

Governor's Proposed Amendments

2018-2020 Appropriation Act

(House Bill 1700, as Adopted)

Amendment No. 1

Item 0 – Revenues

Reduce Prior Year Disaster Authorization Amounts

General Assembly Action: Adopted the “front page” revenue adjustments reflected in the General Assembly’s amendments to House Bill 1700 as introduced.

Governor's Action: The proposed amendment increases assumed general fund revenue by \$3.6 million by reducing the amounts set aside for natural disaster declaration obligations. These amounts are freed up from disaster events that have been closed or otherwise need no additional funding.

Notes:

- The front page will be adjusted to reflect the cumulative impact of Governor’s amendments adopted by the General Assembly.

Amendment No. 2

Item 1 – General Assembly of Virginia

Technical Language - Extend Joint Subcommittee Studying Mental Health Services

General Assembly Action: The General Assembly adopted SJR 301 which authorized the continuation of the Joint Subcommittee Studying Mental Health Services in the Commonwealth through December of 2021. The subcommittee was created during the 2014 legislative session pursuant to the passage of SJR 47 of the 2014 session. Language adopted in Chapter 2, which was unchanged during the 2019 session, set a sunset date for the subcommittee of December 1, 2019.

Governor's Action: The Governor’s amendment extends the sunset language in the budget through the end of this biennium, extending it from December 1, 2019 to June 30, 2020, to be consistent with the provisions of SJR 301.

Amendment No. 3

Item 31 – Joint Legislative Audit and Review Commission

Language - JLARC Access to Board of Corrections Information and Meetings

General Assembly Action: No action.

Governor's Action: The proposed amendment clarifies that JLARC staff shall have access to all information related to the operations of the Board of Corrections including access to portions of their meetings that are “closed” and “executive sessions”.

Notes:

- This amendment was included at the request of JLARC.

Amendment No. 4 Item 62 – Secretary of the Commonwealth Provide Funding for Census Outreach

General Assembly Action: The General Assembly rejected funding proposed in the introduced budget, \$1.5 million GF in FY 2019, to support education, outreach and preparation for community participation in the 2020 Census.

Governor's Action: The proposed amendment adds back in the \$1.5 million GF that was proposed in the introduced budget.

Notes:

- The Census is a federal initiative and the federal government provides outreach efforts for the census.
- The Commonwealth has not provided state funding for census activities in the past.

Amendment No. 5 Item 103 – Economic Development Incentives Technical – New Incentive Programs at Commonwealth Center for Advanced Manufacturing (CCAM)

General Assembly Action: General Assembly implemented through budget action its portion of a collaborative plan that included the establishment of new incentive programs for industry and university partners that are designed to help rejuvenate and reboot CCAM as it transitions to a new model of operations, research programming and economic development.

Governor's Action (Technical): This is a technical amendment following further discussions with CCAM and its industry and university partners. There is a companion amendment No. 10 that moves these programs over to VEDP (Item 122).

Amendment No. 6
Item 105 – Virginia Housing Trust Fund
Increase Funding for VA Housing Trust Fund

General Assembly Action: Increased funding for the Housing Trust Fund \$1.5 million each year of the biennium budget bringing the total deposit from the general fund to \$7.0 million annually.

Governor's Action: The Governor's amendment further increases the first year deposit by \$4.0 million for a new total of \$11.0 million for FY 2019 but no increase for FY 2020.

Notes:

- The Governor's Introduced budget contained annual increases of \$4.5 million in FY 2019 and \$14.5 million for FY 2020.

Amendment No. 7
Item 120 – Small Business and Supplier Diversity (SBSD)
Conduct Disparity Study

General Assembly Action: No additional funding proposed or adopted this year. Last Session the General Assembly reached a compromise that requires additional oversight of the Department and reporting to the Money Committees and the Secretary of Commerce and Trade following an unfavorable report of the SBSB from the OIG.

Governor's Action: The Governor's amendment proposes to add \$500,000 GF in FY 2020 to hire an outside firm to conduct a disparity study as it relates to procurement in the Commonwealth.

Notes:

- JLARC is about to begin a study of the Department.
- Before granting any increases in funding, it might be better to await the completion of that study, set to begin later in 2019.

Amendment No. 8
Item 120 – Small Business and Supplier Diversity (SBSD)
Establish a SWaM Unit

General Assembly Action: No additional funding proposed or adopted this year. Last Session the General Assembly reached a compromise that requires additional oversight of the Department and reporting to the Money Committees and the Secretary of Commerce and Trade following an unfavorable report of the SBSB from the OIG.

