WEST VIRGINIA LEGISLATURE
Regular Session, 2004

ENROLLED
Committee Substitute for Committee Substitute
SENATE BILL NO. 149

(By Senators Tomblin, Mr. President, and Sprosse,)
By Request of the Executive)

PASSED March 13, 2004
In Effect 90 days from Passage
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COMMITTEE SUBSTITUTE
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2-7, §11B-2-8, §11B-2-9, §11B-2-10, §11B-2-11, §11B-2-12, §11B-2-13, §11B-2-14, §11B-2-15, §11B-2-16, §11B-2-17, §11B-2-18, §11B-2-19, §11B-2-20, §11B-2-21, §11B-2-22, §11B-2-23, §11B-2-24, §11B-2-25, §11B-2-26, §11B-2-27, §11B-2-28, §11B-2-29, §11B-2-30 and §11B-2-31, all relating generally to department of tax and revenue and office of secretary of tax and revenue and their powers, duties and responsibilities; changing the name of department of tax and revenue to department of revenue; changing name of office of secretary of tax and revenue to office of secretary of revenue; increasing membership of council of finance and administration by making secretary of revenue an ex officio member; continuing misdemeanor penalties for noncompliance by secretaries and spending officers with requirements to provide certain budget and budget-related information; identifying agencies, boards, commissions, division and offices comprising department of revenue; specifying powers and duties of secretary; requiring periodic reports; authorizing delegations of authority; providing rules for safeguarding confidential information; providing right of appeal from interference with functioning of an agency; transferring budget section of finance division of department of administration to department of revenue and making secretary of revenue state budget director; providing rules to effectuate transfer of budget section and transition; moving language pertaining to work of budget section and preparation of budget to new chapter of the code; and making other technical or conforming changes to implement or effectuate these various changes.

Be it enacted by the Legislature of West Virginia:


CHAPTER 5A. DEPARTMENT OF ADMINISTRATION.

ARTICLE 1. DEPARTMENT OF ADMINISTRATION.

§5A-1-2. Department of administration and office of secretary; secretary; division of finance and administration abolished; division directors.

(a) The department of administration and the office of secretary of administration are hereby continued in the executive branch of state government. The secretary shall be the chief executive officer of the department and shall be appointed by the governor, by and with the advice and consent of the Senate, for a term not exceeding the term of the governor. The department of administration is hereby authorized to receive federal funds.

(b) The secretary shall serve at the will and pleasure of the governor. The annual compensation of the secretary shall be as specified in section two-a, article seven, chapter six of this code.

(c) There shall be in the department of administration a finance division, a general services division, an information services and communications division, an insurance and retirement division, a personnel division and a purchasing division. The insurance and retirement division shall be comprised of the public employees retirement system and board of trustees, the public employees insurance agency and public employees advisory board, the
teachers’ retirement system and teachers’ retirement board, and the board of risk and insurance management. Each division shall be headed by a director who may also head any and all sections within that division and who shall be appointed by the secretary. In addition to the divisions enumerated above, there shall also be in the department of administration those agencies, boards, commissions and councils specified in section one, article two, chapter five-f of this code.


(a) The council of finance and administration is hereby created and shall be composed of eleven members, five of whom shall serve ex officio and six of whom shall be appointed as herein provided. The ex officio members shall be the secretary of the department of administration, the secretary of revenue, the attorney general or his or her designee, the state treasurer or his or her designee and the state auditor or his or her designee; such designees being authorized voting ones. From the membership of the Legislature, the president of the Senate shall appoint three senators as members of the council, not more than two of whom shall be members of the same political party, and the speaker of the House of Delegates shall appoint three delegates as members of the council, not more than two of whom shall be members of the same political party. Members of the council appointed by the president of the Senate and the speaker of the House of Delegates shall serve at the will and pleasure of the officer making their appointment. The secretary of administration shall serve as chairman of the council. Meetings of the council shall be upon call of the chairman or a majority of the members thereof. It shall be the duty of the chairman to call no less than four meetings in each fiscal year, one in each quarter, or more often as necessary, and all meetings shall be open to the public. All meetings of the council shall be held at the capitol building in a suitable committee room which shall be made available by the Legislature for such
purpose: Provided, That the second quarterly meeting in each fiscal year shall be held in November and shall be a joint meeting with the joint committee on government and finance of the Legislature called jointly by the president of the Senate, speaker of the House of Delegates and secretary of administration.

(b) The council shall serve the department of administration and the director of the budget in an advisory capacity for purposes of reviewing the performance of the administrative and fiscal procedures of the state, including the oversight of all federal funds, and shall have the following duties:

(1) To advise with the director of the budget in respect to matters of budgetary intent and efficiency, including the budget bill and budget document detail and format;

(2) To advise with the secretary and the director of the budget concerning studies of government and administration concerning fiscal policy as it considers appropriate;

(3) To advise with the secretary and the director of the budget in the preparation of studies designed to provide long-term capital planning and finance for state institutions and agencies; and

(4) To advise with the secretary and the director of the budget in respect to the application for, and receipt and expenditure of, anticipated or unanticipated federal funds.

(c) The appointed, non ex officio members of the council shall be entitled to receive compensation and reimbursement for expenses in connection with performance of their duties, during interim periods, if not otherwise receiving the same for identical periods, as is authorized by the applicable sections of article two-a, chapter four of the code in respect to performance of duties either within the state or, if necessary, out of state. Compensation and expenses shall be incurred and paid only after approval by the joint committee on government and finance.
§5A-1-5. Reports by secretary.

