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HOUSE BILL NO. 2091

Offered January 14, 2009

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A BILL to amend and reenact § 58.1-608.3 of the Code of Virginia, relating to entitlement to certain sales tax revenue; City of Roanoke.

Patrons—Fralin and Ware, O.

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 the City of Hampton, City of Newport News, City of Norfolk, City of Portsmouth, City of Roanoke, City of Salem, City of Staunton, or City of Suffolk. 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. A public facility shall not include residential condominiums, townhomes, or other residential units. In addition, only a (i) new public facility, (ii) renovation or expansion of a new public facility for which the sales tax revenue at any time has been retained by the applicable city pursuant to this section, or a (iii) public facility which will undergo a substantial and significant renovation or expansion, shall be eligible under subsection B of this section. A "new New public facility" is ~~one whose~~ means a public facility on which construction began after December 31, 1991. "Renovation or expansion of a new public facility" means a renovation or expansion project involving a public facility that 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 10 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

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59 General Assembly which shall be paid to the Transportation Trust Fund as defined in § 33.1-23.03:1,
60 nor shall it include the one percent of the state sales and use tax revenue distributed among the counties
61 and cities of the Commonwealth pursuant to subsection D of § 58.1-638 on the basis of school age
62 population.

63 B. Any municipality which has issued bonds (i) after December 31, 1991, but before January 1,
64 1996, (ii) on or after January 1, 1998, but before July 1, 1999, (iii) on or after January 1, 1999, but
65 before July 1, 2001, (iv) on or after July 1, 2000, but before July 1, 2003, (v) on or after July 1, 2001,
66 but before July 1, 2005, ~~or~~ (vi) on or after July 1, 2004, but before July 1, 2007, *or (vii) on or after*
67 *July 1, 2009, but before July 1, 2012,* to pay the cost, or portion thereof, of any *new* public facility *or*
68 *any renovation or expansion of such a facility for which the sales tax revenue at any time has been*
69 *retained by the applicable city pursuant to this section,* shall be entitled to all sales tax revenues
70 generated by transactions taking place in such public facility. Such entitlement shall continue for the
71 lifetime of such bonds, which entitlement shall not exceed 35 years, and all such sales tax revenues shall
72 be applied to repayment of the bonds. The State Comptroller shall remit such sales tax revenues to the
73 municipality on a quarterly basis, subject to such reasonable processing delays as may be required by
74 the Department of Taxation to calculate the actual net sales tax revenues derived from the public
75 facility. The State Comptroller shall make such remittances to eligible municipalities, as provided herein,
76 notwithstanding any provisions to the contrary in the Virginia Retail Sales and Use Tax Act (§ 58.1-600
77 et seq.). No such remittances shall be made until construction is completed and, in the case of a
78 renovation or expansion, until the governing body of the municipality has certified that the renovation or
79 expansion is completed.

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