

VIRGINIA ACTS OF ASSEMBLY — CHAPTER

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*An Act to amend and reenact § 58.1-608.3 of the Code of Virginia, relating to sales tax revenue; entertainment arena.*

[S 1258]

Approved

**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 baccalaureate public institution of higher education in the Commonwealth 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; (iii) any hotel which is attached to and is an integral part of such facility; (iv) any hotel that is adjacent to a convention center owned by a public entity and where the hotel owner enters into a public-private partnership whereby the locality contributes infrastructure, real property, or conference space; (v) a sports complex consisting of a minor league baseball stadium and related tournament, training, and parking facilities, where a municipality owns a component of the sports complex; or (vi) any *entertainment arena, the primary purpose of which is for the display, presentation, or performance of concerts, sporting events, or other live entertainment, or any outdoor amphitheater*, provided that a locality owns, wholly or partly, and contributes to financing the construction of such *entertainment arena or amphitheater*. However, such public facility must be located in the City of Chesapeake, City of Fredericksburg, City of Hampton, City of Lynchburg, City of Newport News, City of Norfolk, City of Portsmouth, City of Richmond, City of Roanoke, City of Salem, City of Staunton, City of Suffolk, City of Virginia Beach, City of Winchester, or Town of Wise. Any property, real, personal, or mixed, which is necessary or desirable in connection with any such auditorium, coliseum, convention center, *entertainment arena*, sports complex, or conference center, including, without limitation, facilities for food preparation and serving, parking facilities, and office space, 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 new public facility, or a public facility which will undergo a substantial and significant renovation or expansion, shall be eligible under subsection C. 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

57 have begun after December 31, 1991; or an increase in floor space of at least 10 percent over that  
 58 existing in a public facility that qualified as such under this section and was constructed after December  
 59 31, 1991.

60 "Sales tax revenues" means such tax collections realized under the Virginia Retail Sales and Use Tax  
 61 Act (§ 58.1-600 et seq.), as limited herein. "Sales tax revenues" does not include the revenue generated  
 62 by (i) the 0.5 percent sales and use tax increase enacted by the 1986 Special Session of the General  
 63 Assembly which shall be paid to the Commonwealth Transportation Fund established pursuant to  
 64 § 33.2-1524, (ii) the 1.0 percent of the state sales and use tax revenue distributed among the counties  
 65 and cities of the Commonwealth pursuant to subsection D of § 58.1-638 on the basis of school age  
 66 population, or (iii) any sales and use tax revenues generated by increases or allocation changes imposed  
 67 by the 2013 Session of the General Assembly.

68 B. Notwithstanding the definition of "public facility" in subsection A, a development project that  
 69 meets the requirements for a "development of regional impact" set forth herein shall be deemed to be a  
 70 public facility under the provisions of this section. The locality in which the public facility is located  
 71 shall be entitled to all sales tax revenues generated by transactions taking place at such public facility  
 72 solely to pay the cost of any bonds issued to pay the cost, or portion thereof, of such public facility  
 73 pursuant to subsection C. For purposes of this subsection, the development of regional impact must be  
 74 located in the City of Bristol.

75 For purposes of this subsection, a "development of regional impact" means a development project (i)  
 76 towards which the locality contributes infrastructure or real property as part of a public-private  
 77 partnership with the developer that is equal to at least 20 percent of the aggregate cost of development,  
 78 (ii) that is reasonably expected to require a capital investment of at least \$50 million, (iii) that is  
 79 reasonably expected to generate at least \$5 million annually in state sales and use tax revenue from sales  
 80 within the development, (iv) that is reasonably expected to attract at least one million visitors annually,  
 81 (v) that is reasonably expected to create at least 2,000 permanent jobs, (vi) that is located in a locality  
 82 that had a rate of unemployment at least three percentage points higher than the statewide average in  
 83 November 2011, and (vii) that is located in a locality that is adjacent to a state that has adopted a  
 84 Border Region Retail Tourism Development District Act. Within 30 days from the date of notification  
 85 by a locality that it intends to contribute infrastructure or real property as part of a public-private  
 86 partnership with the developer of a development of regional impact, the Department of Taxation shall  
 87 review the findings of the locality with respect to clauses (i) through (vi) and shall file a written report  
 88 with the Chairmen of the House Committee on Finance, the House Committee on Appropriations, and  
 89 the Senate Committee on Finance and Appropriations.

90 C. Any municipality which has issued bonds (i) after December 31, 1991, but before January 1,  
 91 1996, (ii) on or after January 1, 1998, but before July 1, 1999, (iii) on or after January 1, 1999, but  
 92 before July 1, 2001, (iv) on or after July 1, 2000, but before July 1, 2003, (v) on or after July 1, 2001,  
 93 but before July 1, 2005, (vi) on or after July 1, 2004, but before July 1, 2007, (vii) on or after July 1,  
 94 2009, but before July 1, 2012, (viii) on or after January 1, 2011, but prior to July 1, 2015, ~~or~~ (ix) on or  
 95 after January 1, 2013, but prior to July 1, 2024, *or (x) on or after July 1, 2023, but prior to July 1,*  
 96 *2026,* to pay the cost, or portion thereof, of any public facility shall be entitled to all sales tax revenues  
 97 generated by transactions taking place in such public facility. In the case of a public facility described in  
 98 clause (v) of the definition of public facility, all such sales tax revenues shall be applied solely to  
 99 repayment of the bonds issued to pay the cost, or portion thereof, of the municipality-owned component  
 100 of the sports complex. Such entitlement shall continue for the lifetime of such bonds, or any refinancing  
 101 or refunding thereof, but in no event shall such entitlement exceed 35 years from the initial date that  
 102 any bonds were issued to pay the cost, or a portion thereof, of any public facility, and all such sales tax  
 103 revenues shall be applied to repayment of the bonds. The State Comptroller shall remit such sales tax  
 104 revenues to the municipality on a quarterly basis, subject to such reasonable processing delays as may  
 105 be required by the Department of Taxation to calculate the actual net sales tax revenues derived from  
 106 the public facility. The State Comptroller shall make such remittances to eligible municipalities, as  
 107 provided herein, notwithstanding any provisions to the contrary in the Virginia Retail Sales and Use Tax  
 108 Act (§ 58.1-600 et seq.). No such remittances shall be made until construction is completed and, in the  
 109 case of a renovation or expansion, until the governing body of the municipality has certified that the  
 110 renovation or expansion is completed; however, in the case of any public facility consisting of more  
 111 than one building or structure, such remittances shall be made on a quarterly basis beginning with the  
 112 first quarter in which any sales tax revenue is generated by transactions taking place at any building or  
 113 structure within such public facility, whether or not construction of all or any portion, phase, building,  
 114 or structure of such public facility has been completed.

115 D. Nothing in this section shall be construed as authorizing the pledging of the faith and credit of the  
 116 Commonwealth of Virginia, or any of its revenues, for the payment of any bonds. Any appropriation  
 117 made pursuant to this section shall be made only from sales tax revenues derived from the public

118 facility for which bonds may have been issued to pay the cost, in whole or in part, of such public  
119 facility.  
120 **2. That the provisions of this act shall not become effective unless reenacted by the 2024 Session of**  
121 **the General Assembly.**

**ENROLLED**

SB1258ER