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**SENATE BILL NO. 170**

Offered January 9, 2002

Prefiled January 8, 2002

*A BILL to amend and reenact §§ 33.1-221.1:3, 58.1-603, 58.1-604, 58.1-604.1, 58.1-605, 58.1-606, 58.1-608.3, 58.1-611.1, 58.1-614, 58.1-627, 58.1-628, 58.1-638, and 58.1-815.1 of the Code of Virginia; to amend and reenact § 2 of Chapter 391 of the Acts of Assembly of 1993, as amended by Chapters 470 and 597 of the Acts of Assembly of 1994, Chapters 740 and 761 of the Acts of Assembly of 1998, and Chapter 538 of the Acts of Assembly of 1999; and to repeal Article 22 (§ 58.1-540 et seq.) of Chapter 3 of Title 58.1, relating to sales and use taxes 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 taxes to increase the principal amount of bonds authorized to be issued for transportation projects in the Northern Virginia Transportation District Program to \$2,696,200,000, and designating additional transportation projects to be funded through such Program; and relating to additional sales and use taxes in all jurisdictions in the Commonwealth and distributing revenues from such taxes to counties and cities for expenses incurred in the operation of public schools and capital projects for public schools.*

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Patrons—Colgan; Delegate: Parrish

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Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 33.1-221.1:3, 58.1-603, 58.1-604, 58.1-604.1, 58.1-605, 58.1-606, 58.1-608.3, 58.1-611.1, 58.1-614, 58.1-627, 58.1-628, 58.1-638, and 58.1-815.1 of the Code of Virginia are amended and reenacted as follows:**

§ 33.1-221.1:3. Northern Virginia Transportation District Program.

A. The General Assembly declares it to be in the public interest that the economic development needs and economic growth potential of Northern Virginia be addressed by a special transportation program to provide for the costs of providing an adequate, modern, safe and efficient transportation network in Northern Virginia which shall be known as the Northern Virginia Transportation District Program (the Program), including, without limitation, environmental and engineering studies, rights-of-way acquisition, construction, improvements to all modes of transportation, and financing costs. The Program consists of the following projects: the Fairfax County Parkway, Route 234 Bypass/Route 659 Relocated, Metro Capital Improvements, including the Franconia-Springfield Metrorail Station and new rail car purchases, Route 7 improvements in Loudoun County and Fairfax County, the Route 50/Courthouse Road interchange improvements in Arlington County, the Route 28/Route 625 interchange improvements in Loudoun County, Metrorail capital improvements attributable to the City of Alexandria including the King Street Metrorail Station access, Metrorail capital improvements attributable to Arlington County, including Ballston Station improvements, Route 15 safety improvements in Loudoun County, Route 1/Route 123 interchange improvements in Prince William County, Lee Highway improvements in the City of Fairfax, Route 123 improvements in Fairfax County, Telegraph Road improvements in Fairfax County, Route 1/Route 234 interchange improvements in Prince William County, Potomac-Rappahannock Transportation Commission bus replacement program, and Dulles Corridor Enhanced Transit program (locality share), I-66 improvements and rail extension, I-95/I-395 improvements and transit improvements, Route 1 improvements, Route 28 improvements, I-495 improvements and transit improvements, Tri-County/Loudoun Parkway, Metrorail infrastructure replacement program, urban system improvements, secondary system improvements (including unpaved roads), Columbia Pike/Route 7 transit improvements, rail safety improvements, and VRE new railcar purchase.

B. Allocations to this Program from the Northern Virginia Transportation District Fund established by § 58.1-815.1 shall be made annually by the Commonwealth Transportation Board for the creation and enhancement of a safe, efficient transportation system connecting the communities, businesses, places of employment, and residences of the Commonwealth, thereby enhancing the economic development potential, employment opportunities, mobility and quality of life in Virginia.

C. Except in the event that the Northern Virginia Transportation District Fund is insufficient to pay for the costs of the Program, allocations to the Program shall not diminish or replace allocations made from other sources or diminish allocations to which any district, system, or locality would be entitled under other provisions of this title, but shall be supplemental to other allocations to the end that

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59 transportation improvements in the Northern Virginia Transportation District may be accelerated and  
60 augmented. Allocations under this subsection shall be limited to projects specified in *subdivision (2) (s)*  
61 *of § 33.1-268 (2) (s)*.

62 D. The Commonwealth Transportation Board may expend such funds from all sources as may be  
63 lawfully available to initiate the Program and to support bonds and other obligations referenced in  
64 subsection E of this section.

65 E. The Commonwealth Transportation Board is authorized to receive, dedicate or use first from (i)  
66 revenues received from the Northern Virginia Transportation District Fund, (ii) to the extent required,  
67 funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the  
68 highway construction district in which the project or projects to be financed are located or to the city or  
69 county in which the project or projects to be financed are located, (iii) to the extent required, legally  
70 available revenues of the Transportation Trust Fund, and (iv) such other funds which may be  
71 appropriated by the General Assembly for the payment of bonds or other obligations, including interest  
72 thereon, issued in furtherance of the Program. No such bond or other obligations shall pledge the full  
73 faith and credit of the Commonwealth.

74 § 58.1-603. Imposition of sales tax.

75 A. There is hereby levied and imposed, in addition to all other taxes and fees of every kind now  
76 imposed by law, a license or privilege tax upon every person who engages in the business of selling at  
77 retail or distributing tangible personal property in this Commonwealth, or who rents or furnishes any of  
78 the things or services taxable under this chapter, or who stores for use or consumption in this  
79 Commonwealth any item or article of tangible personal property as defined in this chapter, or who  
80 leases or rents such property within this Commonwealth, in the amount of three and one-half percent  
81 *through 12:00 p.m. on June 30, 2003, and four percent beginning July 1, 2003:*

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

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

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

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

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

92 B. *Beginning July 1, 2003, and ending at 12:00 p.m. on June 30, 2043, an additional sales tax of*  
93 *one-half of one percent is hereby levied and imposed on the property, activities, and services described*  
94 *in subsection A in Arlington County, Fairfax County, Loudoun County, Prince William County, the City*  
95 *of Alexandria, the City of Fairfax, the City of Falls Church, the City of Manassas, and the City of*  
96 *Manassas Park. All revenues collected pursuant to this subsection shall be distributed and used as set*  
97 *forth in subsection G of § 58.1-638.*

98 § 58.1-604. Imposition of use tax.

