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HOUSE BILL NO. 1163

Offered January 9, 2002

A BILL to amend and reenact §§ 58.1-603, 58.1-604, 58.1-611.1, 58.1-614, 58.1-627, 58.1-628, and 58.1-638 of the Code of Virginia, relating to additional state sales and use tax in Arlington County, Fairfax County, Loudoun County, Prince William County, the City of Alexandria, the City of Fairfax, the City of Falls Church, the City of Manassas, and the City of Manassas Park and dedicating revenues from such additional tax to education-related purposes in such localities and to the Northern Virginia Transportation Authority for transportation purposes; and authorizing the issuance of bonds by the Northern Virginia Transportation Authority in the principal amount of \$2,380,000,000 for transportation projects in the Northern Virginia Regional Transportation Program; relating to the collection and expenditure of additional sales and use tax.

 Patron—Hull

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-603, 58.1-604, 58.1-611.1, 58.1-614, 58.1-627, 58.1-628, and 58.1-638 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-603. Imposition of sales tax.

A. There is hereby levied and imposed, in addition to all other taxes and fees of every kind now imposed by law, a license or privilege tax upon every person who engages in the business of selling at retail or distributing tangible personal property in this Commonwealth, or who rents or furnishes any of the things or services taxable under this chapter, or who stores for use or consumption in this Commonwealth any item or article of tangible personal property as defined in this chapter, or who leases or rents such property within this Commonwealth, in the amount of three and one-half percent:

1. Of the gross sales price of each item or article of tangible personal property when sold at retail or distributed in this Commonwealth.

2. Of the gross proceeds derived from the lease or rental of tangible personal property, where the lease or rental of such property is an established business, or part of an established business, or the same is incidental or germane to such business.

3. Of the cost price of each item or article of tangible personal property stored in this Commonwealth for use or consumption in this Commonwealth.

4. Of the gross proceeds derived from the sale or charges for rooms, lodgings or accommodations furnished to transients as set out in the definition of "retail sale" in § 58.1-602.

5. Of the gross sales of any services which are expressly stated as taxable within this chapter.

B. Beginning April 1, 2003, and ending at midnight on December 31, 2012, in addition to the tax imposed under subsection A, an additional tax of one percent is hereby levied and imposed on the property and activities set forth in subsection A in Arlington County, Fairfax County, Loudoun County, Prince William County, the City of Alexandria, the City of Fairfax, the City of Falls Church, the City of Manassas, and the City of Manassas Park.

Beginning January 1, 2013, and ending at midnight on December 31, 2037, in addition to the tax imposed under subsection A, an additional tax of one-half of one percent is hereby levied and imposed on the property and activities set forth in subsection A in Arlington County, Fairfax County, Loudoun County, Prince William County, the City of Alexandria, the City of Fairfax, the City of Falls Church, the City of Manassas, and the City of Manassas Park.

§ 58.1-604. Imposition of use tax.

A. There is hereby levied and imposed, in addition to all other taxes and fees now imposed by law, a tax upon the use or consumption of tangible personal property in this Commonwealth, or the storage of such property outside the Commonwealth for use or consumption in this Commonwealth, in the amount of three and one-half percent:

1. Of the cost price of each item or article of tangible personal property used or consumed in this Commonwealth. Tangible personal property which has been acquired for use outside this Commonwealth and subsequently becomes subject to the tax imposed hereunder shall be taxed on the basis of its cost price if such property is brought within this Commonwealth for use within six months of its acquisition; but if so brought within this Commonwealth six months or more after its acquisition, such property shall be taxed on the basis of the current market value (but not in excess of its cost price) of such property at the time of its first use within this Commonwealth. Such tax shall be based on such proportion of the

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59 cost price or current market value as the duration of time of use within this Commonwealth bears to the
60 total useful life of such property (but it shall be presumed in all cases that such property will remain
61 within this Commonwealth for the remainder of its useful life unless convincing evidence is provided to
62 the contrary).

63 2. Of the cost price of each item or article of tangible personal property stored outside this
64 Commonwealth for use or consumption in this Commonwealth.

65 3. A transaction taxed under § 58.1-603 shall not also be taxed under this section, nor shall the same
66 transaction be taxed more than once under either section.

67 4. The use tax shall not apply with respect to the use of any article of tangible personal property
68 brought into this Commonwealth by a nonresident individual, visiting in Virginia, for his personal use,
69 while within this Commonwealth.

70 5. The use tax shall not apply to out-of-state mail order catalog purchases totaling \$100 or less
71 during any calendar year.

72 *B. Beginning April 1, 2003, and ending at midnight on December 31, 2012, in addition to the tax*
73 *imposed under subsection A, an additional tax of one percent is hereby levied and imposed on the*
74 *property and activities set forth in subsection A in Arlington County, Fairfax County, Loudoun County,*
75 *Prince William County, the City of Alexandria, the City of Fairfax, the City of Falls Church, the City of*
76 *Manassas, and the City of Manassas Park .*

77 *Beginning January 1, 2013, and ending at midnight on December 31, 2037, in addition to the tax*
78 *imposed under subsection A, an additional tax of one-half of one percent is hereby levied and imposed*
79 *on the property and activities set forth in subsection A in Arlington County, Fairfax County, Loudoun*
80 *County, Prince William County, the City of Alexandria, the City of Fairfax, the City of Falls Church,*
81 *the City of Manassas, and the City of Manassas Park.*

82 § 58.1-611.1. Rate of tax on sales of food purchased for human consumption; Food Tax Reduction
83 Program.

84 A. Subject to the conditions of subsections D and E, the tax imposed by §§ *subsection A of*
85 *§ 58.1-603 and subsection A of § 58.1-604* on food purchased for human consumption shall be levied
86 and distributed as follows:

87 1. From January 1, 2000, through March 31, 2001, the tax rate on such food shall be three percent
88 of the gross sales price. The revenue from the tax shall be distributed as follows: (i) the revenue from
89 the tax at the rate of one-half percent shall be distributed as provided in subsection A of § 58.1-638, (ii)
90 the revenue from the tax at the rate of one percent shall be distributed as provided in subsections B, C
91 and D of § 58.1-638, and (iii) the revenue from the tax at the rate of one and one-half percent shall be
92 used for general fund purposes.

93 2. From April 1, 2001, through March 31, 2002, the tax rate on such food shall be two and one-half
94 percent of the gross sales price. The revenue from the tax shall be distributed as follows: (i) the revenue
95 from the tax at the rate of one-half percent shall be distributed as provided in subsection A of
96 § 58.1-638, (ii) the revenue from the tax at the rate of one percent shall be distributed as provided in
97 subsections B, C and D of § 58.1-638, and (iii) the revenue from the tax at the rate of one percent shall
98 be used for general fund purposes.

