

Finance

Governor's Proposed Amendments (\$ in millions)				
	FY 2015 Proposed <u>GF</u> <u>NGF</u>		FY 2016 Proposed <u>GF</u> <u>NGF</u>	
2014-16 Current Budget (Ch. 3, 2014 Special Session I)	\$2,044.1	\$652.7	\$1,844.1	\$655.6
Proposed Increases	0.1	0.0	0.3	1.1
Proposed Decreases	<u>(10.4)</u>	<u>>(0.0)</u>	<u>(40.4)</u>	<u>(0.2)</u>
\$ Net Change	(10.3)	>(0.0)	(40.1)	1.3
2014-16 Proposed Budget	\$2,033.8	\$673.3	\$1,804.0	\$656.9
% Change	(0.5%)	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.** Proposes \$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 in 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 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**
 - *Establish Appropriation for Sales Tax Distributions to Localities with Tourism Zones.* Provides \$125,000 GF in 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 provide certain tax incentives for projects within a tourism zone. The proposed appropriation is equal to an estimated one percent sales tax on purchases at the project.
- **Department of Planning and Budget**
 - *Central Account Reductions.* Item 471.10 reflects savings totaling \$359,111 the first year and \$304,960 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 for 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.

- ***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 \$4.7 million the first year with five layoffs, and \$4.1 million the second year for the Department of Taxation. Significant actions include:
 - \$1.4 million in additional resources in the second year from increasing the transfer fee for the Land Preservation Tax Credit from 2 to 3 percent of the fair market value.
 - 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**
 - ***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.*** Proposes 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.
 - ***Central Account Reductions.*** Item 471.10 reflects savings totaling \$0.4 million the first year and \$0.5 million 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.
 - 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.

- *Reflect Debt Service Savings Included in Central Appropriations in Chapter 3.*
Adjust 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.