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**HOUSE BILL NO. 2478**

Offered January 8, 2003

Prefiled January 8, 2003

*A BILL to amend and reenact § 22.1-166.1 and 22.1-166.2 of the Code of Virginia, relating to the payment of grants by the Virginia Public School Authority to local school divisions for public school construction; the School Construction Grant Act of 2003.*

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 Patron—Crittenden
 

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 Referred to Committee on Appropriations
 

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

**1. That §§ 22.1-166.1 and 22.1-166.2 of the Code of Virginia are amended and reenacted as follows:**

§ 22.1-166.1. Loans to local school boards.

The Authority is authorized to make loans or loan interest rate subsidy payments, from any of the funds of the Authority available for such purpose, to local school boards for the purpose of acquiring and installing capital projects for school purposes for which loans from the Literary Fund are not immediately available. ~~For the purpose of this section and § 22.1-166.2, capital projects for school purposes shall mean motor vehicles and educational technology equipment.~~

A. No loan from the Authority shall exceed 100 percent of the cost of the capital project for school purposes for which such loan is made.

B. A loan from the Authority shall be evidenced by notes payable to the Authority, executed or signed by the chairman of the school board, with the approval of the local governing body, attested by the clerk thereof and deposited with the State Treasurer. Payments of interest and principal on such notes shall be made to the State Treasurer. Any loan from the Authority shall be repayable in installments as shall be approved by the local school board, as appropriate, with the final installment being due not more than thirty years after the date of such loan. The time of payment may be extended in the discretion of the Authority.

C. The local governing bodies and the local school boards of the several school divisions are authorized to borrow money from the Authority, at such rate or rates, fixed or variable, as shall be approved by the local school board; any local school board to borrow from the Authority shall first make written application to the Authority for such loan on a form to be prescribed by the Authority.

D. The governing body of any county, city, or town, if the town constitutes the school division, in which the local school board has borrowed money from the Authority shall include in its levies, and appropriate to the local school board, a fund sufficient to meet the liabilities of the local school board on such loan if and to the extent such liabilities are not otherwise provided for by the General Assembly. The governing body of any county in which the local school board has borrowed money from the Authority for capital projects located in a town in such county constituting a separate school division shall have authority to include, in its levies for such town, a levy sufficient to meet the liabilities of the local school board on such loan if and to the extent such liabilities are not otherwise provided for by the General Assembly and shall levy a separate tax in the rest of the county to meet its liabilities on any contract for capital projects outside such town. In the event that such local school board shall fail to pay any installment of interest or principal promptly, upon notice in writing to that effect from the State Treasurer, the county, city, or town treasurer shall pay to the State Treasurer any such past due installment of interest or principal out of the funds in his hands belonging to such county, city, or town. The failure of such governing body to provide for the payment of such loan or the interest thereon when and as due shall be deemed a cause for removal of the members thereof from office on motion before the circuit court having jurisdiction in such county, city, or town, instituted by the attorney for the Commonwealth of such county or city or by the Attorney General where the attorney for the Commonwealth refuses or neglects to act after demand on him to proceed.

E. The local school board of any school division composed of part or all of a county, with the approval of the governing body of the county, is authorized to borrow from the Authority for the purpose of financing capital projects in such county to serve a portion of such county. Taxes on property in the magisterial districts served by such capital projects shall be levied by the governing body of the county and collected for the purpose of repaying such loan; for the purposes of this section, a magisterial district shall not include a town constituting a separate school division but the governing body of the county may levy a separate tax on property in a town in such county constituting a separate

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59 school division to repay money borrowed by such county from the Authority for the purpose of  
60 financing capital projects in such town. Except as otherwise provided by this subsection, all other  
61 provisions of law relating to loans from the Authority shall apply to a loan authorized by this  
62 subsection.

63 F. Any local school board which is indebted for any money borrowed from the Authority may  
64 anticipate the payment of the principal amount of any such loans, or any part thereof, by the payment of  
65 such principal amount with interest thereon to the date of such anticipated payment and may borrow  
66 money and issue bonds for the purpose of raising funds to pay any notes or other obligations of the  
67 local school board now and hereafter held by the Authority.

68 § 22.1-166.2. Grants to local school boards.

69 The Authority is authorized to make grants of money, from any of the funds of the Authority  
70 available for such purpose, to local school boards for the purchase of capital projects for school  
71 purposes.

72 2. § 1. That this act shall be known and may be cited as the "School Construction Grant Act of 2003."