99 3. From April 1, 2002, through March 31, 2003, the tax rate on such food shall be two percent of
100 the gross sales price. The revenue from the tax shall be distributed as follows: (i) the revenue from the
101 tax at the rate of one-half percent shall be distributed as provided in subsection A of § 58.1-638, (ii) the
102 revenue from the tax at the rate of one percent shall be distributed as provided in subsections B, C and
103 D of § 58.1-638, and (iii) the revenue from the tax at the rate of one-half percent shall be used for
104 general fund purposes.

105 4. On and after April 1, 2003, the tax rate on such food shall be one and one-half percent of the
106 gross sales price. The revenue from the tax shall be distributed as follows: (i) the revenue from the tax
107 at the rate of one-half percent shall be distributed as provided in subsection A of § 58.1-638 and (ii) the
108 revenue from the tax at the rate of one percent shall be distributed as provided in subsections B, C and
109 D of § 58.1-638.

110 B. The provisions of this section shall not affect the imposition of tax on food purchased for human
111 consumption pursuant to §§ 58.1-605 and 58.1-606.

112 C. As used in this section, "food purchased for human consumption" has the same meaning as "food"
113 defined in the Food Stamp Act of 1977, 7 U.S.C. § 1012, as amended, and federal regulations adopted
114 pursuant to that Act, except it shall not include seeds and plants which produce food for human
115 consumption.

116 D. Notwithstanding the tax rates set forth in subsection A, the rate of tax on sales of food purchased
117 for human consumption for any twelve-month period beginning on or after April 1, 2001, shall not be
118 reduced below the rate then in effect for the Commonwealth's current fiscal year if:

119 1. Actual general fund revenues for the fiscal year preceding a fiscal year in which a rate reduction
120 is contemplated in subsection A do not exceed the official general fund revenue estimates for such

preceding fiscal year, as estimated in the most recently enacted and approved general appropriation act, by at least one percent; or

2. Any of the events listed in subsection C of § 58.1-3524 or subsection B of § 58.1-3536 have occurred during the then current fiscal year.

E. If the tax rate on food purchased for human consumption remains the same for the period January 1, 2000, through March 31, 2001, and the subsequent twelve-month period beginning on April 1, 2001, or with respect to any consecutive twelve-month periods beginning on and after April 1, 2001, the tax rate on such food shall remain the same unless none of the conditions set forth in subsection D have occurred, in which event the tax rate on food purchased for human consumption for the immediately following twelve-month period shall be equal to the next lowest tax rate listed in subsection A.

F. There is hereby created on the books of the Comptroller a nonreverting fund entitled the Food Tax Reserve Fund which shall be used solely for the statutory purposes of the Food Tax Reduction Program as established by this section, and as may be provided for in the general appropriation act. For the purpose of the Comptroller's preliminary and final annual reports required by § 2.1-207, all balances remaining in the Fund on June 30 of each year shall be considered a portion of the fund balance of the general fund of the state treasury.

G. *The tax imposed by subsection B of § 58.1-603 and by subsection B of § 58.1-604 shall not apply to food purchased for human consumption.*

§ 58.1-614. Vending machine sales.

A. Notwithstanding the provisions of §§ 58.1-603 and 58.1-604, whenever a dealer makes sales of tangible personal property through vending machines, or in any other manner making collection of the tax impractical, as determined by the Tax Commissioner, such dealer shall be required to report his wholesale purchases for sale at retail from vending machines and shall be required to remit an amount based on four and one-half percent of such wholesale purchases, *except that such wholesale purchases shall be taxed at the following rates in the localities set forth in subsection B of § 58.1-603 and subsection B of § 58.1-604: (i) beginning April 1, 2003, and ending at midnight on December 31, 2012, at a rate of five and one-half percent; (ii) beginning January 1, 2013, and ending at midnight on December 31, 2037, at a rate of five percent; and (iii) beginning January 1, 2038, at a rate of four and one-half percent.*

B. Notwithstanding the provisions of §§ 58.1-605 and 58.1-606, dealers making sales of tangible personal property through vending machines shall report and remit the one percent local sales and use tax computed as provided in subsection A of this section.

C. The provisions of subsections A and B of this section shall not be applicable to vending machine operators all of whose machines are under contract to nonprofit organizations. Such operators shall report only the gross receipts from machines selling items for more than ten cents and shall be required to remit an amount based on a percentage of their remaining gross sales established by the Tax Commissioner to take into account the inclusion of sales tax.

D. Notwithstanding any other provisions in this section or § 58.1-628, when the Tax Commissioner determines that it is impractical to collect the tax in the manner provided by those sections, such dealer shall be required to remit an amount based on a percentage of gross receipts which takes into account the inclusion of the sales tax.

E. The provisions of this section shall not be applicable to any dealer who fails to maintain records satisfactory to the Tax Commissioner. A dealer making sales of tangible personal property through vending machines shall obtain a certificate of registration under § 58.1-613 in relevant form for each county or city in which he has machines.

§ 58.1-627. Bracket system for tax at rate of three and one-half percent.

The following brackets of prices shall be used for the collection of the tax imposed by this chapter, *except for such tax imposed in the localities set forth in subsection B of § 58.1-603 and subsection B of § 58.1-604:*

| | | | | |
|--------|----|--------|----|-----|
| \$0.00 | to | \$0.14 | no | tax |
| .15 | to | .42 | 1¢ | tax |
| .43 | to | .71 | 2¢ | tax |
| .72 | to | .99 | 3¢ | tax |
| 1.00 | to | 1.28 | 4¢ | tax |
| 1.29 | to | 1.57 | 5¢ | tax |

| | | | | |
|-----|------|----|------|---------|
| 181 | | | | |
| 182 | 1.58 | to | 1.85 | 6¢ tax |
| 183 | | | | |
| 184 | 1.86 | to | 2.14 | 7¢ tax |
| 185 | | | | |
| 186 | 2.15 | to | 2.42 | 8¢ tax |
| 187 | | | | |
| 188 | 2.43 | to | 2.71 | 9¢ tax |
| 189 | | | | |
| 190 | 2.72 | to | 2.99 | 10¢ tax |
| 191 | | | | |
| 192 | 3.00 | to | 3.28 | 11¢ tax |
| 193 | | | | |
| 194 | 3.29 | to | 3.57 | 12¢ tax |
| 195 | | | | |
| 196 | 3.58 | to | 3.85 | 13¢ tax |
| 197 | | | | |
| 198 | 3.86 | to | 4.14 | 14¢ tax |
| 199 | | | | |
| 200 | 4.15 | to | 4.42 | 15¢ tax |
| 201 | | | | |
| 202 | 4.43 | to | 4.71 | 16¢ tax |
| 203 | | | | |
| 204 | 4.72 | to | 5.00 | 17¢ tax |
| 205 | | | | |

206 *Except in the localities set forth in subsection B of § 58.1-603 and subsection B of § 58.1-604, On on*
 207 *transactions over greater than five dollars, the tax shall be computed at three and one-half percent,*
 208 *one-half cent or more being treated as one cent. In the localities set forth in subsection B of § 58.1-603*
 209 *and subsection B of § 58.1-604, on transactions greater than five dollars, the tax shall be computed at*
 210 *four and one-half percent beginning April 1, 2003, and ending at midnight on December 31, 2012; four*
 211 *percent beginning January 1, 2013, and ending at midnight on December 31, 2037; and three and*
 212 *one-half percent beginning January 1, 2038, one-half cent or more being treated as one cent. If a dealer*
 213 *can show to the satisfaction of the Tax Commissioner that more than eighty-five percent of the total*
 214 *dollar volume of his gross taxable sales during the taxable month was from individual sales at prices of*
 215 *ten cents or less each, and that he was unable to adjust his prices in such manner as to prevent the*
 216 *economic incidence of the sales tax from falling on him, the Tax Commissioner shall determine the*
 217 *proper tax liability of the dealer based on that portion of the dealer's gross taxable sales which was from*
 218 *sales at prices of eleven cents or more.*

219 § 58.1-628. Bracket system for combined state and local tax.

