local governments to supplement the salary of local circuit court clerks.)

General Government - Independent Subcommittee

Item 60 #2h

Administration

Compensation Board

Language

Language:

Page 43, after line 48, insert:

"N. Notwithstanding the provisions of § 15.2-1636.9 A, Code of Virginia, no appeal of any decision of the Compensation Board shall lie to any circuit court from the date of enactment of this act until July 1, 2003, at which time a circuit court may consider appeals for subsequent fiscal years."

Explanation:

(This amendment places a moratorium on appeals of Compensation Board actions through fiscal year 2003 due to budget-reduction actions by the General Assembly.)

General Government - Independent Subcommittee

Item 75 #1h

Administration

Department Of General Services

Language

Language:

Page 59, line 41, strike "either".

Page 59, line 43, after "system", strike the remainder of the line.

Page 59, strike line 44.

Page 59, line 37, strike "electronically".

Explanation:

(This amendment removes language allowing the Department of General Services to recoup costs associated with the proposed statewide electronic procurement system by levying fees upon vendors conducting business with the Commonwealth

electronically.)

General Government - Independent Subcommittee

Item 89 #1h

Administration

Virginia Public Broadcasting Board

Language

Language:

Page 70, line 41, after "offices", strike "," and insert "and".

Page 70, line 42, strike "and transmitters".

Explanation:

(This amendment allows WETA to retain eligibility for Virginia Public Broadcasting Board community service grants if its offices and studios are in Virginia even if its transmitters are located outside of the Commonwealth.)

General Government - Independent Subcommittee

Item 281 #1g

Finance

Department Of Taxation

Language

Language:

Page 244, strike lines 20 through 45.

Explanation:

(This amendment eliminates the acceleration of the collection of withholding tax revenue.)

General Government - Independent Subcommittee

Item 281 #2g

Finance

Department Of Taxation

Language

Language:

Page 244, strike lines 1 through 19.

Explanation:

(This amendment deletes language on the acceleration of the collection of sales and use tax revenue. Companion amendments revise the general fund revenue

forecast and add new language on the acceleration of the collection sales and use tax revenue to Part 3.)

General Government - Independent Subcommittee

Item 281 #3h

Finance

Department Of Taxation

Language

Language:

Page 243, strike line 6 through line 11.

Explanation:

(This amendment removes language authorizing the Department of Taxation to use the cash balance in the Court Debt Collection Program Fund to fund the administrative costs of the proposal to accelerate the collection of sales and use tax and withholding tax.)

General Government - Independent Subcommittee

Item 566 #1h

Independent Agencies

Virginia Retirement System

Language

Language:

Page 455, strike lines 48 through 54.

Page 456, strike lines 1 through 3.

Explanation:

(This amendment removes language requiring annual actuarial valuations.)

General Government - Independent Subcommittee

Item 3-1.01 #2g

Transfers

Interfund Transfers

Language

Language:

Page 527, after line 22, insert:

"FF. Prior to June 30, 2002, the State Comptroller shall transfer from agency nongeneral fund accounts an amount estimated at \$9,747,125 for the reduction in

retirement contributions resulting from the application of actuarially calculated rates for fiscal year 2002. Appropriated funds from federal sources are exempt from this transfer."

Explanation:

(This amendment captures the nongeneral fund portion of savings attributed to a reduction in Virginia Retirement System contribution rates.)

General Government - Independent Subcommittee

Item 3-1.01 #5g

Transfers

Interfund Transfers

Language

Language:

Page 524, line 42, strike "323,000,000" and insert "329,000,000".

Explanation:

(This amendment increases the estimated transfer from the State Lottery Fund to the general fund.)

General Government - Independent Subcommittee

Item 3-1.01 #8g

Transfers

Interfund Transfers

Language

Language:

Page 527, after line 30, insert:

"GG. Prior to June 30, 2002, the State Comptroller shall transfer from agency nongeneral fund accounts an amount estimated at \$12,827,302 for the reduction in retirement contributions resulting from the identification and resolution of dormant retirement accounts pursuant to a study to be completed by the Board of Trustees of the Virginia Retirement System. Appropriated funds from federal sources are exempt from this transfer."

Explanation:

(This amendment captures the nongeneral fund savings associated with retirement contribution rate reductions attributed to VRS dormant accounts. A companion amendment captures the general fund savings.)

Transfers

Interfund Transfers

Language

Language:

Page 527, after line 30, insert:

"GG. On or before June 30, 2002, the State Comptroller shall transfer \$2,000,000 to the general fund from the special fund balance of the Commission on the Virginia Alcohol Safety Action Program. This transfer shall partially reimburse the general fund for the appropriation provided in Item 343.10 of this act for anti-terrorism activities."

Explanation:

(This amendment provides for a transfer of \$2,000,000 in fiscal year 2002 from the Commission on the Virginia Alcohol Safety Action Program to the general fund to support the Commonwealth's anti-terrorism efforts. The transfer is from existing special fund balances.)

Transfers

Interfund Transfers

Language

Language:

Page 527, after line 30, insert:

"GG. Prior to June 30, 2002, the State Comptroller shall transfer from agency nongeneral fund accounts an amount estimated at \$5,017,475 for the greater than anticipated savings from the reduction in employer retirement contributions to achieve the savings from identification and resolution of dormant retirement accounts. Appropriated funds from federal sources are exempt from this transfer."

Explanation:

(This amendment captures additional nongeneral fund savings from the suspension of employer contributions.)

Transfers

Interfund Transfers

Language

Language:

Page 527, after line 22, insert:

"GG. Prior to June 30, 2002, the State Comptroller shall transfer from agency nongeneral fund accounts an amount estimated at \$798,596 reflecting the NGF savings due to the suspension of the retiree portion of the state employee group life employer contribution rate for the remainder of fiscal year 2002."

Explanation:

(This amendment captures the NGF savings from the suspension of the employer premium for state employee group life program.)

Transfers

Interfund Transfers

Language

Language:

Page 527, after line 30, insert:

"GG. Notwithstanding any provisions of law, prior to June 30, 2002, the State Comptroller shall transfer to the general fund an amount estimated at \$6,200,000 from interest earned on the following nongeneral fund balances:

Agency	Agency Description	Fund	Fund Description
137	Dept of Technology Planning	0928	Wireless E-911 Fund
140	Dept of Criminal Justice Svcs	0940	Regional Criminal Justice Academy Training Fund
151	Dept of Accounts	0708	Edvantage Reserve Fund
192	Secretary of Commerce & Trade	0902	Governor's Motion Picture Opportunity Fund
204	College of William and Mary	0306	Auxiliary Enterprise
207	UVA - Academic Division	0306	Auxiliary Enterprise
208	Va Polytechnic Inst & State Univ	0306	Auxiliary Enterprise
211	Virginia Military Institute	0306	Auxiliary Enterprise
212	Virginia State University	0306	Auxiliary Enterprise

