

WEST VIRGINIA LEGISLATURE

2026 REGULAR SESSION

Introduced

House Bill 5585

FISCAL
NOTE

By Delegate Hamilton

[Introduced February 16, 2026; referred to the
Committee on Energy and Public Works then
Finance]

1 A BILL to amend and reenact §11B-2-20 of the Code of West Virginia, 1931, as amended, relating
 2 to authorizing the use of Revenue Shortfall Reserve Funds for public health emergencies;
 3 designating several counties being in a public health emergency; and authorizing use of
 4 the Revenue Shortfall Reserve Fund to fund those counties public service districts and
 5 water board improvements.

Be it enacted by the Legislature of West Virginia:

ARTICLE 2. STATE BUDGET OFFICE.

**§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
 2 according to any of the methods set forth in §11B-2-21 and §11B-2-22 of this code. The Governor
 3 may, in lieu of imposing a reduction in appropriations, request an appropriation by the Legislature
 4 from the Revenue Shortfall Reserve Fund established in this section.

5 (b) The Revenue Shortfall Reserve Fund is continued within the State Treasury. The
 6 Revenue Shortfall Reserve Fund shall be funded continuously and on a revolving basis in
 7 accordance with this subsection from surplus revenues, if any, in the State Fund, General
 8 Revenue, as the surplus revenues may accrue from time to time.

9 Except as provided otherwise in this subsection, effective July 1, 2024, within 60 days of
 10 the end of each fiscal year, the secretary shall cause to be deposited into the Revenue Shortfall
 11 Reserve Fund such amount of the first 50 percent of all surplus revenues, if any, determined to
 12 have accrued during the fiscal year just ended, as may be necessary to bring the combined
 13 balance of the Revenue Shortfall Reserve Fund and the Revenue Shortfall Reserve Fund – Part B
 14 to an amount equal to 20 percent of a rolling average of the preceding three fiscal years’ general
 15 revenue appropriations in Title II, Section 1, providing for appropriations from general revenue, of
 16 the enrolled and enacted version of the state’s fiscal year budget: *Provided*, That no general
 17 revenue supplemental appropriations appropriated from the state’s general revenue

18 unappropriated balance or general revenue unappropriated surplus balance will be included in the
19 calculation of the state's general revenue appropriations.

20 (c) Not earlier than November 1 of each calendar year, if the state's fiscal circumstances
21 are such as to otherwise trigger the authority of the Governor to reduce appropriations under this
22 section or §11B-2-21 or §11B-2-22 of this code, then in that event the Governor may notify the
23 presiding officers of both houses of the Legislature in writing of his or her intention to convene the
24 Legislature pursuant to section 19, article VI of the Constitution of West Virginia for the purpose of
25 requesting the introduction of a supplementary appropriation bill or to request a supplementary
26 appropriation bill at the next preceding regular session of the Legislature to draw money from the
27 surplus Revenue Shortfall Reserve Fund to meet any anticipated revenue shortfall. If the
28 Legislature fails to enact a supplementary appropriation from the Revenue Shortfall Reserve Fund
29 during any special legislative session called for the purposes set forth in this section or during the
30 next preceding regular session of the Legislature, then the Governor may proceed with a reduction
31 of appropriations pursuant to §11B-2-21 and §11B-2-22 of this code. Should any amount drawn
32 from the Revenue Shortfall Reserve Fund pursuant to an appropriation made by the Legislature
33 prove insufficient to address any anticipated shortfall, then the Governor may also proceed with a
34 reduction of appropriations pursuant to §11B-2-21 and §11B-2-22 of this code.

35 (d) Upon the creation of the fund, the Legislature is authorized and may make an
36 appropriation from the Revenue Shortfall Reserve Fund for revenue shortfalls, for emergency
37 revenue needs caused by acts of God or natural disasters, a public health emergency, or for other
38 fiscal needs as determined solely by the Legislature.

39 (e) Prior to October 31 in any fiscal year in which revenues are inadequate to make timely
40 payments of the state's obligations, the Governor may, by executive order, after first notifying the
41 presiding officers of both houses of the Legislature in writing, borrow funds from the Revenue
42 Shortfall Reserve Fund. The amount of funds borrowed under this subsection may not exceed one
43 and one-half percent of the general revenue estimate for the fiscal year in which the funds are to

44 be borrowed, or the amount the Governor determines is necessary to make timely payment of the
45 state's obligations, whichever is less. Any funds borrowed pursuant to this subsection shall be
46 repaid, without interest, and redeposited to the credit of the Revenue Shortfall Reserve Fund
47 within 90 days of their withdrawal.

