

The authorization for rescission to the budget is contained in 32 V.S.A. Chapter 9, § 704. The statute provides for actions that may be taken by the Administration and the Joint Fiscal Committee (JFC) in the event that the official state revenue forecast is reduced for the General, Transportation, and federal funds when the General Assembly is not in session. The statute allows for spending reductions and fund transfers to maintain a balanced budget.

**Statutory Rescission Provisions (Summary of 32 V.S.A. Chapter 9, § 704):**

- If the Official State revenue forecast is lowered by **less than one percent** the Secretary of Administration may prepare and implement an expenditure reduction plan **without the approval of the JFC**, although, the plan must be filed with the Joint Fiscal Office prior to implementation. The plan may only include reductions consistent with the official revenue reduction, no reductions in any section of the budget may exceed five percent, and the plan shall minimize negative impacts to the delivery of services to the public.
- If the Official State revenue forecast is reduced by **one percent or greater** the statute directs the Secretary of Administration to prepare an expenditure reduction plan, consistent with the revenue reduction, **for approval by the JFC**. The JFC has 21 days from the date of submission to approve or disapprove of the plan. If the JFC fails to act the plan is considered disapproved. During this 21 day period the JFC must hold a public hearing on the reduction plan.
- If the JFC disapproves of the reduction plan they shall make recommendation to the Secretary of Administration on an alternate plan. Within 7 days, the Secretary of Administration may submit a final plan for consideration and vote. If the plan differs from the JFC recommendation a public hearing will be held. At this point, if the JFC does not approve the revised plan with 14 days, the Secretary of Administration may prepare and implement an expenditure reduction plan of not greater than one percent, subject to the same limitations described in the first bullet above. Any additional reductions necessary to balance the budget will be submitted for Legislative action. For more information please see [Rescission Statute](#).

**Current FY 2018 Budget Rescission Process:****General Fund**

The July 21, 2017 revised Official General Fund Revenue Forecast lowered revenue by a **total of \$28.8 million**. This reduction exceeds one percent (approx. \$15 million) so the Secretary of Administration is required to submit a rescission plan for approval by the JFC. For more information please see [Official Revenue Forecast July 2017](#).

Of this \$28.8 million revenue reduction, \$16.3 million is due to the refunding of corporate income tax moved from FY 2017 to FY 2018, based upon language included in the FY 2018 budget. A plan for solving this \$16.3 million was presented to the JFC and the Emergency Board (E-Board) in July. The E-Board took action to implement the plan. Some provisions will be addressed in the FY 2018 Budget Adjustment. Please see [Corporate Refund Plan](#).

The additional \$12.5 million reduction will be presented to the JFC at their August 17th meeting. This plan may include offsetting revenues or appropriation reductions. After receipt of the plan a public hearing will be held either the same day or within the 21 day period following the presentation.

**Transportation Fund**

The official revenue forecast for the Transportation fund was reduced at the July meeting by \$3.5 million. This reduction exceeds one percent (\$2.7 million) which triggers the Secretary of Administration to submit a spending reduction plan to the JFC at the August 17th meeting.

Please note that this \$3.5 million transportation fund rescission is on top of the \$6.3 million spending reduction that was taken in FY 2017 under the authorization provided in Sec. 64 of the FY 2017 Budget Adjustment bill.