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SENATE BILL NO. 885

Offered January 8, 2003

Prefiled January 7, 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.

Patrons—Puller, Byrne, Edwards, Houck, Howell, Lambert, Lucas, Marsh, Maxwell, Miller, Y.B., Mims, Puckett, Reynolds, Saslaw, Ticer, Wagner and Whipple; Delegates: Albo, Bolvin, Dillard, Petersen, Plum, Reese, Rust and Watts

Referred to Committee on Finance

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

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body of the county may levy a separate tax on property in a town in such county constituting a separate school division to repay money borrowed by such county from the Authority for the purpose of financing capital projects in such town. Except as otherwise provided by this subsection, all other provisions of law relating to loans from the Authority shall apply to a loan authorized by this subsection.

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

§ 22.1-166.2. Grants to local school boards.

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

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

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

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

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

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

Division Number	Division	Grant Allocation
001	Accomack	\$5,927,467
002	Albemarle	8,907,756
003	Alleghany	4,911,990
004	Amelia	4,418,733
005	Amherst	5,678,893
006	Appomattox	4,676,817

117	007	Arlington	11,636,446
118			
119	008	Augusta	8,268,382
120			
121	009	Bath	4,012,369
122			
123	010	Bedford	7,891,847
124			
125	011	Bland	4,067,704
126			
127	012	Botetourt	5,709,154
128			
129	013	Brunswick	4,689,354
130			
131	014	Buchanan	5,291,118
132			
133	015	Buckingham	4,622,780
134			
135	016	Campbell	7,393,403
136			
137	017	Caroline	5,254,805
138			
139	018	Carroll	5,414,757
140			
141	019	Charles City	4,066,839
142			
143	020	Charlotte	4,618,889
144			
145	021	Chesterfield	26,655,481
146			
147	022	Clarke	4,555,773
148			
149	023	Craig	3,979,082
150			
151	024	Culpeper	6,275,902
152			
153	025	Cumberland	4,270,021
154			
155	026	Dickenson	4,814,722
156			
157	027	Dinwiddie	5,592,865
158			
159	028	Essex	4,363,831
160			
161	029	Fairfax	71,869,509
162			
163	030	Fauquier	8,007,271
164			
165	031	Floyd	4,554,044
166			
167	032	Fluvanna	5,083,613
168			
169	033	Franklin	6,760,513
170			
171	034	Frederick	8,400,666
172			

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173	035	<i>Giles</i>	4,780,137
174			
175	036	<i>Gloucester</i>	6,406,025
176			
177	037	<i>Goochland</i>	4,572,633
178			
179	038	<i>Grayson</i>	4,667,307
180			
181	039	<i>Greene</i>	4,825,097
182			
183	040	<i>Greensville</i>	4,411,384
184			
185	041	<i>Halifax</i>	6,214,515
186			
187	042	<i>Hanover</i>	11,300,115
188			
189	043	<i>Henrico</i>	22,419,786
190			
191	044	<i>Henry</i>	7,271,061
192			
193	045	<i>Highland</i>	3,799,677
194			
195	046	<i>Isle of Wight</i>	5,832,793
196			
197	047	<i>James City</i>	7,074,364
198			
199	048	<i>King George</i>	4,992,398
200			
201	049	<i>King and Queen</i>	4,059,490
202			
203	050	<i>King William</i>	4,495,683
204			
205	051	<i>Lancaster</i>	4,283,855
206			
207	052	<i>Lee</i>	5,305,817
208			
209	053	<i>Loudoun</i>	19,666,455
210			
211	054	<i>Louisa</i>	5,506,837
212			
213	055	<i>Lunenburg</i>	4,440,780
214			
215	056	<i>Madison</i>	4,456,776
216			
217	057	<i>Mathews</i>	4,249,703
218			
219	058	<i>Mecklenburg</i>	5,807,287
220			
221	059	<i>Middlesex</i>	4,234,140
222			
223	060	<i>Montgomery</i>	7,618,632
224			
225	062	<i>Nelson</i>	4,547,559
226			
227	063	<i>New Kent</i>	4,738,204
228			
229	065	<i>Northampton</i>	4,561,825