213	Norfolk State University	0306	Auxiliary Enterprise
214	Longwood College	0306	Auxiliary Enterprise
215	Mary Washington College	0306	Auxiliary Enterprise
216	James Madison University	0306	Auxiliary Enterprise
217	Radford University	0306	Auxiliary Enterprise
221	Old Dominion University	0306	Auxiliary Enterprise
236	VCU - Academic Division	0306	Auxiliary Enterprise
241	Richard Bland College	0306	Auxiliary Enterprise
242	Christopher Newport Univ	0306	Auxiliary Enterprise
246	Univ of Virginia's College at Wise	0306	Auxiliary Enterprise
247	George Mason University	0306	Auxiliary Enterprise
276	Southside Va Comm College	0306	Auxiliary Enterprise
278	Rappahannock Comm College	0306	Auxiliary Enterprise
279	Danville Comm College	0306	Auxiliary Enterprise
280	Northern Va Comm College	0306	Auxiliary Enterprise
282	Piedmont Va Comm College	0306	Auxiliary Enterprise
283	J. Sargeant Reynolds Comm College	0306	Auxiliary Enterprise
284	Eastern Shore Comm College	0306	Auxiliary Enterprise
286	Va Western Comm College	0306	Auxiliary Enterprise
293	Thomas Nelson Comm College	0306	Auxiliary Enterprise
294	Southwest Va Comm College	0306	Auxiliary Enterprise
295	Tidewater Comm College	0306	Auxiliary Enterprise
296	Va Highlands Comm College	0306	Auxiliary Enterprise
297	Germanna Comm College	0306	Auxiliary Enterprise
298	Lord Fairfax Comm College	0306	Auxiliary Enterprise
299	Mountain Empire Comm College	0306	Auxiliary Enterprise
325	Dept of Business Assistance	0956	VSBFA-Virginia Export Loan Guarantee Fund
501	VA Dept of Transportation	0758	U. S. Route 58 Corridor Development Program
506	Motor Vehicle Dealer Board	0707	Motor Vehicle Transaction Recovery Fund
506	Motor Vehicle Dealer Board	0212	Motor Vehicle Dealer Board Fund
601	Dept of Health	0248	Waterworks Technical Assistance Fund
995	DPB - Central Appropriations -	0951	Commonwealth Technology

Admin

Research Fund

This amount represents interest earned for the last four months of fiscal year 2002."

Explanation:

(This amendment is self-explanatory.)

General Government - Independent Subcommittee

Item 3-1.01 #35h

Transfers

Interfund Transfers

Language

Language:

Page 526, strike line 40 through line 57.

Page 527, strike line 1 through 16.

Explanation:

(This amendment eliminates the proposed transfer from NGF agencies which totals \$4,919,837.)

General Government - Independent Subcommittee

Item 3-1.01 #36h

Transfers

Interfund Transfers

Language

Language:

Page 527, after line 30, insert:

"GG. Prior to June 30, 2002, the State Comptroller shall transfer to the general fund \$770,000 from the Court Debt Collection Program Fund at the Department of Taxation."

Explanation:

(This amendment transfers funds from the Court Debt Collection Program Fund previously authorized for the accelerated tax collection proposal. A companion amendment is in Item 281.)

General Government - Independent Subcommittee

Item 3-5.01 #1g

Modifications and Adjustments to Taxes and Fees

Deconform State Tax Law from the Federal Internal Revenue Service Language
Code

Language:

Page 529, after line 20 insert:

“§ 3-5.00 MODIFICATIONS AND ADJUSTMENTS TO TAXES AND FEES
§ 3-5.01 DECONFORM STATE TAX LAW FROM THE FEDERAL
INTERNAL REVENUE SERVICE CODE

Notwithstanding the provisions of § 58.1-301 of the Code of Virginia, any reference in Chapter 3 of title 58.1 of the United States Code relating to federal income taxes shall mean the provisions of the Internal Revenue Code, and amendments thereto, and other provisions of the laws of the United States relating to federal income taxes, as they existed on June 8, 2001, unless the General Assembly enacts legislation after December 31, 2001, specifying otherwise.”

Explanation:

(This amendment deconforms the Commonwealth's tax code from the federal tax code so as to preclude any adverse impact on revenues, due to pending federal legislation. The date of deconformity is June 8, 2001, unless the General Assembly enacts legislation after December 31, 2001, specifying otherwise.)

General Government - Independent Subcommittee

Item 3-5.02 #1g

Modifications and Adjustments to Taxes and Fees

Accelerated Sales and Tax Collections Language

Language:

Page 529, after line 20, insert:

“§ 3-5.00 MODIFICATIONS AND ADJUSTMENTS TO TAXES AND FEES
§ 3-5.02 ACCELERATED SALES AND USE TAX COLLECTIONS

1. Notwithstanding the provisions of § 58.1-615, Code of Virginia, every dealer, as defined by § 58.1-612, Code of Virginia, with (a) annual taxable sales in excess of \$17.5 million for the period July 1, 2000, to June 30, 2001, shall be required to make a payment equal to 90 percent of the sales and use tax liability for the month of May as the estimated amount of sales and use tax liability for the month of June; or (b) annual taxable sales equal to or less than \$17.5 million for the period July 1, 2000, to June 30, 2001, shall be required to make a payment equal to 67 percent of

the sales and use tax liability for the month of May as the estimated amount of sales and use tax liability for the month of June. Such tax payments shall be made on or before the 30th day of June, 2002, if payment is made by electronic funds transfer, as defined in § 58.1-202.1, Code of Virginia, or on or before the 25th day of June, 2002, if payment is made by other than electronic funds transfer. Payments under this paragraph shall be made in accordance with procedures established by the Tax Commissioner. Every dealer shall be entitled to a credit for the payments under this paragraph on the return due July 20, 2002.

2. In lieu of the penalties provided in § 58.1-635, Code of Virginia, except with respect to fraudulent returns, failure to make a timely payment or full payment on the sales and use tax liability as provided in paragraph 1 above shall subject the dealer to a penalty of 30 percent of the amount of tax that should have been properly paid to the Tax Commissioner. Interest will accrue as provided in §58.1-15, Code of Virginia. The payment required by paragraph 1 above shall become delinquent on the first day following the due date set forth in paragraph 1 if not paid."

Explanation:

(This amendment changes the proposal to accelerated sales and use tax collections proposed in the introduced budget. In June, dealers with annual sales in excess of \$17.5 million would remit an amount equal to 90 percent of sales and use tax collections in May. All other dealers would remit in June an amount equal to two-thirds of May collections. Companion amendments revise the general fund revenue forecast and delete similar language from the Department of Taxation, Item 281.)

General Government - Independent Subcommittee

Item 3-5.02 #2h

Recordation Fee

Language

Language:

Page 529, after line 20, insert:

"§ 3-5.02 ASSESS RECORDATION FEE

In addition to the state recordation tax collected pursuant to § 58.1-801 A, Code of Virginia, there is hereby assessed a five dollar fee on every deed admitted to record on or after May 1, 2002. Proceeds collected are to be deposited into the general fund of the state treasury and used for terrorism preparedness and homeland security."

