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## SENATE BILL NO. 1235

Offered January 14, 2005

A *BILL to amend and reenact § 58.1-638 of the Code of Virginia, and to amend the Code of Virginia by adding a section numbered 10.1-2128.1, and by adding in Title 30 a chapter numbered 40, consisting of sections numbered 30-266 through 30-272, relating to the dedication of a portion of the sales and use tax for deposit into the Water Quality Improvement Restricted Use Fund.*

Patrons—Quayle and Rerras

Referred to Committee on Finance

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

**1. That § 58.1-638 of the Code of Virginia is amended and reenacted, and that the Code of Virginia is amended by adding a section numbered 10.1-2128.1, and by adding in Title 30 a chapter numbered 40, consisting of sections numbered 30-266 through 30-272, as follows:**

**§ 10.1-2128.1. Water Quality Improvement Restricted Use Fund established.**

A. There is hereby created in the state treasury a special nonreverting fund to be known as the Water Quality Improvement Restricted Use Fund, hereafter referred to as "the Fund." The Fund shall be established on the books of the Comptroller. All moneys allocated to it from the net revenues generated from the increase in the sales and use tax as prescribed in subdivisions E 2 and E 3 of § 58.1-638 shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purpose of reducing nitrogen and phosphorous pollution discharged to the waters of the Commonwealth from municipal sewage systems and agricultural lands, as a priority, and thereafter may be used to ensure that the water quality of the surface and ground waters of the Commonwealth is such that levels of pollution contained therein shall not violate water quality criteria and standards adopted pursuant to the federal Clean Water Act Section 303 (33 U.S.C. § 313) and subdivision (3a) of § 62.1-44.15 of the Code of Virginia. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director of the Department of Environmental Quality and the Director of the Department of Conservation and Natural Resources.

B. The moneys allocated to the Water Quality Improvement Restricted Use Fund shall be distributed in the following manner:

1. Through December 31, 2010, 70 percent shall be administered by the Department of Environmental Quality through grants or through distributions to the Virginia Resources Authority for the sole purpose of designing and installing state-of-the-art nutrient removal technologies at municipal sewage systems. The Virginia Resources Authority may utilize the moneys it receives to issue bonds for the design and installation of state-of-the-art nutrient removal technologies for municipal sewage systems. Funding for any state-of-the-art nutrient removal technology shall not exceed 90 percent of the cost of designing and installing such technology. The moneys shall also be available when the design and installation of state-of-the-art nutrient removal technology utilize the Public-Private Education Facilities and Infrastructure Act of 2002 (§ 56-575.1 et seq.). Notwithstanding any provisions to the contrary, when utilizing the Public-Private Education Facilities and Infrastructure Act of 2002, 100 percent funding for the cost of designing and installing such technology shall be available. Localities seeking to utilize the Public-Private Education Facilities and Infrastructure Act of 2002 shall also be eligible to obtain funding to cover the costs of legal advice for contract negotiation and development with the private partner. Moneys generated pursuant to this chapter and dispersed through grants or bonds shall be available to municipal sewage systems without regard to the existence of any permit requirements imposed on the discharge of nitrogen pursuant to the State Water Control Law (§ 62.1-44.2 et seq.) and as contained in a Virginia Pollution Discharge Elimination System permit. In no single year shall the moneys be used for projects or practices exclusively within or exclusively outside of the Chesapeake Bay watershed.

2. Through December 31, 2010, 30 percent shall be administered by the Department of Conservation and Recreation through distributions to the Virginia Agriculture Best Management Practices Cost-Share Program for the sole purpose of implementing best management practices that reduce nitrogen and phosphorous pollution from agricultural lands. In no single year shall the moneys be used for projects or practices exclusively within or exclusively outside of the Chesapeake Bay watershed.

3. Beginning on January 1, 2011, 50 percent shall be administered by the Department of

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SB1235

59 *Environmental Quality and 50 percent by the Department of Conservation and Recreation. At that time,*  
60 *an additional priority to be considered by both departments shall be the design and implementation of*  
61 *technologies that will substantially contribute to the removal of Category 5 impairments from waters*  
62 *listed as having such impairments in the Virginia Water Quality Assessment 305(b) and the 303(d)*  
63 *Integrated Report prepared pursuant to the Federal Clean Water Act (33 U.S.C. §§ 1313 and 1315). The*  
64 *Department of Environmental Quality shall also apply no less than 10 percent of any funds to the*  
65 *installation of technologies to assist in the cessation of combined sewer overflows.*

66 *C. For the purposes of this section:*

67 *"Locality" means a county, municipal corporation, sanitary district, or other state or local public*  
68 *entity that has authority to own or operate a facility, and includes any combination of two or more of*  
69 *such entities when acting jointly to construct or operate a facility.*