Governor's Action: The Governor's amendment increases funding \$77,824 and (1) FTE in FY 2019 and \$266,825 and (3) FTE in FY 2020 all from GF in order to create a new unit that would work with procurement officials and businesses to strategically source SWaM participation on large Commonwealth contracts.

Notes:

- JLARC is about to begin a study of the Department.
- Before granting any increases in funding, it might be better to await the completion of that study, set to begin later in 2019.

Amendment No. 9

Item 120 – Small Business and Supplier Diversity (SBSD) Women and Minority-Owned Business Programming

General Assembly Action: No additional funding proposed or adopted this year. Last Session the General Assembly reached a compromise that requires additional oversight of the Department and reporting to the Money Committees and the Secretary of Commerce and Trade following an unfavorable report of the SBSB from the OIG.

Governor's Action: The Governor's amendment increases funding \$65,000 from GF in FY 2020 in order to create programming specific to women and minority-owned businesses.

Notes:

- JLARC is about to begin a study of the Department.
- Before granting any increases in funding, it might be better to await the completion of that study, set to begin later in 2019.

Amendment No. 10

Item 122 – Virginia Economic Development Partnership (VEDP) Technical Language – Relocate CCAM Incentives Programs

General Assembly Action: General Assembly implemented through budget action its portion of a collaborative plan that included the establishment of new incentive programs for industry and university partners that are designed to help rejuvenate and reboot CCAM as it transitions to a new model of operations, research programming and economic development.

Governor's Action (Technical): This is a technical amendment following further discussions with CCAM and its industry and university partners. There is a companion amendment No. 05 that removes these programs from Economic Development Incentives (Item 103).

Amendment No. 11
Item 136 – Direct Aid to Public Education
Language - Modify School Counselor Ratio

General Assembly Action: Legislative budget action reduced the proposed funding reflected in House Bill 1700, as introduced, from \$36.0 million to \$12.2 million in FY 2020 for additional school counselors.

To ensure that any final statutory language changes that could be made by either House Bill 2053 (McQuinn) or Senate Bill 1406 (Dance) and signed by the Governor would not exceed the \$12.2 million provided in the Conference Budget Report for school counselor ratio changes, new budget language set out specific counselor ratios and included language which made the ratios take precedent notwithstanding any separate standalone legislation. See the Notes section below for the added language in its entirety.

Governor's Action: The proposed budget amendment strikes only the portion of the language that referred to the 'Notwithstanding' phrase for the school counselor ratios and keeps the specific set out school counselor ratios.

Assuming that the rest of the language added for school counselor ratios in the Conference Budget would also be eliminated in new FY 2020-2022 Biennial Budget, the resulting impact of this proposed amendment would be that the section of Code changed by SB1406 (Chapter 796) will determine the school counselor ratios for the re-benchmarking cycle and related state and local costs.

Notes:

- The specific 'Notwithstanding' language reflected in the Conference Budget Report states:
 - "Notwithstanding the provisions of subsection H of § 22.1-253.13:2 of the Code of Virginia, as amended by the 2019 General Assembly, to the contrary, each school board shall employ the following full-time equivalent school counselor positions for any school that reports fall membership, according to the type of school and student enrollment: effective with the 2019-2020 school year, in elementary schools, one hour per day per 91 students, one full-time at 455 students, one hour per day additional time per 91 students or major fraction thereof; school counselors in middle schools, one period pre 74 students, one full-time at 370 students, one additional period per 74 students or major fraction thereof; school counselors in high schools, one period per 65 students, one full-time at 325 students, one additional period per 65 student or major fraction thereof."

- Senate Bill 1406 (Dance), was signed by the Governor on February 20, 2019, (Chapter 796) which was prior to the adoption of the Conference Budget Report by the House and Senate chambers on February 24, 2019.
 - The bill changed the Standards of Quality section of the state code related to school counselor ratios such that the costs of the revised ratios would cost an additional \$23.7 million in FY 2020 more than what has been included in the Conference Budget.
 - The Conference Budget includes \$12.2 million in FY 2020 for counselor ratio changes:
 - i) Elementary school ratio from 500 to 455 students per school counselor
 - ii) Middle school ratio from 400 to 370 students per school counselor
 - iii) High school ratio from 350 to 325 students per school counselor
 - The House budget included \$36.0 million for school counselors, which was the same amount included in HB1700, as introduced.