Explanation:

(This amendment assesses a fee, in addition to the state recordation tax collected pursuant to § 58.1-801 A, Code of Virginia, on each deed admitted to record on or after May 1, 2002.)

Legislative Department

General Assembly Of Virginia

Language

Language:

Page 7, after line 37, insert:

"G. The House and Senate Joint Rules committee shall review the effectiveness and purpose of existing legislative commissions to identify potential opportunities for consolidation and elimination. As part of this review, the House and Senate Joint Rules Committee shall review the activities and responsibilities of the Virginia Commission on Youth and the Behavioral Health Care Commission to determine how these activities and responsibilities can best be managed by the Joint Commission on Health Care. Further, this review shall determine if the consolidation of these activities would require the transfer of positions from the Commission on Youth or whether these positions could be eliminated. This review shall be concluded prior to the 2003 Session of the General Assembly and shall take into account the activities of the standing committees of the House and Senate."

Explanation:

(This amendment directs the Joint Rules Committee to evaluate existing legislative commissions to identify the potential for consolidation or elimination of commissions, and to determine how the work of the Youth Commission can best be merged into the Joint Commission on Health Care.)

Legislative Department

Auditor Of Public Accounts

Language

Language:

Page 7, line 49, before "Out", insert "A."

Page 8, after line 3, insert:

"B. The Auditor of Public Accounts shall assist internal auditors of state agencies and institutions in receiving continued professional education as required by professional standards. The Auditor of Public Accounts shall coordinate his efforts with state institutions of higher education and offer training programs to the internal auditors as well as coordinate any special training programs for the internal auditors. The Auditor of Public Accounts shall recover the costs for providing these training

programs."

Explanation:

(This amendment directs the Auditor of Public Accounts to assist state agencies and institutions with the continued professional training of their internal auditors and coordinate these types of training programs. This activity previously was undertaken by the Department of the State Internal Auditor.)

General Government - Independent Subcommittee

Item 18 #1h

Legislative Department

Virginia Crime Commission

Language

Language:

Page 12, line 28, after "Authority:" strike remainder of line and insert:
"Title 9, Chapter 27, Code of Virginia."

Explanation:

(This amendment defines the Virginia State Crime Commission as a Criminal Justice Agency under Title 9 of the Code of Virginia.)

General Government - Independent Subcommittee

Item 23 #1h

Legislative Department

Legislative Department Reversion
Clearing Account

Language

Language:

Page 14, line 40 before "Included", insert "A."

Page 15, after line 3, insert:

"B. Upon approval by Joint Rules Committee, out of this appropriation, \$13,200 in the first year shall be provided to fund the continuation of the Virginia Rural Prosperity Commission for the purpose of establishing the Center for Rural Virginia ."

Explanation:

(This amendment provides \$13,200 to continue the Rural Prosperity Commission for an additional year to establish a Center for Rural Virginia.)

General Government - Independent Subcommittee

Legislative Department

Legislative Department Reversion
Clearing Account

Language

Language:

Page 14, line 40, before "Included", insert "A."

Page 15, after line 3, insert:

"B. Upon approval by the Joint Rules Committee, out of this appropriation, \$75,000 each year from the general fund shall be transferred to the Chesapeake Bay Commission for the Bi-State Blue Crab Advisory Committee."

Explanation:

(This amendment provides funding for the Bi-State Blue Crab Advisory Committee, as approved by the Chesapeake Bay Commission, to match funding provided by Maryland to coordinate blue crab fishery management.)

Public Safety Subcommittee

Item 33 #1g

Judicial Department

General District Courts

Language

Language:

Page 20, after line 38, insert:

"E. Notwithstanding the provisions of § 16.1-69.48:1 of the Code of Virginia, the fee for processing a case of a misdemeanor or a traffic violation shall be forty dollars."

Explanation:

(This amendment increases the processing fees for criminal and traffic cases in general district courts by \$12.)

Public Safety Subcommittee

Item 34 #1g

Judicial Department

Juvenile And Domestic Relations
District Courts

Language

Language:

Page 21, after line 33, insert:

"E. Notwithstanding the provisions of § 16.1-69.48:1 of the Code of Virginia, the fee for processing a case of a misdemeanor or a traffic violation shall be forty dollars."

Explanation:

(This amendment increases the processing fees for criminal and traffic cases for Juvenile and Domestic Relations Courts by \$12.)

Public Safety Subcommittee

Item 35 #1g

Judicial Department

Combined District Courts

Language

Language:

Page 22, after line 19, insert:

"E. Notwithstanding the provisions of § 16.1-69.48:1 of the Code of Virginia, the fee for processing a case of a misdemeanor or a traffic violation shall be forty dollars."

Explanation:

(This amendment increases the processing fees for criminal and traffic cases in Combined District Courts by \$12.)

General Government - Independent Subcommittee

Item 54 #1g

Executive Offices

Secretary Of The Commonwealth

Language

Language:

Page 29, after line 41, insert:

"Notwithstanding the provisions of § 2.2-409, Code of Virginia, or any other law to the contrary, the Secretary of the Commonwealth shall charge a fee of \$35.00 for issuing a commission to a notary for the Commonwealth at large, including seal tax."

Explanation:

(This authorizes a \$10.00 increase in the fee charged for issuance of a notary

commission.)

General Government - Independent Subcommittee

Item 58 #2h

Administration

Secretary Of Administration

Language

Language:

Page 32, line 8, before "Contingent", insert "A."

Page 32, line 14, after "government.", insert:

"B. The Secretary of Administration, in cooperation with the Secretaries of Health and Human Resources and Finance, shall study options for containing the utilization and costs of pharmaceuticals in government-funded healthcare programs in Virginia. This study shall examine the recommendations of the Joint Legislative Audit and Review Commission's December 2001 report on the Virginia Medicaid program, the findings of the Secretary of Finance's 2000 report on pharmaceutical costs, and other issues as may seem appropriate. In conducting the study, the Secretary of Health and Human Resources shall consult with appropriate private and public sector entities, including but not limited to patient advocacy organizations, the Medical Society of Virginia, the Old Dominion Medical Society, the Virginia Hospital & Healthcare Association, the Virginia Pharmacists Association, and the Pharmaceutical Research and Manufacturers of America. The report shall be presented to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by October 15, 2002."

Explanation:

(This amendment is self-explanatory.)

General Government - Independent Subcommittee

Item 63 #2h

Administration

Compensation Board

Language

Language:

Page 34, line 17, after "65," insert "66,".

Explanation:

(This amendment provides authority to local governments to supplement the salary of circuit court clerks with local funding.)

