

WEST VIRGINIA LEGISLATURE

2026 REGULAR SESSION

Introduced

Senate Bill 1063

FISCAL
NOTE

By Senator Jeffries

[Introduced February 23, 2026; referred
to the Committee on Economic Development; and
then to the Committee on Finance]

1 A BILL to amend and reenact §11B-2-20 of the Code of West Virginia, 1931, as amended; and to
 2 amend the code by adding a new section, designated §5B-2-22, relating to creating the
 3 Economic Development Investment Fund; providing requirements and procedures related
 4 to the fund; and modifying provisions related to the Revenue Shortfall Reserve Fund.

Be it enacted by the Legislature of West Virginia:

CHAPTER 5B. ECONOMIC DEVELOPMENT ACT OF 1985.

ARTICLE 2. DEPARTMENT DIVISION OF ECONOMIC DEVELOPMENT.

§5B-2-22. Economic Development Investment Fund.

1 (a) There is hereby created in the State Treasury a special revenue fund known as the
 2 Economic Development Investment Fund (the "fund"). The purpose of the fund is to serve as a
 3 long-term capital deployment fund for the State of West Virginia established for the purposes of:

- 4 (1) Financing job-creating capital projects;
- 5 (2) Supporting strategic industry recruitment;
- 6 (3) Funding infrastructure required for large industrial and energy users; and
- 7 (4) Leveraging private investment within the state.

8 (b) The fund shall be administered by the Division of Economic Development. Deposits
 9 into the fund shall be made pursuant to §11B-2-20 of this code. Any balance, including accrued
 10 interest and any other returns, in the fund at the end of each fiscal year may not expire to the
 11 General Revenue Fund but remain in the fund and be expended for the purposes provided by this
 12 section.

13 (c) The fund may be expended in the form of loans, revolving financing, equity
 14 participation, infrastructure grants tied to performance agreements, or other financial instruments
 15 deemed appropriate by the Secretary of Commerce. The Economic Development Authority or
 16 other state spending unit may be utilized to assist in the administration of the fund.

17 (d) Fund limitations – The fund may not be utilized for government operating expenses,

18 salary increases, or recurring programmatic spending. No single project may receive more than 25
 19 percent of the fund balance without prior notification to the Joint Committee on Government and
 20 Finance. Any entity or project receiving moneys from the fund must enter into a performance
 21 agreement with the division requiring, at a minimum:

22 (1) Job creation or retention thresholds;

23 (2) Private capital investment thresholds;

24 (3) Projected tax base expansion.

25 (e) The fund shall maintain a minimum balance equal to at least one year of projected
 26 project commitments.

27 (f) On or before January 1 of each year, the division shall report to the Joint Committee on
 28 Government and Finance on the status, usage, and overall activity related to the fund.

CHAPTER 11B. DEPARTMENT OF REVENUE.

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~~ 2026, within 60
 10 days of the end of each fiscal year, the secretary shall cause to be deposited into the Revenue

11 Shortfall Reserve Fund such amount of the first 50 percent of all surplus revenues, if any,
12 determined to have accrued during the fiscal year just ended, as may be necessary to bring the
13 combined balance of the Revenue Shortfall Reserve Fund and the Revenue Shortfall Reserve
14 Fund – Part B to an amount equal to 20 percent of a rolling average of the preceding three fiscal
15 years' general revenue appropriations in Title II, Section 1, providing for appropriations from
16 general revenue, of the enrolled and enacted version of the state's fiscal year budget: *Provided,*
17 That no greater than three percent of the general revenue collections for that fiscal year shall be
18 deposited into the Revenue Shortfall Reserve Fund: *Provided, however, That* general revenue
19 supplemental appropriations appropriated from the state's general revenue unappropriated
20 balance or general revenue unappropriated surplus balance will be included in the calculation of
21 the state's general revenue appropriations. If a fiscal year surplus exceeds the deposit limitation
22 established in this subsection, the excess funds shall not lapse to unappropriated surplus but shall
23 instead be transferred to the Economic Development Investment Fund established pursuant to
24 §5B-2-22 of this code.

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

37 from the Revenue Shortfall Reserve Fund pursuant to an appropriation made by the Legislature
38 prove insufficient to address any anticipated shortfall, then the Governor may also proceed with a
39 reduction of appropriations pursuant to §11B-2-21 and §11B-2-22 of this code.

40 (d) Upon the creation of the fund, the Legislature is authorized and may make an
41 appropriation from the Revenue Shortfall Reserve Fund for revenue shortfalls, for emergency
42 revenue needs caused by acts of God or natural disasters, or for other fiscal needs as determined
43 solely by the Legislature.

44 (e) Prior to October 31 in any fiscal year in which revenues are inadequate to make timely
45 payments of the state's obligations, the Governor may, by executive order, after first notifying the
46 presiding officers of both houses of the Legislature in writing, borrow funds from the Revenue
47 Shortfall Reserve Fund. The amount of funds borrowed under this subsection may not exceed one
48 and one-half percent of the general revenue estimate for the fiscal year in which the funds are to
49 be borrowed, or the amount the Governor determines is necessary to make timely payment of the
50 state's obligations, whichever is less. Any funds borrowed pursuant to this subsection shall be
51 repaid, without interest, and redeposited to the credit of the Revenue Shortfall Reserve Fund
52 within 90 days of their withdrawal.

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

61 (1) No moneys in the Revenue Shortfall Reserve Fund – Part B nor any interest or other
62 return earned thereon may be expended for any purpose unless all moneys in the Revenue

63 Shortfall Reserve Fund described in subsection (b) of this section have first been expended,
64 except that the interest or other return earned on moneys in the Revenue Shortfall Reserve Fund –
65 Part B may be expended as provided in subdivision (2) of this subsection;

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

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

72 (g) Subject to the conditions upon expenditures from the Revenue Shortfall Reserve Fund
73 – Part B prescribed in subsection (f) of this section, in appropriating moneys pursuant to the
74 provisions of this section, the Legislature may in any fiscal year appropriate from the Revenue
75 Shortfall Reserve Fund and the Revenue Shortfall Reserve Fund – Part B a total amount up to, but
76 not exceeding, 10 percent of the total appropriations from the State Fund, General Revenue, for
77 the fiscal year just ended.

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

88 (2) All of the moneys in the Revenue Shortfall Reserve Fund – Part B shall be made

89 available to the West Virginia Investment Management Board for management and investment of
90 the moneys in accordance with the provisions of §12-6-1 *et seq.* of this code. Any balance of the
91 Revenue Shortfall Reserve Fund – Part B, including accrued interest and other return earned
92 thereon at the end of any fiscal year, shall not revert to the General Fund but shall remain in the
93 Revenue Shortfall Reserve Fund – Part B for the purposes set forth in this section.

NOTE: The purpose of this bill is to establish an Economic Development Investment 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.