220 The following brackets of prices shall be used for the collection of the combined state and local tax,
 221 except for such tax imposed in the localities set forth in subsection B of § 58.1-603 and subsection B of
 222 § 58.1-604:

| | | | | |
|-----|--------|----|--------|--------|
| 223 | \$0.00 | to | \$0.11 | no tax |
| 224 | | | | |
| 225 | .12 | to | .33 | 1¢ tax |
| 226 | | | | |
| 227 | .34 | to | .55 | 2¢ tax |
| 228 | | | | |
| 229 | .56 | to | .77 | 3¢ tax |
| 230 | | | | |
| 231 | .78 | to | .99 | 4¢ tax |
| 232 | | | | |
| 233 | 1.00 | to | 1.22 | 5¢ tax |
| 234 | | | | |
| 235 | 1.23 | to | 1.44 | 6¢ tax |
| 236 | | | | |
| 237 | 1.45 | to | 1.66 | 7¢ tax |
| 238 | | | | |

| | | | | | |
|-----|------|----|------|-----|-----|
| 239 | 1.67 | to | 1.88 | 8¢ | tax |
| 240 | | | | | |
| 241 | 1.89 | to | 2.11 | 9¢ | tax |
| 242 | | | | | |
| 243 | 2.12 | to | 2.33 | 10¢ | tax |
| 244 | | | | | |
| 245 | 2.34 | to | 2.55 | 11¢ | tax |
| 246 | | | | | |
| 247 | 2.56 | to | 2.77 | 12¢ | tax |
| 248 | | | | | |
| 249 | 2.78 | to | 2.99 | 13¢ | tax |
| 250 | | | | | |
| 251 | 3.00 | to | 3.22 | 14¢ | tax |
| 252 | | | | | |
| 253 | 3.23 | to | 3.44 | 15¢ | tax |
| 254 | | | | | |
| 255 | 3.45 | to | 3.66 | 16¢ | tax |
| 256 | | | | | |
| 257 | 3.67 | to | 3.88 | 17¢ | tax |
| 258 | | | | | |
| 259 | 3.89 | to | 4.11 | 18¢ | tax |
| 260 | | | | | |
| 261 | 4.12 | to | 4.33 | 19¢ | tax |
| 262 | | | | | |
| 263 | 4.34 | to | 4.55 | 20¢ | tax |
| 264 | | | | | |
| 265 | 4.56 | to | 4.77 | 21¢ | tax |
| 266 | | | | | |
| 267 | 4.78 | to | 5.00 | 22¢ | tax |
| 268 | | | | | |

269 *Except in the localities set forth in subsection B of § 58.1-603 and subsection B of § 58.1-604, On on*
270 *transactions over greater than five dollars, the tax shall be computed at four and one-half percent, one*
271 *half cent or more being treated as one cent. In the localities set forth in subsection B of § 58.1-603 and*
272 *subsection B of § 58.1-604, on transactions greater than five dollars, the tax shall be computed at five*
273 *and one-half percent beginning April 1, 2003, and ending at midnight on December 31, 2012; five*
274 *percent beginning January 1, 2013, and ending at midnight on December 31, 2037; and four and*
275 *one-half percent beginning January 1, 2038, one-half cent or more being treated as one cent. The*
276 *foregoing bracket system shall not relieve the dealer from the duty and liability to remit an amount*
277 *equal to four and one-half percent of his gross taxable sales as provided in this chapter. If the dealer,*
278 *however, can show to the satisfaction of the Tax Commissioner that more than eighty-five percent of the*
279 *total dollar volume of his gross taxable sales during the taxable month was from individual sales at*
280 *prices of ten cents or less each and that he was unable to adjust his prices in such manner as to prevent*
281 *the economic incidence of the sales tax from falling on him, the Tax Commissioner shall determine the*
282 *proper tax liability of the dealer based on that portion of the dealer's gross taxable sales which was from*
283 *sales at prices of eleven cents or more.*

284 § 58.1-638. Disposition of state sales and use tax revenue; Transportation Trust Fund; localities'
285 share; Game Protection Fund.

286 A. The Comptroller shall designate a specific revenue code number for all the state sales and use tax
287 revenue collected under the preceding sections of this chapter.

288 1. The sales and use tax revenue generated by the one-half percent sales and use tax increase enacted
289 by the 1986 Special Session of the General Assembly shall be paid, in the manner hereinafter provided
290 in this section, to the Transportation Trust Fund as defined in § 33.1-23.03:1. Of the funds paid to the
291 Transportation Trust Fund, an aggregate of 4.2 percent shall be set aside as the Commonwealth Port
292 Fund as provided in this section; an aggregate of 2.4 percent shall be set aside as the Commonwealth
293 Airport Fund as provided in this section; and an aggregate of 14.5 percent in fiscal year 1998-1999 and
294 14.7 percent in fiscal year 1999-2000 and thereafter shall be set aside as the Commonwealth Mass
295 Transit Fund as provided in this section. The Fund's share of such net revenue shall be computed as an
296 estimate of the net revenue to be received into the state treasury each month, and such estimated
297 payment shall be adjusted for the actual net revenue received in the preceding month. All payments shall

298 be made to the Fund on the last day of each month.

299 2. There is hereby created in the Department of the Treasury a special nonreverting fund which shall
300 be a part of the Transportation Trust Fund and which shall be known as the Commonwealth Port Fund.

301 a. The Commonwealth Port Fund shall be established on the books of the Comptroller and the funds
302 remaining in such Fund at the end of a biennium shall not revert to the general fund but shall remain in
303 the Fund. Interest earned on such funds shall remain in the Fund and be credited to it. Funds may be
304 paid to any authority, locality or commission for the purposes hereinafter specified.

305 b. The amounts allocated pursuant to this section shall be allocated by the Commonwealth
306 Transportation Board to the Board of Commissioners of the Virginia Port Authority to be used to
307 support port capital needs and the preservation of existing capital needs of all ocean, river, or tributary
308 ports within the Commonwealth.