Administration

Compensation Board

Language

Language:

Page 37, after line 44, insert:

"O. Notwithstanding the provision of § 15.2-1636.9, Subsection A., Code of Virginia, no appeal of any decision of the Compensation Board shall lie to any circuit court from the date of enactment of this Act until July 1, 2003, at which time a circuit court may consider appeals for subsequent fiscal years."

Explanation:

(This amendment places a moratorium on appeals of Compensation Board actions through fiscal year 2003 due to budget reductions actions by the General Assembly.)

Administration

Compensation Board

Language

Language:

Page 42, line 50, after "3." strike "The" and insert:

"Except as provided in Item 63.A.2, the".

Explanation:

(This amendment clarifies the ability of local governments to supplement the salary of circuit court clerks.)

Finance

Secretary Of Finance

Language

Language:

Page 208, after line 30, insert:

"C. The Secretary of Finance, in cooperation with the Secretaries of Administration

and Health and Human Resources, shall study the feasibility of the Commonwealth entering into a combined purchase agreement with other states to reduce the cost of pharmaceuticals in state-funded programs, including the state employee health insurance program."

Explanation:

(This budget amendment is self-explanatory.)

General Government - Independent Subcommittee

Item 272 #2h

Finance

Department Of Accounts

Language

Language:

Page 208, after line 42, insert:

"The Department of Accounts shall assume the responsibilities for the operations of the State Employee Fraud, Waste, and Abuse Hotline ("Hotline"). In connection with the assumption of this responsibility, the Department of Accounts shall develop guidelines for the operation of the Hotline. The Hotline will continue to operate within the statutory guidelines for the disclosure and privacy of information obtained by the Hotline."

Explanation:

(This amendment transfers responsibility for the operations of the State Employee Fraud, Waste and Abuse Hotline to the Department of Accounts.)

General Government - Independent Subcommittee

Item 285 #2g

Finance

Department Of Taxation

Language

Language:

Page 215, strike lines 25 through 51.

Explanation:

(This amendment eliminates the acceleration of the collection of withholding tax revenue. A companion amendment revises the general fund revenue forecast.)

General Government - Independent Subcommittee

Finance

Department Of Taxation

Language

Language:

Page 215, strike lines 5 through 24.

Page 215, line 25, strike "G" and insert "F1".

Explanation:

(This amendment deletes language on the acceleration of the collection of sales and use tax revenue. Companion amendments revise the general fund revenue forecast and add new language on the acceleration of the collection sales and use tax revenue to Part 3.)

General Government - Independent Subcommittee

Item 285 #6h

Finance

Department Of Taxation

Language

Language:

Page 215, after line 51, insert:

"H. The Tax Commissioner shall continue in the first year a program that allows for the collection of unpaid fines and court costs by Commonwealth's Attorneys, and any attorneys licensed to practice law in Virginia with whom the selected Commonwealth's Attorney has contracted for the collection of unpaid finds and court costs pursuant to § 19.2-349, Code of Virginia, to collect unpaid fines and court costs and in the same manner and means as provided to the Department of Taxation in § 58.1-1804, Code of Virginia, for the collection of these fines and court costs. The remedies available under § 58.1-1804, Code of Virginia shall be in addition to any civil judgement collection remedies available under the Code of Virginia or Virginia common law. The State Compensation Board shall monitor the program and shall include, in its annual report to the General Assembly on the collection of court-ordered fines and fees for Clerks of the Courts and Commonwealth's Attorneys, the amount of unpaid fines and costs collected by the program."

Explanation:

(This allows the continuation, for one year, of a program that allows Commonwealth's Attorneys and private attorneys selected by them to collect unpaid

finest and court costs in the same manner as collected by the Department of Taxation.)

General Government - Independent Subcommittee

Item 506 #17h

Central Appropriations

Central Appropriations

Language

Language:

Page 360, after line 20, insert:

"D.1. Upon determination by individual agencies that involuntary separations will be necessary, the affected agencies that cannot place employees within positions within their agency, shall notify the Department of Human Resource Management and the Virginia Employment Commission regarding the position that is being involuntarily separated. The Department of Human Resource Management and the Virginia Employment Commission, shall begin the process of identifying openings in other agencies, independent agencies, state supported local positions in local government agencies and departments, and private sector employers for which the affected individual may be qualified. The Department of Human Resource Management shall make available the Re-op Pool, which includes the listing of state employees (and their credentials) who have been involuntarily separated, to each local political subdivision and to the Virginia Employment Commission. Additionally, DHRM shall develop a process to provide such specific information as necessary to introduce the qualifications of involuntarily terminated employees to private employers in the Commonwealth which may have job openings.

2. All agencies of the Commonwealth, after considering fully qualified applicants from within their agency for salaried or hourly job openings, shall hire any state employee who is: 1) deemed fully qualified for the job opening, and 2) has been involuntarily separated from a salaried position in a state agency during the prior twelve months.

3. Where the Commonwealth provides full or partial funding for salaried or hourly positions of a local political subdivision or any other office, such local political subdivision and all other state-supported local offices, after considering fully qualified applicants who are employees of the local political subdivision for salaried or hourly job openings, shall hire any state employee for a state-supported position who is: 1) deemed fully qualified for the job opening, and 2) who has been involuntarily separated from a salaried position in a state agency during the prior twelve months. To effectuate this section, the Department of Human Resource Management shall

coordinate with all state agencies, local political subdivisions, and other state-supported local offices to identify positions supported in whole or in part by state funds and maintain an up-to-date list of openings in the affected local positions. State agencies that allocate state funding for local positions shall identify all vacant positions for which involuntarily separated employees are directed to furnish vacancy information to the Department of Human Resource Management. All state agencies and political subdivisions are directed to cooperate with the Department of Human Resource Management, the Virginia Employment Commission, and the Department of Planning and Budget in carrying out this provision.

4. Should any state employee accept a position in another state agency or a state-supported position in a local political subdivision or state-supported local office with an equal or higher salary, any transitional severance benefit provided under the Workforce Transition Act of 1995 shall cease. However, should an involuntarily separated state employee accept a position with another state agency or state-supported position in a local political subdivision which results in a reduction in salary, the employee shall receive a pro rata transitional severance benefit.

5. The Department of Human Resource Management, in conjunction with the Virginia Employment Commission shall establish an outplacement program which identifies employment opportunities in private and public sector organizations for state employees who are involuntarily separated from full-time state employment."

Explanation:

(This amendment directs the Department of Human Resource Management and the Virginia Employment Commission to establish a process for returning involuntarily separated state employees to employment in other state agencies, local political subdivisions, other state-supported local offices, and private sector employers.)