Amendment No. 12

Item 136 – Direct Aid to Public Education

Technical – Clarify Language for Instructional and Support Salaries

General Assembly Action: Provided \$72.8 million in the second year for the state’s share of cost for a 2.0% salary incentive increase for SOQ-funded instructional and support positions – with an effective date of September 1, 2019. In addition to the funding, legislative action provided flexibility language that allows school divisions to tailor to any salary increase percentage that each division could afford up to the maximum 2.0% increase.

Governor's Action (Technical): The proposed language amendment clarifies that the 2.0% salary increase may be provided as an additional salary on top of the 3.0% salary increase that is included in the current adopted budget (Chapter 2), or that just the 2.0% may be provided to instructional and support personnel.

Notes:

- The current adopted budget includes \$130.7 million for the state’s share of cost for a 3.0% salary incentive increase for SOQ-funded instructional and support positions – with an effective date of July 1, 2019. To be eligible to receive the state funding, school divisions have to certify to DOE by June 1, 2019, that salary increases of a minimum average of 3.0 percent have been or will have been provided during the 2018-2020 biennium, either in the first year or in the second year or through a combination of the two years, to instructional and support personnel.
- The Conference budget includes an additional \$72.8 million for the state’s share of cost for a 2.0% salary incentive increase for SOQ-funded instructional and support positions – with an effective date of September 1, 2019. To be eligible to receive the matching percentage of state funding, school divisions have to certify to DOE by June 1, 2019, that a separate salary increase of up to 2.0 percent will have been provided in the second year, to instructional and support personnel.

- In total, the Conference Budget includes \$203.5 million in the second year for a total of 5.0% pay increase for school divisions.

Amendment No. 13
Item 266 – DOA Transfer Payments
Technical – Clarify Revenue Reserve Language

General Assembly Action: The General Assembly adopted Senate language directing revenues generated pursuant to the “Pease Provision” to the Revenue Reserve Fund and stated that such funds may be used for future tax relief.

Governor's Action (Technical): The Governor’s amendment adds language restating that this amount is appropriated in this Item, and is estimated at \$107.5 million.

Amendment No. 14
Item 281 – Secretary of Health & Human Resources
Language – Establish Balance Billing Workgroup

General Assembly Action: The General Assembly adopted language directing the State Corporation Commission, in collaboration with the Department of Human Resource Management, to convene a workgroup to develop and propose a fair and equitable reimbursement rate provided to out-of-network healthcare providers for emergency services rendered, which could be used for potential future legislation prohibiting the practice of balance billing by out-of-network emergency services healthcare providers. The language mandated a report on the workgroup's proposal be submitted to the Chairmen of the House Appropriations and Senate Finance Committees no later than November 15, 2019.

Governor's Action: The Governor’s amendment moves the workgroup language from the State Corporation Commission to the Secretary of Health Human Resources. A companion amendment, amendment #23, strikes the language under the State Corporation Commission.

Notes:

- Revised language lists the Secretaries of Health and Human Resources, the Secretary of Administration, the Secretary Finance, and the SCC in the creation of the workgroup. The language adopted by the General Assembly listed the SCC and DHRM in the creation of the workgroup.
- Revised language includes a list of 6 relevant stakeholders which the original language did not. Those stakeholders are; , the Medical Society of Virginia, Virginia College of Emergency Physicians, Virginia Hospital and Healthcare Association, Virginia Association of Health Plans, Virginia Poverty Law Center, and National Patient Advocate Foundation.

- The Health Insurance Reform Commission studied this issue over the past year with the input from these stakeholders groups and the process did not result in an agreement on an approach.

Amendment No. 15
Item 292 – Virginia Department of Health
Restore TANF LARC Pilot Program Language

General Assembly Action: Changed the long-acting reversible contraception (LARC) pilot program from a reimbursement program with contracted providers to one in which the Virginia Department of Health purchases the LARCs and makes them available at no cost to health care providers.

Governor's Action: The proposed amendment eliminates the new language adopted by the General Assembly and restores the LARC pilot program to a reimbursement program with contracted providers.

Amendment No. 16
Item 310 – Department of Behavioral Health and Developmental Services
Amend Language Related to Right-Sizing the Behavioral Health System

General Assembly Action: Included language authorizing the Department of Behavioral Health and Developmental Services (DBHDS) to include a proposal for construction of a new Central State Hospital in its conceptual plan for “right sizing” the behavioral health system in conjunction with efforts to relieve the census pressure on state behavioral health hospitals. Language required the plan shall to establish the scope of the new hospital within a "right sized" system and the appropriate timeline to coincide with efforts to relieve census pressures on the state hospital system.