309 c. Commonwealth Port Fund revenue shall be allocated by the Board of Commissioners to the
310 Virginia Port Authority in order to foster and stimulate the flow of maritime commerce through the
311 ports of Virginia, including but not limited to the ports of Richmond, Hopewell and Alexandria.

312 3. There is hereby created in the Department of the Treasury a special nonreverting fund which shall
313 be part of the Transportation Trust Fund and which shall be known as the Commonwealth Airport Fund.
314 The Commonwealth Airport Fund shall be established on the books of the Comptroller and any funds
315 remaining in such Fund at the end of a biennium shall not revert to the general fund but shall remain in
316 the Fund. Interest earned on the funds shall be credited to the Fund. The funds so allocated shall be
317 allocated by the Commonwealth Transportation Board to the Virginia Aviation Board. The funds shall
318 be allocated by the Virginia Aviation Board to any Virginia airport which is owned by the
319 Commonwealth, a governmental subdivision thereof, or a private entity to which the public has access
320 for the purposes enumerated in § 5.1-2.16, or is owned or leased by the Metropolitan Washington
321 Airports Authority (MWAA), as follows:

322 Any new funds in excess of \$12.1 million which are available for allocation by the Virginia Aviation
323 Board from the Commonwealth Transportation Fund, shall be allocated as follows: sixty percent to
324 MWAA, up to a maximum annual amount of two million dollars, and forty percent to air carrier airports
325 as provided in subdivision A 3 a. Except for adjustments due to changes in enplaned passengers, no air
326 carrier airport sponsor, excluding MWAA, shall receive less funds identified under subdivision A 3 a
327 than it received in fiscal year 1994-1995.

328 Of the remaining amount:

329 a. Forty percent of the funds shall be allocated to air carrier airports, except airports owned or leased
330 by MWAA, based upon the percentage of enplanements for each airport to total enplanements at all air
331 carrier airports, except airports owned or leased by MWAA. No air carrier airport sponsor, however,
332 shall receive less than \$50,000 nor more than \$2 million per year from this provision.

333 b. Forty percent of the funds shall be allocated by the Aviation Board for air carrier and reliever
334 airports on a discretionary basis, except airports owned or leased by MWAA.

335 c. Twenty percent of the funds shall be allocated by the Aviation Board for general aviation airports
336 on a discretionary basis.

337 4. There is hereby created in the Department of the Treasury a special nonreverting fund which shall
338 be a part of the Transportation Trust Fund and which shall be known as the Commonwealth Mass
339 Transit Fund.

340 a. The Commonwealth Mass Transit Fund shall be established on the books of the Comptroller and
341 any funds remaining in such Fund at the end of the biennium shall not revert to the general fund but
342 shall remain in the Fund. Interest earned on such funds shall be credited to the Fund. Funds may be
343 paid to any local governing body, transportation district commission, or public service corporation for
344 the purposes hereinafter specified.

345 b. The amounts allocated pursuant to this section shall be used to support the public transportation
346 administrative costs and the costs borne by the locality for the purchase of fuels, lubricants, tires and
347 maintenance parts and supplies for public transportation at a state share of eighty percent in 2002 and
348 ninety-five percent in 2003 and succeeding years. These amounts may be used to support up to
349 ninety-five percent of the local or nonfederal share of capital project costs for public transportation and
350 ridesharing equipment, facilities, and associated costs. Capital costs may include debt service payments
351 on local or agency transit bonds. The term "borne by the locality" means the local share eligible for
352 state assistance consisting of costs in excess of the sum of fares and other operating revenues plus
353 federal assistance received by the locality.

354 c. Commonwealth Mass Transit Fund revenue shall be allocated by the Commonwealth
355 Transportation Board as follows:

356 (1) Funds for special programs, which shall include ridesharing, experimental transit, and technical
357 assistance, shall not exceed 1.5 percent of the Fund.

358 (2) The Board may allocate these funds to any locality or planning district commission to finance up
359 to eighty percent of the local share of all costs associated with the development, implementation, and

continuation of ridesharing programs.

(3) Funds allocated for experimental transit projects may be paid to any local governing body, transportation district commission, or public corporation or may be used directly by the Department of Rail and Public Transportation for the following purposes:

(a) To finance up to ninety-five percent of the capital costs related to the development, implementation and promotion of experimental public transportation and ridesharing projects approved by the Board.

(b) To finance up to ninety-five percent of the operating costs of experimental mass transportation and ridesharing projects approved by the Board for a period of time not to exceed twelve months.

(c) To finance up to ninety-five percent of the cost of the development and implementation of any other project designated by the Board where the purpose of such project is to enhance the provision and use of public transportation services.

d. Funds allocated for public transportation promotion and operation studies may be paid to any local governing body, planning district commission, transportation district commission, or public transit corporation, or may be used directly by the Department of Rail and Public Transportation for the following purposes and aid of public transportation services:

(1) At the approval of the Board to finance a program administered by the Department of Rail and Public Transportation designed to promote the use of public transportation and ridesharing throughout Virginia.

(2) To finance up to fifty percent of the local share of public transportation operations planning and technical study projects approved by the Board.

e. At least 73.5 percent of the Fund shall be distributed to each transit property in the same proportion as its operating expenses bear to the total statewide operating expenses and shall be spent for the purposes specified in subdivision 4 b.

f. The remaining twenty-five percent shall be distributed for capital purposes on the basis of ninety-five percent of the nonfederal share for federal projects and ninety-five percent of the total costs for nonfederal projects. In the event that total capital funds available under this subdivision are insufficient to fund the complete list of eligible projects, the funds shall be distributed to each transit property in the same proportion that such capital expenditure bears to the statewide total of capital projects.

g. There is hereby created in the Department of the Treasury a special nonreverting fund known as the Commonwealth Transit Capital Fund. The Commonwealth Transit Capital Fund shall be part of the Commonwealth Mass Transit Fund. The Commonwealth Transit Capital Fund subaccount shall be established on the books of the Comptroller and consist of such moneys as are appropriated to it by the General Assembly and of all donations, gifts, bequests, grants, endowments, and other moneys given, bequeathed, granted, or otherwise made available to the Commonwealth Transit Capital Fund. Any funds remaining in the Commonwealth Transit Capital Fund at the end of the biennium shall not revert to the general fund, but shall remain in the Commonwealth Transit Capital Fund. Interest earned on funds within the Commonwealth Transit Capital Fund shall remain in and be credited to the Commonwealth Transit Capital Fund. Proceeds of the Commonwealth Transit Capital Fund may be paid to any political subdivision, another public entity created by an act of the General Assembly, or a private entity as defined in § 56-557 and for purposes as enumerated in subdivision 4c of § 33.1-269 or expended by the Department of Rail and Public Transportation for the purposes specified in this subdivision. Revenues of the Commonwealth Transit Capital Fund shall be used to support capital expenditures involving the establishment, improvement, or expansion of public transportation services through specific projects approved by the Commonwealth Transportation Board. Projects financed by the Commonwealth Transit Capital Fund shall receive local, regional or private funding for at least twenty percent of the nonfederal share of the total project cost.

