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HOUSE BILL NO. 1774**AMENDMENT IN THE NATURE OF A SUBSTITUTE**

(Proposed by the House Committee on General Laws)

(Patron Prior to Substitute—Delegate Hargrove)

House Amendments in [] — January 24, 2003

A *BILL to amend and reenact §§ 2.2-203, 2.2-2101, 23-7.4:1, 58.1-609.1, and 58.1-3506; to amend the Code of Virginia by adding in Subtitle I of Title 2.2 a chapter numbered 20, consisting of sections numbered 2.2-2000 through 2.2-2004, adding in Chapter 24 an article numbered 18, consisting of sections numbered 2.2-2452, 2.2-2453 and 2.2-2454, adding in Chapter 26 an article numbered 28, consisting of sections numbered 2.2-2681 and 2.2-2682, and adding in Chapter 27 an article numbered 6, consisting of sections numbered 2.2-2715 through 2.2-2719; and to repeal Chapter 19 (§§ 2.2-1900 through 2.2-1905), and Article 9 (§§ 2.2-2421 and 2.2-2422) and Article 14 (§§ 2.2-2435, 2.2-2436 and 2.2-2437) of Chapter 24 of Title 2.2 of the Code of Virginia, relating to the establishment of the Department of Veterans Services, the Board of Veterans Services, the Joint Leadership Council of Veterans Service Organizations, and the Veterans Service Foundation.*

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-203, 2.2-2101, 23-7.4:1, 58.1-609.1, and 58.1-3506 of the Code of Virginia are amended and reenacted, and that the Code of Virginia is amended by adding in Subtitle I of Title 2.2 a chapter numbered 20, consisting of sections numbered 2.2-2000 through 2.2-2004, adding in Chapter 24 an article numbered 18, consisting of sections numbered 2.2-2452, 2.2-2453 and 2.2-2454, adding in Chapter 26 an article numbered 28, consisting of sections numbered 2.2-2681 and 2.2-2682, and adding in Chapter 27 an article numbered 6, consisting of sections numbered 2.2-2715 through 2.2-2719, as follows:

§ 2.2-203. Position established; agencies for which responsible.

The position of Secretary of Administration (the "Secretary") is created. The Secretary shall be responsible to the Governor for the following agencies and boards: Department of Human Resource Management, Department of General Services, Compensation Board, Secretary of the Commonwealth, Department of Employment Dispute Resolution, Department of Veterans' Affairs Veterans Services, Virginia Veterans Care Center Board of Trustees Services Foundation, Commission on Local Government, Charitable Gaming Commission, and Virginia Public Broadcasting Board. The Governor may, by executive order, assign any other state executive agency to the Secretary, or reassign any agency listed above to another Secretary.

CHAPTER 20.**DEPARTMENT OF VETERANS SERVICES.**

§ 2.2-2000. Department created; appointment of Commissioner.

A. There shall be a Department of Veterans Services (the "Department"), which shall be headed by a Commissioner appointed by the Governor subject to confirmation by the General Assembly. The Commissioner shall be a veteran who has received an honorable discharge from the armed forces of the United States. He shall hold his office at the pleasure of the Governor for a term of 5 years.

B. The Commissioner of the Department shall, under the direction and control of the Governor, exercise powers and perform duties conferred or imposed upon him by law and perform such other duties as may be required by the Governor.

§ 2.2-2001. Administrative responsibilities of the Department.

The Department shall be responsible for the establishment, operation, administration, and maintenance of offices and programs related to services for veterans of the armed forces of the United States and their Virginia-domiciled surviving spouses, orphans, and dependents. Such services shall include, but not be limited to, benefits claims processing and all medical care centers and cemeteries for veterans owned and operated by the Commonwealth.

§ 2.2-2002. Department offices.

The Commissioner shall maintain an office in the vicinity of the State Capitol in Richmond. He may maintain service offices in the Commonwealth in whatever locations he determines to be necessary to carry out the provisions of this chapter. The Commissioner shall appoint the personnel of each service office. The compensation of the personnel of each service office is to be fixed by the Commissioner.

§ 2.2-2003. General powers of Commissioner.

The Commissioner shall have the following general powers to carry out the purposes of this chapter:

1. Employ required personnel;

2. Enter into all contracts and agreements necessary or incidental to the performance of the Department's duties and the execution of its powers under this chapter, including, but not limited to, contracts with the United States, other states, and agencies and governmental subdivisions of the

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60 *Commonwealth;*

61 *3. Accept grants from the United States government and its agencies and instrumentalities and any*
62 *other source. To these ends, the Department shall have the power to comply with conditions and execute*
63 *agreements necessary, convenient, or desirable; and*

64 *4. Do all acts necessary or convenient to carry out the purposes of this chapter.*

65 *§ 2.2-2004. Additional powers and duties of Commissioner.*

66 *The Commissioner shall have the following powers and duties related to veterans services:*

67 *1. Perform cost-benefit and value analysis of (i) existing programs and services, and (ii) new*
68 *programs and services before establishing and implementing them;*

69 *2. Seek alternative funding sources for the Department's veterans service programs;*

70 *3. Cooperate with all relevant entities of the federal government, including, but not limited to, the*
71 *United States Department of Veterans Affairs, the United States Department of Housing and Urban*
72 *Development, and the United States Department of Labor in matters concerning veterans benefits and*
73 *services;*

74 *4. Appoint a full-time coordinator to collaborate with the Joint Leadership Council of Veteran*
75 *Service Organizations created in § 2.2-2681 on ways to provide both direct and indirect support of*
76 *ongoing veterans programs, and to determine and address future veterans needs and concerns;*