70 *"Municipal sewage system" means a publicly or privately owned sewage collection system consisting*  
71 *of pipelines or conduits, pumping stations and force mains, and all other construction, devices, and*  
72 *appliances appurtenant thereto, or any equipment, plant, treatment works, structure, machinery,*  
73 *apparatus, interest in land, or any combination of these, not including an onsite sewage disposal system,*  
74 *that is used, operated, acquired, or constructed for the storage, collection, treatment, neutralization,*  
75 *stabilization, reduction, recycling, reclamation, separation, or disposal of wastewater, or for the final*  
76 *disposal of residues resulting from the treatment of sewage, including but not limited to: treatment or*  
77 *disposal plants; outfall sewers, interceptor sewers, and collector sewers; pumping and ventilating*  
78 *stations, facilities, and works; and other real or personal property and appurtenances incident to their*  
79 *development, use, or operation.*

80 *"State-of-the-art nutrient removal technology" means technology that will achieve at least a 3-4 mg/L*  
81 *total nitrogen concentration in effluent discharges.*

## 82 *CHAPTER 40.*

### 83 *WATER QUALITY IMPROVEMENT RESTRICTED USE FUND ADVISORY COMMISSION.*

84 *§ 30-266. Water Quality Improvement Restricted Use Fund Advisory Commission.*

85 *The Water Quality Improvement Restricted Use Fund Advisory Commission (Advisory Commission) is*  
86 *established as an advisory commission in the legislative branch of state government.*

87 *§ 30-267. Purpose.*

88 *The purpose of the Advisory Commission is to review, comment, and advise the Department of*  
89 *Environmental Quality and the Department of Conservation and Recreation on the disbursement and use*  
90 *of any moneys in the Water Quality Improvement Restricted Use Fund established in § 10.1-2128.1.*

91 *§ 30-268. Membership; terms; quorum; meetings.*

92 *The Advisory Commission shall have a total membership of 10 members that shall consist of six*  
93 *legislative members, and four nonlegislative citizen members. Members shall be appointed as follows:*  
94 *two members of the Senate, to be appointed by the Senate Committee on Rules; four members of the*  
95 *House of Delegates, to be appointed by the Speaker of the House of Delegates in accordance with the*  
96 *principles of proportional representation contained in the Rules of the House of Delegates; one*  
97 *nonlegislative citizen member to be appointed by the Senate Committee on Rules; one nonlegislative*  
98 *citizen member to be appointed by the Speaker of the House of Delegates; and two nonlegislative citizen*  
99 *members to be appointed by the Governor, subject to confirmation by the General Assembly.*  
100 *Nonlegislative citizen members of the Advisory Commission shall be citizens of the Commonwealth.*

101 *Legislative members of the Advisory Commission shall serve terms coincident with their terms of*  
102 *office. Nonlegislative citizen members shall be appointed for a term of two years, except for members*  
103 *appointed by the Governor who shall serve four-year terms. However, no Senate member shall serve*  
104 *more than two consecutive four-year terms, no House member shall serve more than four consecutive*  
105 *two-year terms, and no nonlegislative citizen member appointed by the Senate Committee on Rules or*  
106 *the Speaker of the House of Delegates shall serve more than four consecutive two-year terms, and no*  
107 *nonlegislative member appointed by the Governor shall serve more than two consecutive four-year*  
108 *terms. The remainder of any term to which a member is appointed to fill a vacancy shall not constitute*  
109 *a term in determining the member's eligibility for reappointment. Vacancies shall be filled in the same*  
110 *manner as the original appointment. All members may be reappointed.*

111 *The Advisory Commission shall elect a chairman and vice-chairman from among its membership. A*  
112 *majority of the members shall constitute a quorum. The Advisory Commission shall meet no more than*  
113 *two times each year. The meetings of the Advisory Commission shall be held at the call of the chairman*  
114 *or whenever the majority of the members so request.*

115 *No recommendation of the Advisory Commission shall be adopted if a majority of the Senate*  
116 *members or a majority of the House members appointed to the Advisory Commission (i) vote against the*  
117 *recommendation and (ii) vote for the recommendation to fail notwithstanding the majority vote of the*  
118 *Advisory Commission.*

119 *§ 30-269. Compensation; expenses.*

120 *Legislative members of the Advisory Commission shall receive such compensation as provided in*

§ 30-19.12, and nonlegislative citizen members shall receive such compensation for the performance of their duties as provided in § 2.2-2813. All members shall be reimbursed for all reasonable and necessary expenses incurred in the performance of their duties as provided in §§ 2.2-2813 and 2.2-2825. Funding for the costs of compensation and expenses of the members shall be provided from the moneys paid into the Water Quality Improvement Restricted Use Fund established in § 10.1-2128.1.

§ 30-270. Powers and duties of the Advisory Commission.