5. Funds for Metro shall be paid by the Northern Virginia Transportation Commission (NVTC) to the Washington Metropolitan Area Transit Authority (WMATA) and be a credit to the Counties of Arlington and Fairfax and the Cities of Alexandria, Falls Church and Fairfax in the following manner:

a. Local obligations for debt service for WMATA rail transit bonds apportioned to each locality using WMATA's capital formula shall be paid first by NVTC. NVTC shall use ninety-five percent state aid for these payments.

b. The remaining funds shall be apportioned to reflect WMATA's allocation formulas by using the related WMATA-allocated subsidies and relative shares of local transit subsidies. Capital costs shall include twenty percent of annual local bus capital expenses. Hold harmless protections and obligations for NVTC's jurisdictions agreed to by NVTC on November 5, 1998, shall remain in effect.

Appropriations from the Commonwealth Mass Transit Fund are intended to provide a stable and reliable source of revenue as defined by Public Law 96-184.

B. The sales and use tax revenue generated by a one percent sales and use tax shall be distributed

421 among the counties and cities of this Commonwealth in the manner provided in subsections C and D.

422 C. The localities' share of the net revenue distributable under this section among the counties and
423 cities shall be apportioned by the Comptroller and distributed among them by warrants of the
424 Comptroller drawn on the Treasurer of Virginia as soon as practicable after the close of each month
425 during which the net revenue was received into the state treasury. The distribution of the localities' share
426 of such net revenue shall be computed with respect to the net revenue received into the state treasury
427 during each month, and such distribution shall be made as soon as practicable after the close of each
428 such month.

429 D. The net revenue so distributable among the counties and cities shall be apportioned and
430 distributed upon the basis as certified to the Comptroller by the Department of Education, of the number
431 of children in each county and city according to the most recent statewide census of school population
432 taken by the Department of Education pursuant to § 22.1-284, as adjusted in the manner hereinafter
433 provided. No special school population census, other than a statewide census, shall be used as the basis
434 of apportionment and distribution except that in any calendar year in which a statewide census is not
435 reported, the Department of Education shall adjust such school population figures by the same percent of
436 annual change in total population estimated for each locality by The Center for Public Service. The
437 revenue so apportionable and distributable is hereby appropriated to the several counties and cities for
438 maintenance, operation, capital outlays, debt and interest payments, or other expenses incurred in the
439 operation of the public schools, which shall be considered as funds raised from local resources. In any
440 county, however, wherein is situated any incorporated town constituting a school division, the county
441 treasurer shall pay into the town treasury for maintenance, operation, capital outlays, debt and interest
442 payments, or other expenses incurred in the operation of the public schools, the proper proportionate
443 amount received by him in the ratio that the school population of such town bears to the school
444 population of the entire county. If the school population of any city or of any town constituting a school
445 division is increased by the annexation of territory since the last preceding school population census,
446 such increase shall, for the purposes of this section, be added to the school population of such city or
447 town as shown by the last such census and a proper reduction made in the school population of the
448 county or counties from which the annexed territory was acquired.

449 E. Beginning July 1, 2000, of the remaining sales and use tax revenue, the revenue generated by a
450 two percent sales and use tax, up to an annual amount of \$13 million, collected from the sales of
451 hunting equipment, auxiliary hunting equipment, fishing equipment, auxiliary fishing equipment,
452 wildlife-watching equipment, and auxiliary wildlife-watching equipment in Virginia, as estimated by the
453 most recent U.S. Department of the Interior, Fish and Wildlife Service and U.S. Department of
454 Commerce, Bureau of the Census National Survey of Fishing, Hunting, and Wildlife-Associated
455 Recreation, shall be paid into the Game Protection Fund established under § 29.1-101 and shall be used,
456 in part, to defray the cost of law enforcement. Not later than thirty days after the close of each quarter,
457 the Comptroller shall transfer to the Game Protection Fund the appropriate amount of collections to be
458 dedicated to such Fund. At any time that the balance in the Capital Improvement Fund, established
459 under § 29.1-101.1, is equal to or in excess of \$35 million, any portion of sales and use tax revenues
460 that would have been transferred to the Game Protection Fund, established under § 29.1-101, in excess
461 of the net operating expenses of the Board, after deduction of other amounts which accrue to the Board
462 and are set aside for the Game Protection Fund, shall remain in the general fund until such time as the
463 balance in the Capital Improvement Fund is less than \$35 million.

464 F. If errors are made in any distribution, or adjustments are otherwise necessary, the errors shall be
465 corrected and adjustments made in the distribution for the next quarter or for subsequent quarters.

466 G. 1. *The revenue generated and collected from the additional one percent tax, beginning April 1,*
467 *2003, and ending at midnight on December 31, 2012, pursuant to subsection B of § 58.1-603 and*
468 *subsection B of § 58.1-604, shall be paid into the state treasury to the credit of a special fund that is*
469 *hereby created on the Comptroller's books under the name "Collections of Additional Sales and Use*
470 *Taxes." Such revenue shall be distributed as follows:*

471 a. *One-half of the amount of such revenue generated in each such county and city set forth in*
472 *subsection B of § 58.1-603 and subsection B of § 58.1-604 shall be distributed to the respective county*
473 *or city from which such revenue was generated in accordance with the same procedures for the*
474 *collection of sales tax moneys pursuant to subsection E of § 58.1-605 and the same procedures for the*
475 *collection of use tax moneys pursuant to subsections E and F of § 58.1-606. Such revenue shall be used*
476 *solely within the respective county or city, and only for capital projects for public school construction*
477 *and public school infrastructure improvements including, but not limited to, technology infrastructure;*
478 *additions, renovations, and retrofitting of existing school buildings; new school construction; site*
479 *acquisition; and debt service payments, but only for debt service payments on such capital projects*
480 *completed subsequent to July 1, 1991, but prior to July 1, 2002.*

481 b. *The remaining revenue generated and collected from such additional one percent tax shall be*
482 *distributed to the Northern Virginia Transportation Authority. Such revenue shall be used exclusively for*

transportation projects and purposes and shall not be available for use under § 15.2-5814 or § 15.2-5914.

2. The revenue generated and collected from the additional one-half of one percent tax, beginning January 1, 2013, through December 31, 2037, pursuant to subsection B of § 58.1-603 and subsection B of § 58.1-604, shall be paid into the state treasury to the credit of the "Collections of Additional Sales and Use Taxes" fund and shall be distributed to the Northern Virginia Transportation Authority and shall be used exclusively for transportation projects and purposes and shall not be available for use under § 15.2-5814 or § 15.2-5914.

3. The revenue distributed under this subsection to the counties and cities set forth in subsection B of § 58.1-603 and subsection B of § 58.1-604 and to the Northern Virginia Transportation Authority shall be considered funds raised from local sources. Such revenue shall be distributed by warrant of the Comptroller drawn on the Treasurer of Virginia as soon as practicable after the close of each month during which it was received into the state treasury. The revenue credited and distributed pursuant to this subsection shall be the gross revenue generated and collected from the additional taxes provided under subsection B of § 58.1-603 and subsection B of § 58.1-604 less the applicable portion of any refunds to taxpayers.