General Government - Independent Subcommittee

Item 511 #1h

Central Appropriations

Central Appropriations

Language

Language:

Page 368, after line 52, insert:

"J. The Governor is hereby authorized to transfer funds from agency

appropriations to the accounts of participating state employees such amounts as may be necessary to match the contributions of the qualified participating employees, consistent with the requirements of the Code of Virginia governing the deferred compensation cash match program. Such transfers shall be made consistent with the following:

1. Effective July 1, 2000, the maximum cash match provided to eligible employees shall not be less than \$20.00 per pay period, or \$40.00 per month. The Governor may direct the agencies of the Commonwealth to utilize funds contained within their existing appropriations to meet these requirements.
2. The Governor may direct agencies supported in whole or in part with nongeneral funds to utilize existing agency appropriations to meet these requirements. Such nongeneral revenues and balances are hereby appropriated for this purpose, subject to the provisions of section 4-2.01 b of this act. The use of such nongeneral funds shall be consistent with any existing conditions and restrictions otherwise placed upon such nongeneral funds.
3. Employees who are otherwise eligible but whose 403 (b) provider does not participate in the cash match program by establishing a 401 (a) account are ineligible to receive a cash match.
4. The procurement of services related to the implementation of this program shall be governed by standards set forth in section 51.1-124.30 C, Code of Virginia and shall not be subject to the provisions of Chapter 7 (section 11-35 et seq.) of Title 11, Code of Virginia.

Explanation:

(This amendment restores language governing the administration of the deferred compensation cash match program.)

General Government - Independent Subcommittee

Item 511 #4g

Central Appropriations

Central Appropriations

Language

Language:

Page 368, after line 52 insert:

"J. State agencies and institutions of higher education shall make payments to the

Virginia Retirement System for retirement contributions on a quarterly basis."

Explanation:

(This amendment changes the schedule used to pay the Virginia Retirement System for retirement contributions from a monthly basis to a quarterly basis.)

General Government - Independent Subcommittee

Item 525 #1h

Independent Agencies

Virginia College Savings Plan

Language

Language:

Page 378, strike line 9 through line 25.

Explanation:

(This amendment eliminates the a proposed salary scale and bonus plan for the Executive Director of the College Savings Plan.)

General Government - Independent Subcommittee

Item 527 #1g

Independent Agencies

Virginia Retirement System

Language

Language:

Page 381, after line 10 insert:

"H. State agencies and institutions of higher education shall make payments to the Virginia Retirement System for retirement contributions on a quarterly basis."

Explanation:

(This amendment changes the schedule used to pay the Virginia Retirement System for retirement contributions from a monthly basis to a quarterly basis.)

General Government - Independent Subcommittee

Item 527 #4h

Independent Agencies

Virginia Retirement System

Language

Language:

Page 380, strike line 11 through line 29.

Explanation:

(This amendment eliminates the proposed salary and bonus schedule for the VRS director.)

General Government - Independent Subcommittee

Item 527 #5h

Independent Agencies

Virginia Retirement System

Language

Language:

"H. Consistent with the provisions of § 51.1-124.22 Code of Virginia, the Board of Trustees of the Virginia Retirement System shall conduct biennial actuarial valuations beginning with the valuation as of June 30, 2003 for purposes of establishing fiscal year 2005 employer contribution rates. In conducting the June 30, 2003 valuation, the actuarial gains and losses of the system will be amortized over a 30-year period. In addition, for purposes of establishing employer contribution rates, the Virginia Retirement System Board of Trustees shall segregate the excess gains of the state employee and teacher systems that were in place on June 30, 2001 and amortize these gains over a 10-year period and use the gains to credit the VRS normal cost rate established by the VRS actuary for state employees and teachers."

Explanation:

(This amendment establishes that VRS actuarial valuations will return to biennial valuations as required by the Code with the next actuarial valuation occurring effective June 30, 2003. In addition, the amendment requires that in establishing future employer contribution rates for the state employee and teacher funds, the gains of the systems in place on June 2001 will be used over a ten year period to credit the normal cost rate established by the actuary for state employees and teachers.)

General Government - Independent Subcommittee

Item 527 #6h

Independent Agencies

Virginia Retirement System

Language

Language:

Page 380, strike line 56.

Page 381, strike line 1 through line 10.

Explanation:

(This amendment eliminates the requirement to conduct annual valuations. A companion amendment restores the biennial actuarial valuation.)

General Government - Independent Subcommittee

Item 3-1.01 #10g

Transfers

Interfund Transfers

Language

Language:

Page 419, after line 24, insert:

"AA. Prior to June 20, 2003, the State Comptroller shall transfer to the general fund from agency nongeneral fund accounts an amount estimated at \$7,115,687 for the reduction in state employee group life contributions for fiscal year 2003. Prior to June 20, 2004, the State Comptroller shall transfer to the general fund from agency nongeneral fund accounts an amount estimated at \$7,425,066 for the reduction in state employee group life contributions for fiscal year 2004. Appropriated funds from federal sources are exempt from this transfer."

Explanation:

(This amendment captures the nongeneral fund savings associated with a reduction in group life contribution rates.)

General Government - Independent Subcommittee

Item 3-1.01 #11g

Transfers

Interfund Transfers

Language

Language:

Page 416, line 26, strike "320,000,000" and "320,000,000" and insert "329,000,000" and "325,500,000".

Explanation:

(This amendment increases the estimated transfer from the State Lottery Fund to the general fund.)

General Government - Independent Subcommittee

Transfers

Interfund Transfers

Language

Language:

Page 419, after line 24, insert:

"AA. Prior to June 20, 2003, the State Comptroller shall transfer from agency nongeneral fund accounts an amount estimated at \$7,619,310 for the reduction in retirement contributions resulting from the application of actuarially calculated rates for fiscal year 2003. Prior to June 20, 2004, the State Comptroller shall transfer from agency nongeneral fund accounts an amount estimated at \$7,950,579 for the reduction in retirement contributions resulting from the application of actuarially calculated rates for fiscal year 2004. Appropriated funds from federal sources are exempt from this transfer."

Explanation:

(This amendment captures the nongeneral fund portion of savings attributed to a reduction in Virginia Retirement System contribution rates.)

General Government - Independent Subcommittee

Item 3-1.01 #17g

Transfers

Interfund Transfers

Language

Language:

Page 419, line 1, strike "25,081,679" and insert "32,250,303".

Explanation:

(This amendment increases the amount of nongeneral fund saving attributed to a rate reduction resulting from the identification and resolution of VRS dormant accounts.)

General Government - Independent Subcommittee

Item 3-1.01 #21g

Transfers

Interfund Transfers

Language

Language:

Page 416, line 16, strike "442,735" and "442,735" and insert:
"85,755" and "85,755".

Page 416, line 25, strike "7,848,744" and "7,848,744" and insert:
"7,491,764" and "7,491,764".

Explanation:

(This amendment reduces the amount of special fund dollars captured in Part III (3-1.01 F.) by \$356,980 each year to account for unintentionally captured federal dollars.)

