Department of Planning and Budget 2025 General Assembly Session State Fiscal Impact Statement

PUBLISHED: 1/30/2025 10:40 AM ORIGINAL

Bill Number: SB1472 Patron: Lucas

Bill Title: Revenue reserves and budgetary amendments.

Bill Summary: Increases the maximum combined amount in the Revenue Stabilization Fund and the Revenue Reserve Fund from 15 percent to 20 percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three years. The bill also removes the requirement that the Governor make increased deposits into the Revenue Stabilization Fund during periods of increased revenue collection.

Budget Amendment Necessary: No. Items Impacted: N/A

Explanation: See Fiscal Summary.

Fiscal Summary: This legislation does not generate a fiscal impact, as the combined balance limit of the Revenue Stabilization Fund (RSF) and the Revenue Reserve Fund (RRF) is already below the limit proposed in this bill.

Fiscal Analysis: The Code of Virginia currently limits the combined balance of the Revenue Stabilization Fund and the Revenue Reserve Fund at 15 percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales as certified by the Auditor of Public Accounts for the three fiscal years immediately preceding. This legislation would increase this combined balance limit to 20 percent. If the combined balance of the funds exceeds the combined balance limit, the amount in excess of the limit is transferred to the general fund. In the current Appropriation Act, Chapter 2, 2024 Acts of Assembly, Special Session I, the combined balance limit is set at 20 percent. Per the Auditor of Public Account's reports on the two funds as of June 30, 2024, the combined balance limit is approximately \$5.42 billion and the balances of the two funds equaled \$4.69 billion, which is below the limit. The Appropriation Act also directs the transfer of \$805.0 million over the biennium from the RRF to the general fund, which would further increase the difference between the combined balance limit and the actual combined balance. This provision of the bill is not expected to generate a fiscal impact due to the current circumstances described.

The bill also removes the requirement for the Governor to include in the budget bill an additional deposit to the RSF when certain conditions are met. Since the creation of the RSF, these additional deposits have only occurred twice: once in FY2005 and once in FY2007. This provision is not expected to generate a fiscal impact.

Other: Section 3-1.01, paragraph J. of SB800 as introduced proposes transferring an additional \$203.0 million from the RRF to the general fund and begin phasing the combined balance limit back to the current statutory

Department of Planning and Budget 2025 General Assembly Session State Fiscal Impact Statement

limit of 15 percent by FY2026. If this provision remains in the final Appropriation Act once enacted, it would override this provision of the Code.