99 A. There is hereby levied and imposed, in addition to all other taxes and fees now imposed by law, a  
100 tax upon the use or consumption of tangible personal property in this Commonwealth, or the storage of  
101 such property outside the Commonwealth for use or consumption in this Commonwealth, in the amount  
102 of three and one-half percent *through 12:00 p.m. on June 30, 2003, and four percent beginning July 1,*  
103 *2003:*

104 1. Of the cost price of each item or article of tangible personal property used or consumed in this  
105 Commonwealth. Tangible personal property which has been acquired for use outside this Commonwealth  
106 and subsequently becomes subject to the tax imposed hereunder shall be taxed on the basis of its cost  
107 price if such property is brought within this Commonwealth for use within six months of its acquisition;  
108 but if so brought within this Commonwealth six months or more after its acquisition, such property shall  
109 be taxed on the basis of the current market value (but not in excess of its cost price) of such property at  
110 the time of its first use within this Commonwealth. Such tax shall be based on such proportion of the  
111 cost price or current market value as the duration of time of use within this Commonwealth bears to the  
112 total useful life of such property (but it shall be presumed in all cases that such property will remain  
113 within this Commonwealth for the remainder of its useful life unless convincing evidence is provided to  
114 the contrary).

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

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

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

while within this Commonwealth.

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

*B. Beginning July 1, 2003, and ending at 12:00 p.m. on June 20, 2043, an additional use tax of one-half of one percent is hereby levied and imposed on the property, activities, and services described 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. All revenues collected pursuant to this subsection shall be distributed and used as set forth in subsection G of § 58.1-638.*

§ 58.1-604.1. Use tax on motor vehicles, machinery, tools and equipment brought into Virginia for use in performing contracts.

In addition to the use tax levied pursuant to § 58.1-604 and notwithstanding the provisions of § 58.1-611, a use tax is levied upon the storage or use of all motor vehicles, machines, machinery, tools or other equipment brought, imported or caused to be brought into this Commonwealth for use in constructing, building or repairing any building, highway, street, sidewalk, bridge, culvert, sewer or water system, drainage or dredging system, railway system, reservoir or dam, hydraulic or power plant, transmission line, tower, dock, wharf, excavation, grading, or other improvement or structure, or any part thereof. The rate of tax is three and one-half percent *through 12:00 p.m. on June 30, 2003, and four percent beginning July 1, 2003*, on all tangible personal property except motor vehicles, which shall be taxed at the rate of three percent; aircraft, which shall be taxed at the rate of two percent; and watercraft, which shall be taxed at the rate of two percent with a maximum tax of \$1,000.

For purposes of this section the words "motor vehicle" means any vehicle which is self-propelled and designed primarily for use upon the highways, any vehicle which is propelled by electric power obtained from trolley wires but not operated upon rails, and any vehicle designed to run upon the highways which is pulled by a self-propelled vehicle, but shall not include any implement of husbandry, farm tractor, road construction or maintenance machinery or equipment, special mobile equipment or any vehicle designed primarily for use in work off the highway.

The tax shall be computed on the basis of such proportion of the original purchase price of such property as the duration of time of use in this Commonwealth bears to the total useful life thereof. For purposes of this section, the word "use" means use, storage, consumption and "stand-by" time occasioned by weather conditions, controversies or other causes. The tax shall be computed upon the basis of the relative time each item of equipment is in this Commonwealth rather than upon the basis of actual use. In the absence of satisfactory evidence as to the period of use intended in this Commonwealth, it will be presumed that such property will remain in this Commonwealth for the remainder of its useful life, which shall be determined in accordance with the experiences and practices of the building and construction trades.

A transaction taxed under §§ 58.1-604, 58.1-605, 58.1-1402, 58.1-1502, or § 58.1-2402 shall not also be taxed under this section, nor shall the same transaction be taxed more than once under any section.

§ 58.1-605. To what extent and under what conditions cities and counties may levy local sales taxes; collection thereof by Commonwealth and return of revenue to each city or county entitled thereto.

A. No county, city or town shall impose any local general sales or use tax or any local general retail sales or use tax except as authorized by this section.

B. The council of any city and the governing body of any county may levy a general retail sales tax at the rate of one percent to provide revenue for the general fund of such city or county. Such tax shall be added to the rate of the state sales tax imposed by §§ 58.1-603 and 58.1-604 and shall be subject to all the provisions of this chapter and the rules and regulations published with respect thereto. The applicable brackets of prices shall be as prescribed ~~in § 58.1-628~~ *by the Tax Commissioner* for the combined state and local tax. No discount under § 58.1-622 shall be allowed on a local sales tax.

C. The council of any city and the governing body of any county desiring to impose a local sales tax under this section may do so by the adoption of an ordinance stating its purpose and referring to this section, and providing that such ordinance shall be effective on the first day of a month at least sixty days after its adoption. A certified copy of such ordinance shall be forwarded to the Tax Commissioner so that it will be received within five days after its adoption.

D. Any local sales tax levied under this section shall be administered and collected by the Tax Commissioner in the same manner and subject to the same penalties as provided for the state sales tax, with the adjustments required by § 58.1-628.

E. All local sales tax moneys collected by the Tax Commissioner under this section shall be paid into the state treasury to the credit of a special fund which is hereby created on the Comptroller's books under the name "Collections of Local Sales Taxes." Such local sales tax moneys shall be credited to the account of each particular city or county levying a local sales tax under this section. The basis of such credit shall be the city or county in which the sales were made as shown by the records of the

182 Department and certified by it monthly to the Comptroller, namely, the city or county of location of  
183 each place of business of every dealer paying the tax to the Commonwealth without regard to the city or  
184 county of possible use by the purchasers. If a dealer has any place of business located in more than one  
185 political subdivision by reason of the boundary line or lines passing through such place of business, the  
186 amount of sales tax paid by such a dealer with respect to such place of business shall be treated for the  
187 purposes of this section as follows: one-half shall be assignable to each political subdivision where two  
188 are involved, one-third where three are involved, and one-fourth where four are involved.

189 F. As soon as practicable after the local sales tax moneys have been paid into the state treasury in  
190 any month for the preceding month, the Comptroller shall draw his warrant on the Treasurer of Virginia  
191 in the proper amount in favor of each city or county entitled to the monthly return of its local sales tax  
192 moneys, and such payments shall be charged to the account of each such city or county under the  
193 special fund created by this section. If errors are made in any such payment, or adjustments are  
194 otherwise necessary, whether attributable to refunds to taxpayers, or to some other fact, the errors shall  
195 be corrected and adjustments made in the payments for the next six months as follows: one-sixth of the  
196 total adjustment shall be included in the payments for the next six months. In addition, the payment  
197 shall include a refund of amounts erroneously not paid to the city or county and not previously refunded  
198 during the three years preceding the discovery of the error. A correction and adjustment in payments  
199 described in this subsection due to the misallocation of funds by the dealer shall be made within three  
200 years of the date of the payment error.

