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SENATE BILL NO. 683

Offered January 11, 1995

A *BILL* to amend the Code of Virginia by adding a section numbered 58.1-608.3, and to repeal Chapter 5.2, consisting of §§ 15.1-227.66 through 15.1-227.69, of Title 15.1 of the Code of Virginia, relating to entitlement to certain sales tax revenues and the Public Facilities Act.

Patrons—Reasor and Gartlan; Delegate: Cohen

Referred to the Committee on Local Government

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 58.1-608.3 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 multi-jurisdictional 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, commission, or other such public entity and where exhibits, meetings, conferences, conventions, seminars, or similar public events may be conducted or (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. However, such public facility must be located in a city with a population of at least 95,000 but no more than 100,000. 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 fifty 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 fifty 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 Title 58.1, 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 § 58.1-638 D on the basis of school age population.

B. Subject to the requirements of paragraph D of this section, any municipality which has issued bonds after December 31, 1991, but before January 1, 1996, to pay the cost, or portion thereof, of any

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60 public facility shall be entitled to all sales tax revenues generated by transactions taking place in such
61 public facility. Such entitlement shall continue for the lifetime of such bonds, which entitlement shall not
62 exceed thirty years, and all such sales tax revenues shall be applied to repayment of the bonds. The
63 State Comptroller shall remit such sales tax revenues to the municipality on a quarterly basis, subject to
64 such reasonable processing delays as may be required by the Department of Taxation to calculate the
65 actual net sales tax revenues derived from the public facility. The State Comptroller shall make such
66 remittances to eligible municipalities, as provided herein, notwithstanding any provisions to the contrary
67 in the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.). No such remittances shall be made
68 until construction is completed and, in the case of a renovation or expansion, until the governing body
69 of the municipality has certified that the renovation or expansion is completed.

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

75 D. The State Council on Local Debt shall develop guidelines to assist municipalities in developing
76 feasibility studies to demonstrate that the public facility projects are financially sound, as well as setting
77 forth the format by which such projects shall reflect their flow of funds, projected revenues, and the
78 schedule by which any obligations will be satisfied. No municipality shall be entitled to receive any
79 sales tax revenues from the State Comptroller unless the State Council on Local Debt shall have
80 reviewed and approved the debt service structure and feasibility of the municipality's project.

81 **2. That Chapter 5.2, consisting of §§ 15.1-227.66 through 15.1-227.69, of Title 15.1 of the Code of**
82 **Virginia is repealed.**