73 § 2. The Virginia Public School Authority (the "Authority") shall provide a total of \$1 billion in grants  
74 to the local school divisions of the Commonwealth to be used exclusively for school construction, school  
75 additions, or school infrastructure; site acquisition for public school buildings and facilities; or school  
76 renovations, including the costs of retrofitting or enlarging public school buildings. Such grants shall  
77 not be used to pay debt service of local governments, school boards, or school divisions. The amount of  
78 grants to be provided to each local school division shall be as provided in § 3 of this act. Funds for the  
79 payment of such grants shall be provided from the issuance of bonds by the Authority, with all bonds as  
80 required to raise such \$1 billion being issued no later than January 1, 2010. The schedule for the  
81 issuance of such bonds and the payment of debt service on such bonds shall be as provided in the  
82 general appropriation act.

83 Such grants shall be in addition to all other grants made to local governments, school boards or school  
84 divisions, including, but not limited to, grants made (i) pursuant to the Virginia Public School  
85 Construction Grant Program (§ 22.1-175.1 et seq. of the Code of Virginia); (ii) pursuant to the Virginia  
86 Public School Educational Technology Grants Program (§ 22.1-175.6 et seq. of the Code of Virginia);  
87 or (iii) to local school boards by the Authority prior to July 1, 2003. In addition, such grants shall not  
88 replace or be in lieu of loans to local school boards or interest rate subsidy payments to local school  
89 boards pursuant to Chapter 11.1 of Title 22.1 and the issuance of such bonds and the payment of such  
90 grants shall not, except as herein provided, affect, or otherwise amend the provisions of such chapter as  
91 they relate to the powers and duties of the Authority, local school boards, local governments, or any  
92 other entity.

93 Such grants shall not be used to calculate or reduce the share of federal, state, or local revenues or  
94 funds otherwise available to local governments, school boards, or school divisions, nor shall they be  
95 used to calculate or reduce any allocation of revenues or funds including, but not limited to, state basic  
96 aid payments.

97 § 3. The Authority shall provide a total of \$500 million in grants to be distributed equally among all  
98 local school divisions, with each school division to receive \$3,676,471 in grants. The Authority shall  
99 provide an additional \$500 million in grants to be distributed to local school divisions on a set per  
100 pupil amount, based on each school division's actual September 30, 2002, fall membership data (as  
101 collected by the Department of Education) as a proportion of total actual September 30, 2002, fall  
102 membership data for all school divisions. The total amount of grants for each school division based on  
103 such required distributions shall be as follows:

104	Division Number	Division	Grant Allocation
105			
106	001	Accomack	\$5,927,467
107			
108	002	Albemarle	8,907,756
109			
110	003	Alleghany	4,911,990
111			
112	004	Amelia	4,418,733
113			
114	005	Amherst	5,678,893
115			
116	006	Appomattox	4,676,817
117			
118	007	Arlington	11,636,446

<b>119</b>			
<b>120</b>	008	Augusta	8,268,382
<b>121</b>			
<b>122</b>	009	Bath	4,012,369
<b>123</b>			
<b>124</b>	010	Bedford	7,891,847
<b>125</b>			
<b>126</b>	011	Bland	4,067,704
<b>127</b>			
<b>128</b>	012	Botetourt	5,709,154
<b>129</b>			
<b>130</b>	013	Brunswick	4,689,354
<b>131</b>			
<b>132</b>	014	Buchanan	5,291,118
<b>133</b>			
<b>134</b>	015	Buckingham	4,622,780
<b>135</b>			
<b>136</b>	016	Campbell	7,393,403
<b>137</b>			
<b>138</b>	017	Caroline	5,254,805
<b>139</b>			
<b>140</b>	018	Carroll	5,414,757
<b>141</b>			
<b>142</b>	019	Charles City	4,066,839
<b>143</b>			
<b>144</b>	020	Charlotte	4,618,889
<b>145</b>			
<b>146</b>	021	Chesterfield	26,655,481
<b>147</b>			
<b>148</b>	022	Clarke	4,555,773
<b>149</b>			
<b>150</b>	023	Craig	3,979,082
<b>151</b>			
<b>152</b>	024	Culpeper	6,275,902
<b>153</b>			
<b>154</b>	025	Cumberland	4,270,021
<b>155</b>			
<b>156</b>	026	Dickenson	4,814,722
<b>157</b>			
<b>158</b>	027	Dinwiddie	5,592,865
<b>159</b>			
<b>160</b>	028	Essex	4,363,831
<b>161</b>			
<b>162</b>	029	Fairfax	71,869,509
<b>163</b>			
<b>164</b>	030	Fauquier	8,007,271
<b>165</b>			
<b>166</b>	031	Floyd	4,554,044
<b>167</b>			
<b>168</b>	032	Fluvanna	5,083,613
<b>169</b>			
<b>170</b>	033	Franklin	6,760,513
<b>171</b>			
<b>172</b>	034	Frederick	8,400,666
<b>173</b>			
<b>174</b>	035	Giles	4,780,137