GH. The term "net revenue," as used in this section, means the gross revenue received into the general fund or the Transportation Trust Fund of the state treasury under the preceding sections of this chapter, less refunds to taxpayers.

3. That it shall be the duty of the officers in Arlington County, Fairfax County, Loudoun County, Prince William County, the City of Alexandria, the City of Fairfax, the City of Falls Church, the City of Manassas, and the City of Manassas Park, conducting the election directed by law to be held on the Tuesday after the first Monday in November 2002 at the places appointed for holding the same, to open a poll and take the sense of the qualified voters upon the ratification or rejection of the additional tax in those localities.

The ballot shall contain the following question:

"Shall an additional state sales and use tax be imposed in Arlington County, Fairfax County, Loudoun County, Prince William County, the City of Alexandria, the City of Fairfax, the City of Falls Church, the City of Manassas, and the City of Manassas Park beginning April 1, 2003, in accordance with Chapter (...Chapter number...) of the 2002 Acts of Assembly in the following amounts: (i) one-half of one percent through December 31, 2012, with the revenues generated in each locality to be used by each locality solely for capital projects for public school construction and public school infrastructure improvements and (ii) one-half of one percent through December 31, 2037, to be used solely for transportation projects and purposes as specified in Chapter (...Chapter number...) of the 2002 Acts of Assembly?"

☐ Yes

☐ No"

3. That the Northern Virginia Transportation Authority shall issue bonds for the following transportation projects and purposes as follows:

§ 1. Title. This act shall be known and may be cited as the "Northern Virginia Regional Transportation Program Bond Act of 2002."

§ 2. For purposes of this act, the following definitions shall apply:

"Authority" means the Northern Virginia Transportation Authority.

"Program" means the Northern Virginia Regional Transportation Program.

"Project" means the transportation projects included in the program.

§ 3. The Program shall consist of the following projects: Dulles Corridor Transit (local share for Fairfax and Loudoun counties), I-66 improvements and rail extension (west of I-495), I-95 improvements and rail extension, Route 1 improvements, Techway/Eastern Potomac River crossing, I-495 highway and transit improvements, Fairfax County Parkway, Tri-County/Loudoun Parkway, VRE new railcars, Route 234 Bypass extended/Route 659 relocated, Metrorail capital improvements (including railcar purchase and station enhancements), secondary system improvements, urban system improvements (including Arlington County), Route 7 Loudoun, Route 7 Fairfax, Columbia Pike/Route 7 Transit, Cities of Alexandria and Fairfax transit (bus) capital improvements, and PRTC Bus purchase/facilities.

§ 4. The Authority is hereby authorized to issue at one time or from time to time bonds in an aggregate principal amount not exceeding \$2,380,000,000 to finance the costs of the projects plus an amount for the issuance costs, capitalized interest, reserve funds, and other financing expenses (the "Bonds"). The proceeds of the Bonds shall be used exclusively for the purpose of providing funds, with any other available funds, for paying the costs incurred or to be incurred for construction or funding of the projects that comprise the program, consisting of environmental and engineering studies, rights-of-way acquisition, improvements to all modes of transportation, construction and related improvements (the "projects"). Such costs may include the payment of interest on the Bonds for a period

544 *during construction and not exceeding one year after completion of construction of the projects.*

545 *§ 5. The projects, and the amount of bonds authorized to be issued for each such project, are as*
 546 *follows and constitute the Northern Virginia Regional Transportation Program:*

| 547 | <i>Projects</i> | <i>Bond amount</i> |
|-----|---|------------------------|
| 548 | | |
| 549 | <i>Dulles Corridor Transit (Local Share for</i> | |
| 550 | | |
| 551 | <i>Fairfax and Loudoun Counties)</i> | <i>\$300,000,000</i> |
| 552 | | |
| 553 | <i>I-66 Improvements and Rail Extension</i> | |
| 554 | | |
| 555 | <i>(West of I-495)</i> | <i>\$300,000,000</i> |
| 556 | | |
| 557 | <i>I-95 Improvements and Rail Extension</i> | <i>\$300,000,000</i> |
| 558 | | |
| 559 | <i>Route 1 Improvements</i> | <i>\$200,000,000</i> |
| 560 | | |
| 561 | <i>Techway/Eastern Potomac River Crossing</i> | <i>\$100,000,000</i> |
| 562 | | |
| 563 | <i>I-495 Highway and Transit Improvements</i> | <i>\$200,000,000</i> |
| 564 | | |
| 565 | <i>Fairfax County Parkway</i> | <i>\$150,000,000</i> |
| 566 | | |
| 567 | <i>Tri-County/Loudoun Parkway</i> | <i>\$100,000,000</i> |
| 568 | | |
| 569 | <i>VRE New Railcars</i> | <i>\$50,000,000</i> |
| 570 | | |
| 571 | <i>Route 234 Bypass Extended/Route 659 Relocated</i> | <i>\$50,000,000</i> |
| 572 | | |
| 573 | <i>Metrorail Capital Improvements (Including</i> | |
| 574 | | |
| 575 | <i>Railcar Purchase and Station Enhancements)</i> | <i>\$200,000,000</i> |
| 576 | | |
| 577 | <i>Secondary System Improvements</i> | <i>\$100,000,000</i> |
| 578 | | |
| 579 | <i>Urban System Improvements (Including Arlington</i> | |
| 580 | | |
| 581 | <i>County)</i> | <i>\$100,000,000</i> |
| 582 | | |
| 583 | <i>Route 7 Loudoun</i> | <i>\$50,000,000</i> |
| 584 | | |
| 585 | <i>Route 7 Fairfax</i> | <i>\$50,000,000</i> |
| 586 | | |
| 587 | <i>Columbia Pike/Route 7 Transit</i> | <i>\$90,000,000</i> |
| 588 | | |
| 589 | <i>Cities of Alexandria and Fairfax Transit (Bus)</i> | |
| 590 | | |
| 591 | <i>Capital Improvements</i> | <i>\$35,000,000</i> |
| 592 | | |
| 593 | <i>PRTC Bus purchase/facilities</i> | <i>\$5,000,000</i> |
| 594 | | |
| 595 | <i>Total</i> | <i>\$2,380,000,000</i> |
| 596 | | |

597 *Bond proceeds allocated for Secondary System Improvements shall be allocated on the basis of*
 598 *population as determined by the 2000 U.S. Census for improvements in the following counties: Fairfax*
 599 *County, Loudoun County, and Prince William County. Bond proceeds allocated for Urban System*
 600 *Improvements shall be allocated on the basis of population as determined by the 2000 U.S. Census for*

improvements in the following counties, cities, and towns: Arlington County, Alexandria, Fairfax City, Falls Church, Manassas, Manassas Park, Dumfries, Leesburg, Vienna, and Herndon.

