

989377811

SENATE BILL NO. 439

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Finance
on March 9, 1998)

(Patron Prior to Substitute-Senator Chichester)

A BILL to amend and reenact §§ 2.1-155, 22.1-146, 22.1-148, 22.1-153, 22.1-163, 22.1-165, 22.1-166.2, 22.1-167, 22.1-168, 22.1-171, 22.1-175.1, 22.1-175.2, 22.1-175.3, 46.2-208, 46.2-623, 58.1-3912, 58.1-4020 and 58.1-4022 of the Code of Virginia and to amend the Code of Virginia by adding in Title 9 a chapter numbered 49, consisting of sections numbered 9-371 through 9-377, by adding sections numbered 15.2-1636.20 and 22.1-167.2, by adding in Chapter 11.1 of Title 22.1 sections numbered 22.1-175.4, 22.1-175.5 and 22.1-175.6, by adding in Title 58.1 a chapter numbered 35.1, consisting of sections numbered 58.1-3523 through 58.1-3536, and by adding a section numbered 58.1-3916.01, relating to the local relief acts of 1998.

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.1-155, 22.1-146, 22.1-148, 22.1-153, 22.1-163, 22.1-165, 22.1-166.2, 22.1-167, 22.1-168, 22.1-171, 22.1-175.1, 22.1-175.2, 22.1-175.3, 46.2-208, 46.2-623, 58.1-3912, 58.1-4020 and 58.1-4022 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Title 9 a chapter numbered 49, consisting of sections numbered 9-371 through 9-377, by adding sections numbered 15.2-1636.20 and 22.1-167.2, by adding in Chapter 11.1 of Title 22.1 sections numbered 22.1-175.4, 22.1-175.5 and 22.1-175.6, by adding in Title 58.1 a chapter numbered 35.1, consisting of sections numbered 58.1-3523 through 58.1-3536, and by adding a section numbered 58.1-3916.01 as follows:

§ 2.1-155. Duties and powers generally.

The Auditor of Public Accounts shall audit all the accounts of every state department, officer, board, commission, institution or other agency in any manner handling state funds. In the performance of such duties and the exercise of such powers he may employ the services of certified public accountants, provided the cost thereof shall not exceed such sums as may be available out of the appropriation provided by law for the conduct of his office. As part of his normal oversight responsibilities, the Auditor of Public Accounts shall incorporate into his audit procedures and processes a review process to ensure that the Commonwealth's payments for qualifying vehicles, as defined in § 58.1-3523, are consistent with the provisions of §§ 58.1-3525 and 58.1-3526. The Auditor of Public Accounts shall report to the Governor and the Chairmen of the Senate Finance Committee, the House Appropriations Committee, and the House Finance Committee annually any material failure by a locality or the Commonwealth to comply with the provisions of Chapter 35.1 (§ 58.1-3523 et seq.) of Title 58.1.

If the Auditor of Public Accounts shall at any time discover any unauthorized, illegal, irregular, or unsafe handling or expenditure of state funds, or if at any time it shall come to his knowledge that any unauthorized, illegal, or unsafe handling or expenditure of state funds is contemplated but not consummated, in either case he shall forthwith lay the facts before the Governor, the Joint Legislative Audit and Review Commission and the Comptroller.

In compliance with the provisions of the federal Single Audit Act of 1984, Public Law 98-502, the Joint Legislative Audit and Review Commission may authorize the Auditor of Public Accounts to biennially audit the accounts pertaining to federal funds received by state departments, officers, boards, commissions, institutions or other agencies.

Chapter 49.

Shipbuilding Incentive Commission and Grant Program.

§ 9-371. Declaration of purpose.

The General Assembly finds that the encouragement of major investments in shipbuilding facilities in Virginia, the preservation of thousands of existing jobs, and the creation of new jobs in Virginia's shipbuilding industry are in the best interests of the Commonwealth and its citizens. The General Assembly has determined that the establishment of a center in Virginia to undertake (i) testing and integration development projects, (ii) research, and (iii) training of workers in the shipbuilding industry, will enhance and promote the quality and competitiveness of Virginia's shipbuilding industry, is in the public interest, and will promote the general welfare of the citizens of Virginia. The General Assembly finds that several states have provided financial and other incentives to preserve, expand and promote their shipbuilding industries. The General Assembly further finds that the enactment of incentives for the construction and operation of a carrier platform integration center in Virginia is necessary to maintain Virginia's position as a leader in the shipbuilding industry and related defense industries and will thereby contribute to the strength and expansion of Virginia's economy.

§ 9-372. Definitions.

60 As used in this chapter:

61 "Affiliate" of a specific company means a company that is directly or indirectly controlled by, or is
62 under common control with, the company specified.