77 *5. Initiate, conduct, and issue special studies on matters pertaining to veterans needs and priorities,*
78 *as determined necessary by the Commissioner;*

79 *6. Evaluate veterans service efforts, practices, and programs of the agencies, political subdivisions or*
80 *other entities and organizations of the government of the Commonwealth and make recommendations to*
81 *the Secretary of Administration, the Governor, and the General Assembly on ways to increase awareness*
82 *of the services available to veterans or improve veterans services;*

83 *7. Assist entities of state government and political subdivisions of the Commonwealth in enhancing*
84 *their efforts to provide services to veterans, including the dissemination of relevant materials and the*
85 *rendering of technical or other advice;*

86 *8. Assist counties, cities, and towns of the Commonwealth in the development, implementation, and*
87 *review of local veterans services programs as part of the state program [and establish as necessary, in*
88 *consultation with the Board of Veterans Services and the Joint Leadership Council of Veterans Service*
89 *Organizations, volunteer local and regional advisory committees to assist and support veterans service*
90 *efforts] ;*

91 *9. Review the activities, roles, and contributions of various entities and organizations to the*
92 *Commonwealth's veterans services programs and report on or before December 1 of each year in*
93 *writing to the Governor and General Assembly on the status, progress, and prospects of veterans*
94 *services in the Commonwealth, including performance measures and outcomes of veterans services*
95 *programs;*

96 *10. Recommend to the Secretary of Administration, the Governor, and the General Assembly any*
97 *corrective measures, policies, procedures, plans, and programs to make service to veterans and their*
98 *surviving spouses, orphans, and dependents as efficient and effective as practicable;*

99 *11. Design, implement, administer, and review special programs or projects needed to promote*
100 *veterans services in the Commonwealth;*

101 *12. Integrate veterans services activities into the framework of economic development activities in*
102 *general;*

103 *13. Manage operational funds using accepted accounting principles and practices in order to provide*
104 *for a sum sufficient to ensure continued, uninterrupted operations;*

105 *14. Engage Department personnel in training and educational activities aimed at enhancing veterans*
106 *services; and*

107 *15. Develop a strategic plan to ensure efficient and effective utilization of resources, programs, and*
108 *services.*

109 *§ 2.2-2101. Prohibition against service by legislators on boards, commissions, and councils within the*
110 *executive branch; exceptions.*

111 *Members of the General Assembly shall be ineligible to serve on boards, commissions, and councils*
112 *within the executive branch of state government who are responsible for administering programs*
113 *established by the General Assembly. Such prohibition shall not extend to boards, commissions, and*
114 *councils engaged solely in policy studies or commemorative activities. If any law directs the*
115 *appointment of any member of the General Assembly to a board, commission, or council in the*
116 *executive branch of state government that is responsible for administering programs established by the*
117 *General Assembly, such portion of such law shall be void, and the Governor shall appoint another*
118 *person from the Commonwealth at large to fill such a position.*

119 *The provisions of this section shall not apply to members of the Board for Branch Pilots, who shall*
120 *be appointed as provided for in § 54.1-901; to members of the Board on Veterans' Affairs, who shall be*
121 *appointed as provided for in § 2.2-2421; to members of the Council on Indians, who shall be appointed*

as provided for in § 2.2-2628; to members of the Board of Trustees of the Southwest Virginia Higher Education Center, who shall be appointed as provided for in § 23-231.3; to members of the Maternal and Child Health Council, who shall be appointed as provided for in § 2.2-2642; to members of the Virginia Interagency Coordinating Council who shall be appointed as provided for in § 2.2-5204; to members of the Advisory Council on the Virginia Business-Education Partnership Program, who shall be appointed as provided in § 2.2-2600; to members of the Virginia Correctional Enterprises Advisory Board, who shall be appointed as provided for in § 53.1-45.3; to members appointed to the Virginia Veterans Cemetery Board pursuant to § 2.2-2438; to members of the Board of Veterans Services, who shall be appointed as provided for in § 2.2-2452; to members appointed to the Board of Trustees of the Roanoke Higher Education Authority pursuant to § 23-231.15; to members of the Commonwealth Competition Commission, who shall be appointed as provided for in § 2.2-2621; to members of the Virginia Geographic Information Network Advisory Board, who shall be appointed as provided for in § 2.2-2423; to members of the Advisory Commission on the Virginia Schools for the Deaf and the Blind, who shall be appointed as provided for in § 22.1-346.1; to members of the Substance Abuse Services Council, who shall be appointed as provided for in § 37.1-207; to members of the Criminal Justice Services Board, who shall be appointed as provided in § 9.1-108; or to members of the Virginia Workforce Council, who shall be appointed as provided for in § 2.2-2669.

Article 18.

Board of Veterans Services.

§ 2.2-2452. Board of Veterans Services; membership; terms; quorum; compensation; staff.

A. The Board of Veterans Services (the "Board") is established as a policy board, within the meaning of § 2.2-2100, in the executive branch of state government. The Board shall consist of 17 members that includes 5 legislative members, 11 nonlegislative citizen members, and 1 ex officio member. Members shall be appointed as follows: 3 members of the House of Delegates, to be appointed by the Speaker of the House of Delegates in accordance with the principles of proportional representation contained in the Rules of the House of Delegates; 2 members of the Senate, to be appointed by the Senate Committee on Privileges and Elections; 11 nonlegislative citizen members to be appointed by the Governor; and the Commissioner of the Department of Veterans Services to serve ex officio with full voting privileges. Nonlegislative citizen members of the Board shall be citizens of the Commonwealth.

