

Sec. E.127 32 V.S.A. § 704 is amended to read:

§ 704. INTERIM BUDGET AND APPROPRIATION ADJUSTMENTS

(a) The General Assembly recognizes that acts of appropriations and their sources of funding reflect the priorities for expenditures of public funds enacted by the General Assembly and that major reductions or transfers, when required by reduced State revenues or other reasons, ought to be made whenever possible by an act of the General Assembly reflecting its revisions of those priorities. Nevertheless, the General Assembly also recognizes that when it is not in session, it may be necessary to reduce authorized appropriations and their sources of funding, and funds may need to be transferred, to maintain a balanced State budget. Under these limited circumstances, it is the intent of the General Assembly that appropriations may be reduced and funds transferred when the General Assembly is not in session pursuant to the provisions of this section.

(b)(1) Except as otherwise provided in subsection (f) of this section, in each instance that the official State revenue estimate for the General Fund, the Transportation Fund, or federal funds has been reduced by one percent or more from the estimates determined and assumed for purposes of the current fiscal year's appropriations, the Secretary of Administration shall prepare an expenditure reduction plan for consideration and approval by the Joint Fiscal Committee pursuant to subsection (e) of this section, provided that any total reductions in appropriations and transfers of funds are not greater than the reductions in the official State revenue estimate.

(2) In each instance that the official State revenue estimate for the General Fund, the Transportation Fund, or federal funds has been reduced by less than one percent from the estimates determined and assumed for purposes of the current fiscal year's

appropriations, the Secretary of Administration may prepare and implement an expenditure reduction plan without the approval of the Joint Fiscal Committee, provided that any total reductions in appropriations and transfers of funds are not greater than the reductions in the official State revenue estimate. The Secretary may implement an expenditure reduction plan under this subdivision if plan reductions to the total amount appropriated in any section or subsection do not exceed five percent, the plan is designed to minimize any negative effects on the delivery of services to the public, and the plan does not have any unduly disproportionate effect on any single function, program, service, benefit, or county. Plans not requiring the approval of the Joint Fiscal Committee shall be filed with the Joint Fiscal Office prior to implementation. If the Secretary's plan consists of reductions greater than five percent to the total amount appropriated in any section or subsection, such plan shall only be implemented in the manner provided for in subdivision (1) of this subsection.

(3) In each instance that a reduction of federal funds results in a one percent or more reduction in the total federal funds anticipated in the most recent fiscal year

Appropriations Act:

(A) the Secretary of Administration shall prepare an expenditure reduction and transfer plan for consideration and approval by the Joint Fiscal Committee pursuant to subsection (e) of this section, provided that any total reductions in appropriations and transfers of funds are not greater than the reductions in federal funds; and

(B) to maintain a balanced State budget, minimize the impact to Vermonters and to abide by the legislative intent set forth in the most recent fiscal year appropriations act, the Joint Fiscal Committee may make a recommendation to the Emergency Board to:

(i) pursuant to 32 V.S.A. § 308c(b)(3), utilize the General Fund Balance Reserve to support impacted programs at no more than the current fiscal year funding level until the General Assembly is in session;

(ii) revert any unexpended and unobligated funds or abolish any spending authority, or both; and

(iii) make such reductions or transfers in appropriations necessary to support the priorities of the General Assembly, and the recommended reduction is limited to not more than 10 percent of any fund or 10 percent of any appropriation.

(4) In each instance that a reduction of federal funds results in a five percent or more reduction in the total funds available to support an appropriation, the Secretary of Administration shall notify the Joint Fiscal Committee.

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Sec. E.127.1 32 V.S.A. § 133 is amended to read:

§ 133. DUTIES

(a) The Board shall have authority to make expenditures necessitated by unforeseen emergencies and may draw on the State's General Fund and General Fund Balance Reserve for that purpose.

(b) Pursuant to section 706 of this title, the Board shall also have authority to transfer appropriations made to other agencies and to use the transferred amounts to make expenditures necessitated by unforeseen emergencies.

(c) In a fiscal year, the sum of the Board's expenditures under subsections (a) and (b) of this section shall not exceed two percent of the total General Fund appropriation for the year of the expenditures.

Sec. E.127.2 32 V.S.A. § 308c is amended to read:

§ 308c. GENERAL FUND AND TRANSPORTATION FUND BALANCE

RESERVES

(a) There is hereby created within the General Fund a General Fund Balance Reserve, also known as the “Rainy Day Reserve.” After satisfying the requirements of section 308 of this title, and after other reserve requirements have been met, any remaining unreserved and undesignated end of fiscal year General Fund surplus shall be reserved in the General Fund Balance Reserve. The General Fund Balance Reserve shall not exceed ~~five~~ 10 percent of the appropriations from the General Fund for the prior fiscal year without legislative authorization.

(1), (2) [Repealed.]

(3) Of the funds that would otherwise be reserved in the General Fund Balance Reserve under this subsection, the following amounts shall be reserved as necessary and transferred from the General Fund as follows:

(A) 25 percent to the Vermont State Retirement Fund established by 3 V.S.A. § 473; and

(B) 25 percent to the Postretirement Adjustment Allowance Account established in 16 V.S.A. § 1949a.

(b)(1) The General Assembly may ~~specifically unreserve and appropriate~~ or transfer an amount not to exceed 10 percent of the use of up to 50 percent of the amounts added in the prior fiscal year from the General Fund Balance Reserve to fund unforeseen or emergency needs. It is the intent of the General Assembly that any General Fund Balance Reserve funds utilized in accordance with this section be replenished.

(2) If the official State revenue estimates of the Emergency Board for the General Fund, determined under section 305a of this title, have been reduced by two percent or more from the estimates determined and assumed for purposes of the general appropriations act or budget adjustment act, funds in the General Fund Balance Reserve may be **unreserved and** appropriated **or transferred** to compensate for a reduction of revenues.

(3) The Emergency Board, in response to a declared emergency pursuant to 20 V.S.A. § 9 occurring while the General Assembly is not in session, or a reduction in State revenue estimates or federal funding pursuant to 32 V.S.A. § 704(b) occurring while the General Assembly is not in session, may unreserve an amount not to exceed 10 percent of the General Fund Balance Reserve to replenish the spending authority impacted by the declared emergency or reduction in funding in order to maintain a balanced State budget, minimize the impact to Vermonters, and to abide by the legislative intent set forth in the most recent fiscal year appropriations act. In no event shall the amount provided to any agency or department under this subsection exceed the original amount appropriated by the General Assembly.

(c) There is hereby created within the Transportation Fund a Transportation Fund Balance Reserve. After satisfying the requirements of section 308a of this title, and after other reserve requirements have been met, any remaining unreserved and undesignated end of fiscal year Transportation Fund surplus shall be reserved in the Transportation Fund Balance Reserve. Monies from this Reserve shall be available for appropriation by the General Assembly.

(d) Determination of the amounts of the General Fund and Transportation Fund Balance Reserves shall be made by the Commissioner of Finance and Management and reported, along with the amounts appropriated pursuant to subsection (a) of this section, to the legislative Joint Fiscal Committee at its first meeting following September 1 of each year.