

1 establishment of criteria to certify that an agency is in compliance with the provisions of this subsection.

2 **§ 4-3.00 DEFICIT AUTHORIZATION AND TREASURY LOANS**

3 **§ 4-3.01 DEFICITS**

4 a. GENERAL:

5 1. Except as provided in this section no state agency shall incur a deficit. No state agency receiving general fund appropriations
6 under the provisions of this act shall obligate or expend moneys in excess of its general fund appropriations, nor shall it obligate or
7 expend moneys in excess of nongeneral fund revenues that are collected and appropriated.

8 2. The Governor is authorized to approve deficit funding for a state agency under the following conditions:

9 a) an unanticipated federal or judicial mandate has been imposed,

10 b) insufficient moneys are available in the first year of the biennium for start-up of General Assembly-approved action, or

11 c) delay pending action by the General Assembly at its next legislative session will result in the curtailment of services required by
12 statute or those required by federal mandate or will produce a threat to life, safety, health or property.

13 d) Such approval by the Governor shall be in writing under the conditions described in § 4-3.02 a Authorized Deficit Loans of this
14 act and shall be promptly communicated to the Chairmen of the House Appropriations and Senate Finance Committees within five
15 calendar days of deficit approval.

16 3. Deficits shall not be authorized for capital projects.

17 4. The Department of Transportation may obligate funds in excess of the current biennium appropriation for projects of a capital
18 nature not covered by § 4-4.00 Capital Projects, of this act provided such projects a) are delineated in the Virginia Transportation
19 Six-Year Improvement Program, as approved by the Commonwealth Transportation Board; and b) have sufficient cash allocated to
20 each such project to cover projected costs in each year of the Program; and provided that c) sufficient revenues are projected to meet
21 all cash obligations for such projects as well as all other commitments and appropriations approved by the General Assembly in the
22 biennial budget.

23 **b. UNAUTHORIZED DEFICITS:** If any agency contravenes any of the prohibitions stated above, thereby incurring an unauthorized
24 deficit, the Governor is hereby directed to withhold approval of such excess obligation or expenditure. Further, there shall be no
25 reimbursement of said excess, nor shall there be any liability or obligation upon the state to make any appropriation hereafter to meet
26 such unauthorized deficit. Further, those members of the governing board of any such agency who shall have voted therefor, or its
27 head if there be no governing board, making any such excess obligation or expenditure shall be personally liable for the full amount
28 of such unauthorized deficit and, at the discretion of the Governor, shall be deemed guilty of neglect of official duty and be subject
29 to removal therefor. Further, the State Comptroller is hereby directed to make public any such unauthorized deficit, and the Director,
30 Department of Planning and Budget, is hereby directed to set out such unauthorized deficits in the next biennium budget. In addition,
31 the Governor is directed to bring this provision of this act to the attention of the members of the governing board of each state
32 agency, or its head if there be no governing board, within two weeks of the date that this act becomes effective. The governing board
33 or the agency head shall execute and return to the Governor a signed acknowledgment of such notification.

34 c. TOTAL AUTHORIZED DEFICITS: The amount which the Governor may authorize, under the provisions of this section during
35 the current biennium, to be expended from loans repayable out of the general fund of the state treasury, for all state agencies, or
36 other agencies combined, in excess of general fund appropriations for the current biennium, shall not exceed one and one-half
37 percent (1 1/2%) of the revenues collected and paid into the general fund of the state treasury as defined in § 4-2.02 b. of this act
38 during the last year of the previous biennium and the first year of the current biennium.

39 d. The Governor shall report any such authorized and unauthorized deficits to the Chairmen of the House Appropriations and Senate
40 Finance Committees within five calendar days of deficit approval. By August 15 of each year, the Governor shall provide a
41 comprehensive report to the Chairmen of the House Appropriations and Senate Finance Committees detailing all such deficits.

42 **§ 4-3.02 TREASURY LOANS**

43 a. AUTHORIZED DEFICIT LOANS: A state agency requesting authorization for deficit spending shall prepare a plan for the
44 Governor's review and approval, specifying appropriate financial, administrative and management actions necessary to eliminate the
45 deficit and to prevent future deficits. If the Governor approves the plan and authorizes a state agency to incur a deficit under the
46 provisions of this section, the amount authorized shall be obtained by the agency by borrowing the authorized amount on such terms
47 and from such sources as may be approved by the Governor. At the close of business on the last day of the current biennium, any
48 unexpended balance of such loan shall be applied toward repayment of the loan, unless such action is contrary to the conditions of
49 the loan approval. The Director, Department of Planning and Budget, shall set forth in the next biennial budget all such loans which
50 require an appropriation for repayment. A copy of the approved plan to eliminate the deficit shall be transmitted to the Chairmen of
51 the House Appropriations and the Senate Finance Committees within five calendar days of approval.