Initial appointments of the Governor shall include at least 3 members who, as of January 1, 2003, were members of the Board of Veterans' Affairs [~~and~~ , the Virginia Veterans Cemetery Board, or] the Virginia Veterans Care Center Board of Trustees. In making appointments, the Governor shall endeavor to ensure a balanced geographical representation on the Board while at the same time selecting appointees of such qualifications and experience as will allow them to provide expertise and insight into:

1. Best practices in benefits claims services, medical and health care management, or cemetery operations;

2. Performance measurements and general management principles; and

3. Nonprofit volunteer operations and management.

Each of the 3 areas of expertise shall be represented on the Board by at least 2 different appointees per area of expertise in order to allow for the Board to be capable of developing reasonable and effective policy recommendations related to the services provided to veterans of the armed forces of the United States and their Virginia-domiciled surviving spouses, orphans, and dependents by the Department of Veterans Services.

Legislative members and the Commissioner of the Department of Veterans Services shall serve terms coincident with their terms of office. Initial appointments of nonlegislative citizen members by the Governor shall be staggered as follows: 3 members for a term of 1 year, 4 members for a term of 2 years and 4 members for a term of 3 years. Thereafter, nonlegislative citizen members shall be appointed for a term of 4 years. Appointments to fill vacancies, other than by expiration of a term, shall be for the unexpired terms. All members may be reappointed. However, no House member shall serve more than 4 consecutive 2-year terms, no Senate member shall serve more than 2 consecutive 4-year terms, and no nonlegislative citizen member shall serve more than 2 consecutive 4-year terms.

The remainder of any term to which a member is appointed to fill a vacancy shall not constitute a term in determining the member's eligibility for reappointment. Vacancies shall be filled in the same manner as the original appointments.

B. The Board shall select a chairman from its membership and, pursuant to rules adopted by it, may elect 1 of its members as vice chairman. The Commissioner of the Department of Veterans Services shall not be eligible to serve as chairman. The Board shall also elect 1 of its members as secretary. The Board shall meet at least 3 times a year at such times as it deems appropriate or on call of the chairman. A majority of the members of the Board shall constitute a quorum.

183 C. The Board shall be organized with at least 3 subcommittees that shall be responsible for (i)
184 veterans benefits, (ii) veterans care services, and (iii) veterans cemeteries.

185 D. The Department of Veterans Services shall provide staff to the Board.

186 § 2.2-2453. Compensation; expenses.

187 Legislative members of the Board shall receive such compensation as provided in § 30-19.12, and
188 nonlegislative citizen members shall receive such compensation for the performance of their duties as
189 provided in § 2.2-2813. All members shall be reimbursed for reasonable and necessary expenses
190 incurred in the performance of their duties as provided in §§ 2.2-2813 and 2.2-2825.

191 § 2.2-2454. Powers and duties of Board.

192 A. The Board shall have the power and duty to:

193 1. Advise and make recommendations to the Commissioner of Veterans Services upon such matters
194 as may arise in the performance of his duties;

195 2. Investigate issues related to the provision of care and services to veterans, upon request of the
196 Commissioner of Veterans Services or the Governor;

197 3. Study all matters affecting the welfare of Virginia citizens who are veterans or dependents or
198 survivors of such veterans, and make recommendations to the Commissioner of the Department of
199 Veterans Services;

200 4. Develop recommendations for policies and procedures related to the efficient and effective delivery
201 of the services provided by the Department of Veterans Services;

202 5. Establish policies related to the coordinated delivery of veterans services, in consultation with
203 those agencies, entities, and organizations, including counties, cities, towns or other political
204 subdivisions of the Commonwealth capable of providing such services;

205 6. Monitor the administration of all laws concerning veterans and their dependents;

206 7. Review and advise the Commissioner of the Department of Veterans Services on the Department's
207 strategic plan;

208 8. Based on rigorous cost-benefit-value analysis, provide recommendations to the Department of
209 Veterans Services regarding future projects and the acquisition of facilities that may benefit the State's
210 veterans, including but not limited to veterans cemeteries and veterans care centers; and

211 9. Provide recommendations to the Department of Veterans Services and the Veterans Services
212 Foundation created in § 2.2-2715 regarding gifts, grants, and other resources from public and private
213 entities and organizations to support veterans services.

214 Article 28.

215 Joint Leadership Council of Veterans Service Organizations.

216 § 2.2-2681. Joint Leadership Council of Veterans Service Organizations; membership; terms;
217 chairman; quorum; compensation.

218 A. The Joint Leadership Council of Veterans Service Organizations (the "Council") is established as
219 an advisory council, within the meaning of § 2.2-2100, in the executive branch of state government. The
220 Council shall be composed of 1 representative from each qualifying veterans services organization and
221 appointed by the Governor. The Commissioner of the Department of Veterans Services shall serve as a
222 nonvoting ex officio member.

223 Qualifying veteran service organizations shall be (i) composed principally of and controlled by
224 veterans of the United States Armed Forces, (ii) a registered nonprofit organization in good standing,
225 incorporated for the purpose of promoting programs designed to assist veterans of the armed forces of
226 the United States and their Virginia-domiciled surviving spouses, orphans, and dependents, and (iii)
227 active and in good standing with its parent national organization, if such a parent organization exists.

228 B. Voting members shall be appointed for terms of 3 years. Appointments to fill vacancies shall be
229 for the unexpired terms. No person shall be eligible to serve for or during more than 2 successive
230 3-year terms. Each qualifying veterans services organization shall be responsible for recommending a
231 member for appointment to the Council by the Governor.

232 C. The Council shall annually elect its chairman and vice chairman from among its members. The
233 Council shall develop and adopt its own charter, and shall develop and adopt a mission and vision
234 statement in consultation with the Department of Veterans Services. A majority of the voting members of
235 the Council shall constitute a quorum.