201 G. Such payments to counties are subject to the qualification that in any county wherein is situated  
202 any incorporated town constituting a special school district and operated as a separate school district  
203 under a town school board of three members appointed by the town council, the county treasurer shall  
204 pay into the town treasury for general governmental purposes the proper proportionate amount received  
205 by him in the ratio that the school age population of such town bears to the school age population of  
206 the entire county. If the school age population of any town constituting a separate school district is  
207 increased by the annexation of territory since the last preceding school age population census, such  
208 increase shall, for the purposes of this section, be added to the school age population of such town as  
209 shown by the last such census and a proper reduction made in the school age population of the county  
210 or counties from which the annexed territory was acquired.

211 H. One-half of such payments to counties are subject to the further qualification, other than as set  
212 out in subsection G above, that in any county wherein is situated any incorporated town not constituting  
213 a separate special school district which has complied with its charter provisions providing for the  
214 election of its council and mayor for a period of at least four years immediately prior to the adoption of  
215 the sales tax ordinance, the county treasurer shall pay into the town treasury of each such town for  
216 general governmental purposes the proper proportionate amount received by him in the ratio that the  
217 school age population of each such town bears to the school age population of the entire county, based  
218 on the latest statewide school census. The preceding requirement pertaining to the time interval between  
219 compliance with election provisions and adoption of the sales tax ordinance shall not apply to a tier-city.  
220 If the school age population of any such town not constituting a separate special school district is  
221 increased by the annexation of territory or otherwise since the last preceding school age population  
222 census, such increase shall, for the purposes of this section, be added to the school age population of  
223 such town as shown by the last such census and a proper reduction made in the school age population  
224 of the county or counties from which the annexed territory was acquired.

225 I. Notwithstanding the provisions of subsection H, the board of supervisors of a county may, in its  
226 discretion, appropriate funds to any incorporated town not constituting a separate school district within  
227 such county which has not complied with the provisions of its charter relating to the elections of its  
228 council and mayor, an amount not to exceed the amount it would have received from the tax imposed  
229 by this chapter if such election had been held.

230 J. It is further provided that if any incorporated town which would otherwise be eligible to receive  
231 funds from the county treasurer under subsection G or H of this section be located in a county which  
232 does not levy a general retail sales tax under the provisions of this law, such town may levy a general  
233 retail sales tax at the rate of one percent to provide revenue for the general fund of the town, subject to  
234 all the provisions of this section generally applicable to cities and counties. Any tax levied under the  
235 authority of this subsection shall in no case continue to be levied on or after the effective date of a  
236 county ordinance imposing a general retail sales tax in the county within which such town is located.

237 § 58.1-606. To what extent and under what conditions cities and counties may levy local use tax;  
238 collection thereof by Commonwealth and return of revenues to the cities and counties.

239 A. The council of any city and the governing body of any county which has levied or may hereafter  
240 levy a city or county sales tax under § 58.1-605 may levy a city or county use tax at the rate of one  
241 percent to provide revenue for the general fund of such city or county. Such tax shall be added to the  
242 rate of the state use tax imposed by this chapter and shall be subject to all the provisions of this chapter,  
243 and all amendments thereof, and the rules and regulations published with respect thereto, except that the

applicable brackets of prices shall be as prescribed in ~~§ 58.1-628~~ by the Tax Commissioner for the combined state and local tax, and except that no discount under § 58.1-622 shall be allowed on a local use tax.

B. The council of any city and the governing body of any county desiring to impose a local use tax under this section may do so in the manner following:

1. If the city or county has previously imposed the local sales tax authorized by § 58.1-605, the local use tax may be imposed by the council or governing body by the adoption of a resolution by a majority of all the members thereof, by a recorded ye and nay vote, stating its purpose and referring to this section, and providing that the local use tax shall become effective on the first day of a month at least sixty days after the adoption of the resolution. A certified copy of such resolution shall be forwarded to the Tax Commissioner so that it will be received within five days after its adoption. The resolution authorized by this paragraph may be adopted in the manner stated notwithstanding any other provision of law, including any charter provision.

2. If the city or county has not imposed the local sales tax authorized by § 58.1-605, the local use tax may be imposed by ordinance together with the local sales tax in the manner set out in subsections B and C of § 58.1-605.

C. Any local use tax levied under this section shall be administered and collected by the Tax Commissioner in the same manner and subject to the same penalties as provided for the state use tax, with the adjustments required by § 58.1-628.

D. The local use tax authorized by this section shall not apply to transactions to which the sales tax applies, the situs of which for state and local sales tax purposes is the city or county of location of each place of business of every dealer paying the tax to the Commonwealth without regard to the city or county of possible use by the purchasers. However, the local use tax authorized by this section shall apply to tangible personal property purchased without this Commonwealth for use or consumption within the city or county imposing the local use tax, or stored within the city or county for use or consumption, where the property would have been subject to the sales tax if it had been purchased within this Commonwealth. The local use tax shall also apply to leases or rentals of tangible personal property where the place of business of the lessor is without this Commonwealth and such leases or rentals are subject to the state tax. Moreover, the local use tax shall apply in all cases in which the state use tax applies.

E. Out-of-state dealers who hold certificates of registration to collect the use tax from their customers for remittance to this Commonwealth shall, to the extent reasonably practicable, in filing their monthly use tax returns with the Tax Commissioner, break down their shipments into this Commonwealth by cities and counties so as to show the city or county of destination. If, however, the out-of-state dealer is unable accurately to assign any shipment to a particular city or county, the local use tax on the tangible personal property involved shall be remitted to the Commonwealth by such dealer without attempting to assign the shipment to any city or county.

F. Local use tax revenue shall be distributed among the cities and counties for which it is collected, respectively, as shown by the records of the Department, and the procedure shall be the same as that prescribed for distribution of local sales tax revenue under § 58.1-605. The local use tax revenue that is not accurately assignable to a particular city or county shall be distributed monthly by the appropriate state authorities among the cities and counties in this Commonwealth imposing the local use tax upon the basis of taxable retail sales in the respective cities and counties in which the local sales and use tax was in effect in the taxable month involved, as shown by the records of the Department, and computed with respect to taxable retail sales as reflected by the amounts of the local sales tax revenue distributed among such cities and counties, respectively, in the month of distribution. Notwithstanding any other provision of this section, the Tax Commissioner shall develop a uniform method to distribute local use tax. Any significant changes to the method of local use tax distribution shall be phased in over a ~~five~~ five-year period. Distribution information shall be shared with the affected localities prior to implementation of the changes.