Notes:

- House budget included \$307 million in funding for this project.

Governor's Action: The proposed amendment adds language to require reporting on efforts to relieve the census pressure on the state hospital system by October 15, 2019, separately from the report on a plan to right size the state hospital system, due November 1, 2019. Language requires DBHDS, with the Department of General Services, to address the feasibility of relocating forensic beds to property other than the current location at Central State Hospital, including issues of cost and timeline for construction.

Notes:

- Amendment No. 28 adds a \$315 million project to replace Central State Hospital with a 252-bed facility to the 2019 Capital Construction Pool.

Amendment No. 17
Item 366 – Department of Environmental Quality
Technical Language – Occoquan Watershed Sodium Compliance

General Assembly Action: Included language directing DEQ and VDH to identify avenues for limiting sodium concentration in pre-treatment wastewater before delivery to the Upper Occoquan Service Authority's treatment plant.

Notes:

- As a result of the inclusion of the language in the Conference Report that affected parties reached agreement for the development of guidelines to address this issue.

Governor's Action (Technical): The Governor's amendment strikes the language because the issue has been resolved and further study is no longer required.

Amendment No. 18
Item 381 – Secretary of Public Safety and Homeland Security
Flood Study in Northern Virginia

General Assembly Action: No action.

Governor's Action: Amendment adds a sentence to the Public Safety and Homeland Security item which would allow the Secretary to use unobligated funds from the \$500,000 GF each year provided as the state match for flood control studies in Hampton Roads and the Northern Neck to also be used for a flood control study in the Northern Virginia region.

The U.S. Army Corps of Engineers, Baltimore Division, has indicated it has \$1.8 million in federal funding approved for a study of flooding issues in Northern Virginia. The study would cover Arlington and Alexandria and points south to Stafford County, and areas west to the fall line on the Potomac River. The Corps requires a one-to-one non-federal match to be provided for flood control studies. The Northern Virginia Council of Governments and the Northern Virginia Planning District Commission are able to commit more than \$1.3 million toward the non-federal match, but require an additional \$435,000 in order to provide the full federal match. The amendment suggested by the Governor would allow existing funding, which is unobligated due to no authorized Corps study, to be used to fully-fund the required \$1.8 million non-federal match for the study.

Notes:

- Existing funding for the study of flood control in the Hampton Roads and Northern Neck regions was first established during the 2017 Session of the General Assembly (Chapter 836).
- The funding was intended to be used toward the state match for U.S. Army Corps of Engineers studies in each region.
- The budget has provided \$500,000 GF each year since FY 2018. It is expected that the state match, a 50:50 cost split with the Corps, will be \$1.5 million per study completed.
- The Corps has not approved new studies for the Hampton Roads and Northern Neck regions, so the funding has remained unspent.
- Such studies must be completed for regions in order to identify projects which would be eligible for future flood control project grants provided by the U.S. Congress. For example, Congress is currently considering a total of \$1.4 billion in flood control projects for Norfolk recommended by the Corps, including storm surge barriers, floodwalls, levees, tide gates, and pumping stations (the decision whether to fund these projects is not expected to be made by Congress until sometime in 2020.)

Amendment No. 19
Item 433 – Secretary of Transportation
Elizabeth River Crossings Language

General Assembly Action: No action.

Governor's Action: The proposed amendment requires the Secretary of Transportation to evaluate opportunities to mitigate the financial burden on citizens using the Downtown and Midtown Tunnels and report to the General Assembly by June 30, 2020.

Notes:

- Budget language is not required for the Secretary to undertake the proposed evaluation.
- However, the General Assembly has long sought to ameliorate the costs associated with the public private partnership controlling the Elizabeth Rivers Crossings and the Committee opposed the project from its inception.
- The Administration has stated that any mitigation plans will exclude toll buy-downs in the form of one-time payments to the concessionaire.

Amendment No. 20
Item 433 – Secretary of Transportation
Language – Clarify HOV Language for PPTA Projects

General Assembly Action: No action.

Governor's Action: The proposed language amendment provides flexibility regarding HOV requirements for toll-free travel on HOT lanes. The language is limited to projects with an initial construction cost in excess of \$3.0 billion and whose operation, maintenance, or financing is not included in the comprehensive agreement.

