

1 Introduced by Senator Kitchel
2 Referred to Committee on
3 Date:
4 Subject: Appropriations; budget; rescission
5 Statement of purpose of bill as introduced: This bill proposes to clarify the use
6 of rescission plans when the General Assembly is not in session.

7 An act relating to amendments to the rescission process

8 It is hereby enacted by the General Assembly of the State of Vermont:

9 Sec. 1. 32 V.S.A. § 704 is amended to read:

10 § 704. INTERIM BUDGET AND APPROPRIATION ADJUSTMENTS

11 (a) The General Assembly recognizes that acts of appropriations and their
12 sources of funding reflect the priorities for expenditures of public funds
13 enacted by the Legislature, and that major reductions or ~~adjustments~~ transfers,
14 when required by reduced State revenues or other reasons, ought to be made
15 whenever possible by an act of the Legislature reflecting its revisions of those
16 priorities. Nevertheless, ~~if~~ also recognizes that when it
17 is not in session, it may be necessary to reduce or transfer authorized
18 appropriations and their sources of funding ~~may be adjusted and~~ to address
19 deficits and maintain a balanced State budget. Under these limited
20 circumstances, it is the intent of the General Assembly that funds may be

1 reduced and transferred when the General Assembly is not in session pursuant
2 to the provisions of this section.

3 (b)(1) ~~If the official State revenue estimates of the Emergency Board for~~
4 ~~the General Fund, the Transportation Fund, or federal funds, determined under~~
5 ~~section 305a of this title have been reduced by one percent or more from the~~
6 ~~estimates determined and assumed for purposes of the general appropriations~~
7 ~~act or budget adjustment act, and if the General Assembly is not in session, in~~
8 ~~order to adjust appropriations and their sources of funding under this~~
9 ~~subdivision, the Secretary shall prepare a plan for approval by the Joint Fiscal~~
10 ~~Committee, and authorized appropriations and their sources of funding may be~~
11 ~~adjusted and funds transferred pursuant to a plan approved under this section~~
12 Except as otherwise provided in subsection (f) of this section, in each instance
13 that the official State revenue estimate for the General Fund, the
14 Transportation Fund, or federal funds has been reduced by one percent or more
15 from the estimates determined and assumed for purposes of the current fiscal
16 year's general appropriations, the Secretary shall prepare an expenditure
17 reduction plan for approval by the Joint Fiscal Committee, provided that any
18 reductions and transfers in appropriations are not greater than the reductions in
19 the official State revenue estimate.

20 (2) ~~If the Secretary of Administration determines that the current fiscal~~
21 ~~year revenues for the General Fund, Transportation Fund, or federal funds are~~

1 ~~likely to be reduced from the official revenue estimates by less than one~~
2 ~~percent, the Secretary may prepare and implement an expenditure reduction~~
3 ~~plan, and implement appropriations reductions in accordance with the plan.~~
4 ~~The Secretary may implement a plan under this subdivision without the~~
5 ~~approval of the Joint Fiscal Committee if reductions to any individual~~
6 ~~appropriation do not exceed five percent of the appropriation's amount for~~
7 ~~personal services, operating expenses, grants, and other categories, and~~
8 ~~provided that the plan is designed to minimize any negative effects on the~~
9 ~~delivery of services to the public, and shall not have any undue~~
10 ~~disproportionate effect on any single function, program, service, benefit, or~~
11 ~~county. Plans not requiring the approval of the Joint Fiscal Committee shall be~~
12 ~~filed with the Joint Fiscal Office prior to implementation. If the Secretary's~~
13 ~~plan consists of disproportionate reductions greater than five percent in any~~
14 ~~line item, such plan shall not be implemented without the approval of the Joint~~
15 ~~Fiscal Committee~~ In each instance that the official State revenue estimate for
16 the General Fund, the Transportation Fund, or federal funds has been reduced
17 by less than one percent from the estimates determined and assumed for
18 purposes of the current fiscal year's general appropriations, the Secretary of
19 Administration may prepare and implement an expenditure reduction plan
20 without the approval of the Joint Fiscal Committee. The Secretary may
21 implement an expenditure reduction plan under this subdivision if plan

1 reductions to the total amount appropriated in any section or subsection do not
2 exceed more than five percent, the plan is designed to minimize any negative
3 effects on the delivery of services to the public, and the plan does not have any
4 unduly disproportionate effect on any single function, program, service,
5 benefit, or county. Plans not requiring the approval of the Joint Fiscal
6 Committee shall be filed with the Joint Fiscal Office prior to implementation.
7 If the Secretary's plan consists of disproportionate reductions greater than five
8 percent to the total amount appropriated in any section or subsection, such plan
9 shall only be implemented in the manner provided for in subdivision (1) of this
10 subsection.

11 (c) ~~A~~ An expenditure reduction plan prepared by the Secretary
12 shall indicate:

13 (1) the amounts to be ~~adjusted~~ reduced or transferred in each
14 appropriation, ~~and~~ by funding source;

15 (2) in personal services, operating expenses, grants, and other
16 categories, ~~shall indicate~~ the effect of each ~~adjustment~~ reduction or transfer in
17 appropriations and their sources of funding, and each fund transfer, on the
18 primary purposes of the program, ~~and~~;

19 (3) ~~shall indicate~~ how it is designed to minimize any negative effects on
20 the delivery of services to the public; and

1 (4) any unduly disproportionate effect the plan may have on any single
2 function, program, service, benefit, or county.