G. All local use tax revenue shall be used, applied or disbursed by the cities and counties as provided in § 58.1-605 with respect to local sales tax revenue.

§ 58.1-608.3. Entitlement to certain sales tax revenues.

A. As used in this section, the following words and terms have the following meanings, unless some other meaning is plainly intended:

"Bonds" means any obligations of a municipality for the payment of money.

"Cost," as applied to any public facility or to extensions or additions to any public facility, includes:

(i) the purchase price of any public facility acquired by the municipality or the cost of acquiring all of the capital stock of the corporation owning the public facility and the amount to be paid to discharge any obligations in order to vest title to the public facility or any part of it in the municipality; (ii) expenses incident to determining the feasibility or practicability of the public facility; (iii) the cost of

305 plans and specifications, surveys and estimates of costs and of revenues; (iv) the cost of all land,  
306 property, rights, easements and franchises acquired; (v) the cost of improvements, property or  
307 equipment; (vi) the cost of engineering, legal and other professional services; (vii) the cost of  
308 construction or reconstruction; (viii) the cost of all labor, materials, machinery and equipment; (ix)  
309 financing charges; (x) interest before and during construction and for up to one year after completion of  
310 construction; (xi) start-up costs and operating capital; (xii) payments by a municipality of its share of the  
311 cost of any multi-jurisdictional public facility; (xiii) administrative expense; (xiv) any amounts to be  
312 deposited to reserve or replacement funds; and (xv) other expenses as may be necessary or incident to  
313 the financing of the public facility. Any obligation or expense incurred by the public facility in  
314 connection with any of the foregoing items of cost may be regarded as a part of the cost.

315 "Municipality" means any county, city, town, authority, commission, or other public entity.

316 "Public facility" means (i) any auditorium, coliseum, convention center, or conference center, which  
317 is owned by a Virginia county, city, town, authority, or other public entity and where exhibits, meetings,  
318 conferences, conventions, seminars, or similar public events may be conducted; (ii) any hotel which is  
319 owned by a foundation whose sole purpose is to benefit a state-supported university and which is  
320 attached to and is an integral part of such facility, together with any lands reasonably necessary for the  
321 conduct of the operation of such events; or (iii) any hotel which is attached to and is an integral part of  
322 such facility. However, such public facility must be located in a city with a population of at least 24,200  
323 but no more than 24,500 as determined by the 1990 United States Census, at least 50,000 but no more  
324 than 52,500, at least 95,000 but no more than 105,000, or at least 130,000 but no more than 135,000.  
325 Any property, real, personal, or mixed, which is necessary or desirable in connection with any such  
326 auditorium, coliseum, convention center, or conference center, including, without limitation, facilities for  
327 food preparation and serving, parking facilities, and administration offices, is encompassed within this  
328 definition. However, structures commonly referred to as "shopping centers" or "malls" shall not  
329 constitute a public facility hereunder. In addition, only a new public facility, or a public facility which  
330 will undergo a substantial and significant renovation or expansion, shall be eligible under subsection B  
331 of this section. A new public facility is one whose construction began after December 31, 1991. A  
332 substantial and significant renovation entails a project whose cost is at least fifty percent of the original  
333 cost of the facility being renovated and shall have begun after December 31, 1991. A substantial and  
334 significant expansion entails an increase in floor space of at least fifty percent over that existing in the  
335 preexisting facility and shall have begun after December 31, 1991.

336 "Sales tax revenues" means such tax collections realized under the Virginia Retail Sales and Use Tax  
337 Act (§ 58.1-600 et seq.) of Title 58.1, as limited herein. "Sales tax revenues" does not include the  
338 revenue generated by the one-half percent sales and use tax increase enacted by the 1986 Special  
339 Session of the General Assembly which shall be paid to the Transportation Trust Fund as defined in  
340 § 33.1-23.03:1, nor shall it include the ~~one percent of the~~ state sales and use tax revenue distributed  
341 among the counties and cities of the Commonwealth pursuant to § 58.1-638 D on the basis of ~~school~~  
342 *school-age* population.

343 B. Any municipality which has issued bonds (i) after December 31, 1991, but before January 1,  
344 1996, (ii) on or after January 1, 1998, but before July 1, 1999, (iii) on or after January 1, 1999, but  
345 before July 1, 2001, (iv) on or after July 1, 2000, but before July 1, 2003, or (v) on or after July 1,  
346 2001, but before July 1, 2004, to pay the cost, or portion thereof, of any public facility shall be entitled  
347 to all sales tax revenues generated by transactions taking place in such public facility. Such entitlement  
348 shall continue for the lifetime of such bonds, which entitlement shall not exceed thirty years, and all  
349 such sales tax revenues shall be applied to repayment of the bonds. The State Comptroller shall remit  
350 such sales tax revenues to the municipality on a quarterly basis, subject to such reasonable processing  
351 delays as may be required by the Department of Taxation to calculate the actual net sales tax revenues  
352 derived from the public facility. The State Comptroller shall make such remittances to eligible  
353 municipalities, as provided herein, notwithstanding any provisions to the contrary in the Virginia Retail  
354 Sales and Use Tax Act (§ 58.1-600 et seq.). No such remittances shall be made until construction is  
355 completed and, in the case of a renovation or expansion, until the governing body of the municipality  
356 has certified that the renovation or expansion is completed.

357 C. Nothing in this section shall be construed as authorizing the pledging of the faith and credit of the  
358 Commonwealth of Virginia, or any of its revenues, for the payment of any bonds. Any appropriation  
359 made pursuant to this section shall be made only from sales tax revenues derived from the public  
360 facility for which bonds may have been issued to pay the cost, in whole or in part, of such public  
361 facility.

362 § 58.1-611.1. Rate of tax on sales of food purchased for human consumption; Food Tax Reduction  
363 Program.

364 A. Subject to the conditions of subsections D and E, the tax imposed by §§ *subsection A of §*  
365 *58.1-603 and subsection A of § 58.1-604* on food purchased for human consumption shall be levied and  
366 distributed as follows:

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

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

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

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

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

C. As used in this section, "food purchased for human consumption" has the same meaning as "food" defined in the Food Stamp Act of 1977, 7 U.S.C. § 2012, as amended, and federal regulations adopted pursuant to that Act, except it shall not include seeds and plants which produce food for human consumption.

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

1. Actual general fund revenues for the fiscal year preceding a fiscal year in which a rate reduction 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 described 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 or by subsection B of § 58.1-604 shall not apply to food purchased for human consumption.*

*H. The additional one-half of one percent increase effective July 1, 2003, in the tax imposed by subsection A of § 58.1-603 or subsection A 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.

