

Board Meeting

June 15, 2021



VIRGINIA INITIATIVE FOR
**GROWTH &
OPPORTUNITY**
IN EACH REGION

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OPENING

OPENING

- **Call to Order**
- **Roll Call**
- **Public Comment**



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- **At a regular meeting of the Growth and Opportunity Board held virtually on Tuesday, June 15, 2021, at the hour of 1:00 p.m., the following resolution was unanimously adopted:**
- **WHEREAS, Thomas F. Farrell II**, was appointed by Governor Terence R. McAuliffe and confirmed by the 2016 Virginia General Assembly to serve on the Growth and Opportunity Board for a term of two years and subsequently reappointed by Governor Ralph S. Northam in 2018 to serve a term of four years; and
- **WHEREAS**, he has served the Board with distinction since August 9, 2016; and
- **WHEREAS**, he was unanimously elected Chairman of the Board, on June 24, 2020, serving in that capacity until his tragic passing on April 2, 2021; and
- **WHEREAS**, his vision for the future of the Commonwealth has been pivotal in the establishment and development of the Virginia Growth and Opportunity Fund; and
- **WHEREAS**, his unwavering determination to strengthen the Commonwealth's economy coupled with his knowledge and experience in business collaboration with regional economic development efforts have greatly contributed to the realization of this Board's mission; and
- **WHEREAS**, his voice for Virginia to grow fiscally independent of reliance on outside sources has markedly promoted the interests of this Commonwealth; and
- **WHEREAS**, his talent for identifying and promoting innovative best practices for the betterment of the well-being of the economy has greatly improved the Commonwealth's future; and
- **WHEREAS**, his graciousness in supporting the corresponding initiatives of third parties in the interest of promoting the greatness of the Commonwealth has been principal to the execution of this Board's directive; and
- **WHEREAS**, his affinity for assembling leaders across the Commonwealth who are passionate about its wealth and prosperity has been essential to this Board's accomplishments; and
- **NOW, THEREFORE, BE IT RESOLVED**, That the Growth and Opportunity Virginia Board does hereby posthumously express its gratitude to **Thomas F. Farrell II**, and his family for his many contributions to this body and for his enhancement of the professional and personal lives of all who have been associated with him; and
- **BE IT FURTHER RESOLVED**, That a copy of this resolution be spread upon the Minutes of this meeting and that the resolution be presented to his wife, Anne Garland Tullidge Farrell, as a permanent testament of our affection, esteem, and high regard.



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ACTION ITEM

- **March 16, 2021 Minutes (pg. 1)**
- **Regional Capacity Building Allocation and Continuation of Match Waiver (pg. 4)**
- **Regional Per Capita Allocation (pg. 5)**
- **Approval of Council Budgets (pg. 6)**



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COMPETITIVE FUNDING

- **1 proposal submitted**
- **5 out of 9 regions participated**
 - **Workforce Development**
- **Total Request: \$1,450,000**
- **Total Match: \$1,643,637**
- **Includes \$297,600 Local Match**

CYBERSECURITY JOB CREATION SYSTEM (PG. 8)

- **Lead Region:** Region 5
- **Partnering Regions:** Regions 3, 4, 6, and 7
- **Investment Strategy:** Workforce Development
- **Goal:** To develop and deliver a cost-effective, cloud-based compliance system to help Virginia's DoD contractors achieve Cybersecurity Maturity Model Certification accreditations and develop a NIST 800-171/CMMC education program.
- **Outcomes:**
 - 144 new cyber security positions and 328 retained in three years
 - 534 new cyber security positions and 866 retained in 5 years
 - 169 CMMC credentials awarded in three years
 - 55 CMMC Level 1 Compliant DoD contractor subscribers

- **Funding:**
 - Total Request: \$1,450,000
 - Match: \$1,643,637
 - Local Match: \$297,600
 - Additional Leverage: \$1,198,500
 - Total Budget: \$4,292,137



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PER CAPITA APPS

PER CAPITA FUNDING

- **13 proposals to take action on**
 - **8 out of 9 regions participated**
 - **3 Workforce Development, 5 Site Development & Infrastructure, and 5 Start Up Ecosystems**
 - **Total Request: \$12,428,970**
 - **Total Match: \$7,041,429**
 - **Includes \$2,400,677 Local Match**

CAMPUS 757 (PG. 11)

- **Investment Strategy:** Workforce Development
- **Goal:** To increase the percentage of college students in Hampton Roads who stay in the region and connect with full time employment and internships. It will also help businesses address identified workforce shortages by connecting them to the supply of talent produced by the region's colleges and universities.
- **Outcomes**
 - 200-400 companies assisted
 - 700 new jobs by year 3
 - 1,500 new jobs by year 5

- **Funding:**
 - Total Request: \$500,000
 - Match: \$250,000
 - Total Budget: \$750,000

MARITIME ENTRY-TO-EMPLOYMENT TRAINING (PG. 13)

- **Investment Strategy:** Workforce Development
- **Goal:** To build an online training delivery platform in two maritime trades courses in Pipefitting Sheet Metal Workers, and welders.
- **Outcomes**
 - Train 162 total students within 2 years
 - For welders, potential for AWS welding and MILSPEC certifications

- **Funding:**
 - Total Request: \$723,000
 - Match: \$723,302
 - Local Match: \$158,772
 - Additional Leverage: \$3,388,000
 - Total Budget: \$4,834,302

NORTHERN VIRGINIA COMMUNITY COLLEGE DUAL ENROLLMENT EXPANSION PROGRAM FOR INFORMATION AND ENGINEERING TECHNOLOGY (PG. 15)

- **Investment Strategy:** Workforce Development
- **Goal:** To increase the graduation rates of students in information and Engineering Technology (IET) by 10% and increase regional educational capacity for IET through dual enrollment credentialing while expanding opportunities for students to learn about and complete educational pathways and pursue careers
- **Outcomes**
 - 288 DEEP-EIT Program Graduates
 - 144 high school seniors trained in summer bridge programs over 3 years
 - 144 1st semester students trained in enhanced programming
 - 20 Dual Enrollment EIT teachers trained
 - 30 new Dual Enrollment courses offered in years 3 and 4
 - 96 internships created in 3 years

- **Funding:**
 - Total Request: \$1,106,777
 - Match: \$558,632
 - Local Match: \$36,720
 - Additional Leverage: \$48,000
 - Total Budget: \$1,713,409

DEARING FORD INDUSTRIAL PARK (PG. 19)

- **Investment Strategy:** Infrastructure & Site Development
- **Goal:** To extend natural gas to serve 50 acres at the Dearing Ford Industrial Park to help improve the site's marketability.
- **Outcomes**
 - Extend 7,000 feet of gas line from the main line to Dearing Ford Industrial Park

- **Funding:**
 - Total Request: \$506,000
 - Match: \$253,000
 - Local Match: \$253,000
 - Additional Leverage: \$91,251
 - Total Budget: \$850,251

STRENGTHENING SOUTHERN VIRGINIA'S ECONOMY BY EXPANDING THE INVENTORY OF SHOVEL READY SITES (PG. 21)