230			
231	066	Northumberland	4,303,308
232			
233	067	Nottoway	4,707,511
234			
235	068	Orange	5,394,006
236			
237	069	Page	5,209,413
238			
239	070	Patrick	4,812,560
240			
241	071	Pittsylvania	7,489,374
242			
243	072	Powhatan	5,334,781
244			
245	073	Prince Edward	4,843,686
246			
247	074	Prince George	6,252,126
248			
249	075	Prince William	29,196,551
250			
251	077	Pulaski	5,816,798
252			
253	078	Rappahannock	4,129,091
254			
255	079	Richmond	4,202,150
256			
257	080	Roanoke	9,772,793
258			
259	081	Rockbridge	4,895,562
260			
261	082	Rockingham	8,382,942
262			
263	083	Russell	5,475,279
264			
265	084	Scott	5,276,852
266			
267	085	Shenandoah	6,106,008
268			
269	086	Smyth	5,853,111
270			
271	087	Southampton	4,867,895
272			
273	088	Spotsylvania	12,885,367
274			
275	089	Stafford	13,928,511
276			
277	090	Surry	4,161,081
278			
279	091	Sussex	4,268,292
280			
281	092	Tazewell	6,701,287
282			
283	093	Warren	5,918,821
284			
285	094	Washington	6,763,971

286			
287	095	Westmoreland	4,504,761
288			
289	096	Wise	6,589,321
290			
291	097	Wythe	5,534,072
292			
293	098	York	8,859,339
294			
295	101	Alexandria	8,381,213
296			
297	102	Bristol	4,675,088
298			
299	103	Buena Vista	4,145,518
300			
301	104	Charlottesville	5,462,742
302			
303	106	Colonial Heights	4,879,567
304			
305	107	Covington	4,054,735
306			
307	108	Danville	6,839,624
308			
309	109	Falls Church	4,465,854
310			
311	110	Fredericksburg	4,698,432
312			
313	111	Galax	4,244,083
314			
315	112	Hampton	13,575,753
316			
317	113	Harrisonburg	5,410,434
318			
319	114	Hopewell	5,347,318
320			
321	115	Lynchburg	7,505,369
322			
323	116	Martinsville	4,831,581
324			
325	117	Newport News	17,300,899
326			
327	118	Norfolk	18,540,741
328			
329	119	Norton	3,980,379
330			
331	120	Petersburg	6,042,891
332			
333	121	Portsmouth	10,578,171
334			
335	122	Radford	4,343,512
336			
337	123	Richmond City	14,409,231
338			
339	124	Roanoke City	9,351,298
340			
341	126	Staunton	4,828,988
342			

343	127	Suffolk	9,116,991
344			
345	128	Virginia Beach	36,287,168
346			
347	130	Waynesboro	4,940,954
348			
349	131	Williamsburg	3,983,405
350			
351	132	Winchester	5,180,017
352			
353	134	Fairfax City	4,847,144
354			
355	135	Franklin City	4,270,453
356			
357	136	Chesapeake City	20,513,767
358			
359	137	Lexington	3,954,873
360			
361	138	Emporia	4,093,642
362			
363	139	Salem	5,370,662
364			
365	140	Bedford City	4,092,777
366			
367	142	Poquoson	4,755,496
368			
369	143	Manassas City	6,489,459
370			
371	144	Manassas Park	4,659,958
372			
373	202	Colonial Beach	3,919,424
374			
375	207	West Point	4,010,640
376			
377	Total Grants		\$1,000,000,000

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

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

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

399 § 5. The Authority shall maintain separate accounts for the grants paid to local school divisions under
 400 this act and for bonds issued to raise funds for the payment of such grants. The Authority shall take all

401 *necessary and proper steps, as it is authorized to take under law, to carry out the provisions of this act.*
402 *§ 6. Beginning in 2004, the Board of Education shall make an annual report to the General Assembly*
403 *on June 1 of each year reporting (i) the total grants paid during the prior calendar year to each local*
404 *school division pursuant to the provisions of this act, and (ii) a detailed description of the public school*
405 *projects for which the grants were used.*

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