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SENATE BILL NO. 773

Offered January 12, 2005

Prefiled January 6, 2005

A BILL to amend and reenact §§ 2.2-208, 2.2-2700, 2.2-2701, 22.1-291.2, 58.1-346.6, 58.1-346.24, and 58.1-638 of the Code of Virginia; to amend the Code of Virginia by adding in Chapter 25 of Title 2.2 an article numbered 7, consisting of sections numbered 2.2-2518 through 2.2-2521, to repeal Article 4 (§§ 2.2-2508 through 2.2-2510) of Chapter 25 of Title 2.2 of the Code of Virginia, relating to the Virginia Arts, Culture and Historical Commission.

Patron—Bell

Referred to Committee on Rules

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-208, 2.2-2700, 2.2-2701, 22.1-291.2, 58.1-346.6, 58.1-346.24, and 58.1-638 of the Code of Virginia are amended and reenacted, and that the Code of Virginia is amended by adding in Chapter 25 of Title 2.2 an article numbered 7 consisting of sections numbered 2.2-2518 through 2.2-2521 as follows:

§ 2.2-208. Position established; agencies for which responsible; powers and duties.

The position of Secretary of Education (the "Secretary") is created. The Secretary shall be responsible to the Governor for the following agencies: Department of Education, State Council of Higher Education, Virginia Museum of Fine Arts, The Science Museum of Virginia, Frontier Culture Museum of Virginia, The Library of Virginia, Jamestown-Yorktown Foundation, Board of Regents of Gunston Hall, and the ~~Commission for the Arts~~ Virginia Arts, Culture and Historical Commission. The Governor may, by executive order, assign any other state executive agency to the Secretary, or reassign any agency listed above to another Secretary.

Unless the Governor expressly reserves such a power to himself, the Secretary is empowered to resolve administrative, jurisdictional or policy conflicts between any agencies or officers for which he is responsible and to provide policy direction for programs involving more than a single agency. He is authorized to direct the preparation of alternative policies, plans and budgets for education for the Governor and, to that end, may require the assistance of the agencies for which he is responsible. He shall direct the formulation of a comprehensive program budget for cultural affairs encompassing the programs and activities of the agencies involved in cultural affairs.

*Article 7.**Virginia Arts, Culture, and Historical Commission.*

§ 2.2-2518. Virginia Arts, Culture, and Historical Commission; official agency to receive and disburse funds from National Foundation on the Arts; membership; terms; compensation.

A. The Virginia Arts, Culture, and Historical Commission (the "Commission") is established as a policy commission within the meaning of § 2.2-2100, in the executive branch of state government.

B. The Commission is designated the official agency of the Commonwealth to receive and disburse any funds made available to the Commonwealth by the National Foundation on the Arts.

C. The Commission shall consist of 26 members to be appointed as follows: (i) 13 members, one from each congressional district in the Commonwealth and two citizens at large, appointed by the Governor, and (ii) 13 nonlegislative citizen members, one from each congressional district in the Commonwealth and two citizens at large appointed by the Joint Rules Committee. No employee of the Commonwealth or member of the General Assembly shall be eligible for appointment as a member of the Commission.

D. Except for initial appointments, each member shall serve a five-year term; provided that no member of the Commission who serves a full five-year term shall be eligible for appointment during the five-year period following the expiration of his term. All vacancies shall be filled for the balance of the unexpired term in the same manner as original appointments.

E. The Commission shall designate one of its members as chairman. A majority of the members of the Commission shall constitute a quorum.

F. The members of the Commission shall not receive any compensation for their services, but shall be reimbursed for the reasonable and necessary expenses incurred in the discharge of their duties as provided in § 2.2-2825.

§ 2.2-2519. Duties of the Commission.