- **Investment Strategy:** Site Development
Goal: To increase the number of shovel-ready sites in order to attract companies to invest capital and create jobs in the region.
- **Outcomes**
 - Move 6 sites from Tier 2 to Tier 4 on the VBRSP scale
 - Move 4 sites from a Tier 2 to Tier 3 on the VBRSP scale
 - Site characterization of 1 site

- **Funding:**
 - Total Request: \$1,534,900
 - Match: \$767,450
 - Local Match: \$313,350
 - Additional Leverage: \$638,812
 - Total Budget: \$2,941,162

VIRGINIA'S GATEWAY REGION SITES (UPDATED)

(PG. 23)

- **Investment Strategy:** Site Development & Infrastructure
- **Goal:** To elevate 15 sites totaling 1,652 acres in Region 4 to Tier 4 on the VEDP Site Characterization scale by completing all due diligence work associated with the sites.
- **Outcomes**
 - Complete due diligence for 15 sites in the region
 - Move 15 sites totaling 1,652 acres to Tier 4 in VBRS scale

- **Funding:**
 - Total Request: \$1,634,407
 - Match: \$988,417
 - Local Match: \$988,417
 - Additional Leverage: \$2,796,829
 - Total Budget: \$5,419,653

WESTMORELAND COUNTY SITE DEVELOPMENT (PG. 25)

- **Investment Strategy:** Site Development and Infrastructure
- **Goal:** To increase the marketability of speculative flex space for a 10,725 sf building.
- **Outcomes**
 - Redevelopment of a speculative building

- **Funding:**
 - Total Request: \$224,630
 - Match: \$119,500
 - Local Match: \$119,500
 - Total Budget: \$344,130

ACCELERATING REGIONALLY SIGNIFICANT SITES (PG. 27)

- **Investment Strategy:** Site Development and Infrastructure
- **Goal:** To elevate one site totaling 700 acres in Region 9 to Tier 4 on the VEDP Site Characterization scale, and to enhance the marketability of a Tier 4 site in Culpeper county totaling 266 acres by completing water and sewer engineering studies for the sites.
- **Outcomes**
 - Complete water/sewer engineering reports for 2 sites in the region
 - Move 1 site totaling 700 acres to Tier 4 on the VBRS scale
 - Improve marketability of 1 site totaling 266 acres

- **Funding:**
 - Total Request: \$786,333*
 - Match: \$413,167
 - Local Match: \$413,167
 - Total Budget: \$1,199,500

*Total request was \$816,333 but \$40,000 was for ineligible cost

SOUTHWEST VIRGINIA REI IMPLEMENTATION

(PG. 30)

- **Investment Strategy:** Startup Ecosystem
- **Goal:** To transform an additional 1% of the Southwest Virginia population into entrepreneurs by 2027, and ensure these entrepreneurs have access to a robust ecosystem, including support for potential scale-up businesses.
- **Outcomes**
 - 90 participants in accelerator program
 - 12 programs provided to entrepreneurs
 - 75 participants in programs
 - 30 businesses created
 - 15 businesses expanded
 - 98 jobs created

- **Funding:**
 - Total Request: \$290,850
 - Match: \$145,425
 - Total Budget: \$436,275

VSU MINORITY SMALL BUSINESS LAUNCH CENTER (PG. 35)

- **Investment Strategy:** Startup Ecosystem
- **Goal:** To increase the number of scalable minority enterprises that contribute to Region 4's economy in Region 4's prioritized or related industries.
- **Outcomes**
 - 90 jobs created
 - 300 entrepreneurs trained
 - 100 credentials awarded
 - 40 new businesses created
 - 40 businesses expanded

- **Funding:**
 - Total Request: \$453,000
 - Match: \$228,500
 - Additional Leverage: \$10,000
 - Total Budget: \$691,500

757 COLLAB (PG. 36)

- **Investment Strategy:** Startup Ecosystem
- **Goal:** To continue building momentum and developing new innovation and entrepreneurship programming, capacity, and services to early-stage companies by bringing together an accelerator, private capital, collaborative space, and community outreach programs.
- **Outcomes**
 - 63-100 companies assisted
 - 300 jobs created by year 3 and 500 jobs created by year 5
 - \$2M capital invested annually from NSF, SBIRs/STTRs, Angels, and VC
 - 5 new program opportunities

- **Funding:**
 - Total Request: \$2,415,573
 - Match: \$1,390,286
 - Local Match: \$150,000
 - Additional Leverage: \$195,245
 - Total Budget: \$4,001,104

ESTABLISHING A RIOT ACCELERATOR PROGRAM IN THE RAPPAHANNOCK REGIONAL ENTREPRENEUR ECOSYSTEM (PG. 39)

- **Investment Strategy:** Startup Ecosystem
- **Goal:** To expand entrepreneurial support programs in the Rappahannock Region.
- **Outcomes**
 - 36 startup companies served through accelerator programs consisting of a total of 6 cohorts within 3 years – 1 cohort in year 1, 2 cohorts in year 2, and 3 cohorts in year 3
 - 72 jobs created in 3 years
 - 3 products or services to be either market ready or in production within 3 years

- **Funding:**
 - Total Request: \$215,000
 - Match: \$204,500
 - Local Match: \$129,500
 - Additional Leverage: \$65,000
 - Total Budget: \$484,500

2030 INITIATIVE (PG. 41)

- **Investment Strategy:** Startup Ecosystem
- **Goal:** To double the capital raised and jobs created by technology startups and high-growth companies in Northern Virginia by 2030.
- **Outcomes**
 - 160 jobs created in 3 years and 540 jobs created in 5 years
 - 360 startup companies served in 3 years and 600 startup companies served in 5 years
 - 240 investors engaged in 3 years and 400 investors engaged in 5 years
 - \$15M raised in 3 years and \$48M raised in 5 years

- **Funding:**
 - Total Request: \$1,998,500
 - Match: \$999,250
 - Additional Leverage: \$5,050,000
 - Total Budget: \$8,047,750



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ERR FUNDING

- **2 proposals submitted**
- **6 out of 9 regions participated**
 - **1 Startup Ecosystem and 1 Workforce Development**
- **Total Request: \$1,031,483**
- **Total Match: \$515,665**
- **Includes \$319,761 Local Match**

EXPANSION OF ICAP MENTOR NETWORK(PG. 44)

- **Lead Region:** 7
- **Partnering Regions:** 2, 4, 5, and 6
- **Investment Strategy:** Startup Ecosystem
- **Goal:** To expand the network of ICAP mentors by creating 4 new permanent full-time positions at George Mason University.
- **Outcomes:**
 - 180 companies assisted
 - 5 business starts
 - 117 jobs created by year 3
 - \$21.8M in Capital Impact by year 3

- **Funding:**
 - Total Request: \$882,794
 - Match: \$441,415
 - Local Match: \$296,761
 - Total Budget: \$1,324,209

THE FUTURE WORKFORCE DEVELOPMENT OUTREACH (PG. 47)

- **Investment Strategy:** Workforce Development
- **Goal:** To address newly identified service equity gaps in specific localities to ensure regional recovery from the economic impact of the COVID-19 pandemic.
- **Outcomes:**
 - Serve 15 businesses in underserved counties
 - Increase the number of underserved job seekers engaged – 38 in year 1 and over 100 in year 2

- **Funding:**
 - Total Request: \$148,689
 - Match: \$74,250
 - Local Match: \$23,000
 - Total Budget: \$222,939