3 (d) An expenditure reduction plan implemented under subdivision (b)(2) of
4 this section shall not include any reduction or transfer in:

5 (1) appropriations authorized and necessary to fulfill the State's debt
6 obligations;

7 (2) appropriations authorized for the Judicial or Legislative Branch,
8 except that the plan may recommend reductions for consideration by the
9 Judicial or Legislative Branch; or

10 (3) appropriations for the salaries of elected officers of the Executive
11 Branch listed in subsection 1003(a) of this title.

12 (e)(1) The Joint Fiscal Committee shall have 21 days from the date of
13 submission of a any expenditure reduction plan under subdivision (b)(1) of this
14 section to consider the plan, and may approve or disapprove the plan upon a
15 vote of a majority of the members of the Committee. If the Committee vote
16 results in a tie, the plan shall be deemed disapproved; and if the Committee
17 fails for any other reason to take final action on such plan within 21 days of its
18 submission to the Committee, it shall be deemed to be disapproved. During
19 the 21-day period for consideration of the plan, the Committee shall conduct a
20 public hearing and provide an opportunity for public comment on the plan.

1 (2) If the plan is disapproved, then in order to communicate the
2 priorities of the General Assembly, the Committee shall make
3 recommendations to the Secretary for amendments to the plan. Within seven
4 days after the Committee notifies the Secretary of its disapproval of a plan, the
5 Secretary may submit a final plan to the Committee. The Committee shall
6 have 14 days from the date of submission of a final plan to consider that plan
7 and to vote by a majority of the members of the Committee to approve or
8 disapprove the plan; but if the Committee fails to approve or disapprove the
9 plan by a majority vote, the plan shall be deemed disapproved. If the
10 Secretary's final plan includes any changes from the original plan other than
11 those recommended by the Committee, then during the 14-day period for
12 consideration of the final plan, the Committee shall conduct a public hearing
13 and provide an opportunity for public comment, with the scope of the hearing
14 and the comments limited to the changes from the original plan.

15 (3) In determining whether to approve a plan submitted by the Secretary
16 under this subsection, the Committee shall consider whether the plan
17 minimizes any negative effects on the delivery of services to the public, and
18 whether the plan will have any unduly disproportionate effect on any single
19 function, program, service, benefit, or county.

20 (4) Any plan disapproved under subdivision (b)(1) of this section shall
21 not be implemented.

1 (5) For purposes of this section, the Committee shall be convened at the
2 call of the Chair or at the request of at least three members of the Committee.

3 (f) In the event of a reduction in the official revenue estimate of one
4 percent or more and the Joint Fiscal Committee does not approve the
5 Secretary's final expenditure reduction plan prepared under subdivision (b)(1)
6 of this section, the Secretary may implement an expenditure reduction plan in
7 the manner provided for in subdivision (b)(2) of this section, provided that the
8 reduction in appropriations is not greater than one percent of the prior official
9 revenue estimate. If the Secretary implements an expenditure reduction plan
10 under the authority of this subsection, any subsequent expenditure reduction
11 plan that is required to address the remaining deficit under the current official
12 State revenue estimate may only be implemented in the manner provided for in
13 subdivision (b)(1) of this section.

14 (g) No expenditure reduction plan may be approved or implemented under
15 this section which:

16 (1) ~~would reduce appropriations from any fund by more than the~~
17 ~~cumulative reductions in the official State revenue estimates of the Emergency~~
18 ~~Board for the General Fund, the Transportation Fund, or federal funds,~~
19 ~~determined under section 305a of this title, from the estimate originally~~
20 ~~determined and assumed for purposes of the general appropriations act or~~

1 ~~budget adjustment act; minus the total reductions in appropriations already~~
2 ~~taken under this section in that fund in the fiscal year;~~

3 (2) would result in ~~total reductions under this section in appropriations~~
4 ~~in the fiscal year from any fund~~ or transfers to the total amount appropriated in
5 any section or subsection by more than four percent of the estimate originally
6 determined and assumed for purposes of the current fiscal year's general
7 appropriations act ~~or budget adjustment act~~; or

8 (3)~~(2)~~ would ~~adjust~~ reduce or transfer revenues or expenditures of the
9 Education Fund as prescribed by law.

10 (h) ~~The provisions of this section shall apply to each~~ An expenditure
11 reduction plan may only be implemented under subsection (b) of this section
12 subsequent to an official State revenue estimate ~~of the Emergency Board in the~~
13 ~~fiscal year~~ and when the General Assembly is not in session.

14 (i) The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall
15 not apply to the plan to be made under this section.

16 (j) Annually, in each instance that cumulative revenue collections during
17 the month of September or October are four percent or more below the
18 respective cumulative monthly revenue targets, the Emergency Board shall
19 convene in the manner provided for in subsection 305a(b) of this title to
20 determine whether to revise the official State revenue estimate.

1 (k) As used in this section:

2 (1) “Cumulative Monthly Revenue Targets” means monthly revenue
3 targets adopted based on the most current official State revenue estimates, as
4 agreed upon by the Legislative Joint Fiscal Office and the Secretary.

5 (2) “Expenditure Reduction Plan” means a rescission plan that includes
6 reducing, transferring, and adjusting funds, and their sources of funding, that
7 are authorized in the current fiscal year’s general appropriations.

8 (3) “Official State revenue estimates” means a revenue estimate
9 determined by the Emergency Board or the Governor, as provided in
10 section 305a of this title. An official State revenue estimate does not mean
11 cumulative monthly revenue targets.

12 Sec. 2. EFFECTIVE DATE

13 This act shall take effect on passage.