1 The secretary shall make an annual report to the governor concerning the conduct of the department and the administration of the state finances as they pertain to programs administered by the department of administration. The secretary shall also make other reports as the governor may require.

ARTICLE 2. FINANCE DIVISION.

§5A-2-1. Finance division created; director; sections; powers and duties.

1 (a) The finance division of the department of administration is hereby continued except that the budget section is transferred to and shall become a part of the department of revenue on the effective date of this section as amended in the year two thousand four. The finance division shall be under the supervision and control of a director, who shall be appointed by the secretary. There shall be in the finance division an accounting section and a financial accounting and reporting section.

10 (b) The accounting section shall have the duties conferred upon it by this article and by the secretary, including, but not limited to, general financial accounting, payroll, accounts payable and accounts receivable for the department of administration.

15 (c) The financial accounting and reporting section shall establish and maintain the centralized accounting system required by section twenty-four of this article and issue annual general purpose financial statements in accordance with generally accepted accounting principles and with this article.


1 (a) It is the intent of this section to establish a centralized accounting system for the offices of the auditor, treasurer, board of investments, secretary of administra-
tion and each spending unit of state government to provide
more accurate and timely financial data and increase
public accountability.

(b) Notwithstanding any provision of this code to the
contrary, the secretary of administration shall develop and
implement a new centralized accounting system for the
planning, reporting and control of state expenditures in
accordance with generally accepted accounting principles
to be used by the auditor, treasurer, board of investments,
secretary and all spending units. The accounting system
shall provide for adequate internal controls, accounting
procedures, recording income collections, systems opera-
tion procedures and manuals, and periodic and annual
general purpose financial statements, as well as provide
for the daily exchange of needed information among users.

(c) The financial statements shall be audited annually by
outside independent certified public accountants, who
shall also issue an annual report on federal funds in
compliance with federal requirements.

(d) The secretary shall implement the centralized ac-
counting system no later than the thirty-first day of
December, one thousand nine hundred ninety-three, and,
after approval of the system by the governor, shall require
its use by all spending units. The auditor, treasurer, board
of investments, secretary and every spending unit shall
maintain their computer systems and data files in a
standard format in conformity with the requirements of
the centralized accounting system. Any system changes
must be approved in advance of the change by the secre-
tary. The auditor, treasurer, board of investments, budget
director and secretary of administration shall provide on-
line interactive access to the daily records maintained by
their offices.

§SA-2-32. Submission of requests, amendments, reports, etc., to
legislative auditor; misdemeanor penalty for noncompliance.

(a) The provisions of section twenty-five of this article requiring the secretary to supply copies of the documents specified therein to the legislative auditor shall be strictly adhered to by the secretary.

(b) Any failure by a secretary to comply with the provisions of subsection (a) of this section shall be a misdemeanor and, upon conviction thereof, the secretary shall be fined the sum of one thousand dollars. This penalty shall be in addition to other penalties provided elsewhere in this article and other remedies provided by law.

CHAPTER 11B. DEPARTMENT OF REVENUE.

ARTICLE 1. DEPARTMENT OF REVENUE.

§11B-1-1. Department of tax and revenue renamed department of revenue; office of secretary of tax and revenue renamed office of secretary of revenue.

(a) The department of tax and revenue and the office of secretary of tax and revenue are hereby renamed, respectively, the department of revenue and the office of secretary of revenue and continued in the executive branch of state government. Wherever in this code the words “office of secretary of tax and revenue” or “secretary of tax and revenue” are used, such words shall now mean the office of secretary of revenue or the secretary of revenue.

(b) The secretary of revenue shall be the chief executive officer of the department and director of the budget. The secretary shall be appointed by the governor, by and with the advice and consent of the Senate, for a term not exceeding the term of the governor.

(c) The department of revenue is hereby authorized to receive federal funds.

(d) The secretary shall serve at the will and pleasure of the governor. The annual compensation of the secretary shall be as specified in section two-a, article seven, chapter six of this code.
§11B-1-2. Agencies, boards, commissions, divisions and offices comprising the department of finance and revenue.

(a) There shall be in the department of revenue the following agencies, boards, commissions, divisions and offices, including all of the allied, advisory, affiliated or related entities which are incorporated in and shall be administered as part of the department of revenue:

(1) The alcohol beverage control commissioner provided for in article sixteen, chapter eleven of this code and article one, chapter sixty of this code;

(2) The division of banking provided for in article two, chapter thirty-one-a of this code;

(3) The board of banking and financial institutions provided for in article three, chapter thirty-one-a of this code;

(4) The state budget office, heretofore known as the budget section of the finance division, department of administration, previously provided for in article two, chapter five-a of this code and now provided for in article two of this chapter;

(5) The agency of insurance commissioner provided for in article two, chapter thirty-three of this code;

(6) The lending and credit rate board provided for in chapter forty-seven-a of this code;

(7) The lottery commission and the position of lottery director provided for in article twenty-two, chapter twenty-nine of this code;

(8) The municipal bond commission provided for in article three, chapter thirteen of this code;

(9) The office of tax appeals provided for in article ten-a, chapter eleven of this code;
30 (10) The state athletic commission provided for in article five-a, chapter twenty-nine of this code;
31 (11) The tax division provided for in article one, chapter eleven of this code; and
32 (12) The West Virginia racing commission provided for in article twenty-three, chapter nineteen of this code.
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34 (b) The department shall also include any other agency, board, commission, division, office or unit subsequently incorporated in the department by the Legislature.