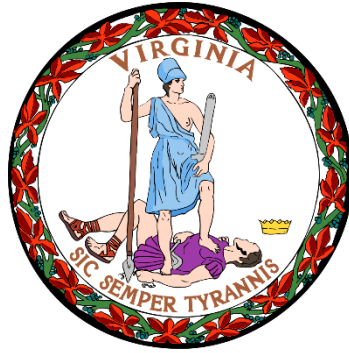


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VIRGINIAS FISCAL HEALTH AND
FUTURE DEVELOPMENTS



Economic and Revenue Update

A Briefing for the Virginia Growth and Opportunity Board

Aubrey L. Layne Jr., MBA, CPA

Secretary of Finance

Commonwealth of Virginia

www.finance.virginia.gov

June 15, 2021

Topics for Discussion

- National and State Economic Indicators
- May Year-to-Date Revenue Collections, Fiscal Year 2021
- Next Steps
- Revenue Surplus Considerations

National and State Economic Indicators

- According to the second estimate, real GDP rose at an annualized rate of 6.4 percent in the first quarter of 2021, following 4.3 percent in the fourth quarter of 2020.
- Payroll employment rose by 559,000 jobs in May.
 - The leisure and hospitality sector contributed the largest gain.
- The national unemployment rate fell from 6.1 to 5.8 percent in May.
- Initial claims for unemployment fell from 405,000 to 385,000 during the week ending May 29, the lowest level since the pandemic began, although still above the pre-pandemic average.
- The Conference Board's index of leading indicators rose 1.6 percent in April, stronger than expected, and follows a rise of 1.3 percent in March.
- The Conference Board's index of consumer confidence fell from 117.5 to 117.2 in May. The current conditions component improved and the expectations component declined for the month.
- The Institute of Supply Management index rose from 60.7 to 61.2 in May. It has remained above the expansionary threshold of 50.0 since June of last year.

National and State Economic Indicators

- The CPI rose 0.8 percent in April and stands 4.2 percent above April 2020.
 - Core inflation (excluding food and energy prices) rose 0.9 percent, and has increased 3.0 percent from last year.
- At its April meeting, the Federal Reserve left the federal funds target rate unchanged at the range of 0.0 to 0.25 percent.
- In Virginia, payroll employment rose 7.7 percent in April compared with last year. Northern Virginia rose 8.2 percent; Hampton Roads employment rose 8.8 percent, and Richmond-Petersburg rose 5.7 percent.
- The seasonally adjusted unemployment rate fell 0.4 percentage point to 4.7 percent and stands 6.6 percentage points below April of last year.
- The Virginia Leading Index rose 0.8 percent in April after falling 0.5 percent in March.
 - All four components: auto registrations, future employment, initial unemployment claims, and the U.S. leading index improved for the month.
 - The indexes for all metro areas increased in April.

Federal Stimulus Funds Help Drive Economic Growth

Grant Funds

Authorizing Legislation	\$ in thousands
American Rescue Plan Act Total	\$13,908,995
CARES Act Total	\$7,889,888
Consolidated Appropriations Act Total	\$3,503,845
Coronavirus Preparedness and Response Act Total	\$18,464
Families First Coronavirus Response Act Total	\$360,744
Paycheck Protection Program and Health Care Enhancement Act Total	\$224,641
Other Grant Action	
Executive Action Total	\$720,800
TOTAL GRANT FUNDS	\$26,627,378

Non-Grant Funds

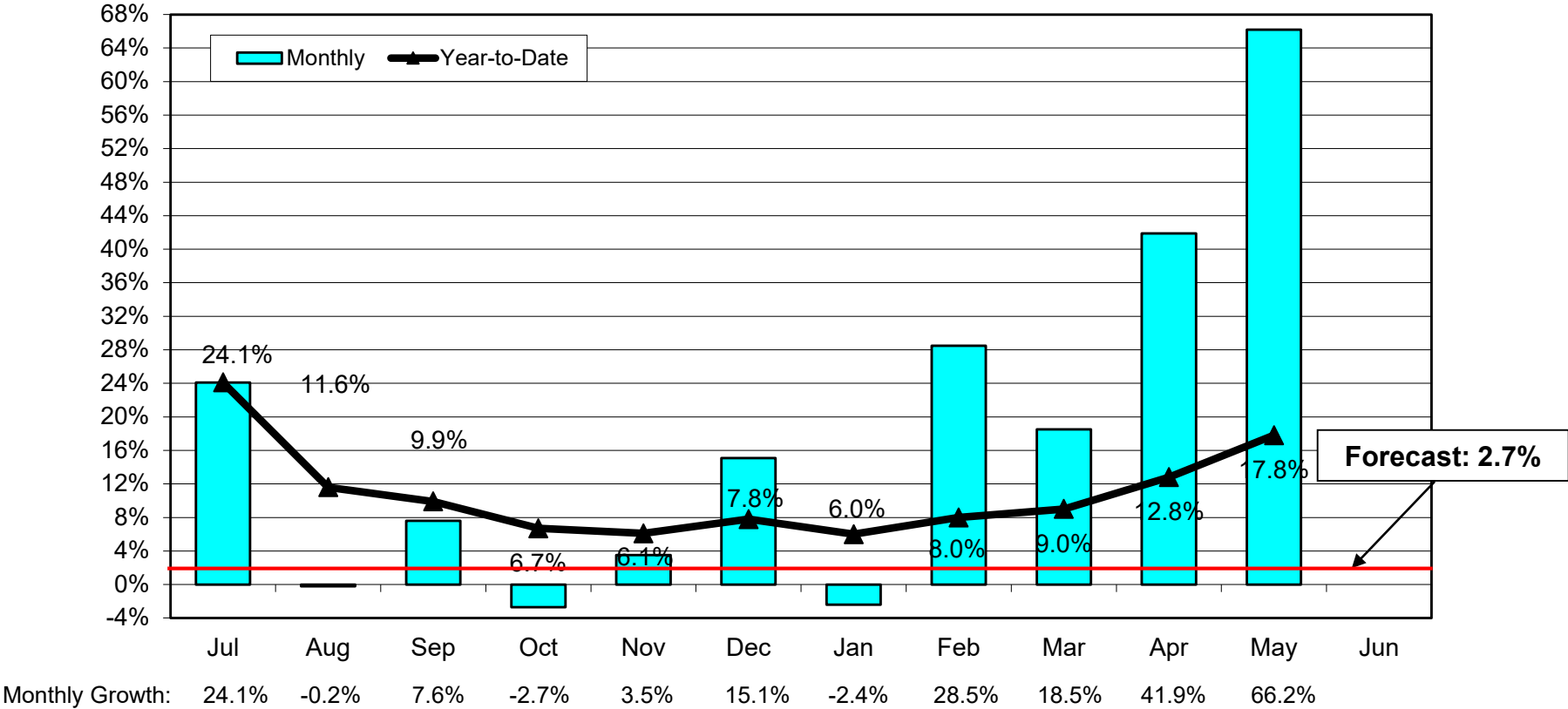
Authorizing Legislation	\$ in thousands
American Rescue Plan Act Total	\$9,323,938
CARES Act Total	\$41,805,507
CARES Act, Families First Coronavirus Response Act Total	\$316,545
TOTAL NON-GRANT FUNDS	\$51,445,990
GRAND TOTAL	\$78,073,368

Source: Federal Funds Information for States (FFIS), dated 6-8-2021

NOTE: Non-grant funds include unemployment payments, economic injury disaster loans, the majority of the paycheck protection program, economic impact payments, and the municipal liquidity facility notes (never used). Executive Actions are the Lost Wages Grants.