63 "Carrier platform integration center" means a shipbuilding facility which, pursuant to a
64 Memorandum of Agreement with the Secretary, is to be built, sponsored and operated in Virginia by a
65 qualified shipbuilder, primarily (i) to perform testing and integration projects, including research and
66 development concerning those projects, and other projects relating to the design and integration of
67 navigation, communication, weapon, and other ship systems for aircraft carriers, and (ii) to provide
68 education, training, and retraining of workers in the shipbuilding industry.

69 "Decision by the United States government" means a law, regulation, or administrative action,
70 including but not limited to the issuance of a United States Navy or joint requirements document or a
71 Defense Acquisition Board decision.

72 "Fiscal year" means the twelve-month period beginning July 1 and ending June 30.

73 "Next aircraft carrier" means the aircraft carrier following the already authorized aircraft carrier
74 designated CVN-77, such next carrier currently being designated by the United States Navy as CV(X).

75 "Qualified construction contribution" means a contribution, in cash or in kind, for the acquisition of
76 land, design, construction, outfitting and other activities related to the establishment of a carrier
77 platform integration center.

78 "Qualified contribution" means a "qualified construction contribution" and a "qualified operations
79 contribution." The value of any qualified contribution of property or services shall be the fair market
80 value of such property or services on the date of contribution.

81 "Qualified investment" means any expenditure capitalized for federal income tax purposes that is
82 related to the construction, expansion, improvement or modernization of a shipbuilding facility in
83 Virginia and shall include qualified contributions. Except for qualified contributions and for salaries
84 that are capitalized as part of the cost of a shipbuilding facility, "qualified investment" shall not include
85 the salaries or other compensation paid to employees of a qualified shipbuilder or its affiliates.

86 "Qualified operations contribution" means a contribution, in cash or in kind, for the outfitting,
87 operation, maintenance, expansion, improvement, modernization, workforce training and retraining, the
88 conduct of research and development, and other activities related to the operation of a carrier platform
89 integration center. No amount for which a construction grant is allowed under this chapter shall be a
90 "qualified operations contribution."

91 "Qualified shipbuilder" means a corporation that (i) is primarily engaged in designing, constructing,
92 overhauling, modernizing, and repairing ships at its facilities in Virginia; (ii) employs more than 10,000
93 persons at its shipbuilding facilities in Virginia; and (iii) makes a qualified investment of at least \$30
94 million in the fiscal year preceding the first fiscal year in which a grant provided by this chapter is
95 claimed; at least \$35 million in the fiscal year preceding the second fiscal year in which a grant
96 provided by this chapter is claimed; and at least \$50 million in the fiscal year preceding each fiscal
97 year thereafter in which any grant provided by this chapter is claimed.

98 "Secretary" means the Secretary of Commerce and Trade or his designee.

99 "Shipbuilding facility" means any property, including land, buildings and other improvements to real
100 estate, tangible personal property, machinery and tools, ships, boats and parts thereof, docks and dry
101 docks, employed or designed to be employed in the shipbuilding industry.

102 "Shipbuilding industry" includes (i) businesses engaged in designing, building, overhauling,
103 modernizing and repairing ships in Virginia and (ii) other persons engaged in research, design,
104 manufacturing or other activities in Virginia that are directly related to, or that provide necessary
105 support for, such businesses.

106 "Sponsor" means a qualified shipbuilder that, pursuant to a Memorandum of Agreement with the
107 Secretary, agrees to build, sponsor, and operate a carrier platform integration center, and includes the
108 affiliates of such qualified shipbuilder.

109 § 9-373. Commission established.

110 There is hereby established the Shipyard Incentive Commission. The Commission shall administer
111 and oversee the grant provided under the provisions of this act as may be limited under the terms of the
112 general appropriation act. The Commission shall consist of seven members; two shall be appointed by
113 the Speaker of the House of Delegates and two shall be appointed by the Senate Committee on
114 Privileges and Elections. The appointed members shall serve for a term of four years. The State Tax
115 Commissioner, the State Treasurer, and the State Comptroller shall be ex officio voting members.

116 § 9-374. Investments grants.

117 A. A qualified shipbuilder shall be entitled to the investment grant provided for by this section if the
118 Secretary makes the certification provided in this subsection.

119 The Secretary shall certify that a qualified shipbuilder is entitled to the investment grant provided by
120 this section if the Secretary determines that:

121 1. The United States government has either (i) made a decision that the United States Navy's next

aircraft will be nuclear-powered or (ii) awarded a prime contract to the qualified shipbuilder to design or design and construct the United States Navy's next aircraft carrier; and

2. The qualified shipbuilder has agreed to be the sponsor of a carrier platform integration center.

B. Subject to the limitations of subsection C of this section, a qualified shipbuilder certified by the Secretary as meeting the requirements of subsection A of this section shall be entitled to a grant as may be limited by the general appropriation act, not to exceed such shipbuilder's qualified construction contributions.