236 D. The Council shall meet at least 4 times per year. Additional meetings shall be subject to majority
237 approval by the members of the Council.

238 E. Members of the Council shall not receive any compensation or reimbursement of expenses for
239 their services.

240 § 2.2-2682. Powers and duties.

241 A. The Council shall have the following powers and duties:

242 1. Advise the Department of Veterans Services regarding (i) methods of providing support for
243 ongoing veterans services and programs, and (ii) addressing veterans issues on an ongoing basis;

244 2. Recommend issues that may potentially impact on veterans of the armed forces of the United

States and their Virginia-domiciled surviving spouses, orphans, and dependents;

3. Advise the Department of Veterans Services and the Board of Veterans Services on matters of concern to veterans and their Virginia-domiciled surviving spouses, orphans, and dependents;

4. Promote and support existing veterans services and programs;

5. Recommend and promote implementation of new efficient and effective administrative initiatives that enhance existing veterans services and programs or provide for necessary veterans services and programs not currently provided; and

6. Maintain a nonpartisan approach to maintaining and improving veterans services and programs in the Commonwealth.

B. The chairman shall report to the Commissioner and the Board of Veterans Services the results of its meetings and submit an annual report on or before November 30 of each year.

C. The Council may apply for funds from the Veterans Services Foundation to enable it to better carry out its objectives. The Council shall not impose unreasonable burdens or costs in connection with requests of agencies.

Article 6.

Veterans Services Foundation.

§ 2.2-2715. Veterans Services Foundation; purpose; membership; terms; compensation; staff.

A. The Veterans Services Foundation (the "Foundation") is established to serve as an advisory foundation, within the meaning of § 2.2-2100, in the executive branch of state government. The Foundation shall be governed and administered by a board of trustees for the purpose of providing funding for veteran services and programs in the Commonwealth through the Veterans Services Fund (the Fund). The Foundation shall submit a quarterly report to the Commissioner of Veterans Services on the Foundation's funding levels and services.

B. The Foundation shall consist of the Commissioner of Veterans Services, who shall serve as an ex officio voting member, and 8 nonlegislative citizens appointed by the Governor, subject to confirmation by the General Assembly. A majority of the trustees shall be active or retired chairmen, chief executive officers, or chief financial officers for large private corporations or nonprofit organizations. Trustees appointed by the Governor shall, insofar as possible, be veterans.

Initial appointments by the Governor shall be staggered as follows: 2 members for a term of 1 year, 3 members for a term of 2 years, and 3 members for a term of 4 years. Thereafter, members shall be appointed for a term of 3 years. Appointments to fill vacancies, other than by expiration of a term, shall be for the unexpired terms. All members may be reappointed. However, no member shall serve more than 2 consecutive 3-year terms. The remainder of any term to which a member is appointed to fill a vacancy shall not constitute a term in determining the member's eligibility for reappointment. Vacancies shall be filled in the same manner as the original appointments. Any member of the Board of Trustees may be removed by the Governor at his pleasure.

C. Trustees shall be reimbursed for their actual expenses incurred while attending meetings of the trustees or performing other duties. However, such reimbursement shall not exceed the per diem rate established for members of the General Assembly pursuant to § 30-19.12.

D. The Secretary of Administration shall designate a state agency to provide the Foundation with administrative and other services.

E. The trustees shall adopt bylaws governing their organization and procedures and may amend the same. The trustees shall elect from their number a chairman and such other officers as their bylaws may provide.

F. Any person designated by the board of trustees to handle the funds of the Foundation or the Fund shall give bond, with corporate surety, in a penalty fixed by the Governor, conditioned upon the faithful discharge of his duties. Any premium on the bond shall be paid from funds available to the Foundation.

§ 2.2-2716. Authority of Foundation.

The Foundation has the authority to:

1. Administer the Veterans Services Fund and make expenditures from the Fund to the Department of Veterans Services to provide supplemental funding for the Department's services and programs;

2. Accept, hold, and administer gifts and bequests of money, securities, or other property, absolutely or in trust, for the purposes for which the Foundation is created;

3. Enter into contracts and execute all instruments necessary and appropriate to carry out the Foundation's purposes;

4. Take such actions as may be reasonably necessary to seek, promote, and stimulate contributions for the Fund;

5. Make recommendations concerning other possible dedicated revenue sources for the Fund; and

6. Perform any lawful acts necessary or appropriate to carry out the purposes of the Foundation.

§ 2.2-2717. Form of accounts and records; annual audit.

The accounts and records of the Foundation showing the receipt and disbursement of funds from

306 *whatever source derived shall be established by the Auditor of Public Accounts in a manner similar to*
307 *other organizations. The Auditor of Public Accounts or his legally authorized representative shall*
308 *annually audit the accounts of the Foundation, and the cost of such audit services shall be borne by the*
309 *Foundation.*

310 *§ 2.2-2718. Veterans Services Fund.*

311 *A. There is created the Veterans Services Fund, a special nonreverting trust fund on the books of the*
312 *Comptroller, to be administered by the Foundation.*

313 *B. The Fund shall include such funds as may be appropriated by the General Assembly; revenues*
314 *transferred to the Fund from other state programs established for the Fund's benefit; and designated*
315 *gifts, contributions and bequests of money, securities, or other property of whatsoever character.*

316 *C. Any moneys remaining in the Virginia Veterans Care Center Endowment Fund as of June 30,*
317 *2003, shall be transferred to the Veterans Services Fund on July 1, 2003. Based on an audited*
318 *accounting of the June 30, 2003, balance, those transferred moneys from the Virginia Veterans Care*
319 *Center Endowment Fund shall be used to support (i) capital repair and replacement projects and*
320 *activities undertaken by the Department of Veterans Services, (ii) programs, activities, and services for*
321 *residents of veterans care centers, or (iii) other programs, activities, and services provided by the*
322 *Department of Veterans Services identified by such audit. It is the intent of the General Assembly that*
323 *the transferred moneys from the Virginia Veterans Care Center Endowment Fund shall not be used as*
324 *operating revenue for the veterans care centers, but shall be used according to the purposes identified*
325 *by the audit of its accounts.*