Notes:

- The proposed language change does not impact any current or future comprehensive agreements entered into under the Public Private Transportation Act that include provisions for private operations, maintenance or financing of a facility. Its limited scope applies only to a comprehensive agreement that covers solely the design and construction of a project that will then be operated, financed and maintained by VDOT, one of the regional transportation authorities, or a local government.

Amendment No. 21
Item 474 – Central Appropriations
Language – Language to Allow for Agency Head Merit Increase

General Assembly Action: The General Assembly increased the funding for the state employee merit based salary adjustment to an average of 2.25% for employees with 3 or more continuous years of service. Language for the merit increase, adopted in Chapter 2 and continued in the enrolled budget, excludes higher education faculty, university staff, judges, and appointed officials including agency heads and cabinet secretaries from the merit raise.

Governor's Action: The proposed amendment authorizes the Governor to provide the merit increase, within existing funding, to cabinet secretaries and agency heads with 3 or more years of continuous service.

Amendment No. 22
Item 475 – Central Appropriations
Remove Excess Funding for High Risk Contract Review

General Assembly Action: The General Assembly adopted HB 1668 which established a definition of high risk contracts in the Code and set out a process for including DGS, VITA and the OAG in the development, execution and management of high risk contracts. The budget included, within central appropriations, \$400,000 GF in FY 2020 to support an increase in internal services fund charges for VITA pursuant to the process required in HB 1668 (Chapter 601, 2019 Acts of Assembly).

Governor's Action: The proposed amendment removes \$400,000 from the general fund in the second year that had been provided to VITA to support costs associated for VITA to undertake a

review of high risk contracts. However this activity can be supported through other VITA funding mechanisms making the GF appropriation unnecessary.

Amendment No. 23
Item 477– State Corporation Commission
Language – Move Balance Billing Language

General Assembly Action: The General Assembly adopted language directing the State Corporation Commission, in collaboration with the Department of Human Resource Management, to convene a workgroup to develop and propose a fair and equitable reimbursement rate provided to out-of-network healthcare providers for emergency services rendered, which could be used for potential future legislation prohibiting the practice of balance billing by out-of-network emergency services healthcare providers. The language mandated a report on the workgroup's proposal be submitted to the Chairmen of the House Appropriations and Senate Finance Committees no later than November 15, 2019.

Governor's Action: The Governor's amendment strikes the workgroup language adopted by the General Assembly within the State Corporation Commission creating the workgroup, and a companion amendment, amendment #14, establishes the workgroup under the Secretary of Health & Human Resources.

Notes:

- Revised language lists the Secretaries of Health and Human Resources, the Secretary of Administration, the Secretary Finance, and the SCC in the creation of the workgroup. The language adopted by the General Assembly listed the SCC and DHRM in the creation of the workgroup.
- Revised language includes a list of 6 relevant stakeholders which the original language did not. Those stakeholders are; , the Medical Society of Virginia, Virginia College of Emergency Physicians, Virginia Hospital and Healthcare Association, Virginia Association of Health Plans, Virginia Poverty Law Center, and National Patient Advocate Foundation.
- The Health Insurance Reform Commission studied this issue over the past year with the input from these stakeholders groups and the process did not result in an agreement on an approach.

Amendment No. 24
Item C-21.10 – Frontier Culture Museum
Technical – Adjust Detail Planning for Crossing Gallery

General Assembly Action: The General Assembly provided \$4.0 million NGF from the central planning fund to move through detail planning for the previously authorized Crossing Gallery capital project at the Frontier Culture Museum.

Governor's Action (Technical): The proposed amendment reduces the allocation from the planning fund by \$1.3 million to reflect the amount recommended by the Department of General Services.

Amendment No. 25
Item C-22.10 – Virginia Museum of Fine Arts
Nongeneral Fund for Detailed Planning

General Assembly Action: The General Assembly removed \$29.6 million GF in the introduced budget to eliminate seven proposed planning projects, including this project. New planning was limited given that there are already 24 projects that have been previously authorized for planning since 2016 with an estimated cost of \$1.5 billion.

Governor's Action: The Governor's amendment proposes \$6.3 million in dedicated special revenue nongeneral funds to conduct detail planning for a future museum expansion and renovation project.

Notes:

- The language states that the dedicated special revenue will be considered part of the museum's share of the total project cost, however, no proposed breakout of what the museum's share should be is stated in the language. The introduced budget assumed that the state share would be two-thirds of the project cost which may exceed \$125 million.