C. The grant authorized by this subsection shall be subject to the following limitations:

1. The grant shall be awarded only for qualified contributions made after December 31, 1997, but before January 1, 2001.

2. The total grants awarded to all qualified shipbuilders shall not exceed:

a. \$8 million from July 1, 1998, through June 30, 1999;

b. \$30 million from July 1, 1999, through June 30, 2000; and

c. \$20 million from July 1, 2000, through June 30, 2001.

Grants awarded pursuant to subdivisions a, b and c shall not exceed \$58 million in the aggregate.

3. The grant awarded under this section to any qualified shipbuilder shall not exceed the qualified construction contributions made by that qualified shipbuilder on or before the date the grant is awarded to that qualified shipbuilder, reduced by the amount of grants previously awarded under this section to that qualified shipbuilder.

§ 9-375. Operations grants.

A. A qualified shipbuilder is entitled to the operations grant provided for by this section if the Secretary makes the certifications provided in this subsection.

The Secretary shall certify that a qualified shipbuilder is entitled to the operations grant provided for by this section if the Secretary determines that:

1. The qualified shipbuilder has been certified to be entitled to the investment grant provided for in § 9-374;

2. The United States government has awarded a prime contract to that qualified shipbuilder to design or to design and construct the United States Navy's next aircraft carrier;

3. The qualified shipbuilder has undertaken construction and sponsorship of a certified integration center consistent with its agreements with the Secretary; and

4. To the extent practicable and consistent with the security requirements of the United States government and the protection of the sponsor's proprietary information, the Memorandum of Agreement between the qualified shipbuilder and the Secretary provides for the establishment of procedures to:

a. Include members of the faculties and staffs of those public institutions of higher education in Virginia that provide engineering and other courses of study relevant to the shipbuilding industry, in the carrier platform integration center's research and development, education and training activities;

b. Allow other members of the shipbuilding industry access to, and participation in, the activities of the carrier platform integration center, including its ship systems integration activities; and

c. Ensure that the training, retraining and education services provided by the certified carrier platform integration center are not limited to employees of the sponsor.

B. Subject to the limitations of subsection C of this section, a qualified shipbuilder certified by the Secretary as meeting the requirements of subsection A of this section, shall be entitled to a grant, as may be limited by the general appropriation act, in an amount not to exceed its qualified operations contributions.

C. The operations grant authorized by this section shall be subject to the following limitations:

1. The operations grant shall be awarded only for those qualified operations contributions made after December 31, 1997, and before July 1, 2004; and

2. The total operations grants awarded to all qualified shipbuilders shall not exceed \$20 million during any fiscal year and shall not exceed \$40 million in the aggregate.

The operations grants awarded under this section by any qualified shipbuilder shall not exceed the qualified operations contributions made by such shipbuilder on or before the date the grant is claimed by such shipbuilder, reduced by the amount of grants previously claimed under this section by such shipbuilder.

§ 9-376. Award of grants.

The Shipyard Incentive Commission shall, during each fiscal year that the grants provided by §§ 9-374 and 9-375 are available, notify every qualified shipbuilder seeking either type of grant of the total amount of each type of grant claimed by all qualified shipbuilders. If the fiscal year or cumulative limitations in §§ 9-374 or 9-375 are exceeded, the available grants shall be awarded in proportion to each qualified shipbuilder's grant otherwise allowable under the applicable section. In addition to any other limitations upon the award of either type of grant pursuant to this chapter, the Commission shall award no grant of either type in any fiscal year in which (i) the amount of revenue growth for the fiscal

183 year is not sufficient pursuant to subsection C of § 58.1-3524 to permit full implementation of the
184 Personal Property Tax Relief Act of 1998, or (ii) payments to treasurers are limited pursuant to
185 § 58.1-3536.

186 § 9-377. Annual certification.

187 A qualified shipbuilder receiving any grant in accordance with this section shall submit annually to
188 the Shipyard Incentive Commission a copy of the certification from the Secretary that it is entitled to the
189 grant provided for by §§ 9-374 or 9-375, or both, together with a statement, approved by an
190 independent certified public accountant licensed by the Commonwealth, confirming that the qualified
191 shipbuilder: (i) has made a qualified investment in the amount required by this chapter; (ii) employs
192 more than 10,000 persons in Virginia; (iii) has made qualified contributions and states the total amount
193 and types of such qualified contributions; and (iv) is eligible for the grant sought pursuant to this
194 chapter and states the total amount and types of grants sought. The statement shall be in the form
195 specified by the Commission, shall be submitted by February 1 annually, and shall be subject to audit
196 and verification by the Commission.

197 § 15.2-1636.20. Payments to localities under the Personal Property Tax Relief Act of 1998.