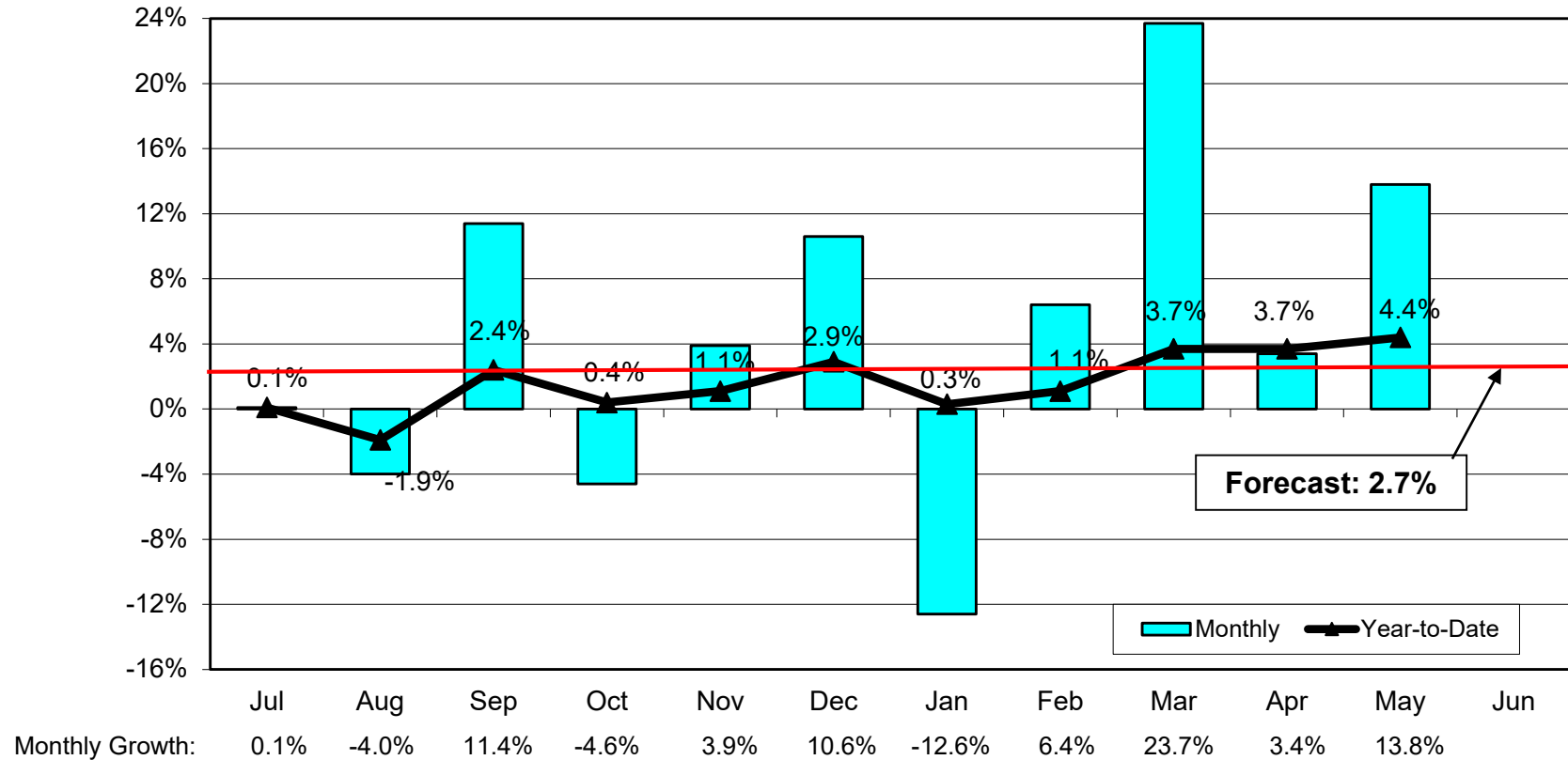
Growth in Total General Fund Revenue Collections

FY21 Monthly and Year-to-Date



- Total general fund revenues increased 66.2 percent in May.
 - Over 85 percent of the monthly increase is due to a return to having the individual income tax filing date in the month of May. Individual final payments normally due May 1 were due on May 17, matching the Federal due date, as compared to June 1 last year.
 - There were also strong receipts in withholding, sales and recordation taxes.
- On a year-to-date basis, total revenues increased 17.8 percent, ahead of the annual forecast of 2.7 percent growth.

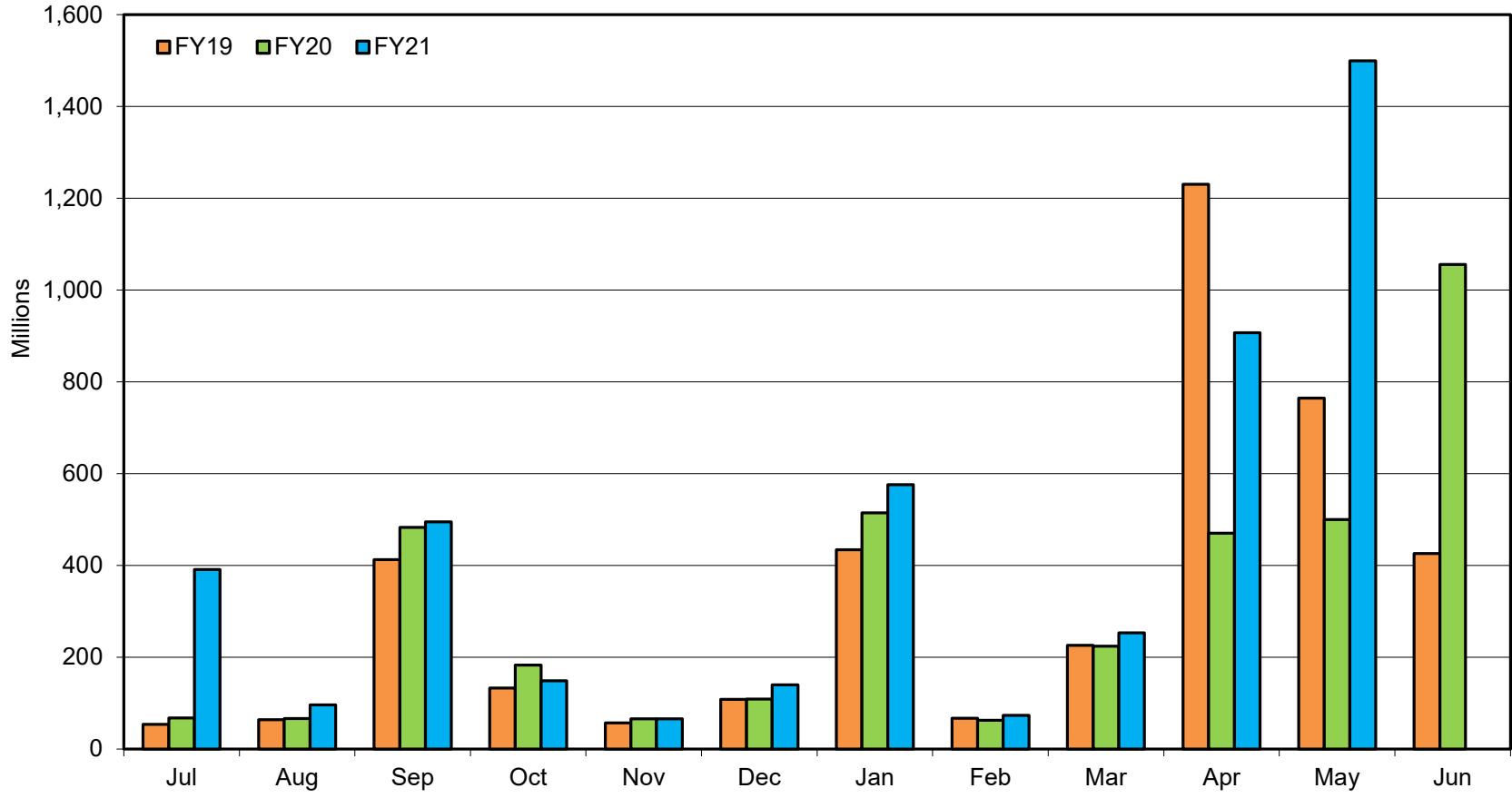
Growth in Withholding Tax Collections FY21 Monthly and Year-to-Date