175			
176	036	Gloucester	6,406,025
177			
178	037	Goochland	4,572,633
179			
180	038	Grayson	4,667,307
181			
182	039	Greene	4,825,097
183			
184	040	Greensville	4,411,384
185			
186	041	Halifax	6,214,515
187			
188	042	Hanover	11,300,115
189			
190	043	Henrico	22,419,786
191			
192	044	Henry	7,271,061
193			
194	045	Highland	3,799,677
195			
196	046	Isle of Wight	5,832,793
197			
198	047	James City	7,074,364
199			
200	048	King George	4,992,398
201			
202	049	King and Queen	4,059,490
203			
204	050	King William	4,495,683
205			
206	051	Lancaster	4,283,855
207			
208	052	Lee	5,305,817
209			
210	053	Loudoun	19,666,455
211			
212	054	Louisa	5,506,837
213			
214	055	Lunenburg	4,440,780
215			
216	056	Madison	4,456,776
217			
218	057	Mathews	4,249,703
219			
220	058	Mecklenburg	5,807,287
221			
222	059	Middlesex	4,234,140
223			
224	060	Montgomery	7,618,632
225			
226	062	Nelson	4,547,559
227			
228	063	New Kent	4,738,204
229			
230	065	Northampton	4,561,825
231			

232	066	Northumberland	4,303,308
233			
234	067	Nottoway	4,707,511
235			
236	068	Orange	5,394,006
237			
238	069	Page	5,209,413
239			
240	070	Patrick	4,812,560
241			
242	071	Pittsylvania	7,489,374
243			
244	072	Powhatan	5,334,781
245			
246	073	Prince Edward	4,843,686
247			
248	074	Prince George	6,252,126
249			
250	075	Prince William	29,196,551
251			
252	077	Pulaski	5,816,798
253			
254	078	Rappahannock	4,129,091
255			
256	079	Richmond	4,202,150
257			
258	080	Roanoke	9,772,793
259			
260	081	Rockbridge	4,895,562
261			
262	082	Rockingham	8,382,942
263			
264	083	Russell	5,475,279
265			
266	084	Scott	5,276,852
267			
268	085	Shenandoah	6,106,008
269			
270	086	Smyth	5,853,111
271			
272	087	Southampton	4,867,895
273			
274	088	Spotsylvania	12,885,367
275			
276	089	Stafford	13,928,511
277			
278	090	Surry	4,161,081
279			
280	091	Sussex	4,268,292
281			
282	092	Tazewell	6,701,287
283			
284	093	Warren	5,918,821
285			
286	094	Washington	6,763,971
287			

<b>288</b>	095	<i>Westmoreland</i>	<i>4,504,761</i>
<b>289</b>			
<b>290</b>	096	<i>Wise</i>	<i>6,589,321</i>
<b>291</b>			
<b>292</b>	097	<i>Wythe</i>	<i>5,534,072</i>
<b>293</b>			
<b>294</b>	098	<i>York</i>	<i>8,859,339</i>
<b>295</b>			
<b>296</b>	101	<i>Alexandria</i>	<i>8,381,213</i>
<b>297</b>			
<b>298</b>	102	<i>Bristol</i>	<i>4,675,088</i>
<b>299</b>			
<b>300</b>	103	<i>Buena Vista</i>	<i>4,145,518</i>
<b>301</b>			
<b>302</b>	104	<i>Charlottesville</i>	<i>5,462,742</i>
<b>303</b>			
<b>304</b>	106	<i>Colonial Heights</i>	<i>4,879,567</i>
<b>305</b>			
<b>306</b>	107	<i>Covington</i>	<i>4,054,735</i>
<b>307</b>			
<b>308</b>	108	<i>Danville</i>	<i>6,839,624</i>
<b>309</b>			
<b>310</b>	109	<i>Falls Church</i>	<i>4,465,854</i>
<b>311</b>			
<b>312</b>	110	<i>Fredericksburg</i>	<i>4,698,432</i>
<b>313</b>			
<b>314</b>	111	<i>Galax</i>	<i>4,244,083</i>
<b>315</b>			
<b>316</b>	112	<i>Hampton</i>	<i>13,575,753</i>
<b>317</b>			
<b>318</b>	113	<i>Harrisonburg</i>	<i>5,410,434</i>
<b>319</b>			
<b>320</b>	114	<i>Hopewell</i>	<i>5,347,318</i>
<b>321</b>			
<b>322</b>	115	<i>Lynchburg</i>	<i>7,505,369</i>
<b>323</b>			
<b>324</b>	116	<i>Martinsville</i>	<i>4,831,581</i>
<b>325</b>			
<b>326</b>	117	<i>Newport News</i>	<i>17,300,899</i>
<b>327</b>			
<b>328</b>	118	<i>Norfolk</i>	<i>18,540,741</i>
<b>329</b>			
<b>330</b>	119	<i>Norton</i>	<i>3,980,379</i>
<b>331</b>			
<b>332</b>	120	<i>Petersburg</i>	<i>6,042,891</i>
<b>333</b>			
<b>334</b>	121	<i>Portsmouth</i>	<i>10,578,171</i>
<b>335</b>			
<b>336</b>	122	<i>Radford</i>	<i>4,343,512</i>
<b>337</b>			
<b>338</b>	123	<i>Richmond City</i>	<i>14,409,231</i>
<b>339</b>			
<b>340</b>	124	<i>Roanoke City</i>	<i>9,351,298</i>
<b>341</b>			
<b>342</b>	126	<i>Staunton</i>	<i>4,828,988</i>
<b>343</b>			
<b>344</b>	127	<i>Suffolk</i>	<i>9,116,991</i>