198 Localities shall be reimbursed for the administrative costs associated with the implementation of
199 Chapter 35.1 (§ 58.1-3523 et seq.) of Title 58.1. The Compensation Board shall approve and reimburse
200 such costs that it deems fair and reasonable. The manner of submitting and preparing estimates for such
201 costs and for reimbursements shall be as directed by the Compensation Board.

202 § 22.1-146. Power of Board to make loans from fund for erection, etc., of school buildings and
203 fueling facilities for school buses.

204 The Board of Education may make loans or, subject to the approval of the General Assembly, loan
205 interest rate subsidy payments from the Literary Fund to the school boards of the several school
206 divisions making application therefor in the manner prescribed by law for the ~~purpose~~ purposes of (i) ~~of~~
207 ~~funding part or all of the costs for~~ erecting, ~~altering~~ renovating, retrofitting or enlarging school
208 buildings in such school divisions; (ii) ~~for~~ purchasing and installing educational technology equipment
209 and infrastructure; (iii) ~~for~~ equipping school buses for alternative fuel conversions and ~~for construction~~
210 ~~of constructing~~ school bus fueling facilities for supplying compressed natural gas or other alternative
211 fuels; and (iv) ~~for the~~ refinancing or ~~redemption of redeeming~~ negotiable notes, bonds, and other
212 evidences of indebtedness or obligations incurred by a locality on behalf of a school division which has
213 an application for a Literary Fund loan for an approved school project pending before the Board of
214 Education. For the ~~purpose~~ purposes of this section, "alternative fuels" means motor fuels other than
215 gasoline and diesel fuel.

216 § 22.1-148. Restrictions upon making loans; retirement of previous loans.

217 A. No loan from the Literary Fund shall exceed 100% percent of the cost of the building, addition
218 thereto, and site on account of which such loan is made. No loan shall be made from the Literary Fund
219 to aid in the erection of a building or addition to cost less than \$500. Whenever a loan is made from the
220 Literary Fund for the purpose of enlarging a building, any part of the proceeds of such loan may, in the
221 discretion of the Board, be used to retire any previous loan or loans on such building although not
222 matured at the time of such additional loan. No loan shall be made from the Literary Fund in any case
223 in which the payment of same with interest would, in the judgment of the Board of Education, entail too
224 heavy a charge upon the revenues of the county, city or town comprising the school division to which
225 such loan is granted. The Board may refuse to make any loan from the Literary Fund to any school
226 board which is in default in the payment of any part of the principal of any previous loan from the
227 Literary Fund or which for the two years next preceding the loan has been more than six months in
228 default in the payment of interest due on any loan from the Literary Fund.

229 B. Any school division which has an application for a Literary Fund loan for an approved school
230 project pending before the Board of Education shall not be denied or delayed in obtaining such loan
231 solely for the reason that alternative financing had been obtained to begin or complete construction on
232 such project.

233 C. An application for a Literary Fund loan for part or all of the costs of construction for a school
234 building shall not be denied or delayed solely because a grant pursuant to the Virginia Public School
235 Construction Grants Program established under Chapter 11.1 (§ 22.1-175.1 et seq.) of this title has been
236 submitted or granted.

237 § 22.1-153. School boards authorized to borrow from Fund; form of application.

238 A. The school boards of the several school divisions are authorized to borrow money belonging to
239 the Literary Fund, and any school board desiring to borrow from the Fund shall make written
240 application to the Board of Education for such loan on a form to be prescribed by the Board.

241 B. School boards may apply for, on such forms as the Board may prescribe, a loan to fund part or
242 all of the costs of erecting, renovating, retrofitting or enlarging school buildings while simultaneously
243 applying for a grant to fund part of such construction pursuant to Chapter 11.1 (§ 22.1-175.1 et seq.) of
244 this title. The school board shall note, in its Literary Fund loan application, that the grant application

has been submitted. In no case shall the total funding through a Literary Fund loan and a grant equal more than 100 percent of the costs of a construction project.

§ 22.1-163. Authority created; public body corporate and agency of State.

The Virginia Public School Authority is created as a public body corporate and as a political subdivision and an agency and instrumentality of the Commonwealth.

§ 22.1-165. Management and administration of moneys, etc., transferred from Literary Fund.

The Authority shall manage and administer as provided in this chapter all moneys or obligations that may be set aside and transferred to it from the principal of the Literary Fund by the General Assembly for public school purposes pursuant to Article VIII, Section 8 of the Constitution of Virginia and any funds authorized by the General Assembly from the Literary Fund, the Virginia Public School Construction Grants Fund established in § 22.1-175.2 or otherwise appropriated by the General Assembly for public school purposes.

§ 22.1-166.2. Grants to local school boards.

A. The Authority is authorized to make grants of money, from any of the funds of the Authority available for such purpose, to local school boards for the purchase of capital projects for school purposes.