§11B-1-3. Powers and duties of secretary, administrators, division heads and employees.

1 (a) The secretary shall have control and supervision of the department of revenue and shall be responsible for the work of each of its employees.
2 (b) The secretary shall have the power and authority specified in this article and article two, chapter five-f of this code and as specified elsewhere in this code, whether heretofore or hereinafter enacted by the Legislature and whether the code provision refers to the secretary of revenue or to the secretary of tax and revenue.
3 (c) The secretary has authority to assess agencies, boards, commissions, divisions and offices in the department of revenue for the payment of expenses of the office of the secretary.
4 (d) The secretary shall have plenary power and authority within and for the department to employ professional staff, including, but not limited to, certified public accountants, economists and attorneys, assistants and other employees as necessary for the efficient operation of the department.
5 (e) The secretary and administrators, division heads and other employees of the department shall perform the duties specified in this code for their respective offices or
§11B-1-4. Reports by secretary.

The secretary shall make an annual report to the governor concerning the conduct of the department and the administration of the budget. The secretary shall also make other reports as the governor may require.

§11B-1-5. Delegation of powers and duties by secretary.

The secretary may delegate powers and duties vested in the secretary to his or her assistants and employees, but the secretary shall be responsible for all official acts of the department.

§11B-1-6. Confidentiality of information.

(a) Information provided to secretary under expectation of confidentiality. — Information that would be confidential under the laws of this state when provided to a division, agency, board, commission or office within the department of revenue shall be confidential when that information is provided to the secretary of the department of revenue or to an employee in the office of the secretary. The confidential information may be disclosed only: (1) To the applicable agency, board, commission or division of the department to which the information relates; or (2) in the manner authorized by provisions of this code applicable to that agency, board, commission or division. This confidentiality rule is a specific exemption from disclosure under article one, chapter twenty-nine-b of this code.

(b) Interdepartmental communication of confidential information. — Notwithstanding any provision of this code to the contrary, information that by statute is confidential in the possession of any division, agency, board, commission or office of the department of revenue may be disclosed to the secretary, or an employee in the office of the secretary, who must safeguard the information and may
not further disclose the information except under the same
conditions, restrictions and limitations applicable to the
administrator of the agency, board, commission, division
or office of the department in whose hands the information
is confidential: Provided, That nothing contained in this
section shall be construed to require the disclosure to the
secretary or to an employee in the office of the secretary of
individually identifiable health care or other information
that, under federal law, may not be disclosed by the
administrator without subjecting the administrator or the
agency, board, commission, division or office to sanctions
or other penalties by the United States or any agency
thereof. This confidentiality rule is a specific exemption
from disclosure under article one, chapter twenty-nine-b
of this code.

§11B-1-7. Right of appeal from interference with functioning of
agency.

1 Upon occasion of a showing that the application of the
authority vested under the provisions of this article may
interfere with the successful functioning of any depart-
ment, institution or agency of the government, that
department, institution or agency has the right of appeal
to the governor for review of the case and the decision or
conclusion of the governor shall control in appeals.

ARTICLE 2. STATE BUDGET OFFICE.

§11B-2-1. Budget office.

1 The budget section of the department of administration
is hereby transferred to the department of revenue and
continued as the budget office. The budget office shall act
as staff agency for the governor in the exercise of his
powers and duties under section fifty-one, article VI of the
constitution of West Virginia and shall exercise and
perform the other powers and duties of the budget office
set forth in this article or previously conferred upon the
budget section of the finance division, department of
administration, prior to the effective date of this section in
§11B-2-2. General powers and duties of secretary as director of budget.

1 The secretary of revenue, under the immediate supervision of the governor, shall have the power and duty to:

2 (1) Exercise general supervision of, and make rules and regulations for, the government of this division;

3 (2) Administer the budget in accordance with this article;

4 (3) Serve the governor in the consideration of requests for appropriations and the preparation of the budget document;

5 (4) Make investigations and submit reports as the governor requires;

6 (5) Make a continuous study of state expenditures and eligibility for federal matching dollars and make recommendations to the governor for the more economical use of state funds as he or she shall find practicable;

7 (6) Render assistance to spending officers with respect to the fiscal affairs of spending units; and

8 (7) Exercise other powers as are vested in the secretary by this article, or which may be appropriate to the discharge of the secretary's duties under this article.

§11B-2-3. Requests for appropriations; copies to legislative auditor.

1 (a) The spending officer of each spending unit, other than the legislative and the judicial branches of state government, shall, on or before the first day of September of each year, submit to the secretary a request for appropriations for the fiscal year next ensuing. On or before the
same date, the spending officer shall also transmit two
copies of the request to the legislative auditor for the use
of the finance committees of the Legislature.

(b) If the spending officer of any spending unit fails to
transmit to the legislative auditor two copies of the
request for appropriations within the time specified in this
section, the legislative auditor or the state budget office
shall notify the secretary, auditor and treasurer of the
failure. Upon notification, no funds appropriated to that
spending unit shall be encumbered or expended until the
spending officer thereof has transmitted two copies of the
request for appropriation to the legislative auditor.