The Advisory Commission shall have the following powers and duties:

1. To review, comment, and advise the Department of Environmental Quality and the Department of Conservation and Recreation on the disbursement and use of the moneys paid into the Water Quality Improvement Restricted Use Fund as established in § 10.1-2128.1;

2. To receive annual reports from the Department of Environmental Quality and the Department of Conservation and Recreation concerning grant applications, grant approvals and denials, the status and outcome of previously approved grants, and such other information as the Advisory Commission deems useful and necessary for its purpose; and

3. To submit to the General Assembly and the Governor an annual report for publication as a report document as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports. The chairman shall submit to the General Assembly and the Governor an annual executive summary of the interim activity and work of the Advisory Commission no later than the first day of each regular session of the General Assembly. The executive summary shall be submitted for publication as a report document as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

§ 30-271. Staffing.

The Department of Environmental Quality and the Department of Conservation and Recreation shall provide staff support to the Advisory Commission. The Division of Legislative Services shall provide legal assistance to the Advisory Commission. All agencies of the Commonwealth shall provide assistance to the Advisory Commission, upon request. Administrative staff support shall be provided by the Office of the Clerk of the House of Delegates or the Office of the Clerk of the Senate as may be appropriate for the house in which the chairman of the Advisory Commission serves.

§ 30-272. Sunset.

This chapter shall expire on July 1, 2008.

§ 58.1-638. Disposition of state sales and use tax revenue; localities' share; Game Protection Fund; Water Quality Improvement Restricted Use 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.

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

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

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

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

182 The Commonwealth Airport Fund shall be established on the books of the Comptroller and any funds  
183 remaining in such Fund at the end of a biennium shall not revert to the general fund but shall remain in  
184 the Fund. Interest earned on the funds shall be credited to the Fund. The funds so allocated shall be  
185 allocated by the Commonwealth Transportation Board to the Virginia Aviation Board. The funds shall  
186 be allocated by the Virginia Aviation Board to any Virginia airport which is owned by the  
187 Commonwealth, a governmental subdivision thereof, or a private entity to which the public has access  
188 for the purposes enumerated in § 5.1-2.16, or is owned or leased by the Metropolitan Washington  
189 Airports Authority (MWAA), as follows:

190 Any new funds in excess of \$12.1 million which are available for allocation by the Virginia Aviation  
191 Board from the Commonwealth Transportation Fund, shall be allocated as follows: 60 percent to  
192 MWAA, up to a maximum annual amount of \$2 million, and 40 percent to air carrier airports as  
193 provided in subdivision A 3 a. Except for adjustments due to changes in enplaned passengers, no air  
194 carrier airport sponsor, excluding MWAA, shall receive less funds identified under subdivision A 3 a  
195 than it received in fiscal year 1994-1995.

196 Of the remaining amount:

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

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

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

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

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

213 b. The amounts allocated pursuant to this section shall be used to support the public transportation  
214 administrative costs and the costs borne by the locality for the purchase of fuels, lubricants, tires and  
215 maintenance parts and supplies for public transportation at a state share of 80 percent in 2002 and 95  
216 percent in 2003 and succeeding years. These amounts may be used to support up to 95 percent of the  
217 local or nonfederal share of capital project costs for public transportation and ridesharing equipment,  
218 facilities, and associated costs. Capital costs may include debt service payments on local or agency  
219 transit bonds. The term "borne by the locality" means the local share eligible for state assistance  
220 consisting of costs in excess of the sum of fares and other operating revenues plus federal assistance  
221 received by the locality.

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

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

226 (2) The Board may allocate these funds to any locality or planning district commission to finance up  
227 to 80 percent of the local share of all costs associated with the development, implementation, and  
228 continuation of ridesharing programs.

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

232 (a) To finance up to 95 percent of the capital costs related to the development, implementation and  
233 promotion of experimental public transportation and ridesharing projects approved by the Board.

234 (b) To finance up to 95 percent of the operating costs of experimental mass transportation and  
235 ridesharing projects approved by the Board for a period of time not to exceed 12 months.

236 (c) To finance up to 95 percent of the cost of the development and implementation of any other  
237 project designated by the Board where the purpose of such project is to enhance the provision and use  
238 of public transportation services.

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

243 (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 50 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 25 percent shall be distributed for capital purposes on the basis of 95 percent of the nonfederal share for federal projects and 95 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 20 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 95 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 20 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~~ *the* Commonwealth in the manner provided in subsections C and D.