428 1. Beginning July 1, 2003, except in the localities set forth in subsection B of § 58.1-603 or  
 429 subsection B of § 58.1-604, the amount to be remitted by such dealer shall increase and shall equal five  
 430 percent of his wholesale purchases made on or after July 1, 2003, for sale at retail from vending  
 431 machines.

432 2. Beginning July 1, 2003, and ending at 12:00 p.m. on June 30, 2043, in the localities set forth in  
 433 subsection B of § 58.1-603 or subsection B of § 58.1-604, the amount to be remitted by such dealer  
 434 shall increase and shall equal five and one-half percent of his wholesale purchases made on or after  
 435 July 1, 2003, for sale at retail from vending machines. Beginning July 1, 2043, in such localities such  
 436 dealer shall remit an amount equal to five percent of such wholesale purchases.

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

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

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

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

453 § 58.1-627. State tax on transactions greater than five dollars.

454 The following brackets of prices shall be used for the collection of the tax imposed by this chapter:

455	\$0.00	to	\$0.14	no tax
456	.15	to	.42	1¢ tax
457	.43	to	.71	2¢ tax
458	.72	to	.99	3¢ tax
459	1.00	to	1.28	4¢ tax
460	1.29	to	1.57	5¢ tax
461	1.58	to	1.85	6¢ tax
462	1.86	to	2.14	7¢ tax
463	2.15	to	2.42	8¢ tax
464	2.43	to	2.71	9¢ tax
465	2.72	to	2.99	10¢ tax
466	3.00	to	3.28	11¢ tax
467	3.29	to	3.57	12¢ tax
468	3.58	to	3.85	13¢ tax
469	3.86	to	4.14	14¢ tax
470	4.15	to	4.42	15¢ tax
471	4.43	to	4.71	16¢ tax
472	4.72	to	5.00	17¢ tax

473  
 474 Except in the localities set forth in subsection B of § 58.1-603 or subsection B of § 58.1-604, ~~On~~ on  
 475 transactions ~~over~~ greater than five dollars, the state tax shall be computed at three and one-half percent  
 476 through 12:00 p.m. on June 30, 2003, and at a rate of four percent beginning July 1, 2003, one-half  
 477 cent or more being treated as one cent. In the localities set forth in subsection B of § 58.1-603 or  
 478 subsection B of § 58.1-604, on transactions greater than five dollars, the state tax shall be computed at  
 479 three and one-half percent through 12:00 p.m. on June 30, 2003, four and one-half percent beginning  
 480 July 1, 2003 through 12:00 p.m. on June 30, 2043, and at a rate of four percent beginning July 1,  
 481 2043, one-half cent or more being treated as one cent.

482 If a dealer can show to the satisfaction of the Tax Commissioner that more than eighty-five percent  
 483 of the total dollar volume of his gross taxable sales during the taxable month was from individual sales  
 484 at prices of ten cents or less each, and that he was unable to adjust his prices in such manner as to  
 485 prevent the economic incidence of the sales tax from falling on him, the Tax Commissioner shall  
 486 determine the proper tax liability of the dealer based on that portion of the dealer's gross taxable sales  
 487 which was from sales at prices of eleven cents or more.



§ 58.1-628. Combined state and local tax on transactions greater than five dollars.

The following brackets of prices shall be used for the collection of the combined state and local tax:

\$0.00	to	\$0.11	no tax
.12	to	.33	1¢ tax
.34	to	.55	2¢ tax
.56	to	.77	3¢ tax
.78	to	.99	4¢ tax
1.00	to	1.22	5¢ tax
1.23	to	1.44	6¢ tax
1.45	to	1.66	7¢ tax
1.67	to	1.88	8¢ tax
1.89	to	2.11	9¢ tax
2.12	to	2.33	10¢ tax
2.34	to	2.55	11¢ tax
2.56	to	2.77	12¢ tax
2.78	to	2.99	13¢ tax
3.00	to	3.22	14¢ tax
3.23	to	3.44	15¢ tax
3.45	to	3.66	16¢ tax
3.67	to	3.88	17¢ tax
3.89	to	4.11	18¢ tax
4.12	to	4.33	19¢ tax
4.34	to	4.55	20¢ tax
4.56	to	4.77	21¢ tax
4.78	to	5.00	22¢ tax

*Except in the localities set forth in subsection B of § 58.1-603 or subsection B of § 58.1-604, on transactions over greater than five dollars, the combined state and local tax shall be computed at four and one-half percent through 12:00 p.m. on June 30, 2003, and at a rate of five percent beginning July 1, 2003, one one-half cent or more being treated as one cent. In the localities set forth in subsection B of § 58.1-603 or subsection B of § 58.1-604, on transactions greater than five dollars, the combined state and local tax shall be computed at four and one-half percent through 12:00 p.m. on June 30, 2003, five and one-half percent beginning July 1, 2003, through 12:00 p.m. on June 30, 2043, and at a rate of five percent beginning July 1, 2043, one-half cent or more being treated as one cent.*

The foregoing bracket system shall not relieve the dealer from the duty and liability to remit an amount equal to four and one-half percent of his gross taxable sales as provided in this chapter. If the dealer, however, can show to the satisfaction of the Tax Commissioner that more than eighty-five percent of the total dollar volume of his gross taxable sales during the taxable month was from individual sales at prices of ten cents or less each and that he was unable to adjust his prices in such manner as to prevent the economic incidence of the sales tax from falling on him, the Tax Commissioner shall determine the proper tax liability of the dealer based on that portion of the dealer's gross taxable sales which was from sales at prices of eleven cents or more.

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

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

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

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

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

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

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

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

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

574 Of the remaining amount:

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

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

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

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

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

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

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

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

604 (2) The Board may allocate these funds to any locality or planning district commission to finance up  
605 to eighty percent of the local share of all costs associated with the development, implementation, and  
606 continuation of ridesharing programs.

607 (3) Funds allocated for experimental transit projects may be paid to any local governing body,  
608 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 among the counties and cities of this Commonwealth in the manner provided in subsections C and D through 12:00 p.m. on June 30, 2003. Beginning July 1, 2003, the sales and use tax revenue generated by a one and one-half percent sales and use tax shall be distributed among such counties and cities as

670 *provided in subsections C and D.*

671 C. The localities' share of the net revenue distributable under this section among the counties and  
672 cities shall be apportioned by the Comptroller and distributed among them by warrants of the  
673 Comptroller drawn on the Treasurer of Virginia as soon as practicable after the close of each month  
674 during which the net revenue was received into the state treasury. The distribution of the localities' share  
675 of such net revenue shall be computed with respect to the net revenue received into the state treasury  
676 during each month, and such distribution shall be made as soon as practicable after the close of each  
677 such month.