(c) If a spending officer submits to the secretary an
amendment to the request for appropriations, two copies
of the amendment shall forthwith be transmitted to the
legislative auditor.

(d) Notwithstanding any provision in this section to the
contrary, the state superintendent of schools shall, on or
before the fifteenth day of December of each year, submit
to the secretary a request for appropriations for the fiscal
year next ensuing for state aid to schools and submit two
copies of the request to the legislative auditor for the use
of the finance committees of the Legislature. The request
for appropriation shall be accompanied with copies of
certified enrollment and employee lists from all county
superintendents for the current school year. If certified
enrollment and employee lists are not available to the state
superintendent from any of the county school boards, the
state superintendent shall notify those school boards and
no funds shall be expended for salary or compensation to
their county superintendent until the certified lists of
enrollment and employees are submitted.


A request for an appropriation for a spending unit shall
specify and itemize in written form:
(1) A statement showing the amount and kinds of revenue and receipts collected for use of the spending agency during the next preceding fiscal year and anticipated collections for the fiscal year next ensuing;

(2) A statement by purposes and objects of the amount of appropriations requested for the spending unit without deducting the amount of anticipated collections of special revenue, federal funds or other receipts;

(3) A statement showing the actual expenditures of the spending unit for the preceding year and estimated expenditures for the current fiscal year itemized by purposes and objects, including those from regular and supplementary appropriations, federal funds, private contributions, transfers, allotments from an emergency or contingency fund and any other expenditures made by or for the spending unit;

(4) A statement showing the number, classification and compensation of persons employed by the spending unit distinguishing between regular, special and casual employees during the preceding fiscal year and during the current fiscal year. The statement shall show the personnel requirements in similar form for the ensuing fiscal year for which appropriations are requested;

(5) A statement showing in detail the purposes for which increased amounts of appropriations, if any, are requested and giving a justification statement for the expenditure of the increased amount. A construction or other improvement request shall show in detail the kind and scope of construction or improvement requested;

(6) A statement of money claims against the state arising out of the activities of the spending unit; and

(7) Any other information as the secretary requests.

§11B-2-5. Form of requests.

The secretary shall specify the form and detail of itemization of requests for appropriations and statements
to be submitted by a spending unit: Provided, That a request for appropriations must include at a minimum the information required by section four of this article. The secretary shall furnish blank forms for this purpose.

§11B-2-6. Information concerning state finances.

The secretary shall ascertain for the preceding year and as estimated for the current fiscal year:

(1) The condition of each of the funds of the state;

(2) A statement of all revenue collections both general and special; and

(3) Any other information relating to the finances of the state as the governor requests.


The governor shall transmit to the secretary the appropriations required by law for the judiciary for the fiscal year next ensuing and which have been certified to the governor by the auditor. The auditor shall certify the appropriations to the governor in accordance with section fifty-one, article VI of the constitution of West Virginia on or before the first day of September of each year.

§11B-2-8. Examination of requests for appropriations.

(a) The secretary shall examine the requests of a spending unit with respect to requested appropriations, itemization, sufficiency of justification statements and accuracy and completeness of all other information which the spending officer is required to submit.

(b) If the secretary finds a request, report or statement of a spending unit inaccurate, incomplete or inadequate, he or she shall consult with the spending officer of the unit and require the submission of the requests in proper form.
and content. The secretary shall assist spending officers in the preparation of their requests.

§11B-2-9. Appropriation requests by other than spending units.

A person or organization, other than a spending officer, who desires to request a general appropriation in the state budget, shall submit his or her request to the secretary on or before the first day of September of each year. The request shall be in the form prescribed by the secretary and shall be accompanied by a justification statement.


(a) The secretary shall supervise and control the expenditure of appropriations made by the Legislature excluding those made to the Legislature and those made to the judicial branch of the state government.

(b) The expenditure of an appropriation made by the Legislature, except made for the Legislature itself and the judicial branch of state government, shall be conditioned upon compliance by the spending unit with the provisions of this article.

(c) An appropriation made by the Legislature, except made for the Legislature itself and the judicial branch of state government, shall be expended only in accordance with this article.

§11B-2-11. Estimates of revenue; reports on revenue collections; withholding department funds on noncompliance.

(a) Prior to the beginning of each fiscal year, the secretary shall estimate the revenue to be collected month by month by each classification of tax for that fiscal year as it relates to the official estimate of revenue for each tax for that fiscal year and the secretary shall certify this estimate to the governor and the legislative auditor and the West Virginia investment management board by the first day of July for that fiscal year.
(1) The secretary shall ascertain the collection of the revenue of the state and shall determine for each month of the fiscal year the proportion which the amount actually collected during a month bears to the collection estimated by him or her for that month. The secretary shall certify to the governor, the legislative auditor and the investment management board, as soon as possible after the close of each month, and not later than the fifteenth day of each month, and at other times as the governor, the legislative auditor or the investment management board may request, the condition of the state revenues and of the several funds of the state and the proportion which the amount actually collected during the preceding month bears to the collection estimated by him or her for that month. The secretary shall include in this certification the same information previously certified for prior months in each fiscal year. For the purposes of this section, the secretary shall have the authority to require all necessary estimates and reports from any spending unit of the state government.