326 *D. All money, securities, or other property designated for the Fund and any interest or income*
327 *therefrom shall remain in the Fund and shall not revert to the general fund.*

328 *§ 2.2-2719. Gifts and bequests; exemption from taxation.*

329 *Gifts and bequests of money, securities, or other property to the Fund, and the interest or income*
330 *therefrom, shall be deemed gifts to the Commonwealth, and the Fund shall be exempt from all state and*
331 *local taxes. Unless otherwise restricted by the terms of the gift or bequest, the Foundation may sell,*
332 *exchange, or otherwise dispose of such gifts and bequests. The proceeds from such transactions shall be*
333 *deposited to the credit of the Fund. The Foundation may actively solicit private donations for the Fund.*

334 *§ 23-7.4:1. Waiver of tuition and required fees for certain students.*

335 *A. 1. All sums appropriated by law for the purpose of effecting the provisions of this subsection*
336 *shall be used for the sole purpose of providing for free tuition and required fees at the state-supported*
337 *institutions and institutional charges, general or college fees, or any charges by whatever term referred*
338 *to, board and room rent, and books and supplies at any education or training institution of collegiate or*
339 *secondary grade in the Commonwealth of Virginia approved in writing by the Director Commissioner of*
340 *the Department of Veterans' Affairs Veterans Services for the use and benefit of the children not under*
341 *sixteen 16 and not over twenty-five 25 years of age either of whose parents was killed in action, is*
342 *missing in action or a prisoner of war in any armed conflict subsequent to December 6, 1941, while*
343 *serving in the Army, Navy, Marine Corps, Air Force or Coast Guard of the United States, or was or is*
344 *or may hereafter become totally and permanently disabled due to service during such periods if such*
345 *parent (i) was a citizen of Virginia at the time of entering such service; (ii) is and has been, for at least*
346 *five 5 years immediately prior to the date on which application was submitted by or on behalf of such*
347 *child for admission to any education or training institution of collegiate or secondary grade in this*
348 *Commonwealth, a citizen of Virginia; (iii) is deceased, was a citizen of Virginia on the date of his or*
349 *her death and had been a citizen of Virginia for at least five 5 years immediately prior to his or her*
350 *death; or (iv) is deceased and the surviving parent had been, at some time previous to marrying the*
351 *deceased parent, a citizen of Virginia for at least five 5 years or is and has been a citizen of Virginia for*
352 *at least five 5 years immediately prior to the date on which application was submitted by or on behalf*
353 *of such child for admission to any education or training institution of collegiate or secondary grade in*
354 *this Commonwealth.*

355 *2. Such children, upon recommendation of the Director Commissioner of the Department of Veterans'*
356 *Affairs Veterans Services, shall be admitted to state institutions of secondary or higher education, free of*
357 *tuition and all required fees. Each state-supported institution shall include in its catalogue or equivalent*
358 *publication a statement describing the benefits provided by this subsection.*

359 *3. The amounts that may be or may become due by reason of attendance at any such educational or*
360 *training institution, not in excess of the amount specified in subdivision 5, shall be payable on vouchers*
361 *approved by the Director Commissioner of the Department of Veterans' Affairs Veterans Services.*

362 *4. The Director Commissioner of the Department of Veterans' Affairs Veterans Services shall*
363 *determine the eligibility of the children who may make application for the benefits provided for in this*
364 *subsection and shall satisfy himself of the attendance and satisfactory progress of such children at such*
365 *institution and of the accuracy of the charge or charges submitted on account of the attendance of any*
366 *such children at any such institution. However, neither the Director Commissioner nor any employee of*
367 *the Department of Veterans' Affairs Veterans Services shall receive any compensation for such services.*

5. To carry out the provisions of this subsection, there may be expended such funds as shall be appropriated for the purpose in the general appropriation acts. However, the maximum amount to be expended for each such child shall not be more, when combined with any federal allowance which may be made for such tuition, charges, fees, rent, books and supplies, than the actual amount of the benefits provided for in this subsection.

6. For the purposes of this subsection, user fees, such as room and board charges, shall not be included in this authorization to waive tuition and fees. However, all required fees, educational and auxiliary, shall be waived along with tuition.

B. Any child between the ages of ~~sixteen~~ 16 and ~~twenty-five~~ 25 whose parent or any person whose spouse has been killed in the line of duty while employed or serving as a law-enforcement officer, firefighter, including a special forest warden designated pursuant to § 10.1-1135, member of a rescue squad, sworn law-enforcement officer, special agent of the Department of Alcoholic Beverage Control, state correctional, regional or local jail officer, regional jail or jail farm superintendent, sheriff, deputy sheriff, or member of the Virginia National Guard while such member is serving in the Virginia National Guard or as a member of the United States Armed Forces, shall be entitled to free undergraduate tuition and required fees at any public institution of higher education in Virginia under the following conditions:

1. The chief administrative officer of the Alcoholic Beverage Control Board, emergency medical services agency, law-enforcement agency, or other appropriate agency or the Superintendent of State Police certifies that the deceased parent or spouse was employed or serving as a law-enforcement officer or a firefighter, including a special forest warden designated pursuant to § 10.1-1135, or member of a rescue squad or in any other capacity as specified in this section and was killed in the line of duty while serving or living in the Commonwealth; and

2. The child or spouse shall have been offered admission to a public institution of higher education. Any child or spouse who believes he is eligible shall apply to the public institution of higher education to which he has been admitted for the benefits provided by this subsection. The institution shall determine the eligibility of the applicant for these benefits and shall also ascertain that the recipients are in attendance and are making satisfactory progress. The amounts payable for tuition and required fees for the applicants shall be waived by the institution accepting the students.