B. From such funds as may be appropriated for this purpose, any notes or bonds issued for this purpose, and any funds deposited to the Virginia Public School Construction Grants Fund established in § 22.1-175.2, the Authority is also empowered to distribute grants of money pursuant to the provisions of the Virginia Public School Construction Grants Program established under Chapter 11.1 (§ 22.1-175.1 et seq.) of this title, upon the approval of such grants by the Board of Education.

§ 22.1-167. Issuance of bonds of Authority.

In order to provide funds for the purchase of local school bonds as authorized by § 22.1-166, to provide funds for the making of loans to local school boards as authorized by § 22.1-166.1, or to provide funds for the making of grants to local school boards as authorized by § 22.1-166.2, the Board of Commissioners is hereby authorized to provide by resolution, at one time or from time to time, for the issuance of bonds of the Authority in such amount or amounts as the Board of Commissioners shall determine. Such bonds of the Authority shall be payable solely from funds of the Authority, including, without limitation, all or any combination of the following sources: (i) payments of principal of and interest on local school bonds purchased by the Authority, (ii) the proceeds of the sale of any such local school bonds, (iii) payments of principal of and interest on obligations transferred to the Authority from the Literary Fund, (iv) the proceeds of the sale of any such obligations, (v) any moneys transferred to the Authority from the Literary Fund, (vi) payments of principal of and interest on loans made to local school boards, and (vii) any funds deposited in the Virginia Public School Construction Grants Fund established pursuant to § 22.1-175.2, (viii) any funds authorized by the General Assembly from the Literary Fund, and (ix) any funds otherwise appropriated by the General Assembly, as shall be provided by the resolution of the Board of Commissioners authorizing any such bonds. Bonds of the Authority issued under the provisions of this chapter shall not be deemed to constitute a debt of the Commonwealth or a pledge of the faith or credit of the Commonwealth, and all bonds of the Authority shall contain on the face thereof a statement to the effect that neither the faith and credit nor the taxing power of the Commonwealth or of any political subdivision thereof is or shall be pledged to the payment of the principal of or the interest on such bonds.

The bonds of each issue shall be dated, shall bear interest and shall mature at such time or times, not exceeding thirty years from their date or dates, as may be determined by the Board of Commissioners and may be made redeemable before maturity, at the option of the Board of Commissioners, at such price or prices and under such terms and conditions as may be fixed by the Board of Commissioners prior to the issuance of the bonds. The principal and interest of such bonds may be made payable in any lawful medium. The Board of Commissioners shall determine the form of the bonds, including any interest coupons to be attached thereto, and the manner of execution of the bonds and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest thereof, which may be at the office of the State Treasurer or at any bank or trust company within or without the Commonwealth. If any officer whose signature or a facsimile of whose signature appears on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. All bonds issued under the provisions of this chapter shall have and are hereby declared to have, as between successive holders, all the qualities and incidents of negotiable instruments under the negotiable instruments law of the Commonwealth. The bonds may be issued in coupon or in registered form or both, as the Board of Commissioners may determine, and provision may be made for the registration of any coupon bonds as to principal alone and as to both principal and interest and for the reconversion of any bonds registered as to both principal and interest into coupon bonds. The Board of Commissioners may sell such bonds in such manner, either at public or at private

sale, and for such price as it may determine to be for the best interests of the Authority. The proceeds of such bonds shall be disbursed for the purposes for which such bonds were issued under such restrictions, if any, as the resolution authorizing the issuance of such bonds or the trust indenture provided for in § 22.1-171 may provide. Prior to the preparation of definitive bonds, the Board of Commissioners may, under like restrictions, issue temporary bonds, with or without coupons, exchangeable for definitive bonds when such bonds shall have been executed and are available for delivery. The Board of Commissioners may also provide for the replacement of any bond which shall become mutilated or shall be destroyed or lost. Such bonds may be issued without any other proceedings or the happening of any other conditions or things than the proceedings, conditions, and things which are specified and required by this chapter.

§ 22.1-167.2. *Security for payment; appropriations.*

A. *The Authority is authorized to issue bonds to finance and refinance acquisition of bonds, notes and other obligations of counties, cities and towns issued for the purpose of financing and refinancing capital projects for school purposes and to pledge to the bonds all or any combination of the following sources: (i) payments of principal and interest on the local school bonds purchased by the Authority; (ii) payments to the localities by the Commonwealth as contemplated under the state aid intercept provisions of § 15.2-2659; (iii) funds in the Literary Fund available and appropriated for such purpose; and (iv) any funds in the general fund of the Commonwealth appropriated for such purpose.*