- Collections increased 13.8 percent in May.
 - Growth was broad-based across all employers.
- Year-to-date, withholding collections have increased 4.4 percent compared with the same period last year, ahead of the projected annual growth of 2.7 percent.

Nonwithholding Tax Collections

FY19 – FY21 Monthly



- May receipts were up significantly as the May 1 filing date for final tax year 2020 was due May 17, matching the federal due date. Last year the due date was moved to June 1.
- There is no equivalent historical data to compare this year or last year for analysis.

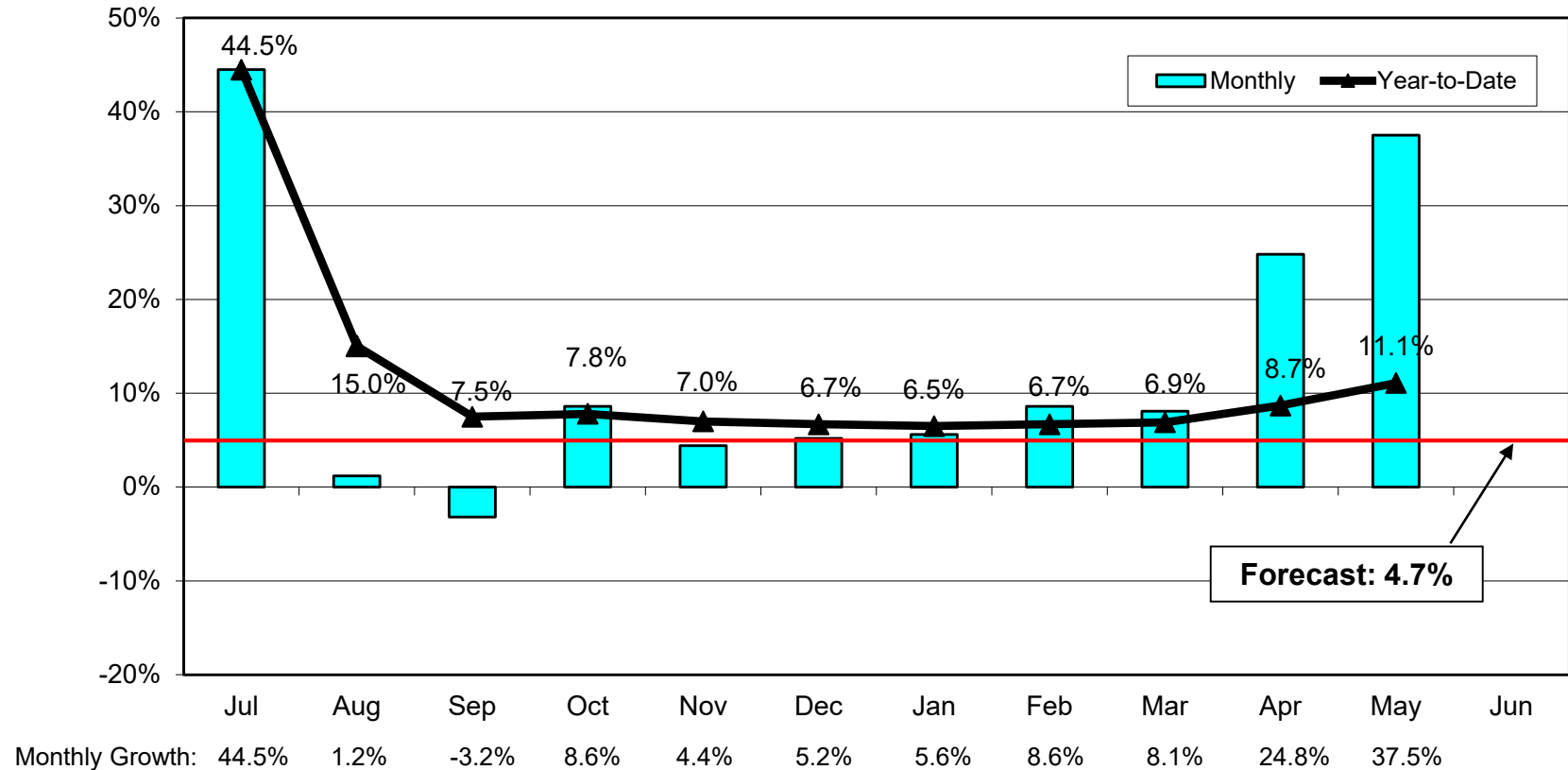
Individual Income Tax Refunds

- Through May, TAX has issued \$1,815.7 million in individual refunds compared with \$1,695.9 million in the same period last year, a 7.1 percent increase as compared to the annual estimate of 23.7 percent growth.
- For the filing season, Tax has issued 2.3 million refunds – the same number as last year.
 - Average check size has increased about 2.0 percent.

Net Individual Income Tax

- Year-to-date collections of net individual income tax increased 17.5 percent from the same period last year, ahead of the annual estimate of 0.6 percent growth.

Growth in Sales Tax Collections FY21 Monthly and Year-to-Date



- Collections of sales and use taxes, reflecting mainly April sales, increased 37.5 percent in May as parts of the economy are opening and price inflation is occurring.
 - Strength in sales tax collections were broad-based, except for grocery store sales as there was no hoarding of groceries like there was last April.
- On a year-to-date basis, collections increased 11.1 percent, ahead of the annual estimate of 4.7 percent growth.

Net Corporate Income Tax Collections

- This is not a significant month.
- On a year-to-date basis, collections in this source have increased 60.1 percent, ahead of the estimate of 27.4 percent growth.

Recordation Tax Collections

- Collections of wills, suits, deeds, and contracts – mainly recordation tax collections – increased 46.2 percent in May.
 - On a year-to-date basis, collections have increased 41.1 percent as compared to the forecast of a 24.4 percent increase.