For the purposes of this subsection, user fees, such as room and board charges, shall not be included in this authorization to waive tuition and fees. However, all required fees, educational and auxiliary, shall be waived along with tuition.

C. Senior citizens shall be entitled to free tuition and required fees pursuant to the provisions of Chapter 4.5 (§ 23-38.54 et seq.) of Title 23.

D. Tuition and required fees may be waived for a student from a foreign country enrolled in a public institution of higher education through a student exchange program approved by such institution, provided the number of foreign students does not exceed the number of students paying full tuition and required fees to the institution under the provisions of the exchange program for a given ~~three~~ 3-year period.

§ 58.1-609.1. Governmental and commodities exemptions.

The tax imposed by this chapter or pursuant to the authority granted in §§ 58.1-605 and 58.1-606 shall not apply to the following:

1. Fuels which are subject to the tax imposed by Chapter 22 (§ 58.1-2200 et seq.) of this title. Persons who are refunded any such fuel tax shall, however, be subject to the tax imposed by this chapter, unless such taxes would be specifically exempted pursuant to any provision of this section.

2. Motor vehicles, trailers, semitrailers, mobile homes and travel trailers.

3. Gas, electricity, or water when delivered to consumers through mains, lines, or pipes.

4. Tangible personal property for use or consumption by the Commonwealth, any political subdivision of the Commonwealth, or the United States. This exclusion shall not apply to sales and leases to privately owned financial and other privately owned corporations chartered by the United States. Further, this exemption shall not apply to tangible personal property which is acquired by the Commonwealth or any of its political subdivisions and then transferred to private businesses for their use in a facility or real property improvement to be used by a private entity or for nongovernmental purposes other than tangible personal property acquired by the Herbert H. Bateman Advanced Shipbuilding and Carrier Integration Center and transferred to a Qualified Shipbuilder as defined in the third enactment of Chapter 790 of the 1998 Acts of the General Assembly.

5. Aircraft subject to tax under Chapter 15 (§ 58.1-1500 et seq.) of this title.

6. Motor fuels and alternative fuels for use in a commercial watercraft upon which a fuel tax is refunded pursuant to § 58.1-2259.

7. Sales by a government agency of the official flags of the United States, the Commonwealth of Virginia, or of any county, city or town.

429 8. Materials furnished by the State Board of Elections pursuant to §§ 24.2-404 through 24.2-407.
430 9. Watercraft as defined in § 58.1-1401.
431 10. Tangible personal property used in and about a marine terminal under the supervision of the
432 Virginia Port Authority for handling cargo, merchandise, freight and equipment. This exemption shall
433 apply to agents, lessees, sublessees or users of tangible personal property owned by or leased to the
434 Virginia Port Authority and to property acquired or used by the Authority or by a nonstock, nonprofit
435 corporation that operates a marine terminal or terminals on behalf of the Authority.
436 11. Sales by prisoners confined in state correctional facilities of artistic products personally made by
437 the prisoners as authorized by § 53.1-46.
438 12. Tangible personal property for use or consumption by the Virginia Department for the Blind and
439 Vision Impaired or any nominee, as defined in § 51.5-60, of such Department.
440 13. [Expired.]
441 14. Tangible personal property sold to residents and patients of the Virginia Veterans Care Center at
442 a canteen operated by the ~~Virginia Veterans Care Center Board of Trustees established pursuant to~~
443 ~~§ 2.2-2435~~ *Department of Veterans Services*.
444 15. Tangible personal property for use or consumption by any nonprofit organization whose members
445 include the Commonwealth and other states and which is organized for the purpose of fostering
446 interstate cooperation and excellence in government.
447 16. Tangible personal property purchased for use or consumption by any soil and conservation
448 district which is organized in accordance with the provisions of Article 3 (§ 10.1-506 et seq.) of Chapter
449 5 of Title 10.1.
450 § 58.1-3506. Other classifications of tangible personal property for taxation.
451 A. The items of property set forth below are each declared to be a separate class of property and
452 shall constitute a classification for local taxation separate from other classifications of tangible personal
453 property provided in this chapter:
454 1. Boats or watercraft weighing ~~five~~ 5 tons or more;
455 2. Aircraft having a maximum passenger seating capacity of no more than ~~five~~ 50 which are owned
456 and operated by scheduled air carriers operating under certificates of public convenience and necessity
457 issued by the State Corporation Commission or the Civil Aeronautics Board;
458 3. All other aircraft not included in subdivision A 2 and flight simulators;
459 4. Antique motor vehicles as defined in § 46.2-100 which may be used for general transportation
460 purposes as provided in subsection C of § 46.2-730;
461 5. Tangible personal property used in a research and development business;
462 6. Heavy construction machinery, including but not limited to land movers, bulldozers, front-end
463 loaders, graders, packers, power shovels, cranes, pile drivers, forest harvesting and silvicultural activity
464 equipment and ditch and other types of diggers;
465 7. Generating equipment purchased after December 31, 1974, for the purpose of changing the energy
466 source of a manufacturing plant from oil or natural gas to coal, wood, wood bark, wood residue, or any
467 other alternative energy source for use in manufacturing and any cogeneration equipment purchased to
468 achieve more efficient use of any energy source. Such generating equipment and cogeneration equipment
469 shall include, without limitation, such equipment purchased by firms engaged in the business of
470 generating electricity or steam, or both;
471 8. Vehicles without motive power, used or designed to be used as manufactured homes as defined in
472 § 36-85.3;
473 9. Computer hardware used by businesses primarily engaged in providing data processing services to
474 other nonrelated or nonaffiliated businesses;
475 10. Privately owned pleasure boats and watercraft, ~~eighteen~~ 18 feet and over, used for recreational
476 purposes only;
477 11. Privately owned vans with a seating capacity of not less than ~~seven~~ 7 nor more than ~~fifteen~~ 15
478 persons, including the driver, used exclusively pursuant to a ridesharing arrangement as defined in
479 § 46.2-1400;
480 12. Motor vehicles specially equipped to provide transportation for physically handicapped
481 individuals;
482 13. Motor vehicles (i) owned by members of a volunteer rescue squad or volunteer fire department
483 or (ii) leased by members of a volunteer rescue squad or volunteer fire department if the member is
484 obligated by the terms of the lease to pay tangible personal property tax on the motor vehicle. One
485 motor vehicle which is owned by each volunteer rescue squad member or volunteer fire department
486 member, or leased by each volunteer rescue squad member or volunteer fire department member if the
487 member is obligated by the terms of the lease to pay tangible personal property tax on the motor
488 vehicle, may be specially classified under this section, provided the volunteer rescue squad member or
489 volunteer fire department member regularly responds to emergency calls. The volunteer shall furnish the
490 commissioner of revenue, or other assessing officer, with a certification by the chief or head of the