B. *The Governor's Budget Bill presented each year to the General Assembly shall include an appropriation to the Authority of a sum sufficient first, from funds in the Literary Fund available for such purpose, and second, from the general fund of the Commonwealth, to cure any shortfall in pledged primary revenues on any debt service payment date on the bonds of the Authority described by this section. A shortfall in pledged primary revenues shall exist when the sum of the payments made on local school bonds due on or before such date and any proceeds derived from the implementation of state aid intercept pursuant to § 15.2-2659 as of such date is less than required to pay the debt service due on the Authority's bonds on such date.*

C. *The Literary Fund and the general fund of the Commonwealth shall be subrogated to the rights of the Authority to the extent of any such funds paid to the Authority and shall be entitled to enforce the Authority's remedies with respect to the local school bonds and to full recovery of the amount of such shortfall.*

D. *On or before September 30 of each year, the Authority shall submit to the Governor and the chairmen of the House Appropriations Committee and the Senate Finance Committee a report as of the end of the prior fiscal year detailing the total amount of the Authority's outstanding bonds secured by appropriations as described in subsection B. The report shall also describe any instances where any such appropriation has been used.*

§ 22.1-168. *Security for payment and bonds; provisions of trust indenture or resolution of Board.*

In the discretion of the Board of Commissioners any bonds issued under the provisions of this chapter may be secured by a trust indenture by and between the Authority and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without the Commonwealth. Such trust indenture or the resolution providing for the issuance of such bonds may pledge or assign all or any part of the funds of the Authority available for such purpose including, but without limitation, all or any combination of the following sources: (i) payments of principal of and interest on local school bonds purchased by the Authority, (ii) the proceeds of the sale of any such local school bonds, (iii) payments of principal of and interest on obligations transferred to the Authority from the Literary Fund, (iv) the proceeds of the sale of any such obligations, (v) any moneys transferred to the Authority from the Literary Fund, (vi) payments of principal of and interest on loans made to local school boards, ~~and~~ (vii) *any funds deposited into the Virginia Public School Construction Grants Fund established in § 22.1-175.2, and* (viii) any funds authorized by the General Assembly for such purpose from the Literary Fund or otherwise appropriated by the General Assembly.

Such trust indenture or resolution providing for the issuance of such bonds may provide for the creation and maintenance of such reserves as the Board of Commissioners shall determine to be proper and may include covenants setting forth the duties of the Board of Commissioners in relation to the acquisition of any local school bonds, the substitution of any local school bonds as security for payment of the bonds of the Authority, the collection of payments of principal and interest on (i) any local school bonds, (ii) on any obligations transferred to the Authority from the Literary Fund, and (iii) on any loans made to local school boards. Such trust indenture or resolution may include provisions requiring the Authority or the trustee under such trust indenture or any depository to file a petition with the Governor and to take any and all other action required under § 15.2-2659 to secure payment of all sums necessary to cover any default as to any bonds or the interest thereon held by the Authority or by such trustee or depository to which § 15.2-2659 shall be applicable. Such trust indenture or resolution may contain provisions respecting the custody, safeguarding and application of all moneys and securities including local school bonds purchased by the Authority and obligations transferred to the Authority

from the Literary Fund and may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law. It shall be lawful for any bank or trust company incorporated under the laws of the Commonwealth which may act as depository of the proceeds of bonds or of any other funds or obligations received on behalf of the Authority to furnish such indemnifying bonds or to pledge such securities as may be required by the Board of Commissioners. Any such trust indenture or resolution may contain such other provisions as the Board may deem reasonable and proper for the security of the bondholders. Any reference in this chapter to a resolution of the Board of Commissioners shall include any trust indenture authorized thereby.

§ 22.1-171. Powers of Authority enumerated.

A. In order to enable the Authority to carry out the purposes for which it is established, the Authority is vested with the powers of a body corporate including the power to sue and be sued, to make contracts, to adopt and use a common seal and to alter the same and is authorized and empowered:

1. To collect, or to authorize the trustee under any trust indenture securing any bonds of the Authority to collect, as the same shall become due, the principal of and the interest on all obligations transferred to the Authority from the Literary Fund;

2. To collect, or to authorize the trustee under any trust indenture securing any bonds of the Authority to collect, as the same shall become due, the principal of and the interest on all local school bonds purchased by the Authority;

3. *To collect, or to authorize the trustee under any trust indenture securing any bonds of the Authority to collect, as the same shall become due, the principal of and the interest on all obligations relating to grants for school construction issued pursuant to the Virginia Public School Construction Grants Program established under Chapter 11.1 (§ 22.1-175.1 et seq.).*

4. To pay the compensation of the chief executive officer of the Authority and all such employees, agents, financial advisers and attorneys as may be employed by the Authority either from moneys received by the Authority under the provisions of this chapter or from appropriations made by the General Assembly for such purpose;

5. To issue bonds of the Authority as authorized by this chapter and to refund any of such bonds;

6. To adopt or alter or repeal any bylaws, rules or regulations as the Authority may deem necessary or expedient; and

7. To do any and all other acts and things necessary, appropriate or incidental in carrying out the purposes of this chapter.