To the extent that the sales and use tax revenues distributed to the Authority pursuant to subsection G of § 58.1-638 of the Code of Virginia exceed the amount needed to pay annual debt service on bonds issued to support the Program projects in any particular fiscal year, the Authority may allocate a portion of such excess funds to transportation projects subject to the following conditions: (i) upon the recommendations of the localities set forth in subsection B of § 58.1-603 and subsection B of § 58.1-604 of the Code of Virginia, up to twenty percent of such portion shall be allocated to new or expanded transit operational costs, (ii) the remaining portion of such funds shall be allocated to the Program projects provided that the Commonwealth Transportation Board determines such allocations will materially advance the construction of such Program projects, and (iii) upon the recommendations of the localities set forth in subsection B of § 58.1-603 and subsection B of § 58.1-604 of the Code of Virginia, any remaining portion of such funds shall be allocated to fund other transit, primary, urban, or secondary project or projects.

§ 6. The Authority is further authorized to borrow money in anticipation of the issuance of the bonds authorized under § 4 by the issuance of bond anticipation notes ("BANs"), including BANs as commercial paper.

§ 7. Application of Proceeds. Proceeds (including any premium) of the bonds and any BANs (except the proceeds of (i) bonds the issuance of which has been anticipated by BANs, (ii) refunding bonds and (iii) refunding BANs) shall be deposited in a special capital outlay fund of the Authority and shall be disbursed only for the purpose for which the bonds or any BANs have been issued. In the event that the proceeds of the bonds or BANs exceed the cost of the projects specified in § 5, the Authority shall cause such excess proceeds to be applied to the retirement of the bonds or BANs. The proceeds of (a) bonds the issuance of which has been anticipated by BANs, (b) refunding bonds and (c) refunding BANs and any funds provided by the General Assembly, or available from any other source, for the purpose, shall be used to pay such BANs, refunded bonds and refunded BANs.

The Authority is hereby authorized to increase the appropriation for any project listed in § 5 by the amount of the proceeds of donations, gifts, grants or other source of moneys paid to the Authority in excess of such appropriation.

§ 8. Details, sale of bonds and BANs. The bonds shall be dated, shall mature at such time or times not exceeding thirty-five years from their date or dates and may be made redeemable before their maturity or maturities at such price or prices or within such price parameters, all as may be determined by the Authority. The principal of the bonds shall be amortized, by payment into a sinking fund or otherwise, in annual installments. The first annual installment of principal of the bonds shall become due not later than one-tenth of the term of the bonds, and no installment of principal of the bonds shall be more than twice the smallest previous installment. Any such sinking fund shall not be appropriated for any other purpose.

The bonds shall be in such form, shall bear interest at such rate or rates, either at fixed rates or at rates established by formula or other method, and may contain such other provisions, all as the Authority may determine. The principal of and premium, if any, and interest on the bonds and BANs shall be payable in lawful money of the United States of America. Bonds and BANs may be certificated or uncertificated as determined by the Authority. The Authority may contract for services of such registrars, transfer agents, or other authenticating agents as it deems appropriate to maintain a record of the persons entitled to the bonds and BANs. Bonds and BANs may be issued under a system of book entry for recording the ownership and transfer of ownership of rights to receive payments on the bonds and BANs. The Authority shall fix the denomination or denominations of the bonds and the place or places of payment of principal, premium, if any, and interest, which may be at the office of the Authority or at any one or more banks or trust companies within or without the Commonwealth.

The Authority may sell the bonds and any BANs in such manner, either by competitive bidding, negotiated sale or private placement, and for such price as it may determine.

The bonds and BANs shall be signed on behalf of the Authority by the chairman of the Authority, or shall bear his facsimile signature. In the event that the bonds or BANs bear the facsimile signature of the chairman, they shall be signed by such administrative assistant as the chairman shall determine or by such registrar or paying agent as may be designated to sign them by the Authority. If any officer whose signature or facsimile signature shall appear on any bonds or BANs shall cease to be such officer before the delivery, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery, and any bond or BAN may bear the facsimile signature of, or may be signed by, such persons as at the actual time of the execution are the proper officers to sign such bond or BAN although, at the date of such bond or BAN, such persons may not have been such officers.

§ 9. Refunding. The Authority is hereby authorized to sell and issue, at one time or from time to

time, refunding bonds and BANs, to refund any or all of the bonds and BANs, respectively, issued under this act. Refunding bonds or BANs may be issued in a principal amount up to the amount necessary to pay at maturity or redeem the bonds and BANs to be refunded and pay all issuance costs and other financing expenses of the refunding. Such refunding bonds and BANs may be issued whether or not the bonds or BANs to be refunded are then subject to redemption. Any escrow or trust fund established with the proceeds from the sale of refunding bonds shall be irrevocably pledged to the payment of the bonds to be refunded, and shall be used solely to pay such bonds or BANs at maturity or upon redemption or for the purchase of not less than all of the bonds or BANs to be refunded.

§ 10. Authorized Investments. Pending the application of the proceeds of the bonds or BANs (including refunding bonds and BANs) to the purpose for which they have been authorized and the application of funds set aside for the purpose to the payment of bonds or BANs, they may be invested by the Authority in legal investments under the laws of the Commonwealth for public funds and sinking funds, as the case may be. Whenever the Authority receives interest from the investment of the proceeds of bonds or any BANs, such interest shall become a part of the principal of the bonds or any BANs and shall be used in the same manner as required for principal of the bonds or BANs.

§ 11. The bonds authorized under § 4 may be issued without obtaining the consent of any commission, board, bureau, office, or agency of the Commonwealth or of any political subdivision, and without any proceedings or the happening of conditions or things other than those proceedings, conditions or things that are specifically required under this act; however, each debt offering for such bonds shall be submitted to the State Treasurer sufficiently prior to the sale of such offering to allow the State Treasurer to undertake a review for the sole purposes of determining (i) whether the offering may constitute tax-supported debt of the Commonwealth and (ii) the potential impact of the offering on the debt capacity of the Commonwealth. After such review, the State Treasurer shall determine if the offering constitutes tax-supported debt of the Commonwealth and the potential impact of the offering on the debt capacity of the Commonwealth. If the State Treasurer determines that the debt offering may constitute tax-supported debt of the Commonwealth, then the debt offering shall be submitted to the General Assembly for approval of the issuance of such debt. Any debt offering submitted to the General Assembly under this act may be issued only upon approval of such issuance by both houses of the General Assembly. The Authority may issue such types of bonds as it may determine consistent with the provisions of §§ 4 and 5 of this act and subject to § 14 of this act, including, without limitation, bonds payable as to principal and interest from any one or more of the following sources: (a) its revenues generally, including distributions paid or payable to the Authority pursuant to § 58.1-638 of the Code of Virginia; (b) income and revenues derived from the operation, sale or lease of a particular project or projects, whether or not they are financed from the proceeds of such bonds; (c) funds realized from the enforcement of security interests or other liens or obligations securing such bonds; (d) proceeds from the sale of bonds; (e) payments under letters of credit, policies of bond insurance, guarantees or other credit enhancements; (f) any reserve or sinking funds created to secure such payment; (g) accounts receivable of the Authority; or (h) other available funds of the Authority.