Amendment No. 26
Item C-25 – Department of Conservation and Recreation
Technical - Add High Bridge State Park to Acquisition Listing

General Assembly Action: Adopted language which modified the list of state parks eligible to develop and expand by acquisition of in-holdings or contiguous property. High Bridge was inadvertently excluded from the listing.

Governor's Action (Technical): The proposed amendment restores High Bridge to the listing of state parks eligible to expand by acquisition of in-holdings or contiguous property.

Amendment No. 27
Item C-44.10 – Central Capital Outlay
Supplement State Police Area 12 Office Building

General Assembly Action: The General Assembly provided \$7,785,000 NGF from the Virginia Public Building Authority to supplement the previously authorized Replace Fire Systems project at the Department of Corrections.

Governor's Action: The proposed amendment would add the State Police Area Office 12 project to the supplement list and recommends an additional \$500,000 NGF from the Virginia Public Building Authority bonds due to bids coming in higher than anticipated for this project.

Amendment No. 28
Item C-48.10 – Central Capital Outlay
Replace Central State Hospital

General Assembly Action: No action.

Notes:

- House budget included \$307.8 million in funding for this project. The Senate included funds for additional planning which was previously authorized.

Governor's Action: The proposed amendment proposes \$315 million in Virginia Public Building Authority bonds to replace the current Central State Hospital with a 252-bed facility. This project was previously authorized for planning by the General Assembly.

Notes:

- The project would include 111 maximum security beds, 141 civil beds and the associated program and support facilities identified in the December 2018 pre-planning study.

Amendment No. 29
Item 3-1.01 – Interfund Transfers
Technical Language – DMV Indirect Cost Recoveries

General Assembly Action: No action. Retained transfer adjustments included in HB 1700 as introduced.

Governor's Action (Technical): The proposed amendment adds language inadvertently excluded from HB 1700 as introduced that ensures DMV receives funds to replace the anticipated loss of driver privilege reinstatement fee revenue.

Notes:

- HB 1700 as introduced reduced transfers to the general fund from both DMV and the Trauma Fund to backfill revenues lost assuming the adoption of legislation to eliminate the \$145 driver's license reinstatement fee in cases where the loss of license occurred due to failure to pay court costs.
- This amendment has no cost associated with it, because the reduced transfer to the general fund already had been assumed in the introduced budget.
- A companion amendment – #33 – eliminates the driver's license reinstatement fee payable to the Trauma Center Fund.
- Although the General Assembly did not adopt legislation eliminating the reinstatement fee it accounted for the potential loss to the General Fund, and as such, this amendment does not impact assumed general fund revenues.
- In December, a federal judge filed an injunction requiring the reinstatement of driver's licenses to 5 plaintiffs who claimed their constitutional rights were abridged when their licenses were automatically suspended. The case has since been expanded to a class action suit, with a ruling anticipated in the next few weeks.

Amendment No. 30

**Item 3-5.21 – Adjustments and Modifications to Taxes
Technical Language - Taxpayer Relief Fund**

General Assembly Action: Included language establishing a Taxpayer Relief Fund and deposited to it revenues generated by the individual provisions of the TCJA and not otherwise used to provide tax relief pursuant to other actions by the 2019 General Assembly. Also included language excluding such revenue from the calculation of revenues for the purposes of determining mandatory deposits to the Revenue Stabilization Fund.

Governor's Action (Technical): The proposed language amendment clarifies that amounts transferred to the Taxpayer Relief Fund also shall not be included in the calculations used to determine required deposits to the Water Quality Improvement Fund and the Revenue Reserve Fund.

Amendment No. 31

**Item 3-5.21 – Adjustments and Modifications to Taxes
Technical Language - Taxpayer Relief Fund**

General Assembly Action: Included language establishing a Taxpayer Relief Fund and deposited to it revenues generated by the individual provisions of the TCJA and not otherwise used to provide tax relief pursuant to other actions by the 2019 General Assembly.

Governor's Action (Technical): The proposed amendment clarifies the calculation of revenues to be transferred to the Taxpayer Relief Fund so that such calculation excludes revenues generated as a result of deconforming from the federal suspension of the Pease limitation. Those revenues are appropriated to the Revenue Reserve Fund.