678 D. The net revenue so distributable among the counties and cities shall be apportioned and  
679 distributed upon the basis as certified to the Comptroller by the Department of Education, of the number  
680 of children in each county and city according to the most recent statewide census of school population  
681 taken by the Department of Education pursuant to § 22.1-284, as adjusted in the manner hereinafter  
682 provided. No special school population census, other than a statewide census, shall be used as the basis  
683 of apportionment and distribution except that in any calendar year in which a statewide census is not  
684 reported, the Department of Education shall adjust such school population figures by the same percent of  
685 annual change in total population estimated for each locality by The Center for Public Service. The  
686 revenue so apportionable and distributable is hereby appropriated to the several counties and cities for  
687 maintenance, operation, capital outlays, debt and interest payments, or other expenses incurred in the  
688 operation of the public schools, which shall be considered as funds raised from local resources. In any  
689 county, however, wherein is situated any incorporated town constituting a school division, the county  
690 treasurer shall pay into the town treasury for maintenance, operation, capital outlays, debt and interest  
691 payments, or other expenses incurred in the operation of the public schools, the proper proportionate  
692 amount received by him in the ratio that the school population of such town bears to the school  
693 population of the entire county. If the school population of any city or of any town constituting a school  
694 division is increased by the annexation of territory since the last preceding school population census,  
695 such increase shall, for the purposes of this section, be added to the school population of such city or  
696 town as shown by the last such census and a proper reduction made in the school population of the  
697 county or counties from which the annexed territory was acquired.

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

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

715 *G. The sales and use tax revenue generated pursuant to subsection B of § 58.1-603 and subsection B*  
716 *of § 58.1-604, both subsections becoming effective July 1, 2003, shall be deposited into the Northern*  
717 *Virginia Transportation District Fund pursuant to § 58.1-815.1 and used solely for transportation*  
718 *purposes as provided in § 58.1-815.1. The revenue deposited to such fund shall be the gross revenue*  
719 *generated and collected from the additional taxes provided under subsection B of § 58.1-603 and*  
720 *subsection B of § 58.1-604, less the applicable portion of any refunds to taxpayers. Such revenue shall*  
721 *be considered funds raised from local sources.*

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

725 § 58.1-815.1. Northern Virginia Transportation District Fund.

726 A. There is hereby created in the Department of the Treasury a special nonreverting fund which shall  
727 be a part of the Transportation Trust Fund and which shall be known as the Northern Virginia  
728 Transportation District Fund, consisting of transfers pursuant to § 58.1-816 of annual collections of the  
729 state recordation taxes attributable to the Cities of Alexandria, Fairfax, Falls Church, Manassas, and  
730 Manassas Park and the Counties of Arlington, Fairfax, Loudoun, and Prince William; however, this  
731 dedication shall not affect the local recordation taxes under §§—subsection B of § 58.1-802 B, and

§ 58.1-814. *The Fund shall also consist of transfers pursuant to subsection G of § 58.1-638 of revenues from sales and use taxes imposed pursuant to subsection B of § 58.1-603 and subsection B of § 58.1-604.* The Fund shall also include any public rights-of-way use fees appropriated by the General Assembly; any state or local revenues, including but not limited to, any funds distributed pursuant to §§ 33.1-23.3, 33.1-23.4 or § 33.1-23.5:1, which may be deposited into the Fund pursuant to a contract between a jurisdiction participating in the Northern Virginia Transportation District Program and the Commonwealth Transportation Board; and any other funds as may be appropriated by the General Assembly from time to time and designated for this Fund and all interest, dividends and appreciation which may accrue thereto. Any moneys remaining in the Fund at the end of a biennium shall not revert to the general fund, but shall remain in the Fund, subject to the determination by the Commonwealth Transportation Board *or the Northern Virginia Transportation Authority* that a Category 2, 3, ~~or~~ 4, *or* 5 project or projects may be funded.

B. Allocations from this Fund may be paid (i) to any authority, locality or commission for the purposes of paying the costs of the Northern Virginia Transportation District Program which consists of the following: the Fairfax County Parkway, Route 234 Bypass/*Route 659 Relocated*, Metro Capital Improvements, including the Franconia-Springfield Metrorail Station and new rail car purchases, Route 7 improvements in Loudoun County and Fairfax County, Route 50/Courthouse Road interchange improvements in Arlington County, the Route 28/Route 625 interchange improvements in Loudoun County, Metrorail capital improvements attributable to the City of Alexandria, including the King Street Metrorail station access, Metrorail capital improvements attributable to Arlington County, including Ballston Station improvements, Route 15 safety improvements in Loudoun County, Route 1/Route 123 interchange improvements in Prince William County, Lee Highway improvements in the City of Fairfax, Route 123 improvements in Fairfax County, Telegraph Road improvements in Fairfax County, Route 1/Route 234 interchange improvements in Prince William County, Potomac-Rappahannock Transportation Commission bus replacement program, ~~and~~ Dulles Corridor ~~Enhanced~~ Transit ~~program~~ *Program (locality share), I-66 improvements and rail extension, I-95/I-395 improvements and transit improvements, Route 1 improvements, Route 28 improvements, I-495 improvements and transit improvements, Tri-County/Loudoun Parkway, Metrorail infrastructure replacement program, urban system improvements, secondary system improvements (including unpaved roads), Columbia Pike/Route 7 transit improvements, rail safety improvements, and VRE new railcar purchase* and (ii) for ~~Category 4~~ *Category 5* projects as provided in § 2 of the act or acts authorizing the issuance of Bonds for the Northern Virginia Transportation District Program.

C. On or before July 15, 1994, \$19 million shall be transferred to the Fund. Such transfer shall be made by the issuance of a treasury loan at no interest in the amount of \$19 million in the event such an amount is not included for the Fund in the general appropriation act enacted by the 1994 Session of the General Assembly. Such treasury loan shall be repaid from the Commonwealth's portion of the state recordation tax imposed by Chapter 8 (§ 58.1-800 et seq.) of Title 58.1 designated for the Fund by this section and § 58.1-816.