§ 12. Security for bonds and BANs. The proceeds of (i) bonds the issuance of which has been anticipated by BANs, (ii) refunding bonds and (iii) refunding BANs are hereby irrevocably pledged for the payment of principal of and interest and any premium on such bonds or BANs to be refunded thereby.

Any bond authorized under this act may be issued pursuant to or secured by a trust indenture, deed of trust or mortgage of any property of the Authority, whether or not financed, in whole or in part, from the proceeds of such bonds, by a trust or other agreement with a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without the Commonwealth, or other agent for bondholders, or any combination thereof. Any such trust indenture or other agreement may pledge or assign revenues, fees, rents and other charges to be received and may contain provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law. Such provisions may include covenants: (a) providing for the collection and application of revenues and sale by the Authority, or any trustees under any trust indenture or agreement, of any property upon default; (b) setting forth duties of the Authority in relation to the acquisition, construction, maintenance, operation and insurance of any property of the Authority and the amounts of fees, rents and other charges to be charged; (c) providing for the collection of revenues, fees, rents and other charges, and the custody, safeguarding and application of all moneys of the Authority; (d) providing for the creation of sinking funds and the creation and maintenance of reserves; and (e) setting forth conditions or limitations with respect to the incurrence of indebtedness or the granting of mortgages or other liens. Such trust indenture, trust or other agreement may set forth the rights and remedies of the bondholders and of the trustee or other agent for bondholders and may restrict the individual right of action by bondholders.

In addition, the Authority may grant mortgages, deeds of trust, security interests and other liens on its real and personal property, including its accounts receivable, to secure bonds. All pledges of

revenues of the Authority for payment of bonds shall be valid and binding from the time when the pledge is made, and the revenues pledged and thereafter received by the Authority shall be subject immediately to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof. The Authority may also provide for the recording or filing of any mortgage, deed of trust, security interest or other lien, or any financing statement or other instrument, necessary or desirable to create, perfect or evidence any lien created pursuant to this act.

It shall be lawful for any bank or trust company within or without the Commonwealth to serve as depository of the proceeds of bonds or of other revenues of the Authority and to furnish indemnifying bonds or to pledge such securities as may be required by the Authority.

All expenses incurred in carrying out the provisions of such trust indenture or agreement or resolution or other agreements relating to any project may be treated as a part of the costs of a project.

§ 13. Except to the extent that the rights herein given may be restricted by such trust indenture or trust or other agreement, any holder of bonds or coupons authorized under this act and the trustee or other agent for bondholders under any trust indenture or trust or other agreement may, either at law or in equity, by suit, action, injunction, mandamus or other proceedings, protect and enforce any and all rights under the laws of the Commonwealth or granted under this act or under such trust indenture, trust or other agreement, and may enforce and compel the performance of all duties required under this act or by such trust indenture, trust or other agreement to be performed by the Authority or by any officer or agent thereof, including the fixing, charging and collecting of revenues, fees, rents and other charges.

§ 14. No member, officer, employee or agent of the Authority or any person executing bonds of the Authority shall be liable personally on the bonds by reason of their issuance or execution. Bonds of the Authority shall not be a debt or pledge of the full faith and credit of the Commonwealth or any political subdivision thereof other than the Authority and shall so state on their face. Neither the Commonwealth nor any political subdivision thereof other than the Authority shall be obligated to pledge taxing power or appropriate or otherwise be liable for payment of bonds of the Authority, nor shall such bonds be payable out of any funds or properties of the Commonwealth or any political subdivision thereof other than those of the Authority. Bonds of the Authority are declared to be issued for an essential public and governmental purpose.

§ 15. Expenses. All expenses incurred under this act shall be paid from the proceeds of the bonds, or any refunding bonds or BANs, or from any other available funds as the Authority may determine.

§ 16. Bonds issued by the Authority under the provisions of this act are hereby made securities in which all public officers and public bodies of the Commonwealth and its political subdivisions, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Such bonds are hereby made securities that may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the Commonwealth for any purpose for which the deposit of bonds or obligations is now or may hereafter be authorized by law.

§ 17. Exemption of interest from tax. The bonds and BANs issued under the provisions of this act, their transfer, and the income therefrom, including any profit made on the sale thereof, shall at all times be exempt from taxation by the Commonwealth and by any political subdivision thereof. The interest on the bonds and any refunding bonds or BANs may be subject to inclusion in gross income of the holders thereof for federal income tax purposes.

§ 18. Severability. The provisions of this act or the application thereof to any person or circumstance that are held invalid shall not affect the validity of other provisions or applications of this act that can be given effect without the invalid provisions or applications.

4. Except as provided in this act, no state or local agency, department, board, commission, office or other body shall have any control over the use of any revenues distributed to the Northern Virginia Transportation Authority or over the amount of such revenues distributed to the Authority pursuant to this act.

5. That the Department of Taxation, in accordance with the state sales and use tax increase provided in this act, shall promulgate regulations, pursuant to the Administrative Process Act (§ 2.2-4000 et seq.), establishing brackets of prices and associated state and combined state and local sales and use taxes on transactions of five dollars or less.

6. That the revenues distributed to counties and cities and to the Northern Virginia Transportation Authority pursuant to subsection G of § 58.1-638 shall not diminish or replace allocations or appropriations for educational or transportation purposes made by any locality within the counties or cities set forth in subsection B of § 58.1-603 or subsection B of § 58.1-604, the Commonwealth,

785 or any other source, but shall be supplemental to all such other allocations or appropriations. In
786 addition, the revenues used for educational or transportation purposes pursuant to subsection G of
787 § 58.1-638 shall not be used to calculate or reduce the share of local, federal, or state revenues
788 otherwise available to any locality within the counties or cities set forth in subsection B of
789 § 58.1-603 or subsection B of § 58.1-604 or to the Northern Virginia construction district.

790 7. That if any clause, sentence, paragraph, section, or part of this act or the application thereof to
791 any person, entity, or circumstance is adjudged invalid by any court of competent jurisdiction,
792 such judgment shall not affect the validity of the remainder hereof but shall be confined to the
793 clause, sentence, paragraph, section, or part hereof directly involved in the controversy in which
794 such judgment shall have been rendered, and to this end the provisions of this act are severable.

795 8. That, except for the referendum in the second enactment of this act, the provisions of this act
796 shall be effective on April 1, 2003, and only if a majority of those voting at the election and upon
797 the question described in the second enactment of this act vote in the affirmative on the question
798 presented. For purposes of this act, "a majority of those voting at the election" means a majority
799 of those voting in the entire region constituted by the localities described in such second
800 enactment, and does not require a majority of those voting in any individual locality.