volunteer organization, that the volunteer is a member of the volunteer rescue squad or fire department who regularly responds to calls or regularly performs other duties for the rescue squad or fire department, and the motor vehicle owned or leased by the volunteer rescue squad member or volunteer fire department member is identified. The certification shall be submitted by January 31 of each year to the commissioner of revenue or other assessing officer; however, the commissioner of revenue or other assessing officer shall be authorized, in his discretion, and for good cause shown and without fault on the part of the member, to accept a certification after the January 31 deadline. In any county which prorates the assessment of tangible personal property pursuant to § 58.1-3516, a replacement vehicle may be certified and classified pursuant to this subsection when the vehicle certified as of the immediately prior January date is transferred during the tax year;

14. Motor vehicles (i) owned by auxiliary members of a volunteer rescue squad or volunteer fire department or (ii) leased by auxiliary members of a volunteer rescue squad or volunteer fire department if the member is obligated by the terms of the lease to pay tangible personal property tax on the motor vehicle. One motor vehicle which is regularly used by each auxiliary volunteer fire department or rescue squad member may be specially classified under this section. The auxiliary member shall furnish the commissioner of revenue, or other assessing officer, with a certification by the chief or head of the volunteer organization, that the volunteer is an auxiliary member of the volunteer rescue squad or fire department who regularly performs duties for the rescue squad or fire department, and the motor vehicle is identified as regularly used for such purpose; however, if a volunteer rescue squad or fire department member and an auxiliary member are members of the same household, that household shall be allowed only one special classification under this subdivision or subdivision 13 of this section. The certification shall be submitted by January 31 of each year to the commissioner of revenue or other assessing officer; however, the commissioner of revenue or other assessing officer shall be authorized, in his discretion, and for good cause shown and without fault on the part of the member, to accept a certification after the January 31 deadline;

15. Motor vehicles owned by a nonprofit organization and used to deliver meals to homebound persons or provide transportation to senior or handicapped citizens in the community to carry out the purposes of the nonprofit organization;

16. Privately owned camping trailers as defined in § 46.2-100, and privately owned travel trailers as defined in § 46.2-1900, which are used for recreational purposes only, and privately owned trailers as defined in § 46.2-100 that are designed and used for the transportation of horses;

17. One motor vehicle owned and regularly used by a veteran who has either lost, or lost the use of, one or both legs, or an arm or a hand, or who is blind or who is permanently and totally disabled as certified by the Department of ~~Veterans' Affairs~~ *Veterans Services*. In order to qualify, the veteran shall provide a written statement to the commissioner of revenue or other assessing officer from the Department of ~~Veterans' Affairs~~ *Veterans Services* that the veteran has been so designated or classified by the Department of ~~Veterans' Affairs~~ *Veterans Services* as to meet the requirements of this section, and that his disability is service-connected. For purposes of this section, a person is blind if he meets the provisions of § 46.2-739;

18. Motor vehicles (i) owned by persons who have been appointed to serve as auxiliary police officers pursuant to Article 3 (§ 15.2-1731 et seq.) of Chapter 17 of Title 15.2 or (ii) leased by persons who have been so appointed to serve as auxiliary police officers if the person is obligated by the terms of the lease to pay tangible personal property tax on the motor vehicle. One motor vehicle which is regularly used by each auxiliary police officer to respond to auxiliary police duties may be specially classified under this section. In order to qualify for such classification, any auxiliary police officer who applies for such classification shall identify the vehicle for which this classification is sought, and shall furnish the commissioner of revenue or other assessing officer with a certification from the governing body which has appointed such auxiliary police officer or from the official who has appointed such auxiliary officers. That certification shall state that the applicant is an auxiliary police officer who regularly uses a motor vehicle to respond to auxiliary police duties, and it shall state that the vehicle for which the classification is sought is the vehicle which is regularly used for that purpose. The certification shall be submitted by January 31 of each year to the commissioner of revenue or other assessing officer; however, the commissioner of revenue or other assessing officer shall be authorized, in his discretion, and for good cause shown and without fault on the part of the member, to accept a certification after the January 31 deadline;