**2. That § 2 of Chapter 391 of the Acts of Assembly of 1993, as amended by Chapters 470 and 597 of the Acts of Assembly of 1994, Chapters 740 and 761 of the Acts of Assembly of 1998, and Chapter 538 of the Acts of Assembly of 1999, is amended and reenacted as follows:**

§ 2. The Commonwealth Transportation Board is hereby authorized, by and with the consent of the Governor, to issue, pursuant to the provisions of §§ 33.1-267 through 33.1-295, at one time or from time to time, bonds of the Commonwealth to be designated "Commonwealth of Virginia Transportation Contract Revenue Bonds, Series .....", in an aggregate principal amount not exceeding \$471,200,000 \$2,696,200,000 to finance the cost 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 which comprise the Northern Virginia Transportation District Program as hereinafter defined and as established in Article 5 (§ 33.1-267 et seq.) of Chapter 3 of Title 33.1, 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 during construction and not exceeding one year after completion of construction of the projects.

The projects shall be classified as Category 1, Category 2, Category 3, ~~and~~ Category 4, *and* Category 5 projects, each category being subject to different preconditions. Bonds to finance the cost of Category 1, ~~and~~ Category 3, *and* Category 4 projects may be issued by the Commonwealth Transportation Board. Bonds to finance the cost of Category 2 projects may be issued by the Commonwealth Transportation Board only if the aggregate principal amount of \$466,200,000 in bonds has been issued to finance the cost of Category 1 and Category 3 projects. Category 4 5 projects shall not be financed through the issuance of bonds; however, ~~after all Bonds authorized have been issued, then~~ to the extent the Northern

793 Virginia Transportation District Fund contains amounts in excess of the amount needed to pay annual  
 794 debt service on such Bonds in a particular fiscal year, such excess amounts may be expended to pay the  
 795 cost of the work identified as Category 4 5 projects.

796 The projects, and the amount of bonds authorized to be issued for each such project, are as follows  
 797 and constitute the Northern Virginia Transportation District Program:

798

799 Category 1 projects	Bond amount
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800

801

802 Metro Capital Improvements, including	
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803

804 the Franconia-Springfield Metrorail Station	\$85,600,000
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805

806 Fairfax County Parkway	\$87,000,000
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807

808 Route 234 Bypass	\$73,400,000
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809

810 Route 7 improvements between Route 15 and	
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811

812 Route 28 in Loudoun County	\$15,000,000
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813

814 Total	\$261,000,000
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815

816

817 Category 2 projects consist of the Route 234 Bypass/Route 28 interchange improvements in Prince  
 818 William County, in the amount of \$5,000,000.

819

820

821 Category 3 projects	Bond amount
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822

823

824 Route 50/Courthouse Road interchange	\$10,000,000
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825

826 Fairfax County Parkway -- Partially-funded 827 segments between Route 1 and Route 7	\$50,000,000
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828

829 Route 234 Bypass from Route 28 to Route 234	\$15,300,000
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830

831 Route 28/Route 625 interchange	\$7,900,000
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832

833 Metrorail Capital Improvements attributable to 834 the City of Alexandria, including the King 835 Street Metrorail station access	\$8,600,000
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836

837 Metrorail Capital Improvements, 838 including new rail car purchases	\$29,300,000
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839

840 Route 15 Safety Improvements 841 Leesburg Town Line to Potomac River	\$10,100,000
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842

843 Route1/Route123 Interchange	\$8,200,000
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844

845 LeeHighwayImprovementsCityofFairfax	\$3,100,000
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846

847 Route 123 Widening Occoquan River to 848 Lee Chapel Road	\$27,000,000
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849

850	Dulles Corridor <del>Enhanced</del> Transit Program	\$6,000,000
851		
852	Route 7 Improvements-Loudoun County Line	
853	to Reston Parkway	\$10,000,000
854		
855	Route 7 Improvements-Reston Parkway to	
856	Dulles Toll Road	\$3,000,000
857		
858	Telegraph Road Improvements-S.Kings Highway to	
859	Beulah St.	\$5,000,000
860		
861	Route 1/Route 234 Interchange	\$4,000,000
862		
863	Potomac-Rappahannock Transportation Commission	
864	Bus Replacement Program	\$1,500,000
865		
866	Metrorail Capital Improvements attributable to	
867	Arlington County, including Ballston Station	
868	improvements	\$6,200,000
869		
870	Total	\$205,200,000

871  
 872 The Commonwealth Transportation Board shall only issue the bonds for Category 3 projects in an  
 873 amount or amounts necessary to expedite or complete the Category 3 projects if the following conditions  
 874 are satisfied: (i) at least two of the jurisdictions participating in the Northern Virginia Transportation  
 875 District Program have entered into a contract pursuant to § 58.1-815.1 and (ii) the governing bodies of  
 876 at least five of the jurisdictions participating in the Northern Virginia Transportation District Program  
 877 and comprising a majority of the population of the jurisdictions participating in such Program have  
 878 adopted resolutions endorsing the proposed sale or sales of bonds to support the Category 3 projects.  
 879 Such contracts and resolutions shall remain in force so long as any debts or obligations for Category 3  
 880 projects remain outstanding.

881	<i>Category 4 projects</i>	<i>Bond amount</i>
882		
883		
884	<i>Dulles Corridor Transit (locality share)</i>	<i>\$300,000,000</i>
885		
886	<i>I-66 Improvements and Rail Extension</i>	<i>\$300,000,000</i>
887		
888	<i>I-95/I-395 Improvements and Transit</i>	
889		
890	<i>Improvements</i>	<i>\$300,000,000</i>
891		
892	<i>Route 1 Improvements</i>	<i>\$100,000,000</i>
893		
894	<i>Route 28 Improvements</i>	<i>\$50,000,000</i>
895		
896	<i>I-495 Improvements and Transit Improvements</i>	<i>\$200,000,000</i>
897		
898	<i>Fairfax County Parkway</i>	<i>\$150,000,000</i>
899		
900	<i>Tri-County/Loudoun Parkway</i>	<i>\$100,000,000</i>
901		
902	<i>VRE New Railcar Purchase</i>	<i>\$50,000,000</i>
903		
904	<i>Route 234 Bypass/Route 659 Relocated</i>	<i>\$50,000,000</i>
905		
906	<i>Metrorail Infrastructure Replacement Program</i>	<i>\$200,000,000</i>

907		
908	Secondary System Improvements (including	
909		
910	unpaved roads)	\$150,000,000
911		
912	Urban System Improvements	\$90,000,000
913		
914	Route 7 Improvements Loudoun and Fairfax	\$100,000,000
915		
916	Columbia Pike/Route 7 Transit Improvements	\$75,000,000
917		
918	Rail Safety Improvements	\$10,000,000
919		
920	Total	\$2,225,000,000