Amendment No. 32

Item 3-5.23 – Adjustments and Modifications to Tax Collections Remove Tax Credits from Calculation of Tax Refunds

General Assembly Action: As part of Chapters 17 and 18, 2019 Session of the General Assembly, authorized tax refunds for Tax Year 2018 of \$110 for individuals or \$220 for married persons filing a joint return. Language limited the refunds to the amount of the tax liability of such individual or married filer.

Governor's Action: The proposed amendment modifies the provisions of the fourth enactment of Chapters 17 and 18, 2019 Session of the General Assembly to exclude consideration of any tax credits an individual or married persons filing a joint return are entitled to under such act, thereby providing the full refund even to those whose final tax liability is less than \$110 for individuals or \$220 for married persons filing jointly after accounting for tax credits.

Notes:

- The impact of this proposal is estimated to add \$17.7 million in cost to the Taxpayer Relief plan.
- It would provide refunds to an estimated 150,000 additional taxpayers, the largest portion of which are those receiving the Earned Income Tax Credit. The language also applies to all other tax credits available under existing Virginia law.

Amendment No. 33

Item 3-6.03 – Adjustments and Modifications to Fees Driver's License Reinstatement Fee

General Assembly Action: The Senate adopted legislation, subsequently defeated in the House that would reinstate driver's licenses for those whose licenses have been suspended solely for nonpayment of court fines and costs. HB 1700 as introduced had made transfer adjustments to backfill the future lost revenues for both the Trauma Fund and DMV. The General Assembly retained the transfer adjustments included in HB 1700 as introduced because there is ongoing litigation related to this issue.

Governor's Action: The proposed language amendment eliminates the driver's license reinstatement fee transfer to the Trauma Fund and eliminates the loss of driver privileges for

individuals who have only failed to pay fines, court costs, forfeitures, restitution or penalties assessed against them.

Notes:

- The Governor's proposed amendment would also restore licenses to some 627,000 Virginians whose driving privileges are suspended because of unpaid fines.
- This action does not require the Commissioner of DMV to reinstate a person's driving privileges if such privileges have been otherwise lawfully suspended or revoked for other causes.
- Counsel in DLS have indicated they believe this presents a constitutional issue in that it amounts to retroactively overruling court judgments and thus is in conflict with the separation of powers.
- A secondary concern is that the amendment eliminates the Trauma Fund fee for ALL persons whose licenses are suspended, not only those suspended for failure to pay fines and fees.
- The Administration is aware of this error and has pledged they will backfill the lost hospital revenues in the Caboose bill next year.
- The amendment does not impact the general fund because the impact of this action was assumed in the introduced and enrolled budgets.

Amendment No. 34
Item 4-2.02 – General Fund Revenues
Use of RGGI and TCI Proceeds

General Assembly Action: Included language in Part 4 of the budget requiring that any funds generated by participation in any climate change compact, including the Regional Greenhouse Gas Initiative (RGGI) or the Transportation Climate Initiative (TCI), shall be deposited to the general fund and not used for any project without the approval of the General Assembly as evidenced by an appropriation in the general Appropriation Act. The language excludes any expenditures required to support contracts signed prior to adoption of this Act by the General Assembly.

Governor's Action: Proposes to eliminate in its entirety the limitation on the uses of funds as adopted by the General Assembly.

Notes:

- The Governor vetoed both HB 2269 and HB 2611, related legislation that requires a 2/3 vote of the General Assembly prior to entering into any climate change compact.

Amendment No. 35
Item 4-5.02 – Conditions and Restrictions on Expenditures

Remove Restrictive Language on Funding for Abortion Services

General Assembly Action: Modified language in Part 4 to prohibit any funding in the budget from being used for abortion services unless otherwise required by federal law. Current language in Chapter 2 provides that funding for abortions is not allowed, unless otherwise required by federal law or state statute.

Governor's Action: The proposed amendment restores language in Chapter 2 to authorize general fund expenditures for abortion services in certain cases as required by federal law or state statute.

Notes:

- Currently, the state general fund and/or federal Medicaid funds may be expended for abortion services under certain circumstances:
 - Abortions for Medicaid recipients in cases of substantial endangerment of the “health” of the mother are reimbursed by the Medicaid program using State general fund dollars only.
 - Abortions for Medicaid recipients in cases of substantial endangerment of the *life* of the mother are reimbursed by State *and* federal Medicaid funds.
 - Abortions for Medicaid recipients, or women who would otherwise meet the financial eligibility requirements of the Medicaid program, in case of rape or incest (§32.1-92.1), or if the fetus is believed to have a “gross and totally incapacitating” physical deformity or mental deficiency (§32.1-92.2) are reimbursed by the Health Department.