19. Until the first to occur of June 30, 2009, or the date that a special improvements tax is no longer levied under § 15.2-4607 on property within a Multicounty Transportation Improvement District created pursuant to Chapter 46 (§ 15.2-4600 et seq.) of Title 15.2, tangible personal property that is used in manufacturing, testing, or operating satellites within a Multicounty Transportation Improvement District, provided that such business personal property is put into service within the District on or after July 1, 1999;

552 20. Motor vehicles which use clean special fuels as defined in § 58.1-2101;
553 21. Wild or exotic animals kept for public exhibition in an indoor or outdoor facility which is
554 properly licensed by the federal government, the Commonwealth, or both, and which is properly zoned
555 for such use. "Wild animals" means any animals which are found in the wild, or in a wild state, within
556 the boundaries of the United States, its territories or possessions. "Exotic animals" means any animals
557 which are found in the wild, or in a wild state, and are native to a foreign country;
558 22. Furniture, office, and maintenance equipment, exclusive of motor vehicles, which are owned and
559 used by an organization whose real property is assessed in accordance with § 58.1-3284.1 and which is
560 used by that organization for the purpose of maintaining or using the open or common space within a
561 residential development;
562 23. Motor vehicles, trailers and semitrailers with a gross vehicle weight of 10,000 pounds or more
563 used to transport property for hire by a motor carrier engaged in interstate commerce;
564 24. All tangible personal property employed in a trade or business other than that described in
565 subdivisions A 1 through A 18, except for subdivision A 17, of § 58.1-3503;
566 25. Programmable computer equipment and peripherals employed in a trade or business;
567 26. Privately owned pleasure boats and watercraft, motorized and under ~~eighteen~~ 18 feet, used for
568 recreational purposes only;
569 27. Privately owned pleasure boats and watercraft, nonmotorized and under ~~eighteen~~ 18 feet, used for
570 recreational purposes only;
571 28. Privately owned motor homes as defined in § 46.2-100 that are used for recreational purposes
572 only;
573 29. Tangible personal property used in the provision of Internet services. For purposes of this
574 subdivision, "Internet service" means a service, including an Internet Web-hosting service, that enables
575 users to access content, information, electronic mail, and the Internet as part of a package of services
576 sold to customers;
577 30. Motor vehicles (i) owned by persons who serve as auxiliary, reserve or special deputy sheriffs or
578 (ii) leased by persons who serve as auxiliary, reserve or special deputy sheriffs if the person is obligated
579 by the terms of the lease to pay tangible personal property tax on the motor vehicle. For purposes of
580 this subdivision, the term "auxiliary deputy sheriff" means auxiliary, reserve or special deputy sheriff.
581 One motor vehicle that is regularly used by each auxiliary deputy sheriff to respond to auxiliary deputy
582 sheriff duties may be specially classified under this section. In order to qualify for such classification,
583 any auxiliary deputy sheriff who applies for such classification shall identify the vehicle for which this
584 classification is sought, and shall furnish the commissioner of revenue or other assessing officer with a
585 certification from the governing body that has appointed such auxiliary deputy sheriff or from the
586 official who has appointed such auxiliary deputy sheriff. That certification shall state that the applicant
587 is an auxiliary deputy sheriff who regularly uses a motor vehicle to respond to such auxiliary duties, and
588 it shall state that the vehicle for which the classification is sought is the vehicle that is regularly used
589 for that purpose. The certification shall be submitted by January 31 of each year to the commissioner of
590 revenue or other assessing officer; however, the commissioner of revenue or other assessing officer shall
591 be authorized, in his discretion, and for good cause shown and without fault on the part of the member,
592 to accept a certification after the January 31 deadline;
593 31. Forest harvesting and silvicultural activity equipment; and
594 32. Equipment used primarily for research, development, production, or provision of biotechnology
595 for the purpose of developing or providing products or processes for specific commercial or public
596 purposes, including, but not limited to, medical, pharmaceutical, nutritional, and other health-related
597 purposes; agricultural purposes; or environmental purposes but not for human cloning purposes as
598 defined in § 32.1-162.21 or for products or purposes related to human embryo stem cells. For purposes
599 of this section, biotechnology equipment means equipment directly used in activities associated with the
600 science of living things.
601 B. The governing body of any county, city or town may levy a tax on the property enumerated in
602 subsection A at different rates from the tax levied on other tangible personal property. The rates of tax
603 and the rates of assessment shall (i) for purposes of subdivisions 1, 2, 3, 4, 6, 9 through 18, 20 through
604 22, and 24 through 32 of subsection A, not exceed that applicable to the general class of tangible
605 personal property, (ii) for purposes of subdivisions A 5, A 7, A 19, and A 23, not exceed that applicable
606 to machinery and tools, and (iii) for purposes of subdivision A 8, equal that applicable to real property.
607 **2. That Chapter 19 (§§ 2.2-1900 through 2.2-1905), and Article 9 (§§ 2.2-2421 and 2.2-2422) and**
608 **Article 14 (§§ 2.2-2435, 2.2-2436 and 2.2-2437) of Chapter 24 of Title 2.2 of the Code of Virginia**
609 **are repealed.**
610 **3. That as of the effective date of this act, the Department of Veterans Services shall be deemed**
611 **the successor in interest to the Department of Veterans' Affairs. All right, title, and interest in and**
612 **to any real or tangible personal property vested in the Department of Veterans' Affairs as of the**
613 **effective date of this act shall be transferred to and taken as standing in the name of the**

614 Department of Veterans Services.

615 4. That all rules and regulations adopted by the Department of Veterans' Affairs that are in effect
616 as of the effective date of this act and that pertain to the subject of this act shall remain in full
617 force and effect until altered, amended or rescinded by the Department of Veterans Services.

ENGROSSED

HB1774EH1