(2) If the secretary fails to certify to the governor, the legislative auditor and the investment management board the information required by this subsection within the time specified herein, the legislative auditor shall notify the auditor and treasurer of the failure and thereafter no funds appropriated to the department of revenue may be expended until the secretary has certified the information required by this subsection.

(b) Prior to the first day of July of each fiscal year, the secretary shall estimate daily revenue flows for the general revenue fund for the next fiscal year as it relates to the official estimate of revenue. Subsequent to the end of each fiscal year, the secretary shall compare the projected daily revenue flows with the actual daily revenue flows from the previous year. The secretary may for any month or months, at his or her discretion, revise the annual projections of the daily revenue flows. The secretary shall certify to the governor, the legislative auditor and the investment management board, as soon as possible after the close of
each month and not later than the fifteenth day of each
month, and at other times as the governor, the legislative
auditor or the investment management board may request,
the condition of the general revenue fund and the compari-
on of the projected daily revenue flows with the actual
daily revenue flows. If the secretary fails to certify to the
governor, the legislative auditor and the investment
management board the information required by this
subsection within the time specified herein, the legislative
auditor shall notify the auditor and treasurer of the failure
and thereafter no funds appropriated to the department of
revenue may be expended until the secretary has certified
the information required by this subsection.

§11B-2-12. Submission of expenditure schedules; contents;
submission of information on unpaid obliga-
tions; copies to legislative auditor.

(a) Prior to the beginning of each fiscal year, the spend-
ing officer of a spending unit shall submit to the secretary
a detailed expenditure schedule for the ensuing fiscal year.
The schedule shall be submitted in such form and at such
time as the secretary may require. The schedule shall
show:

(1) A proposed monthly rate of expenditure for amounts
appropriated for personal services;

(2) Each and every position budgeted under personal
services for the next ensuing fiscal year, with the monthly
salary or compensation of each position;

(3) A proposed quarterly rate of expenditure for amounts
appropriated for employee benefits, current expenses,
equipment and repairs and alterations classified by a
uniform system of accounting as called for in section
twenty-five of this article for each item of every appropri-
ation;

(4) A proposed yearly plan of expenditure for amounts
appropriated for buildings and lands; and
(5) A proposed quarterly plan of receipts itemized by type of revenue.

(b) The secretary may accept a differently itemized expenditure schedule from a spending unit to which the above itemizations are not applicable.

(c) The secretary shall consult with and assist spending officers in the preparation of expenditure schedules.

(d) Within fifteen days after the end of each month of the fiscal year, the head of every spending unit shall certify to the legislative auditor the status of obligations and payments of the spending unit for amounts of employee benefits, including, but not limited to, obligations and payments for social security withholding and employer matching, public employees insurance premiums and public employees retirement and teachers retirement systems.

(e) In the event the legislative auditor determines from certified reports or from other sources that any spending unit is not making all payments and transfers for employee benefits from funds appropriated for that purpose, the legislative auditor shall notify the secretary of administration, auditor and treasurer of the determination and thereafter no funds appropriated to the spending unit shall be encumbered or expended for the salary or compensation to the head of the spending unit until the legislative auditor determines that the payments or transfers are being made on a timely basis.

(f) When a spending officer submits an expenditure schedule to the secretary as required by this section, the spending officer shall at the same time transmit a copy thereof to the legislative auditor and the joint committee on government and finance or its designee. If a spending officer of a spending unit fails to transmit a copy to the legislative auditor on or before the beginning of the fiscal year, the legislative auditor shall notify the secretary, auditor and treasurer of the failure and thereafter no
funds appropriated to the spending unit shall be encumbered or expended until the spending officer thereof has transmitted a copy to the legislative auditor.

§11B-2-13. Examination and approval of expenditure schedules; amendments; copies to legislative auditor.

(a) The secretary shall examine the expenditure schedule of each spending unit and if it conforms to the appropriations made by the Legislature, the requirements of this article and is in accordance with sound fiscal policy, the secretary shall approve the schedule. In addition, the secretary shall give special consideration in the approval of expenditure schedules to accounts in which the appropriations consist predominantly of personal services funds so that the quarterly allotments of funds to the various spending units are sufficient to pay personnel costs in the quarter in which they are due.

(b) The expenditure of the appropriations made to a spending unit shall be only in accordance with the approved expenditure schedule unless the schedule is amended with the consent of the secretary, or unless appropriations are reduced in accordance with the provisions of sections twenty to twenty-two, inclusive, of this article. The spending officer of a spending unit shall transmit to the legislative auditor a copy of each and every requested amendment to the schedule at the same time that the requested amendment is submitted to the secretary. The secretary shall send to the legislative auditor copies of any schedule amended with the secretary's approval.


The secretary, with the approval of the governor, may require that an expenditure schedule provide for a reserve for emergencies out of the total amount appropriated to the spending unit. The amount of the reserve shall be determined by the secretary in consultation with the spending officer.
§11B-2-15. Reserves for public employees insurance program.

(a) There is hereby continued a special revenue account in the state treasury, designated the "Public Employees Insurance Reserve Fund", which is an interest-bearing account and may be invested in accordance with the provisions of article six, chapter twelve of this code, with the interest income a proper credit to the fund.