48 (f) The Revenue Shortfall Reserve Fund – Part B is continued within the State Treasury.
49 The Revenue Shortfall Reserve Fund – Part B shall consist of moneys transferred from the West
50 Virginia Tobacco Settlement Medical Trust Fund pursuant to §4-11A-2 of this code, repayments
51 made of the loan from the West Virginia Tobacco Settlement Medical Trust Fund to the Physician's
52 Mutual Insurance Company pursuant to §33-20F-1 *et seq.* of this code and all interest and other
53 return earned on the moneys in the Revenue Shortfall Reserve Fund – Part B. Moneys in the
54 Revenue Shortfall Reserve Fund – Part B may be expended solely for the purposes set forth in
55 subsection (d) of this section, subject to the following conditions:

56 (1) No moneys in the Revenue Shortfall Reserve Fund – Part B nor any interest or other
57 return earned thereon may be expended for any purpose unless all moneys in the Revenue
58 Shortfall Reserve Fund described in subsection (b) of this section have first been expended,
59 except that the interest or other return earned on moneys in the Revenue Shortfall Reserve Fund –
60 Part B may be expended as provided in subdivision (2) of this subsection;

61 (2) Notwithstanding any other provision of this section to the contrary, the Legislature may
62 appropriate any interest and other return earned thereon that may accrue on the moneys in the
63 Revenue Shortfall Reserve Fund – Part B after June 30, 2025, for expenditure for the purposes set
64 forth in §4-11A-3 of this code; and

65 (3) Any appropriation made from Revenue Shortfall Reserve Fund – Part B shall be made
66 only in instances of revenue shortfalls or fiscal emergencies of an extraordinary nature.

67 (g) Subject to the conditions upon expenditures from the Revenue Shortfall Reserve Fund
68 – Part B prescribed in subsection (f) of this section, in appropriating moneys pursuant to the
69 provisions of this section, the Legislature may in any fiscal year appropriate from the Revenue

70 Shortfall Reserve Fund and the Revenue Shortfall Reserve Fund – Part B a total amount up to, but
71 not exceeding, 10 percent of the total appropriations from the State Fund, General Revenue, for
72 the fiscal year just ended.

73 (h) (1) Of the moneys in the Revenue Shortfall Reserve Fund, \$100 million, or such greater
74 amount as may be certified as necessary by the Director of the Budget Office for the purposes of
75 subsection (e) of this section, shall be made available to the West Virginia Board of Treasury
76 Investments for management and investment of the moneys in accordance with the provisions of
77 §12-6C-1 *et seq.* of this code. All other moneys in the Revenue Shortfall Reserve Fund shall be
78 made available to the West Virginia Investment Management Board for management and
79 investment of the moneys in accordance with the provisions of §12-6-1 *et seq.* of this code. Any
80 balance of the Revenue Shortfall Reserve Fund, including accrued interest and other return
81 earned thereon at the end of any fiscal year, does not revert to the General Fund but shall remain
82 in the Revenue Shortfall Reserve Fund for the purposes set forth in this section.

83 (2) All of the moneys in the Revenue Shortfall Reserve Fund – Part B shall be made
84 available to the West Virginia Investment Management Board for management and investment of
85 the moneys in accordance with the provisions of §12-6-1 *et seq.* of this code. Any balance of the
86 Revenue Shortfall Reserve Fund – Part B, including accrued interest and other return earned
87 thereon at the end of any fiscal year, shall not revert to the General Fund but shall remain in the
88 Revenue Shortfall Reserve Fund – Part B for the purposes set forth in this section.

89 (i) The Legislature declares that a public health emergency exists in several public service
90 districts and municipal water boards located within the Counties of Boone, Lincoln, Logan,
91 Fayette, McDowell, Mercer, Mingo, Raleigh and Wyoming, and are therefore eligible for
92 appropriation pursuant to the provisions of this section.

NOTE: The purpose of this bill is to allow the use of Revenue Shortfall Reserve Funds for public health emergencies and to designate several counties' struggling Public Service Districts and water boards as public health emergencies and therefore eligible for appropriation from the Revenue Shortfall Reserve Fund.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.