B. The Authority is further authorized and empowered to issue notes and other obligations for any of its purposes in such form as may be authorized by resolution of the Authority. The issuance of such notes or other obligations shall be governed by the provisions of this chapter insofar as the same may be applicable.

C. The Board of Commissioners shall submit an annual report to the Governor and General Assembly on or before November 1 of each year. Such report shall contain, at a minimum, the annual financial statements of the Authority for the year ending the preceding June 30. The annual report shall be distributed in accordance with the provisions of § 2.1-467.

§ 22.1-175.1. Virginia Public School Construction Grants Program established.

The Virginia Public School Construction Grants Program is hereby established to provide grants to eligible school divisions for *school construction, additions, renovations, including the costs of retrofitting or enlarging public school buildings, infrastructure and site acquisition for such public school buildings and facilities or, if a school division has completed any such projects during the previous five years, the grants shall be used for debt service payments, or a portion thereof.* The Program shall be administered by the Board of Education and the Virginia Public School Authority.

§ 22.1-175.2. Virginia Public School Construction Grants Fund created.

A. From such funds as may be appropriated for this purpose ~~and from such~~, *the proceeds from any bonds issued for this purpose by the Virginia Public School Authority, and any gifts, donations, grants, or bequests, and other funds* as may be received on its behalf *by the Virginia Public School Authority*, there is hereby created in the Department of the Treasury a special nonreverting fund known as the Virginia Public School Construction Grants Fund. The Fund shall be established on the books of the Comptroller, and any moneys 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 remain in the Fund and be credited to it. Funds may be paid to any eligible school division that has been awarded financial assistance pursuant to the provisions of this chapter.

B. ~~The Department of the Treasury~~ *State Treasurer* shall ~~administer and~~ manage the Virginia Public School Construction Fund, subject to the authority of the Board of Education to ~~provide for its disbursement~~ *establish the criteria for and to award grants for public school construction.* The Fund

shall be disbursed by the Virginia Public School Authority to award school boards to which the Board awards grants as determined by in accordance with the eligibility and needs criteria established by the Board through regulations. The amount of each grant awarded to a qualifying school division shall not exceed 100 percent of the cost of construction, renovation, retrofitting, additions, or site acquisition for public school buildings or facilities, less the appropriate local match. The amount of such grant shall be matched by funds of the qualifying school division on the locality's composite index of ability-to-pay. In awarding such grants, the Board shall take into consideration any Literary Fund loan which may have been applied for or awarded for the same projects.

§ 22.1-175.3. Board to issue guidelines.

The Board shall issue guidelines governing the Program as it may deem necessary and appropriate. The guidelines shall include, but shall not be limited to, provisions which address the following: approval by the local governing body of the construction, addition, renovation, including retrofitting and enlarging public school buildings, or site acquisition for public school buildings and facilities, or if a school division has completed any such projects during the previous five years, debt service payments, or a portion thereof, for which grant moneys are sought and of the application for a grant from the Fund pursuant to § 22.1-175.4; eligibility criteria for school divisions demonstrating need based on local ability to pay for public school construction; eligibility criteria for school divisions demonstrating need based on population growth rates and the availability and pledge of local matching funds; and procedures for determining priority for awarding grants to qualifying school divisions.

§ 22.1-175.4. Application for grants.

The local school boards seeking a grant in accordance with this chapter shall make written application to the Department. The application shall contain information indicating the school division's eligibility to receive grant funds. Eligibility shall be based on meeting one or more of the following criteria:

1. The school division has been approved for a Literary Fund loan for a capital school project;

2. The school division has received or been notified of an appropriation of a local match grant by the governing body of the locality for capital school projects that are documented in a long-range capital outlay plan; or

3. The school division is currently making debt service payments for a capital school project which was completed in the previous five years.

Upon meeting one or more of the criteria, the Department shall distribute grants pursuant to the allocations set forth in § 22.1-175.5.

§ 22.1-175.5. Allocations of grants.

Grants shall be allocated to school divisions in accordance with the following: (i) fifty percent of the available grant funds shall be allocated using a formula that is based on the composite index and the average daily membership of the school division and (ii) fifty percent of the available grant funds shall be allocated on a formula that increases the allocation for school divisions having growth rates which exceed the statewide average.

§ 22.1-175.6. Capital School Projects Fund.

A. The governing body of each locality which is awarded a grant pursuant to § 22.1-175.4 shall authorize the local treasurer or fiscal officer, by ordinance or resolution, to create a separate fund upon the books of the locality, as hereinafter described. Upon the adoption of such ordinance or resolution, the treasurer of the locality shall place such grant awards into this fund.