(b) The fund shall consist of moneys appropriated by the Legislature and moneys transferred annually pursuant to the provisions of subsection (c) of this section. These moneys shall be held in reserve and appropriated by the Legislature only for the support of the programs provided by the public employees insurance agency: Provided, That in only the fiscal year beginning the first day of July, two thousand two, and in each of the next two fiscal years thereafter, and ending on the thirtieth day of June, two thousand five, the moneys held in the fund may be appropriated to the bureau of medical services of the department of health and human resources.

(c) Annually each state agency, except for the higher education central office created in article four, chapter eighteen-b of this code; the higher education governing boards as defined in articles two and three of said chapter; and the state institutions of higher education as defined in section two, article one of said chapter shall transfer one percent of its annualized expenditures from state funds, excluding federal funds based on filled full-time equivalents as determined by the state budget office as of the first day of April for that fiscal year, to the public employees insurance reserve fund. The secretary may exempt that transfer only upon a showing by the requesting agency that the continued operation of that agency is dependent upon receipt of the exemption.

(d) Annually the secretary shall provide a report to the governor and the Legislature on the amount of reserves established pursuant to the provisions of this section, the
number of exemptions granted and the agencies receiving those exemptions.

§11B-2-16. Limitation on expenditures.

The expenditures of a spending unit during a quarter of the fiscal year shall not exceed the amount of the approved allotment, unless the governor approves the expenditure of a larger amount. Any amounts remaining unexpended at the close of the quarter shall be available for reallocation and expenditure during any succeeding quarter of the same fiscal year.

§11B-2-17. Transfers between items of appropriation of executive, legislative and judicial branches.

Notwithstanding any other provision of law to the contrary, there shall be no transfer of amounts between items of appropriations nor shall moneys appropriated for any particular purpose be expended for any other purpose by any spending unit of the executive, legislative or judicial branch except as hereinafter provided:

(1) Any transfer of amounts between items of appropriations for the executive branch of state government shall be made only as authorized by the Legislature.

(2) Any transfer of amounts between items of appropriations for the legislative branch of state government shall be made only pursuant to the joint rules adopted by the body and any amendments thereto, as certified to the state auditor, the state treasurer and the legislative auditor.

(3) Any transfer of amounts between items of appropriations for the judicial branch of state government shall be made only pursuant to rules adopted by the supreme court of appeals and any amendments thereto, as certified to the state auditor, the state treasurer and the legislative auditor.
§11B-2-18. Expenditure of excess in collections; notices to auditor and treasurer.

(a) If the amount actually collected by a spending unit exceeds the amount which it is authorized to expend from collections, the excess in collections shall be set aside in a special surplus fund for the spending unit. Expenditures from this fund shall be made only in accordance with the following procedure:

(1) The spending officer shall submit to the secretary:
   
   (A) A plan of expenditure showing the purposes for which the excess is to be expended; and
   
   (B) A justification statement showing the reasons why the expenditure is necessary and desirable.

(2) The secretary shall submit the request to the governor with his or her recommendation.

(3) If the governor approves the plan of expenditure and justification statement and is satisfied that the expenditure is required to defray the additional cost of the service or activity of the spending unit and that the expenditure is in accordance with sound fiscal policy, he or she may authorize the use of the excess during the current fiscal year. Notices of the authorization shall be sent to the state auditor, the state treasurer and the legislative auditor.

(b) An expenditure from a special surplus fund without the authorization of the governor, or other than in accordance with this section, shall be an unlawful use of public funds.

§11B-2-19. Reports by spending units; copies to legislative auditor.

A spending unit shall submit to the secretary reports with respect to the work and expenditures of the unit as the secretary may request for the purposes of this article. Upon receipt thereof, the secretary shall immediately send a copy of each report to the legislative auditor.
§11B-2-20. Reduction of appropriations; powers of governor; revenue shortfall reserve fund and permissible expenditures therefrom.

1 (a) Notwithstanding any provision of this section, the governor may reduce appropriations according to any of the methods set forth in sections twenty-one and twenty-two of this article. The governor may, in lieu of imposing a reduction in appropriations, request an appropriation by the Legislature from the revenue shortfall reserve fund established in this section.

2 (b) A revenue shortfall reserve fund is hereby continued within the state treasury. The revenue shortfall reserve fund shall be funded as set forth in this subsection from surplus revenues, if any, in the state fund, general revenue, as the surplus revenues may accrue from time to time. Within sixty days of the end of each fiscal year, the secretary shall cause to be deposited into the revenue shortfall reserve fund the first fifty percent of all surplus revenues, if any, determined to have accrued during the fiscal year just ended. The revenue shortfall reserve fund shall be funded continuously and on a revolving basis in accordance with this subsection up to an aggregate amount not to exceed five percent of the total appropriations from the state fund, general revenue, for the fiscal year just ended. If at the end of any fiscal year the revenue shortfall reserve fund is funded at an amount equal to or exceeding five percent of the state's general revenue fund budget for the fiscal year just ended, then there shall be no further obligation of the secretary under the provisions of this section to apply any surplus revenues as set forth in this subsection until that time the revenue shortfall reserve fund balance is less than five percent of the total appropriations from the state fund, general revenue.