General Government - Independent Subcommittee

Item 3-1.01 #34h

Transfers

Interfund Transfers

Language

Language:

Page 419, after line 24, insert:

"AA. Notwithstanding any provisions of law, prior to June 30 each year, the State Comptroller shall transfer to the general fund an amount estimated at \$20,800,000 from interest earned on the following nongeneral fund balances:

Agency	Agency Description	Fund	Fund Description
137	Dept of Technology Planning	0928	Wireless E-911 Fund
140	Dept of Criminal Justice Svcs	0940	Regional Criminal Justice Academy Training Fund
151	Dept of Accounts	0708	Edvantage Reserve Fund
192	Secretary of Commerce & Trade	0902	Governor's Motion Picture Opportunity Fund
204	College of William and Mary	0306	Auxiliary Enterprise
207	UVA - Academic Division	0306	Auxiliary Enterprise
208	Va Polytechnic Inst & State Univ	0306	Auxiliary Enterprise
211	Virginia Military Institute	0306	Auxiliary Enterprise
212	Virginia State University	0306	Auxiliary Enterprise
213	Norfolk State University	0306	Auxiliary Enterprise
214	Longwood College	0306	Auxiliary Enterprise
215	Mary Washington College	0306	Auxiliary Enterprise
216	James Madison University	0306	Auxiliary Enterprise

217	Radford University	0306	Auxiliary Enterprise
221	Old Dominion University	0306	Auxiliary Enterprise
236	VCU - Academic Division	0306	Auxiliary Enterprise
241	Richard Bland College	0306	Auxiliary Enterprise
242	Christopher Newport Univ	0306	Auxiliary Enterprise
246	Univ of Virginia's College at Wise	0306	Auxiliary Enterprise
247	George Mason University	0306	Auxiliary Enterprise
276	Southside Va Comm College	0306	Auxiliary Enterprise
278	Rappahannock Comm College	0306	Auxiliary Enterprise
279	Danville Comm College	0306	Auxiliary Enterprise
280	Northern Va Comm College	0306	Auxiliary Enterprise
282	Piedmont Va Comm College	0306	Auxiliary Enterprise
283	J. Sargeant Reynolds Comm College	0306	Auxiliary Enterprise
284	Eastern Shore Comm College	0306	Auxiliary Enterprise
286	Va Western Comm College	0306	Auxiliary Enterprise
293	Thomas Nelson Comm College	0306	Auxiliary Enterprise
294	Southwest Va Comm College	0306	Auxiliary Enterprise
295	Tidewater Comm College	0306	Auxiliary Enterprise
296	Va Highlands Comm College	0306	Auxiliary Enterprise
297	Germanna Comm College	0306	Auxiliary Enterprise
298	Lord Fairfax Comm College	0306	Auxiliary Enterprise
299	Mountain Empire Comm College	0306	Auxiliary Enterprise
325	Dept of Business Assistance	0956	VSBFPA-Virginia Export Loan Guarantee Fund
501	VA Dept of Transportation	0758	U. S. Route 58 Corridor Development Program
506	Motor Vehicle Dealer Board	0707	Motor Vehicle Transaction Recovery Fund
506	Motor Vehicle Dealer Board	0212	Motor Vehicle Dealer Board Fund
601	Dept of Health	0248	Waterworks Technical Assistance Fund
995	DPB - Central Appropriations - Admin	0951	Commonwealth Technology Research Fund."

Explanation:

(This amendment is self-explanatory.)

General Government - Independent Subcommittee

Item 3-1.01 #36h

Transfers

Interfund Transfers

Language

Language:

"AA. Prior to June 20, 2003, the State Comptroller shall transfer from agency nongeneral fund accounts an amount estimated at \$20,857,586 for the fiscal year 2003 reduction in employer contribution rates for the 10-year amortization of excess gains as per Item 527 of this act. Prior to June 20, 2004, the State Comptroller shall transfer from agency nongeneral fund accounts an amount estimated at \$22,018,000 for the fiscal year 2004 reduction in employer contribution rates for the 10-year amortization of excess gains as per Item 527 of this act. Appropriated funds from federal sources are exempt from this transfer."

Explanation:

(This amendment captures the NGF portion of the reduction in employer contribution rates due to the decrease in VRS employer contribution rates.)

General Government - Independent Subcommittee

Item 3-1.01 #37h

Transfers

Interfund Transfers

Language

Language:

"AA. Prior to June 20, 2003, the State Comptroller shall transfer from agency nongeneral fund accounts an amount estimated at \$4,743,795 for the suspension of the active portion of the state employee group life contributions for fiscal year 2003. Prior to June 20, 2004, the State Comptroller shall transfer from agency nongeneral fund accounts an amount estimated at \$4,950,041 for the suspension of the active portion of the state employee group life contributions for fiscal year 2004. Appropriated funds from federal sources are exempt from this transfer."

Explanation:

(This amendment captures savings from the suspension of the employer active employee contribution rate for the state group life insurance program.)

General Government - Independent Subcommittee

Item 3-1.01 #38h

Transfers

Interfund Transfers

Language

Language:

"AA. Prior to June 20, 2003, the State Comptroller shall transfer from agency nongeneral fund accounts an amount estimated at \$3,693,506 for the suspension of a portion of employers contribution for the state employee retiree health credit program for fiscal year 2003. Prior to June 20, 2004, the State Comptroller shall transfer from agency nongeneral fund accounts an amount estimated at \$3,854,092 for the suspension of a portion of employers contribution for the state employee retiree health credit program for fiscal year 2004. Appropriated funds from federal sources are exempt from this transfer."

Explanation:

(This amendment captures savings from a reduction of the employer's contribution rate for the state employee retiree health credit program.)

General Government - Independent Subcommittee

Item 3-1.01 #39h

Transfers

Interfund Transfers

Language

Language:

"AA. Prior to June 20, 2003, the State Comptroller shall transfer from agency nongeneral fund accounts an amount estimated at \$1,697,000 for the suspension of a portion of employers contribution rate for the sickness and disability program for fiscal year 2003. Prior to June 20, 2004, the State Comptroller shall transfer from agency nongeneral fund accounts an amount estimated at \$1,770,789 for the suspension of a portion of employers contribution rate for the sickness and disability program for fiscal year 2004. Appropriated funds from federal sources are exempt from this transfer."

Explanation:

(This amendment captures NGF savings from a reduction in the employer

contribution rate for the sickness and disability program.)