A. The Commission shall perform among others the following duties:

1. Receive, allocate, and dispense funds appropriated by the General Assembly and any funds

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59 received by the Commission from other sources for the support of the arts and designated culture and
60 historical organizations of the Commonwealth;

61 2. Develop reasonable and fair formulas for allocating and distributing state funds and other funds
62 of the Commission for the support of the arts and designated culture and historical organizations
63 consistent with the intent of such appropriations;

64 3. Adopt, administer, and apply standards and criteria by which the Commission may permit
65 organizations to qualify for designated culture and historical organizations;

66 4. Stimulate and encourage throughout the Commonwealth growth in artistic quality and excellence,
67 public interest and participation in the arts, and access to high quality and affordable art for all
68 Virginians;

69 5. Make recommendations concerning appropriate methods to encourage economic viability, an
70 intellectually stimulating environment for artists, and participation in and appreciation of the arts to
71 meet the legitimate needs and aspirations of persons in all parts of the Commonwealth;

72 6. Promote the development and implementation of a planned, sequential, and comprehensive
73 program of arts education, taught by licensed teachers endorsed in arts education, in the public
74 elementary and secondary schools of the Commonwealth;

75 7. Provide supplemental learning opportunities to the public school arts education curriculum;

76 8. Encourage the development of a network of professional arts organizations, the media, and arts
77 promoters, including, but not limited to, the literary, visual, and performing arts for the production of
78 classical and new works of art, and diversity in artistic expressions;

79 9. Provide funding for and technical assistance to artists, recognized nonprofit arts organizations,
80 and arts organizations and activities that celebrate and preserve the various cultures represented among
81 the citizens of the Commonwealth;

82 10. Encourage and support the creation of new works of art, arts organizations whose primary
83 objective is to increase public access to the arts, particularly in underserved areas, and performing arts
84 tours to increase the availability of this form of artistic expression throughout the Commonwealth;

85 11. Establish a program of financial assistance to provide scholarships, grants, and other awards to
86 artists who demonstrate exceptional ability and talent;

87 12. Establish an advisory panel composed of artists, art administrators, administrators of culture and
88 historical organizations, and citizens to advise the Commission concerning fiscal matters;

89 13. Encourage arts organizations to dedicate to endowment at least \$1 of the price of each adult
90 admission to performances or exhibitions or at least one percent of moneys collected in fund campaigns;

91 14. Encourage arts organizations to develop and implement endowment enlargement plans that yield
92 enough income to underwrite one-third of the organizations' annual operating costs;

93 15. Apply to any appropriate agency or officer of the United States for participation in or receipt of
94 aid from any federal program respecting the arts, and, in respect thereto, enter into contracts and
95 agreements with the United States or any appropriate agency thereof;

96 16. Provide incentives to local governments to encourage public support and funding of the arts and
97 culture and historical organizations;

98 17. Accept gifts, contributions and bequests of money or any other thing to be used for carrying out
99 the purposes of this article; and

100 18. Develop specific procedures for the administration and implementation of a program, so long as
101 any such program is for the benefit of a nonprofit organization, qualifying as a § 501 (c) (3)
102 organization under the Internal Revenue Code, whereby interest earned on endowment funds donated to
103 stimulate and encourage public interest and enjoyment of music and the performing arts may be
104 matched by state funds appropriated for this program, and prepare written guidelines to govern such
105 program.

106 B. Nothing in this article shall be construed to affect the statutory purposes of the Virginia Museum
107 of Fine Arts.

108 § 2.2-2520. Agency supervision; employment of personnel; budget preparation.

109 The Governor shall appoint a Director, subject to confirmation by a majority of the members of the
110 General Assembly, who shall serve at his pleasure. The Director may employ the personnel required to
111 assist the Commission in the exercise and performance of its powers and duties. The Director shall
112 supervise and manage such personnel and shall prepare, approve and submit all requests for
113 appropriations, and be responsible for all expenditures pursuant to appropriations.

114 § 2.2-2521. Virginia Arts, Culture, and Historical Fund established.