Amendment No. 36

Item 4-5.04 – Special Conditions on Restrictions and Expenditures

Body-Worn cameras

General Assembly Action: Added language to Part 4 of the Act which prohibits state agencies and authorities from procuring or implementing body-worn cameras or camera systems.

The language was adopted after learning that one state agency and one state authority – the Department of State Police and the Alcoholic Beverage Control Authority – had begun procurement and were planning widespread implementation of body-worn camera systems.

The intent of the language is to prevent state agencies and authorities from implementing body-worn camera systems, and thereby increasing the workloads of Commonwealth’s Attorneys and public defenders offices further than they have already been impacted by local rollouts of body-worn camera systems.

Notes:

- The General Assembly adopted an amendment to Item 381 directing the Secretary of Public Safety and Homeland Security to convene and expand the body-worn camera workload workgroup created in the 2018 Session.
- State Police have indicated that an additional sworn officer will be needed in each office where body-worn camera systems are implemented. A statewide rollout to 38 Area Offices would therefore cost at least \$4.7 million per year in additional staffing. Additionally information technology costs for storage, redaction, and retrieval of camera footage would also be incurred, but the fiscal impact of these items are indeterminate.

Governor's Action: The governor's amendment would remove the new language precluding agencies from purchasing or implementing body-worn camera systems.

Amendment No. 37
Item 4-5.10 – Part IV Language
Technical - Clarify Language on Sale of Property in York County

General Assembly Action: The General Assembly authorized the sale of state-controlled land to the Eastern Virginia Regional Industrial Facility Authority for development of the Hampton Roads Unmanned Systems Park in York County, Virginia to provide an open area and infrastructure for use by public institutions, private companies and individuals to develop, test and demonstrate unmanned systems.

Governor's Action (Technical): The proposed amendment makes technical language changes to clarify the sale of property to York County.

Amendment No. 38
Item 4-5.11 – Special Conditions and Restrictions on Expenditures
RGGI Membership

General Assembly Action: Included language in Part 4 of the budget that prohibits the expenditure of any funds to support membership or participation in RGGI until the General Assembly has approved such membership. The language excludes any expenditures required to support contracts signed prior to adoption of this Act by the General Assembly.

Governor's Action: The proposed amendment eliminates language prohibiting membership in the Regional Greenhouse Gas Initiative (RGGI) without General Assembly approval.

Notes:

- The Governor vetoed both HB 2269 and HB 2611, related legislation that requires a 2/3 vote of the General Assembly prior to entering into any climate change compact.

Amendment No. 39

Item 4-14 – Effective Date

Remove Earmark of Future Internet Sales Tax Revenues

General Assembly Action: The Conference Report included a 6th enactment clause codifying a requirement that beginning in FY 2021, the first \$40.0 million in revenue generated each year pursuant to the “Wayfair” legislation shall be deposited to the Major Headquarters Workforce Grant Fund established pursuant to § 59.1 – 284.31.

Governor's Action: Proposes to eliminate the 6th enactment clause in its entirety.

Notes:

- The intent of the enactment clause was to ensure funding is set aside to meet the Commonwealth’s commitments under the Amazon HQ2 agreement. The job creation and investment timing is such that the Commonwealth’s grant commitments could vary substantially from year to year. Setting aside a steady stream to pay those commitments as they arise is intended to buffer the budget from unnecessary fluctuations that could be difficult to meet depending on economic performance.

Amendment No. 40

Item 4-14 – Effective Date

Technical - Wayfair 90 Day Waiver Language

General Assembly Action: Included a 7th enactment clause in the budget that codifies the “Wayfair” legislation and removed the language authorizing a 90-day implementation delay in the implementation of the marketplace facilitator provisions.

Governor's Action (Technical): The proposed language amendment would clarify that the language included in the 7th enactment clause is intended to supersede the provisions of House Bill 1722. It removes the ability of a marketplace facilitator to make a written appeal to the Department of Taxation for a suspension or delay in the collection or reporting requirements created by the remote seller and marketplace facilitator legislation.

Notes:

- If this language is not adopted, the Department of Taxation estimates a loss of approximately \$20.0 million in sales tax revenue to the general fund in FY 2020.

- It was believed this additional language was needed because counsel were concerned that the General Assembly intent to remove that provision was not sufficiently clear through the actions in the adopted budget.