3 (c) Not earlier than the first day of November of each calendar year, if the state's fiscal circumstances are such as to otherwise trigger the authority of the governor to reduce appropriations under this section or section
twenty-one or section twenty-two of this article, then in that event the governor may notify the presiding officers of both houses of the Legislature in writing of his or her intention to convene the Legislature pursuant to section nineteen, article VI of the constitution of West Virginia for the purpose of requesting the introduction of a supplementary appropriation bill or to request a supplementary appropriation bill at the next preceding regular session of the Legislature to draw money from the surplus revenue shortfall reserve fund to meet any anticipated revenue shortfall. If the Legislature fails to enact a supplementary appropriation from the revenue shortfall reserve fund during any special legislative session called for the purposes set forth in this section or during the next preceding regular session of the Legislature, then the governor may proceed with a reduction of appropriations pursuant to sections twenty-one and twenty-two of this article. Should any amount drawn from the revenue shortfall reserve fund pursuant to an appropriation made by the Legislature prove insufficient to address any anticipated shortfall, then the governor may also proceed with a reduction of appropriations pursuant to sections twenty-one and twenty-two of this article.

(d) Upon the creation of the fund, the Legislature is authorized and may make an appropriation from the revenue shortfall reserve fund for revenue shortfalls, for emergency revenue needs caused by acts of God or natural disasters or for other fiscal needs as determined solely by the Legislature.

(e) Prior to the thirty-first day of October, in any fiscal year in which revenues are inadequate to make timely payments of the state’s obligations, the governor may by executive order, after first notifying the presiding officers of both houses of the Legislature in writing, borrow funds from the revenue shortfall reserve fund. The amount of funds borrowed under this subsection shall not exceed one and one-half percent of the general revenue estimate for the fiscal year in which the funds are to be borrowed, or
the amount the governor determines is necessary to make
timely payment of the state's obligations, whichever is less.
Any funds borrowed pursuant to this subsection shall be
repaid, without interest, and redeposited to the credit of
the revenue shortfall reserve fund within ninety days of
their withdrawal.


If the governor determines that the amounts, or parts thereof, appropriated from the general revenue cannot be expended without creating an overdraft or deficit in the general fund, he or she may instruct the secretary to reduce all appropriations out of general revenue in a degree as necessary to prevent an overdraft or a deficit in the general fund.


(a) The governor, in the manner set forth in section twenty-one of this article, may reduce appropriations from:

(1) Funds supported by designated taxes or fees; and

(2) Fees or other collections set aside for the support of designated activities or services.

(b) Each fund and each fee or collection account shall be treated separately.

§11B-2-23. Approval of secretary of requests for changes and receipt and expenditure of federal funds by state agencies; copies or sufficient summary information to be furnished to secretary; and consolidated report of federal funds.

(a) Every agency of the state government when making requests or preparing budgets to be submitted to the federal government for funds, equipment, material or
services, the grant or allocation of which is conditioned upon the use of state matching funds, shall have the request or budget approved in writing by the secretary before submitting it to the proper federal authority. When the federal authority has approved the request or budget, the agency of the state government shall resubmit it to the secretary for recording before any allotment or encumbrance of the federal funds can be made. Whenever any agency of the state government receives from any agency of the federal government a grant or allocation of funds which do not require state matching, the state agency shall report to the secretary the amount of the federal funds granted or allocated.

(b) Unless contrary to federal law, any agency of state government, when making requests or preparing budgets to be submitted to the federal government for funds for personal services, shall include in the request or budget the amount of funds necessary to pay for the costs of any fringe benefits related to the personal service. For the purposes of this section, "fringe benefits" means any employment benefit granted by the state which involves state funds, including, but not limited to, contributions to insurance, retirement and social security and which does not affect the basic rate of pay of an employee.

(c) In addition to the other requirements of this section, the secretary shall, as soon as possible after the end of each fiscal year but no later than the thirty-first day of December of each year, submit to the governor a consolidated report which shall contain a detailed itemization of all federal funds received by the state during the preceding and current fiscal years, as well as those scheduled or anticipated to be received during the next ensuing fiscal year. The itemization shall show:

(1) Each spending unit which has received or is scheduled or expected to receive federal funds in either of the fiscal years;
(2) The amount of each separate grant or distribution received or to be received; and

(3) A brief description of the purpose of every grant or other distribution, with the name of the federal agency, bureau or department making the grant or distribution:

Provided, That it is not necessary to include in the report an itemization of federal revenue sharing funds deposited in and appropriated from the revenue sharing trust fund, or federal funds received for the benefit of the division of highways of the department of transportation.

(d) The secretary may obtain from the spending units any and all information necessary to prepare a report.

(e) Notwithstanding the other provisions of this section and in supplementation of the provisions of this section, the Legislature hereby determines that the department of revenue and its secretary need to be the single and central agency for receipt of information and documents in respect of applications for, and changes, receipt and expenditure of, federal funds by state agencies. Every agency of state government, when making application for federal funds in the nature of a grant, allocation or otherwise; when amending the applications or requests; when in receipt of federal funds; or when undertaking any expenditure of federal funds, in all respective instances, shall provide to the secretary of revenue document copies or sufficient summary information in respect of the federal funds to enable the secretary to provide approval in writing for any activity in respect to the federal funds.


1 The expenditure of an appropriation made by the Legislature shall be conditioned upon compliance by the spending unit with sections twenty-five, twenty-six, twenty-seven, twenty-eight and twenty-nine of this article.

§11B-2-25. Expenditure of appropriations – Other than for purchases of commodities.