Transfers

Interfund Transfers

Language

Language:

- Page 418, line 16, strike "\$14,788,244" and insert "\$4,408,169".
- Page 418, line 17, strike "\$14,788,244" and insert "\$4,408,169".
- Page 418, line 20, strike the first "\$11,401" and insert "\$7,601".
- Page 418, line 20, strike the second "\$11,401" and insert "\$7,601".
- Page 418, line 21, strike the first "\$290,012" and insert "\$193,341".
- Page 418, line 21, strike the second "\$290,012" and insert "\$193,341".
- Page 418, line 22, strike the first "\$58,565" and insert "\$39,043".
- Page 418, line 22, strike the second "\$58,565" and insert "\$39,043".
- Page 418, line 23, strike the first "\$1,870,945" and insert "\$1,247,297".
- Page 418, line 23, strike the second "\$1,870,945" and insert "\$1,247,297".
- Page 418, line 24, strike the first "\$144,262" and insert "\$96,175".
- Page 418, line 24, strike the second "\$144,262" and insert "\$96,175".
- Page 418, line 25, strike the first "\$39,180" and insert "\$26,120".
- Page 418, line 25, strike the second "\$39,180" and insert "\$26,120".
- Page 418, line 26, strike the first "\$796,901" and insert "\$531,267".
- Page 418, line 26, strike the second "\$796,901" and insert "\$531,267".
- Page 418, line 27, strike the first "\$9,000" and insert "\$6,000".
- Page 418, line 27, strike the second "\$9,000" and insert "\$6,000".
- Page 418, line 28, strike the first "\$606,240" and insert "\$404,160".
- Page 418, line 28, strike the second "\$606,240" and insert "\$404,160".
- Page 418, line 29, strike the first "\$8,508" and insert "\$5,672".
- Page 418, line 29, strike the second "\$8,508" and insert "\$5,672".
- Page 418, line 30, strike the first "\$3,900" and insert "\$2,600".
- Page 418, line 30, strike the second "\$3,900" and insert "\$2,600".
- Page 418, line 31, strike the first "\$929,585" and insert "\$619,723".
- Page 418, line 31, strike the second "\$929,585" and insert "\$619,723".
- Page 418, line 32, strike the first "\$35,160" and insert "\$23,440".
- Page 418, line 32, strike the second "\$35,160" and insert "\$23,440".
- Page 418, line 33, strike the first "\$45,348" and insert "\$30,232".
- Page 418, line 33, strike the second "\$45,348" and insert "\$30,232".

Page 418, line 34, strike the first "\$1,400,473" and insert "\$0".
Page 418, line 34, strike the second "\$1,400,473" and insert "\$0".
Page 418, line 35, strike the first "\$156,000" and insert "\$0".
Page 418, line 35, strike the second "\$156,000" and insert "\$0".
Page 418, line 36, strike the first "\$11,820" and insert "\$0".
Page 418, line 36, strike the second "\$11,820" and insert "\$0".
Page 418, line 37, strike the first "\$93,186" and insert "\$62,124".
Page 418, line 37, strike the second "\$93,186" and insert "\$62,124".
Page 418, line 38, strike the first "\$300,000" and insert "\$200,000".
Page 418, line 38, strike the second "\$300,000" and insert "\$200,000".
Page 418, line 39, strike the first "\$6,499,698" and insert "\$0".
Page 418, line 39, strike the second "\$6,499,698" and insert "\$0".
Page 418, line 41, strike the first "\$171,958" and insert "\$114,639".
Page 418, line 41, strike the second "\$171,958" and insert "\$114,639".
Page 418, line 42, strike the first "\$900,000" and insert "\$600,000".
Page 418, line 42, strike the second "\$900,000" and insert "\$600,000".
Page 418, line 43, strike the first "\$46,102" and insert "\$30,735".
Page 418, line 43, strike the second "\$46,102" and insert "\$30,735".
Page 418, line 44, strike the first "\$360,000" and insert "\$240,000".
Page 418, line 44, strike the second "\$360,000" and insert "\$240,000".
Page 418, line 45, strike the first "\$14,788,244" and insert "\$4,480,169".
Page 418, line 45, strike the second "\$14,788,244" and insert "\$4,480,169".

Explanation:

(This amendment reduces the nongeneral fund agency reductions from 6 percent to 4 percent and eliminates the proposed reductions to the Department of Game and Inland Fisheries and the Department of Transportation.)

General Government - Independent Subcommittee

Item 3-5.01 #1g

Modifications and Adjustments to Taxes and Fees

Limit the Tax Credit for Retaliatory Costs Paid to Other States

Language

Language:

Page 421, after line 14, insert:

“§ 3-5.00 MODIFICATIONS AND ADJUSTMENTS TO TAXES AND FEES
§ 3-5.01 LIMIT THE TAX CREDIT FOR RETALIATORY COSTS PAID TO
OTHER STATES

Notwithstanding any other provision of law, for license years beginning on or after July 1, 2003, but before July 1, 2005, the amount of the Tax Credit for Retaliatory Costs to Other States available under § 58.1-2510 of the Code of Virginia shall be limited to ninety percent of the retaliatory costs paid to other states.”

Explanation:

(This amendment limits the amount of the tax credit for retaliatory cost paid to other states to 90 percent of the retaliatory costs paid for license years beginning on or after July 1, 2003, but before July 1, 2005. A companion amendment increases general fund revenue by \$480,000 each year.)

General Government - Independent Subcommittee

Item 3-5.02 #1g

Modifications and Adjustments to Taxes and Fees

Assess Recordation Fee

Language

Language:

Page 421, after line 14, insert:

§ 3-5.02 ASSESS RECORDATION FEE

In addition to the state recordation tax collected pursuant to § 58.1-801 A. of the Code of Virginia, there is hereby assessed a five dollar fee on every deed admitted to record on or after May 1, 2002. Proceeds collected are to be deposited into the general fund of the state treasury and be used for terrorism preparedness and homeland security.”

Explanation:

(This amendment assesses a fee, in addition to the state recordation tax collected pursuant to § 58.1-801 A. of the Code of Virginia, on each deed admitted to record on or after May 1, 2002. A companion amendment increases general fund revenue by \$5.4 million each year.)

General Government - Independent Subcommittee

Item 3-5.03 #1g

Modifications and Adjustments to Taxes and Fees

Deconfrom State Tax Law from the Federal Internal Revenue Service
Code

Language

Language:

Page 421, after line 14, insert:

§ 3-5.03 DECONFORM STATE TAX LAW FROM THE FEDERAL INTERNAL REVENUE SERVICE CODE

Notwithstanding the provisions of § 58.1-301 of the Code of Virginia, any reference in Chapter 3 of Title 58.1 of the United States relating to federal income taxes shall mean the provisions of the Internal Revenue Code, and amendments thereto, and other provisions of the laws of the United States relating to federal income taxes, as they existed on June 8, 2001, unless the General Assembly enacts legislation after December 31, 2001, specifying otherwise."

Explanation:

(This amendment deconforms the Commonwealth's tax code from the federal tax code so as to preclude any adverse impact on revenues due to pending federal legislation. The date of deconformity is June 8, 2001, unless the General Assembly enacts legislation after December 31, 2001, specifying otherwise.)