345			
346	128	Virginia Beach	36,287,168
347			
348	130	Waynesboro	4,940,954
349			
350	131	Williamsburg	3,983,405
351			
352	132	Winchester	5,180,017
353			
354	134	Fairfax City	4,847,144
355			
356	135	Franklin City	4,270,453
357			
358	136	Chesapeake City	20,513,767
359			
360	137	Lexington	3,954,873
361			
362	138	Emporia	4,093,642
363			
364	139	Salem	5,370,662
365			
366	140	Bedford City	4,092,777
367			
368	142	Poquoson	4,755,496
369			
370	143	Manassas City	6,489,459
371			
372	144	Manassas Park	4,659,958
373			
374	202	Colonial Beach	3,919,424
375			
376	207	West Point	4,010,640
377			
378		Total Grants	\$1,000,000,000
379			

380 § 4. The Board of Education shall determine the priority for the payment of the grants set forth in § 3 of  
 381 this act to each local school division. When the Board determines that a grant shall be paid to a local  
 382 school division under this act, it shall provide a written certification to the chairman of the Authority  
 383 directing him to make a grant payment in a specific amount to the local school division. The Board,  
 384 however, shall not make such written certification until it has established that the Authority has  
 385 sufficient funds to make such grant payment. The Authority shall only make grant payments to a local  
 386 school division for the grants provided under this act upon receipt of such written certification. The  
 387 Authority shall make such grant payments, and in the amounts as directed by the Board, within 30 days  
 388 of receipt of the certification.

389 The Board shall issue guidelines for the priority for the payment of grants to local school divisions.  
 390 Guidelines for the priority for the payment of grants shall provide, among other criteria, that grants  
 391 shall be paid to local school divisions based upon (i) the need for the public school project in  
 392 comparison to the need for public school projects in other local school divisions as determined by the  
 393 Board, (ii) the readiness of the public school project for construction, building, or completion as  
 394 determined by the Board, and (iii) the Authority having sufficient funds on hand to make such grant  
 395 payments.

396 The guidelines shall also include, but shall not be limited to, (i) provisions which address approval by  
 397 the local governing body of the construction, addition, or site acquisition for which grant moneys are  
 398 sought by a local school division, (ii) the application for a grant by a local school division pursuant to  
 399 this act, and (iii) the implementation of the procedure for disbursing grants to local school divisions.

400 § 5. The Authority shall maintain separate accounts for the grants paid to local school divisions under  
 401 this act and for bonds issued to raise funds for the payment of such grants. The Authority shall take all  
 402 necessary and proper steps, as it is authorized to take under law, to carry out the provisions of this act.

403 § 6. *Beginning in 2004, the Board of Education shall make an annual report to the General Assembly*  
404 *on June 1 of each year reporting (i) the total grants paid during the prior calendar year to each local*  
405 *school division pursuant to the provisions of this act, and (ii) a detailed description of the public school*  
406 *projects for which the grants were used.*

407 **3. That the Virginia Public School Authority shall not incur more than a total of \$250 million in**  
408 **debt or other payment obligations in any fiscal year in implementing the provisions of the second**  
409 **enactment of this act. "Debt or other payment obligations" means a source of funding, either**  
410 **directly or indirectly, through bonded indebtedness or other borrowings of the Authority except**  
411 **that it shall not include the (i) issuance costs, capitalized interest, reserve funds, and other**  
412 **financing expenses directly relating to bonds issued for implementation of the School Construction**  
413 **Grant Act of 2003 or (ii) bond anticipation notes, refunding bonds, or refunding bond anticipation**  
414 **notes issued or directly relating to implementation of the School Construction Grant Act of 2003.**