1 A requisition for expenditure, other than an order for the purchase of commodities, shall be submitted as follows:

(1) The spending officer shall prepare and submit to the director a requisition showing the amount, purpose and appropriation from which the expenditure is requested;

(2) The director of the budget shall examine the requisition and determine whether the amount is within the quarterly allotment, is in accordance with the approved expenditure schedule and otherwise conforms to the provisions of this article;

(3) If the director approves the requisition, he or she shall encumber the proper account in the amount of the requisition and shall transmit the requisition to the auditor for disbursement in accordance with law; and

(4) If the director disapproves the requisition, he or she shall return it to the spending unit with a statement of his or her reasons.


If a requisition is a request for a purchase of commodities, the spending unit shall transmit the requisition to the state budget office for the purpose of ascertaining whether it conforms to the expenditure schedule. If it does not conform, the requisition shall be returned by the state budget office to the spending unit. If it conforms, the state budget office shall transmit the requisition to the purchasing division of the department of administration for purchase in accordance with article three, chapter five-a of this code. When a copy of the purchase order issued pursuant thereto is received from the purchasing division by the director in accordance with the provisions of section fourteen, article three, chapter five-a of this code, the director shall ascertain whether the unencumbered balance in the appropriation concerned, in excess of all unpaid obligations, is sufficient to defray the cost of the order and, if so, shall encumber the proper account and
§11B-2-27. Expenditure of appropriations — Payment of personal services.

A requisition for the payment of personal services shall upon receipt by the director of the budget be checked against the personnel schedule of the spending unit making the requisition. The director shall approve a requisition for personal services only if the amounts requested are in accordance with the personnel schedule of the spending unit.


(a) The provisions of sections twenty-six and twenty-seven of this article shall not apply to the expenditure of amounts appropriated for the use of the Legislature or for the judiciary.

(b) In the case of appropriations made for the Legislature, the clerk of the House of Delegates or the clerk of the Senate shall present his or her requisition directly to the auditor.

(c) In the case of appropriations made for the judiciary, the clerk of the court shall present his or her requisition or claim directly to the auditor.

(d) In the case of appropriations made for criminal charges, the clerk or the proper officer shall present his or her claim directly to the auditor.

§11B-2-29. Appropriations for officers, commissions, boards or institutions without office at capitol.

All appropriations now or hereafter made for officers, commissions, boards or institutions, public or private, other than state institutions of higher education, state
§11B-2-30. Submission of requests, amendments, reports, etc., to legislative auditor; misdemeanor penalty for noncompliance.

(a) The provisions of sections three, eleven, twelve, thirteen, nineteen and twenty-three of this article and section twenty-five, article two, chapter five-a of this code requiring the secretary or the spending officer of the spending units to supply copies of the documents specified therein to the legislative auditor shall be strictly adhered to by all persons.

(b) Any failure by any person to comply with the provisions of subsection (a) of this section shall be a misdemeanor and, upon conviction thereof, the person shall be fined the sum of one thousand dollars. This penalty shall be in addition to other penalties provided elsewhere in this article and other remedies provided by law.

§11B-2-31. Effectuation of transfer of budget section and transition.

To effectuate the transfer of the budget section of the finance division, department of administration to the department of revenue upon the effective date of this section in the year two thousand four:

(1) All employees, records, responsibilities, obligations, assets and property, of whatever kind and character, of the budget section, finance division of the department of administration are hereby transferred to the state budget office of the department of revenue beginning the effective date of this section in the year two thousand four.
33 (Enr. Com. Sub. for Com. Sub. for S. B. No. 149)

(2) The unencumbered balances of all funds allocated to the budget section of the division of finance for fiscal years ending the thirtieth day of June, two thousand four, and the fiscal year ending the thirtieth day of June, two thousand five, are hereby transferred to the state budget office of the department of revenue on the effective date of this section in the year two thousand four.

(3) All orders, determinations, rules, permits, grants, contracts, certificates, licenses, waivers, bonds, authorizations and privileges which have been issued, made, granted or allowed to become effective by the governor, any state department or agency or official thereof, or by a court of competent jurisdiction, in the performance of functions which have been transferred to the secretary of the department of revenue or to the department of revenue, and were in effect on the date the transfer occurred continue in effect, for the benefit of the department, according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with the law by the governor, the secretary of revenue, or other authorized official, a court of competent jurisdiction or by operation of law.

(4) Any proceedings, including, but not limited to, notices of proposed rulemaking, in which the budget section, finance division of the department of administration was an initiating or responding party are not affected by the transfer of the budget section to the department of revenue. Orders issued in any proceedings continue in effect until modified, terminated, superseded or revoked by the governor, the secretary of revenue, by a court of competent jurisdiction or by operation of law. Nothing in this subdivision prohibits the discontinuance or modification of any proceeding under the same terms and conditions and to the same extent that a proceeding could have been discontinued or modified if the division had not been transferred to the department of revenue. Transfer of the budget section of the finance division does not affect suits commenced prior to the effective date of the transfer and
all such suits and proceedings shall be had, appeals taken and judgments rendered in the same manner and with like effect as if the transfer had not occurred, except that the secretary of the department of revenue or other officer may, in an appropriate case, be substituted or added as a party.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Chairman Senate Committee

Chairman House Committee

Originated in the Senate.

In effect ninety days from passage.

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker House of Delegates

The within is approved this the last Day of April, 2004.

Governor