115 There is hereby created in the state treasury a special nonreverting fund to be known as the Virginia
116 Arts, Culture, and Historical Fund, hereafter referred to as "the Fund." The Fund shall be established
117 on the books of the Comptroller. The Fund shall consist of monies received pursuant § 58.1-346.24 and
118 subsection G of § 58.1-638 and any gifts, grants, fees and contributions that are specifically designated
119 for inclusion in the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be
120 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 purposes set forth in this article. 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.

§ 2.2-2700. Virginia Arts Foundation; board of trustees; compensation; staff.

A. The Virginia Arts 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 and shall be deemed a body politic and corporate to be organized and to have such powers and duties as provided in this article.

B. The Foundation shall be governed by a board of trustees, consisting of the members of the Virginia Arts, Culture, and Historical Commission ~~for the Arts~~.

C. Any person designated by the board of trustees to handle the funds of the Foundation 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.

D. The board of trustees, acting as members of the Virginia Arts, Culture, and Historical Commission ~~for the Arts~~, shall be entitled to reimbursement for all actual and necessary expenses, as provided by § 2.2-2509.

E. The Director of the Virginia Arts, Culture, and Historical Commission ~~for the Arts~~ shall serve as the chairman, and the staff of such Commission shall serve as staff for the Foundation.

§ 2.2-2701. Powers of Foundation.

The Foundation may:

1. Make expenditures from the Fund's interest and income to assist the Virginia Arts, Culture, and Historical Commission ~~for the Arts~~ in promoting the arts in the Commonwealth in accordance with § 2.2-2704 and to assist not-for-profit arts and cultural institutions and organizations within the Commonwealth to assess, enhance, and plan for enhancement of their fiscal stability, financial management and control capabilities, and capacity to raise funds for the furtherance of their respective missions from nongovernmental sources.

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. Explore and make recommendations concerning other possible dedicated revenue sources for the Fund.

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

§ 22.1-291.2. Artists in the Classroom Grants Program.

A. From such funds as may be appropriated for such purpose and from such gifts, donations, grants, bequests, and other funds as may be received on its behalf, there is hereby established the Artists in the Classroom Grants Program, hereinafter known as the "Program" to be administered by the Board of Education.

B. The Program shall award matching grants to school boards that employ on a full-time basis accomplished artists, musicians, thespians, writers, dancers, or athletes who have demonstrated exemplary professional accomplishment, professional experience, and strong leadership skills. The Program shall promote artistic and athletic excellence among students through direct contact with distinguished artists, musicians, thespians, writers, dancers, and athletes. The Program shall provide students the opportunity to observe and learn first-hand from accomplished professionals. The Program shall foster creativity and expose students to professional artists and athletes as positive role models. The Program shall provide schools additional instructional expertise on staff and the capacity to augment course offerings in the fine arts, performing arts, creative writing, and physical education. The Program shall encourage community involvement through public presentations, performances, exhibitions, and competitions.

C. The Board shall establish criteria and procedures for making grants, including procedures for determining local fiscal capacity and effort to employ such accomplished professionals; amounts of grants; and the required local match, which shall be calculated on the basis of the composite index of local ability to pay. The Board may coordinate the Program with the Artists-in-Education Residency Program administered by the Virginia Arts, Culture, and Historical Commission ~~for the Arts~~ where appropriate. The Board may issue guidelines governing the Program as it deems necessary and appropriate.

§ 58.1-346.6. Voluntary contribution to promote the arts.

A. Any individual eligible to receive a tax refund pursuant to § 58.1-309 may designate at the time of filing a return a specified dollar amount of such refund, not less than ~~one dollar~~ \$1, to be used by the Virginia Arts Foundation to assist the Virginia Arts, Culture, and Historical Commission ~~for the Arts~~ in

182 its statutory responsibility of promoting the arts in the Commonwealth.