Insurance Premiums Tax

- This is not a significant month.
- For the fiscal year-to-date, net insurance premiums tax collections are \$242.0 million compared with \$229.7 million during the same period last year.

Summary of Fiscal Year 2021 Revenue Collections Chapter 552 Forecast

July through May

Percent Growth over Prior Year

<u>Major Source</u>	As a % of Total Revenues	<u>YTD Actual</u>	<u>Annual Estimate</u>	<u>Variance</u>	<u>Jun Req'd to Meet Est.</u>	<u>Prior Year Jun</u>
Withholding	61.6 %	4.4 %	2.7 %	1.7 %	(15.6) %	2.3 %
Nonwithholding	17.8	69.2	4.4	64.8	(164.2)	147.8
Refunds	(10.2)	7.1	23.7	(16.6)	233.1	42.5
Net Individual	69.2	17.5	0.6	16.9	(107.3)	42.1
Sales	17.4	11.1	4.7	6.4	(39.1)	(7.8)
Corporate	5.8	60.1	27.4	32.7	(83.3)	32.0
Wills (Recordation)	2.7	41.1	24.4	16.7	(129.1)	21.3
Insurance	1.4	5.4	(12.7)	18.1	(44.3)	1.9
All Other Revenue	3.5	(2.6)	(4.0)	1.4	(11.4)	9.1
Total	100.0 %	17.8 %	2.7 %	15.1 %	(88.7) %	26.8 %
Total less Nonwithholding and Corporate		6.3 %	0.8 %	5.5 %	(45.2) %	(1.8) %

- Due to the return of normal filing dates, outside the May 17 filing date for individual income tax payments, a meaningful comparison will not be available until preliminary close.

Next Steps

- **June**
 - Individual, corporate and insurance companies have their second estimated payment due June 15.
 - Accelerated Sales Tax (AST) bill is due on June 30 and is expected to generate almost \$200 million in general fund revenues.

What Happens When There Is A General Fund Revenue Surplus?

What Happens When There Is A General Fund Revenue Surplus?

- A general fund revenue surplus becomes part of the year end balances and is subject to specific adjustments provided in the Constitution and state law, as well as other accounting requirements.
- The adjustments are part of the process that involves multiple calculations made to prepare the Commonwealth's balance sheet for the year end.
- A surplus in "*certified tax revenues*" (income and sales tax) may trigger requirements for deposits into the **Revenue Stabilization Fund** or the **Revenue Reserve Fund**.

Several Key Provisions Govern the Disposition of a General Fund Surplus

- **Article X, Section 8, Constitution of Virginia**
Limit of tax or revenue; Revenue Stabilization Fund
- **§ 2.2-1829, Code of Virginia**
Reports of Auditor of Public Accounts; Fund deposits and withdrawals.
- **§ 2.2-1831.3, Code of Virginia**
Commitment of funds for Revenue Reserve Fund.
- **§ 10.1-2128, Code of Virginia**
Virginia Water Quality Improvement Fund established; purposes.
- **§ 2.2-1514, Code of Virginia**
Commitment of general fund for nonrecurring expenditures.
- There are other situation-based adjustments that are part of the balance sheet calculations that may claim portions of the surplus such as authorized deficits or sum sufficient liabilities for natural disasters.

Revenue Stabilization Fund: Constitutional Deposit Provision

Article X. Taxation and Finance

Section 8. Limit of tax or revenue; Revenue Stabilization Fund

The General Assembly shall establish the Revenue Stabilization Fund. ***The Fund shall consist of an amount not to exceed fifteen 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. The Auditor of Public Accounts shall compute the fifteen percent limitation of such fund annually and report to the General Assembly not later than the first day of December. ***"Certified tax revenues" means the Commonwealth's annual tax revenues derived from taxes on income and retail sales as certified by the Auditor of Public Accounts.***

The General Assembly shall make deposits to the Fund to equal at least fifty percent of the product of the certified tax revenues collected in the most recently ended fiscal year times the difference between the annual percentage increase in the certified tax revenues collected for the most recently ended fiscal year and the average annual percentage increase in the certified tax revenues collected in the six fiscal years immediately preceding the most recently ended fiscal year.

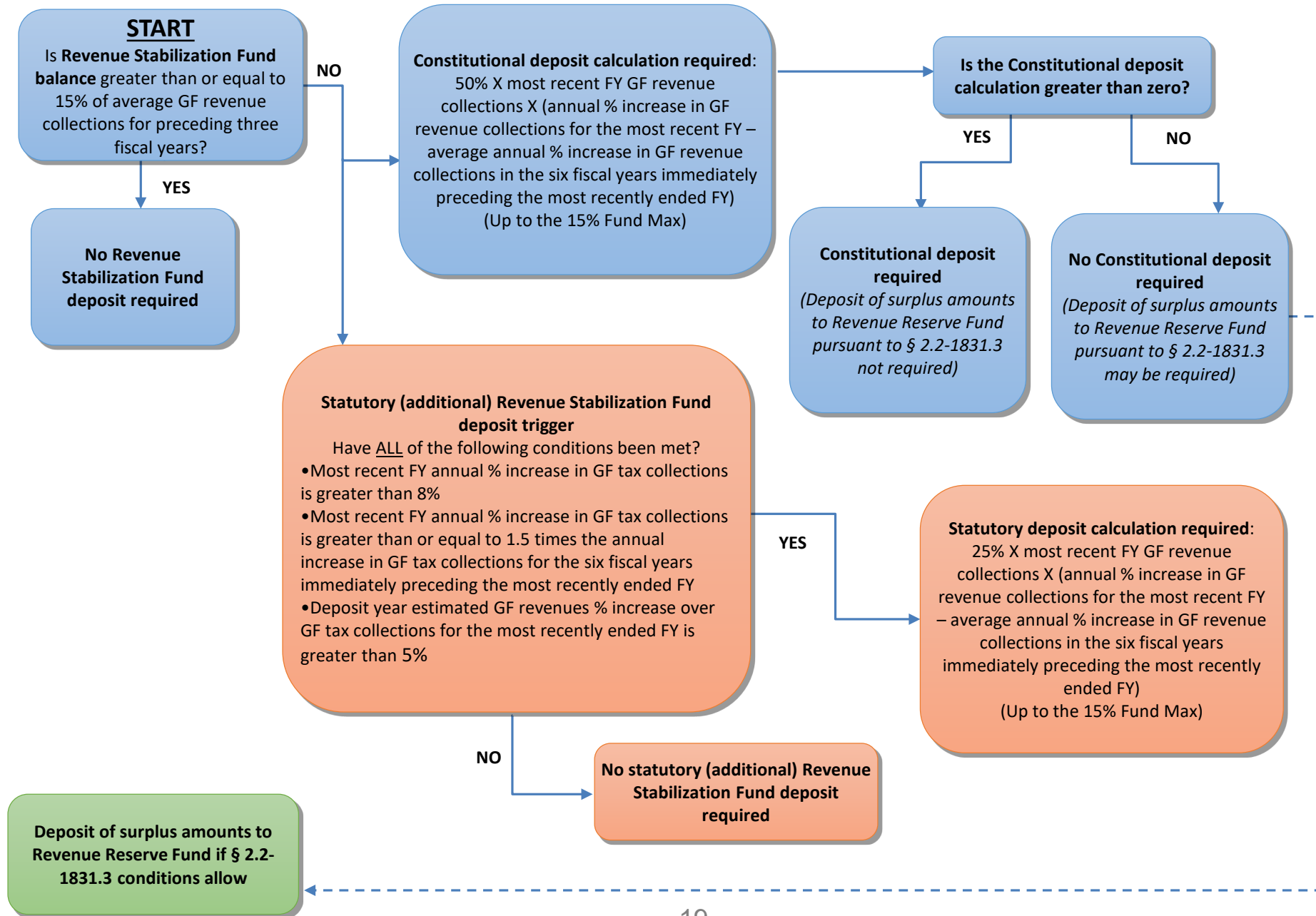
Revenue Stabilization Fund: Statutory Deposit Provision

(commonly known as the “super-deposit”)

§ 2.2-1829. Reports of Auditor of Public Accounts; Fund deposits and withdrawals.