General Government - Independent Subcommittee

Item 3-5.04 #1g

Modifications and Adjustments to Taxes and Fees

Accelerated Sales and Use Tax Collections

Language

Language:

Page 421, after line 14, insert:

§ 3-5.04 ACCELERATED SALES AND USE TAX COLLECTIONS

A.1. Notwithstanding the provisions of § 58.1-615, Code of Virginia, every dealer as defined by § 58.1-612, Code of Virginia, with (a) annual taxable sales in excess of \$17.5 million for the period July 1, 2000, to June 30, 2001, shall be required to make a payment equal to 90 percent of the sales and use tax liability for the month of May as the estimated amount of sales and use tax liability for the month of June; or (b) annual taxable sales equal to or less than \$17.5 million for the period July 1, 2000, to June 30, 2001, shall be required to make a payment equal to 67 percent of the sales and use tax liability for the month of May as the estimated amount of sales and use tax liability for the month of June. Such tax payments shall be made on or before the 30th day of June 2003 and June 2004, respectively, if payment is made by electronic funds transfer, as defined in § 58.1-202.1, Code of Virginia. If payment is made by other than electronic funds transfer, such payment shall be made on or before the 25th day of June 2003 and June 2004, respectively. Payments under this paragraph shall be made in accordance with procedures

established by the Tax Commissioner. Every dealer shall be entitled to a credit for the payments under this paragraph on the return due July 20, 2003 and July 20, 2004, respectively.

2. In lieu of the penalties provided in § 58.1-635, except with respect to fraudulent returns, failure to make a timely payment or full payment on the sales and use tax liability as provided in paragraph A.1. above shall subject the dealer to a penalty of 30 percent of the amount of tax that should have been properly paid to the Tax Commissioner. Interest will accrue as provided in § 58 1.15, Code of Virginia,. The payment required by paragraph A.1. above shall become delinquent on the first day following the due date set forth in paragraph A.1. if not paid."

Explanation:

(This amendment changes the proposed accelerated sales and use tax collections. In June, dealers with annual sales in excess of \$17.5 million would remit an amount equal to 90 percent of sales and use tax collections in May. All other dealers would remit in June an amount equal to two-thirds of May collections. Companion amendments revise the general fund revenue forecast and delete similar language from the Department of Taxation, Item 285.)

General Government - Independent Subcommittee

Item 3-5.05 #1g

Modifications and Adjustments to Taxes and Fees

Limit the Qualified Equity and Subordinated Debt Investments Tax
Credit

Language

Language:

Page 421, after line 14, insert:

§ 3-5.05 LIMIT THE QUALIFIED EQUITY AND SUBORDINATED DEBT
INVESTMENTS TAX CREDIT

Notwithstanding any other provision of law, for taxable years beginning on or after January 1, 2001, but before January 1, 2003, the amount of the Qualified Equity and Subordinated Debt Investments Tax Credit available under § 58.1-339.4 of the Code of Virginia shall be limited to \$4,000,000 for a calendar year."

Explanation:

(This amendment limits the amount of the Qualified Equity and Subordinated Debt Investments Tax Credit to \$4 million each year. A companion amendment increases general fund revenue by \$1.0 million each year.)

Modifications and Adjustments to Taxes and Fees

Limit the Sales and Use Tax Credit for Internet Service Providers

Language

Language:

Page 421, after line 14, insert:

§ 3-5.06 LIMIT THE SALES AND USE TAX CREDIT FOR INTERNET SERVICE PROVIDERS

Notwithstanding any other provision of law, for purchases made between July 1, 2002, and June 30, 2004, any exemption from the retail sales and use tax applicable to production, distribution, and other equipment used to provide Internet-access services by providers of Internet service, as defined in § 58.1-602 of the Code of Virginia, shall apply to only ninety percent of the cost of purchases otherwise qualifying for exemption."

Explanation:

(This amendment limits the amount of the sales tax exemption for Internet service providers to 90 percent of the cost price of purchases otherwise qualifying for exemption. A companion amendment increases general fund revenue by \$520,000 each year.)

Modifications and Adjustments to Taxes and Fees

Repeal Reduction In Withholding of Individual Income Taxes

Language

Language:

Page 421, after line 14, insert:

§ 3-5.07 REPEAL REDUCTION IN WITHHOLDING OF INDIVIDUAL INCOME TAXES

The second enactment of Chapter 289 of the 1989 Acts of Assembly, as amended and reenacted by Chapter 888 of the 1990 Acts of Assembly, Chapters 385 and 401 of the 1992 Acts of Assembly, Chapters 139 and 147 of the 1994 Acts of Assembly, Chapters 375 and 458 of the 1996 Acts of Assembly, Chapter 464 of the 1998 Acts of Assembly, and Chapters 501 and 553 of the 2000 Acts of Assembly, is hereby repealed."

Explanation:

(This amendment repeals legislation on withholding tax changes, which were slated to go into effect in Fiscal Year 2004. These provisions were originally enacted in 1989 and have never been implemented.)

General Government - Independent Subcommittee

Item 4-3.02 #1h

Debt

Treasury Loans

Language

Language:

Page 433, line

Explanation:

(This amendment clarifies that Treasury anticipation loans may be provided to public corporations and government instrumentalities as well as to state agencies to pay authorized obligations prior to the collection of proceeds of debt.)

General Government - Independent Subcommittee

Item 4-5.05 #1h

Special Conditions and Restrictions on Expenditures

Services and Clients

Language

Language:

Page 441, after line 40, insert:

"3. In accordance with § 2.2-1501, Code of Virginia, the Department of Planning and Budget shall develop a programmatic budget and accounting structure for all new programs and activities to ensure that it provides the appropriate financial and performance measures to determine if programs achieve desired results and outcomes. The Department of Accounts shall provide assistance as requested by the Department of Planning and Budget. The Department of Planning and Budget shall provide this information each year when the Governor submits the budget in accordance with § 2.2-1509, Code of Virginia, to the Chairmen of the House Appropriations, House Finance, and Senate Finance committees."

Explanation:

(This amendment directs the Department of Planning and Budget to develop financial and performance measures for all new programs to facilitate measurement of

programmatic results, and requires these measures to be submitted with the Governor's budget each year.)

General Government - Independent Subcommittee

Item 4-5.06 #2h

Special Conditions and Restrictions on Expenditures

Goods and Services

Language

Language:

Page 443, line 38, after "g." strike "SMALL PURCHASE CHARGE CARD:" and insert, "CHECK REDUCTION STRATEGIES:"

Page 443, line 40, after "Charge Card" insert, "and/or Electronic Data Interchange"

Page 443, line 40 after program, insert "s"

Page 443, line 40, after "checks" strike remainder of line, and insert "."

Page 443, line 41, strike "dollar amounts."

Explanation:

(This amendment allows the allows the Department of Accounts to charge state agencies a per check fee for failing to comply with the Commonwealth's electronic data interchange program.)

General Government - Independent Subcommittee

Item 4-6.01 #5h

Positions and Employment

Employee Compensation

Language

Language:

Page 450, after line 38, insert:

"Director, Virginia Retirement System \$124,918 \$124,918 \$124,918".

"Executive Director, Virginia College Savings Plan \$137,410 \$137, 410 \$137,410".

Explanation:

(This amendment establishes the salaries of the directors of two independent agencies at the amounts paid as of November 25, 2001. Companion amendments in Items 525 and 527 remove the salary language in the introduced Budget Bill.)