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

D. The net revenue so distributable among the counties and cities shall be apportioned and distributed upon the basis as certified to the Comptroller by the Department of Education, of the number of children in each county and city according to the most recent statewide census of school population taken by the Department of Education pursuant to § 22.1-284, as adjusted in the manner hereinafter provided. No special school population census, other than a statewide census, shall be used as the basis of apportionment and distribution except that in any calendar year in which a statewide census is not reported, the Department of Education shall adjust such school population figures by the same percent of annual change in total population estimated for each locality by The Center for Public Service. The revenue so apportionable and distributable is hereby appropriated to the several counties and cities for

305 maintenance, operation, capital outlays, debt and interest payments, or other expenses incurred in the  
306 operation of the public schools, which shall be considered as funds raised from local resources. In any  
307 county, however, wherein is situated any incorporated town constituting a school division, the county  
308 treasurer shall pay into the town treasury for maintenance, operation, capital outlays, debt and interest  
309 payments, or other expenses incurred in the operation of the public schools, the proper proportionate  
310 amount received by him in the ratio that the school population of such town bears to the school  
311 population of the entire county. If the school population of any city or of any town constituting a school  
312 division is increased by the annexation of territory since the last preceding school population census,  
313 such increase shall, for the purposes of this section, be added to the school population of such city or  
314 town as shown by the last such census and a proper reduction made in the school population of the  
315 county or counties from which the annexed territory was acquired.

316 E. 1. Beginning July 1, 2000, of the remaining sales and use tax revenue, the revenue generated by a  
317 two percent sales and use tax, up to an annual amount of \$13 million, collected from the sales of  
318 hunting equipment, auxiliary hunting equipment, fishing equipment, auxiliary fishing equipment,  
319 wildlife-watching equipment, and auxiliary wildlife-watching equipment in Virginia, as estimated by the  
320 most recent U.S. Department of the Interior, Fish and Wildlife Service and U.S. Department of  
321 Commerce, Bureau of the Census National Survey of Fishing, Hunting, and Wildlife-Associated  
322 Recreation, shall be paid into the Game Protection Fund established under § 29.1-101 and shall be used,  
323 in part, to defray the cost of law enforcement. Not later than 30 days after the close of each quarter, the  
324 Comptroller shall transfer to the Game Protection Fund the appropriate amount of collections to be  
325 dedicated to such Fund. At any time that the balance in the Capital Improvement Fund, established  
326 under § 29.1-101.1, is equal to or in excess of \$35 million, any portion of sales and use tax revenues  
327 that would have been transferred to the Game Protection Fund, established under § 29.1-101, in excess  
328 of the net operating expenses of the Board, after deduction of other amounts which accrue to the Board  
329 and are set aside for the Game Protection Fund, shall remain in the general fund until such time as the  
330 balance in the Capital Improvement Fund is less than \$35 million.

331 2. Beginning on July 1, 2006, of the remaining revenue generated by a two percent sales and use  
332 tax, the Comptroller shall transfer from the general fund of the state treasury to the Water Quality  
333 Improvement Restricted Use Fund established pursuant to § 10.1-2128.1 an amount equivalent to  
334 one-twelfth of the net revenue generated by the two percent sales and use tax, up to an annual amount  
335 of \$160 million. The transfers to the Water Quality Improvement Restricted Use Fund under this  
336 subdivision shall be for one-twelfth of the net revenue generated (and collected in the succeeding month)  
337 from such two percent sales and use tax for the month of July 2006 and for each month thereafter.

338 3. For the purposes of the Comptroller making the required transfers under subdivision E 2, the Tax  
339 Commissioner shall make a written certification to the Comptroller no later than the twenty-fifth of each  
340 month certifying the sales and use tax revenues generated in the preceding month. Within three calendar  
341 days of receiving such certification, the Comptroller shall make the required transfers to the Water  
342 Quality Improvement Restricted Use Fund.

343 F. 1. Of the net revenue generated from the one-half percent increase in the rate of the state sales  
344 and use tax effective August 1, 2004, pursuant to enactments of the 2004 Special Session I of the  
345 General Assembly, the Comptroller shall transfer from the general fund of the state treasury to the  
346 Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund established under  
347 § 58.1-638.1 an amount equivalent to one-half of the net revenue generated from such one-half percent  
348 increase as provided in this subdivision. The transfers to the Public Education Standards of  
349 Quality/Local Real Estate Property Tax Relief Fund under this subdivision shall be for one-half of the  
350 net revenue generated (and collected in the succeeding month) from such one-half percent increase for  
351 the month of August 2004 and for each month thereafter.

352 2. For the purposes of the Comptroller making the required transfers under subdivision 1, the Tax  
353 Commissioner shall make a written certification to the Comptroller no later than the twenty-fifth of each  
354 month certifying the sales and use tax revenues generated in the preceding month. Within three calendar  
355 days of receiving such certification, the Comptroller shall make the required transfers to the Public  
356 Education Standards of Quality/Local Real Estate Property Tax Relief Fund.

357 G. If errors are made in any distribution, or adjustments are otherwise necessary, the errors shall be  
358 corrected and adjustments made in the distribution for the next quarter or for subsequent quarters.

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