B. If the report of the Auditor of Public Accounts, pursuant to subsection A, indicates that the annual percentage increase in the certified tax revenues collected in the most recently ended fiscal year is ***eight percent or greater than the certified tax revenues collected for the immediately preceding fiscal year and that such annual percentage increase in the certified tax revenues for the most recently ended fiscal year is also equal to or greater than 1.5 times the average annual percentage increase in the certified tax revenues collected in the six fiscal years immediately preceding the most recently ended fiscal year***, the Governor shall include in his budget recommendations, submitted to the General Assembly in the subsequent session pursuant to § [2.2-1509](#), an additional amount for deposit to the Fund in excess of any mandatory deposit to the Fund required by Article X, Section 8 of the Constitution of Virginia. Such additional amount shall be equal to at least 25 percent of the product of the certified tax revenues collected in the most recently ended fiscal year multiplied by the difference between the annual percentage increase in the certified tax revenues collected for the most recently ended fiscal year and the average annual percentage increase in the certified tax revenues collected in the six fiscal years immediately preceding the most recently ended fiscal year. ***Any such additional deposits to the Fund shall be included in the Governor’s budget recommendations submitted to the General Assembly in the subsequent session pursuant to § [2.2-1509](#) only if the estimate of general fund revenues prepared in accordance with § [2.2-1503](#) for the fiscal year in which the deposit is to be made is at least five percent greater than the actual general fund revenues for the immediately preceding fiscal year.***

Deposit of Year-End Surplus to the Revenue Stabilization Fund



After Determining the Required Deposits to the Revenue Stabilization Fund, the *Water Quality “Part A”* Deposit Must Be Calculated

§ 10.1-2128. Virginia Water Quality Improvement Fund established; purposes.

A. There is hereby established in the state treasury a special permanent, nonreverting fund, to be known as the "Virginia Water Quality Improvement Fund." The Fund shall be established on the books of the Comptroller. The Fund shall consist of sums appropriated to it by the General Assembly which shall include, **unless otherwise provided in the general appropriation act, 10 percent of the annual general fund revenue collections that are in excess of the official estimates in the general appropriation act** and 10 percent of any unrestricted and uncommitted general fund balance at the close of each fiscal year whose reappropriation is not required in the general appropriation act. The Fund shall also consist of such other sums as may be made available to it from any other source, public or private, and shall include any penalties or damages collected under this article, federal grants solicited and received for the specific purposes of the Fund, and all interest and income from investment of the Fund. Any sums remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. All moneys designated for the Fund shall be paid into the state treasury and credited to the Fund. Moneys in the Fund shall be used solely for Water Quality Improvement Grants. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon the written request of the Director of the Department of Environmental Quality or the Director of the Department of Conservation and Recreation as provided in this chapter.

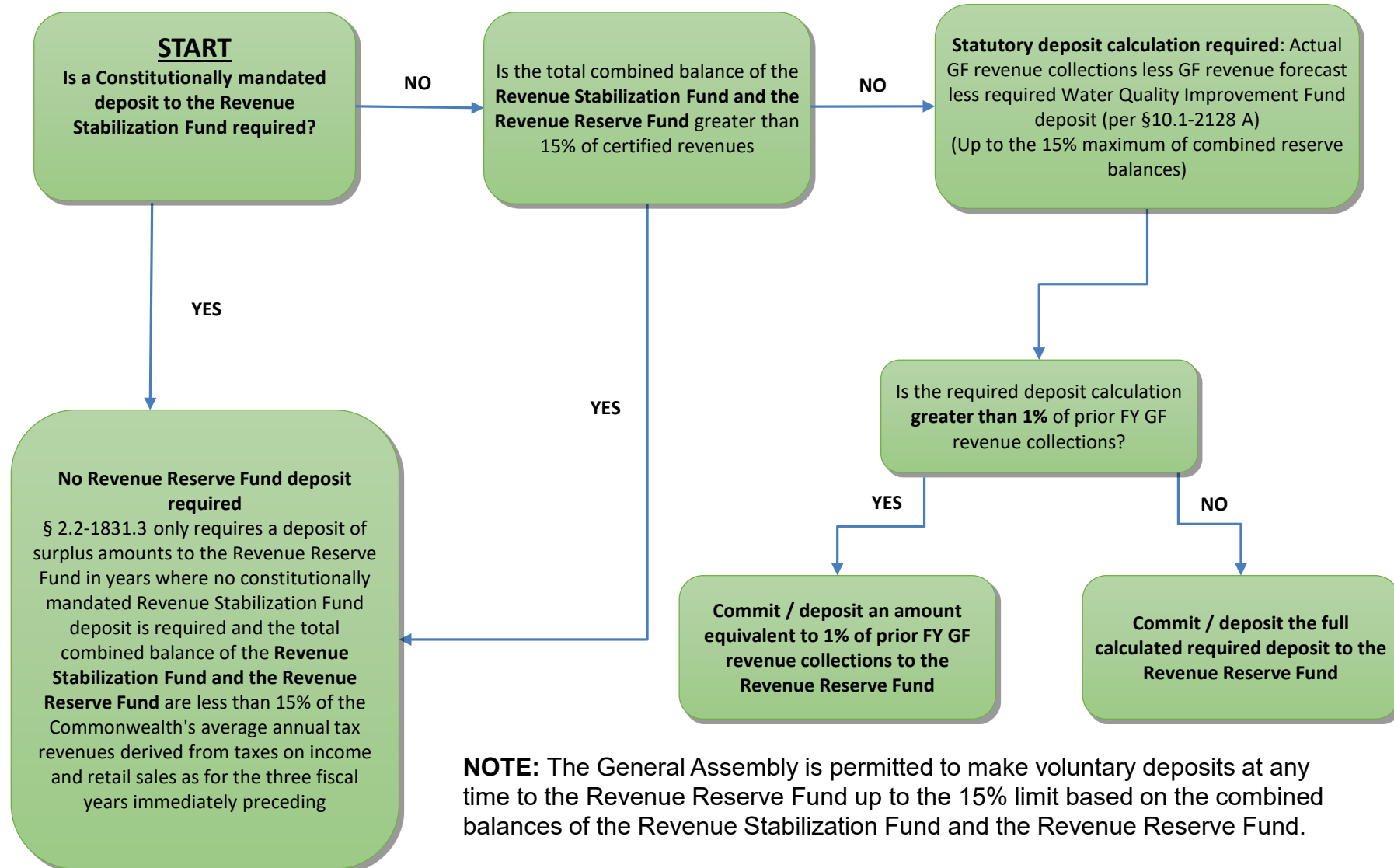
By Law, If the Surplus Does Not Trigger a Deposit to the Revenue Stabilization Fund, a Deposit to the Revenue Reserve May Be Required

§ 2.2-1831.3. Commitment of funds for Revenue Reserve Fund.