921  
 922 *Bond proceeds for Category 4 Secondary System Improvements (including unpaved roads) shall be*  
 923 *allocated on the basis of population of those localities in subsection A of § 58.1-815.1 that receive*  
 924 *allocations of funds for secondary system highways pursuant to § 33.1-23.4, as such populations are*  
 925 *determined by the 2000 U.S. Census. Bond proceeds allocated for Urban System Improvements shall be*  
 926 *allocated on the basis of population of (i) those localities in subsection A of § 58.1-815.1 that receive*  
 927 *allocations of funds for urban system highways pursuant to § 33.1-23.3, and (ii) those towns situated*  
 928 *within those localities described in clause (i) that receive allocations of funds for urban system highways*  
 929 *pursuant to § 33.1-23.3, as such populations are determined by the 2000 U.S. Census.*

930 The work identified as Category 4 5 projects to be funded from the Northern Virginia Transportation  
 931 District Fund, to the extent there are sums in excess of the amount needed to pay debt service on the  
 932 Bonds in a given fiscal year, is as follows:

933 Category 4 5 projects

934 *To the extent that the sales and use tax revenues deposited into the Northern Virginia Transportation*  
 935 *District Fund pursuant to subsection G of § 58.1-638 exceed the amount needed to pay annual debt*  
 936 *service on bonds issued to support Category 4 projects in any particular fiscal year, the Commonwealth*  
 937 *Transportation Board may allocate such funds subject to the following conditions: (i) fifteen percent of*  
 938 *such funds shall be allocated to transit operational costs; (ii) any remaining funds shall be allocated to*  
 939 *specific Category 4 projects provided that the Board determines such allocations will materially advance*  
 940 *the construction of such Category 4 projects; and (iii) any remaining funds shall be allocated to fund*  
 941 *other transit, primary, urban, or secondary project or projects.*

942 ~~Such~~ *To the extent that all other deposits into the Northern Virginia Transportation District Fund*  
 943 *exceed the amount necessary to pay annual debt service on bonds issued to support Category 1,*  
 944 *Category 2, and Category 3 projects, the Commonwealth Transportation Board shall allocate such funds*  
 945 *to Category 5 projects as may be concurred in by the local jurisdictions participating in the Northern*  
 946 *Virginia Transportation District Program, as evidenced by resolutions adopted by an affirmative vote of*  
 947 *each of the jurisdictions participating in the Northern Virginia Transportation District Program and*  
 948 *subject to such guidelines and conditions as may be promulgated by the Commonwealth Transportation*  
 949 *Board.*

950 The Bonds shall be issued by the Commonwealth Transportation Board and sold through the  
 951 Treasury Board, which is hereby designated the sales and paying agent of the Commonwealth  
 952 Transportation Board with respect to the Bonds. The Treasury Board's duties shall include the approval  
 953 of the terms and structure of the Bonds. In the event the aggregate principal amount of the issuance, for  
 954 the projects and amounts authorized by the 1994 amendments to Chapter 391 of the Acts of Assembly  
 955 of 1993, is less than \$127,000,000, the Commonwealth Transportation Board shall cause each Category  
 956 1 project to be shared in the reduced issuance by reducing the proceeds of the Bonds for each of the  
 957 Category 1 projects on a pro rata basis.

958 **3. That it shall be the duty of the regular election officers of this Commonwealth conducting the**  
 959 **election directed by law to be held on the Tuesday after the first Monday in November 2002 at the**  
 960 **places appointed for holding the same, to open a poll on such day and take the sense of the**  
 961 **qualified voters of the Commonwealth upon the ratification or rejection of the additional statewide**  
 962 **one-half of one percent sales and use tax as provided in subsection A of § 58.1-603 and subsection**  
 963 **A of § 58.1-604 of this act.**

964 The ballot shall contain the following question:

965 "Question: Shall an additional state sales and use tax of one-half percent be levied in all  
 966 jurisdictions of the Commonwealth beginning July 1, 2003, in accordance with subsection A of



§ 58.1-603 and subsection A of § 58.1-604 of the Code of Virginia, with the revenues distributed to counties and cities solely for expenses incurred in the operation of public schools and capital projects for public schools as provided in Chapter ( . . . ) of the Acts of Assembly of 2002?

☐ Yes  
☐ No"

4. That it shall be the duty of the regular election 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 on such day and take the sense of the qualified voters of such counties and cities upon the ratification or rejection of the additional tax in those localities as provided in subsection B of § 58.1-603 and subsection B of § 58.1-604 of this act. The ballot shall contain the following question:

"Question: Shall an additional state sales and use tax of one-half percent be levied 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 July 1, 2003, in accordance with subsection B of § 58.1-603 and subsection B of § 58.1-604 of the Code of Virginia, with the revenues to be used solely for transportation projects and transportation programs as specified in Chapter ( . . . ) of the Acts of Assembly of 2002?

☐ Yes  
☐ No"

5. That the Department of Taxation shall promulgate all necessary and reasonable regulations to govern the administration of the additional taxes provided under this act, including, but not limited to, a bracket system for the collection of taxes in the Commonwealth on transactions of five dollars or less.

6. That the revenues dedicated to transportation purposes pursuant to subsection G of § 58.1-638 shall not be used to calculate or reduce the share of local, federal, and state revenues otherwise available to the localities in the counties and cities set forth in subsection B of § 58.1-603 and subsection B of § 58.1-604 or to the Northern Virginia construction district.

7. That, as a condition of the financial assistance for transportation projects located in a city or county set forth in subsection B of § 58.1-603 or subsection B of § 58.1-604, as such financial assistance is provided under this act, such city or county shall not reduce its local contribution to Metrorail capital improvements below the amount it contributed for such improvements in its operating year that began in calendar year 2001.

8. That the third enactment of this act shall be effective July 1, 2002. The additional one-half of one percent sales and use tax imposed pursuant to subsection A of § 58.1-603 and subsection A of § 58.1-604, and the provisions related thereto under this act, shall be effective on July 1, 2003, and only if a majority of those voting at the election and upon the question described in the third enactment of this act vote in the affirmative upon such question.

9. That the fourth enactment of this act shall be effective July 1, 2002. The additional one-half of one percent sales and use tax imposed pursuant to subsection B of § 58.1-603 and subsection B of § 58.1-604, and the provisions related thereto under this act including the provisions of the second enactment, shall be effective on July 1, 2003, and only if a majority of those voting at the election and upon the question described in the fourth enactment of this act vote in the affirmative upon such question. For purposes of this enactment, "a majority of those voting at the election" means a majority of those voting in the entire region constituted by the localities specified in the fourth enactment of this act, and does not require a majority of those voting in any individual locality.

10. That Article 22 (§ 58.1-540 et seq.) of Chapter 3 of Title 58.1 of the Code of Virginia is repealed effective July 1, 2003, provided that the additional tax described in the fourth enactment of this act is imposed effective July 1, 2003.

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