183 B. All moneys collected pursuant to subsection A shall be deposited into the state treasury.

184 C. The Tax Commissioner shall determine annually the total amount designated on all returns and
185 shall report the same to the State Treasurer, who shall credit the amount to a special fund known as the
186 Virginia Arts Foundation Fund.

187 § 58.1-346.24. Voluntary contribution to the Virginia Commission for the Arts.

188 For taxable years beginning on or after January 1, 2004, but before January 1, 2009, any individual
189 eligible to receive a tax refund pursuant to § 58.1-309 may designate, at the time of filing the return, a
190 voluntary contribution of any amount of such refund, but not less than \$1, to the Virginia Arts, Culture,
191 and Historical Commission for the Arts.

192 § 58.1-638. Disposition of state sales and use tax revenue; localities' share; Game Protection Fund.

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

195 1. The sales and use tax revenue generated by the one-half percent sales and use tax increase enacted
196 by the 1986 Special Session of the General Assembly shall be paid, in the manner hereinafter provided
197 in this section, to the Transportation Trust Fund as defined in § 33.1-23.03:1. Of the funds paid to the
198 Transportation Trust Fund, an aggregate of 4.2 percent shall be set aside as the Commonwealth Port
199 Fund as provided in this section; an aggregate of 2.4 percent shall be set aside as the Commonwealth
200 Airport Fund as provided in this section; and an aggregate of 14.5 percent in fiscal year 1998-1999 and
201 14.7 percent in fiscal year 1999-2000 and thereafter shall be set aside as the Commonwealth Mass
202 Transit Fund as provided in this section. The Fund's share of such net revenue shall be computed as an
203 estimate of the net revenue to be received into the state treasury each month, and such estimated
204 payment shall be adjusted for the actual net revenue received in the preceding month. All payments shall
205 be made to the Fund on the last day of each month.

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

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

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

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

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

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

235 Of the remaining amount:

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

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

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

4. 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 Mass Transit Fund.

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

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

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

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

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

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

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

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

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

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

(1) At the approval of the Board to finance a program administered by the Department of Rail and Public Transportation designed to promote the use of public transportation and ridesharing throughout Virginia.

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

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

and are set aside for the Game Protection Fund, shall remain in the general fund until such time as the balance in the Capital Improvement Fund is less than \$35 million.

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

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

G. Beginning July 1, 2005, an amount equivalent to 3.125 percent of the net revenue generated by a four percent sales and use tax, computed without regard to food purchased for human consumption, shall be deposited into the Virginia Arts, Culture and Historical Fund established under § 2.2-2521.

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

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

2. That as of the effective date of this act, the Virginia Arts, Culture and Historical Commission shall be deemed the successor in interest to the Virginia Arts Commission. Without limiting the foregoing, all right, title and interest in and to any real or tangible personal property vested in the Virginia Arts Commission as of the effective date of this act shall be transferred to and taken as standing in the name of the Virginia Arts, Culture and Historical Commission .

3. That all rules and regulations adopted by the Virginia Arts Commission that are in effect as of the effective date of this act and that pertain to the subject of this act shall remain in full force and effect until altered, amended or rescinded by the Virginia Arts, Culture and Historical Commission.

4. That all rules and regulations adopted by the Virginia Arts Commission that are in effect as of the effective date of this act and that pertain to the subject of this act shall remain in full force and effect until altered, amended or rescinded by the Virginia Arts, Culture and Historical Commission.**5. That the initial terms of the members of the Commission appointed by the Joint Rules Committee pursuant to this act shall be staggered as follows: (i) four members appointed to a term of two years; (ii) five members to a term of three years, and (iii) four members appointed to a term of four years. Thereafter the terms of members shall be four years.** 6. That this act shall not be construed to affect the current members of the Virginia Arts Commission whose terms have not expired. However, any new appointments made after July 1, 2005, shall be made in accordance with the provisions of this act.

7. That Article 4 (§§ 2.2-2508 through 2.2-2510) of Chapter 25 of Title 2.2 of the Code of Virginia is repealed.