B. Whenever there is a fiscal year in which general fund revenues do not result in a mandatory deposit to the Revenue Stabilization Fund required by Article X, Section 8 of the Constitution of Virginia, the Comptroller shall, at the end of the fiscal year, commit within his annual report pursuant to § [2.2-813](#) ***the amount of the general fund revenue in excess of the official forecast for that prior fiscal year, less any deposit to the Virginia Water Quality Improvement Fund pursuant to subsection A of § [10.1-2128](#), for deposit into the Fund.*** Such amount committed for deposit into the Fund shall not exceed one percent of the total general fund revenues for the prior fiscal year.

F. At no time shall the combined amount in the Fund and the Revenue Stabilization Fund created pursuant to § [2.2-1828](#) exceed 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.

Deposit of Year-End Surplus to the Revenue Reserve Fund



NOTE: The General Assembly is permitted to make voluntary deposits at any time to the Revenue Reserve Fund up to the 15% limit based on the combined balances of the Revenue Stabilization Fund and the Revenue Reserve Fund.

Water Quality “Part B” Deposit

Must Be Calculated After Determining the Required Deposits to the Revenue Stabilization Fund, the Revenue Reserve Fund, *Water Quality “Part A”* – and Other Restrictions and Commitments

§ 10.1-2128. Virginia Water Quality Improvement Fund established; purposes.

A. There is hereby established in the state treasury a special permanent, nonreverting fund, to be known as the "Virginia Water Quality Improvement Fund." The Fund shall be established on the books of the Comptroller. The Fund shall consist of sums appropriated to it by the General Assembly which shall include, unless otherwise provided in the general appropriation act, 10 percent of the annual general fund revenue collections that are in excess of the official estimates in the general appropriation act and **10 percent of any unrestricted and uncommitted general fund balance at the close of each fiscal year whose reappropriation is not required in the general appropriation act.** The Fund shall also consist of such other sums as may be made available to it from any other source, public or private, and shall include any penalties or damages collected under this article, federal grants solicited and received for the specific purposes of the Fund, and all interest and income from investment of the Fund. Any sums remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. All moneys designated for the Fund shall be paid into the state treasury and credited to the Fund. Moneys in the Fund shall be used solely for Water Quality Improvement Grants. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon the written request of the Director of the Department of Environmental Quality or the Director of the Department of Conservation and Recreation as provided in this chapter.

§ 2.2-1514, Code of Virginia

Requires Commitment of Certain General Fund Balances for Nonrecurring Expenditures, Including Transportation

B. At the end of each fiscal year, the Comptroller shall commit within his annual report pursuant to § [2.2-813](#) as follows: **67 percent of the remaining amount of the general fund balance that is not otherwise restricted, committed, or assigned for other usage within the general fund shall be committed by the Comptroller for deposit into the Commonwealth Transportation Fund established pursuant to § [33.2-1524](#) or a subfund thereof, and the remaining amount shall be committed for nonrecurring expenditures.** No such commitment shall be made unless the full amounts required for other restrictions, commitments, or assignments including but not limited to (i) the Revenue Stabilization Fund deposit pursuant to § [2.2-1829](#), (ii) the Virginia Water Quality Improvement Fund deposit pursuant to § [10.1-2128](#), but excluding any deposits provided under the Virginia Natural Resources Commitment Fund established under § [10.1-2128.1](#), (iii) capital outlay reappropriations pursuant to the general appropriation act, (iv) (a) operating expense reappropriations pursuant to the general appropriation act, and (b) reappropriations of unexpended appropriations to certain public institutions of higher education pursuant to § [23.1-1002](#), (v) pro rata rebate payments to certain public institutions of higher education pursuant to § [23.1-1002](#), (vi) the unappropriated balance anticipated in the general appropriation act for the end of such fiscal year, (vii) interest payments on deposits of certain public institutions of higher education pursuant to § [23.1-1002](#), and (viii) the Revenue Reserve Fund deposit pursuant to § [2.2-1831.2](#) are set aside. The Comptroller shall set aside amounts required for clauses (iv) (b), (v), and (vii) beginning with the initial fiscal year as determined under § [23.1-1002](#) and for all fiscal years thereafter.

Any Surplus in Excess of \$439.2 Million Will Trigger a Revenue Stabilization Fund Deposit

Sample based on an assumed surplus of \$1.0 billion in certified revenue

Forecast of Certified Revenues (income and retail sales taxes)	\$	21,035,600,000
Estimated Surplus from certified revenues	\$	1,000,000,000
Estimated total certified revenues for FY 2021	\$	22,035,600,000

Revenue Stabilization Fund

Annual growth in FY 2021 based on \$1 billion surplus		7.62%
Six-year average annual growth in certified revenues		4.88%

Growth in excess of six-year average		2.74%
50% of excess growth		1.37%
Estimated Required Revenue Stabilization Fund Deposit	\$	301,735,834

Revenue Reserve Fund

Revenue growth in excess of forecast up to 1% of general fund revenue		Not Required
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Water Quality “Part A”

10% of revenue surplus	\$	100,000,000
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Water Quality “Part B”

10% of balances not restricted, committed, or assigned		
- assumes no other balance sheet requirements have to be met	\$	59,826,417

Total of Revenue Stabilization Fund and Water Quality (Parts A and B)	\$	461,562,251
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Non-recurring funds

Transportation - 2/3 of remaining balance after Water Quality B		TBD
Other non-recurring - 1/3 of remaining balance after Water Quality B		TBD

Note: There may be other adjustments that would have to be included in an actual year-end calculation.



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LAGRANGE INDUSTRIAL PARK MASTER PLANNING AND PRELIMINARY ENGINEERING REPORT (PG. 50)

- The sub-grantee is unable to come to an agreement with the private property owners of certain parcels located within the LaGrange Industrial park and therefore are unable to move forward with the project.



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ADMINISTRATIVELY APPROVED ENHANCED CAPACITY BUILDING PROJECTS

- REGION 1 – Project Fuse (pg. 54)
- REGION 1 – Project Thoroughbred (pg. 55)
- REGION 2 – Helping Local Employers Prepare the Existing and Future Workforce for Industry 4.0 (pg. 57)
- REGION 2 – Lynchburg Beacon of Hope (pg. 59)
- REGION 2 – Building a Regional Health Sciences Talent Pipeline (pg. 60)
- REGION 4 – Sussex County Water Study (pg. 61)
- REGION 7 – Innovation Forward (pg. 62)



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ADMINISTRATIVELY APPROVED ERR PROJECTS

- REGION 7 – Accelerate 2022 (pg. 65)



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2021 MEETING DATES

- **Thursday, September 23rd 2021**
- **Tuesday, December 7th 2021**



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