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**SENATE BILL NO. 655**

Offered January 18, 2006

*A BILL to amend and reenact § 58.1-608.3 of the Code of Virginia, relating to the entitlement of sales tax revenues generated from transactions in certain public facilities.*

Patrons—Rerras, Quayle and Stolle

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:****1. That § 58.1-608.3 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-608.3. Entitlement to certain sales tax revenues.

A. As used in this section, the following words and terms have the following meanings, unless some other meaning is plainly intended:

"Bonds" means any obligations of a municipality for the payment of money.

"Cost," as applied to any public facility or to extensions or additions to any public facility, includes:

(i) the purchase price of any public facility acquired by the municipality or the cost of acquiring all of the capital stock of the corporation owning the public facility and the amount to be paid to discharge any obligations in order to vest title to the public facility or any part of it in the municipality; (ii) expenses incident to determining the feasibility or practicability of the public facility; (iii) the cost of plans and specifications, surveys and estimates of costs and of revenues; (iv) the cost of all land, property, rights, easements and franchises acquired; (v) the cost of improvements, property or equipment; (vi) the cost of engineering, legal and other professional services; (vii) the cost of construction or reconstruction; (viii) the cost of all labor, materials, machinery and equipment; (ix) financing charges; (x) interest before and during construction and for up to one year after completion of construction; (xi) start-up costs and operating capital; (xii) payments by a municipality of its share of the cost of any multijurisdictional public facility; (xiii) administrative expense; (xiv) any amounts to be deposited to reserve or replacement funds; and (xv) other expenses as may be necessary or incident to the financing of the public facility. Any obligation or expense incurred by the public facility in connection with any of the foregoing items of cost may be regarded as a part of the cost.

"Municipality" means any county, city, town, authority, commission, or other public entity.

"Public facility" means (i) any auditorium, coliseum, convention center, or conference center, which is owned by a Virginia county, city, town, authority, or other public entity and where exhibits, meetings, conferences, conventions, seminars, or similar public events may be conducted; (ii) any hotel which is owned by a foundation whose sole purpose is to benefit a state-supported university and which is attached to and is an integral part of such facility, together with any lands reasonably necessary for the conduct of the operation of such events; or (iii) any hotel which is attached to and is an integral part of such facility. However, such public facility must be located in a city with a population of at least 24,200 but no more than 24,500 as determined by the 1990 United States Census, *at least 230,000 but no more than 235,000 as determined by the 2000 United States Census*, at least 24,600 but no more than 25,000, at least 50,000 but no more than 52,500, at least 95,000 but no more than 105,000, at least 130,000 but no more than 135,000, or at least 180,000 but no more than 185,000. Any property, real, personal, or mixed, which is necessary or desirable in connection with any such auditorium, coliseum, convention center, or conference center, including, without limitation, facilities for food preparation and serving, parking facilities, and administration offices, is encompassed within this definition. However, structures commonly referred to as "shopping centers" or "malls" shall not constitute a public facility hereunder. In addition, only a new public facility, or a public facility which will undergo a substantial and significant renovation or expansion, shall be eligible under subsection B of this section. A new public facility is one whose construction began after December 31, 1991. A substantial and significant renovation entails a project whose cost is at least 50 percent of the original cost of the facility being renovated and shall have begun after December 31, 1991. A substantial and significant expansion entails an increase in floor space of at least 50 percent over that existing in the preexisting facility and shall have begun after December 31, 1991.

"Sales tax revenues" means such tax collections realized under the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.) of this title, as limited herein. "Sales tax revenues" does not include the revenue generated by the one-half percent sales and use tax increase enacted by the 1986 Special Session of the General Assembly which shall be paid to the Transportation Trust Fund as defined in § 33.1-23.03:1, nor shall it include the one percent of the state sales and use tax revenue distributed among the counties and cities of the Commonwealth pursuant to subsection D of § 58.1-638 on the basis of school age

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59 population.

60 B. Any municipality which has issued bonds (i) after December 31, 1991, but before January 1,  
61 1996, (ii) on or after January 1, 1998, but before July 1, 1999, (iii) on or after January 1, 1999, but  
62 before July 1, 2001, (iv) on or after July 1, 2000, but before July 1, 2003, (v) on or after July 1, 2001,  
63 but before July 1, 2005, or (vi) on or after July 1, 2004, but before July 1, 2007, to pay the cost, or  
64 portion thereof, of any public facility shall be entitled to all sales tax revenues generated by transactions  
65 taking place in such public facility. Such entitlement shall continue for the lifetime of such bonds, which  
66 entitlement shall not exceed 35 years, and all such sales tax revenues shall be applied to repayment of  
67 the bonds. The State Comptroller shall remit such sales tax revenues to the municipality on a quarterly  
68 basis, subject to such reasonable processing delays as may be required by the Department of Taxation to  
69 calculate the actual net sales tax revenues derived from the public facility. The State Comptroller shall  
70 make such remittances to eligible municipalities, as provided herein, notwithstanding any provisions to  
71 the contrary in the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.). No such remittances shall  
72 be made until construction is completed and, in the case of a renovation or expansion, until the  
73 governing body of the municipality has certified that the renovation or expansion is completed.

74 C. Nothing in this section shall be construed as authorizing the pledging of the faith and credit of the  
75 Commonwealth of Virginia, or any of its revenues, for the payment of any bonds. Any appropriation  
76 made pursuant to this section shall be made only from sales tax revenues derived from the public  
77 facility for which bonds may have been issued to pay the cost, in whole or in part, of such public  
78 facility.