B. The fund shall be known as the "County/City/Town of _____ Capital School Projects Fund." All principal placed into the fund, together with all income from or attributable to the fund, shall be used solely for (i) the purposes of construction, additions, renovations including retrofitting and enlarging public school buildings, infrastructure and site acquisition for public school buildings and facilities or (ii) debt service payments, or a portion thereof, for any such projects completed in the previous five years. No disbursement from the fund may be made except upon specific appropriation by the governing body in accordance with applicable law. Any amounts appropriated from the fund shall be matched with funds of the locality based upon the composite index of ability-to-pay. In no event shall more than ten percent of a locality's initial grant be used for debt service in any one year.

C. All grant awards placed into the fund, including all income from or attributable to such fund, shall be deemed public funds of the locality and shall be subject to all limitations upon deposit and investment provided by general law, including the Virginia Security for Public Deposits Act (§ 2.1-359 et seq.). Income, dividends, distributions and grants accruing to the fund shall be retained in such fund and shall be expended only in accordance with the terms of this section.

D. Nothing in this section shall be deemed or construed to authorize a school board or school division to receive, hold or invest funds in its own name, nor to expend funds in the absence of a specific appropriation by the governing body of the locality in accordance with applicable law.

§ 46.2-208. Records of Department; when open for inspection; release of privileged information.

A. All records in the office of the Department containing the specific classes of information outlined

below shall be considered privileged records:

1. Personal information, including all data defined as "personal information" in § 2.1-379;
2. Driver information, including all data that relates to driver's license status and driver activity; and
3. Vehicle information, including all descriptive vehicle data and title, registration, and vehicle activity data.

B. The Commissioner shall release such information only under the following conditions:

1. Notwithstanding other provisions of this section, medical data included in personal data shall be released only to a physician as provided in § 46.2-322.

2. Insurance data may be released as specified in §§ 46.2-372, 46.2-380, and 46.2-706.

3. Notwithstanding other provisions of this section, information disclosed or furnished shall be assessed a fee as specified in § 46.2-214.

4. When the person requesting the information is (i) the subject of the information, (ii) the parent or guardian of the subject of the information, (iii) the authorized representative of the subject of the information, or (iv) the owner of the vehicle that is the subject of the information, the Commissioner shall provide him with the requested information and a complete explanation of it. Requests for such information need not be made in writing or in person and may be made orally or by telephone, provided that the Department is satisfied that there is adequate verification of the requester's identity. When so requested in writing by (i) the subject of the information, (ii) the parent or guardian of the subject of the information, (iii) the authorized representative of the subject of the information, or (iv) the owner of the vehicle that is the subject of the information, the Commissioner shall verify and, if necessary, correct the personal information provided and furnish driver and vehicle information in the form of an abstract of the record.

5. On the written request of any insurance carrier, surety, or representative of an insurance carrier or surety, the Commissioner shall furnish such insurance carrier, surety, or representative an abstract of the record of any person subject to the provisions of this title. The abstract shall include any record of any conviction of a violation of any provision of any statute or ordinance relating to the operation or ownership of a motor vehicle or of any injury or damage in which he was involved and a report of which is required by § 46.2-372. No such report of any conviction or accident shall be made after sixty months from the date of the conviction or accident unless the Commissioner or court used the conviction or accident as a reason for the suspension or revocation of a driver's license or driving privilege, in which case the revocation or suspension and any conviction or accident pertaining thereto shall not be reported after sixty months from the date that the driver's license or driving privilege has been reinstated. This abstract shall not be admissible in evidence in any court proceedings.

6. On the written request of any business organization or its agent, in the conduct of its business, the Commissioner shall compare personal information supplied by the business organization or agent with that contained in the Department's records and, when the information supplied by the business organization or agent is different from that contained in the Department's records, provide the business organization or agent with correct information as contained in the Department's records. Personal information provided under this subdivision shall be used solely for the purpose of pursuing remedies which require locating an individual.

7. The Commissioner shall provide vehicle information to any business organization or agent on such business' or agent's written request. Disclosures made under this subdivision shall not include any personal information and shall not be subject to the limitations contained in subdivision 6 of this subsection.

8. On the written request of any motor vehicle rental or leasing company or its designated agent, the Commissioner shall (i) compare personal information supplied by the company or agent with that contained in the Department's records and, when the information supplied by the company or agent is different from that contained in the Department's records, provide the company or agent with correct information as contained in the Department's records and (ii) provide the company or agent with driver information in the form of an abstract of any person subject to the provisions of this title. Such abstract shall include any record of any conviction of a violation of any provision of any statute or ordinance relating to the operation or ownership of a motor vehicle or of any injury or damage in which the subject of the abstract was involved and a report of which is required by § 46.2-372. No such abstract shall include any record of any conviction or accident more than sixty months after the date of such conviction or accident unless the Commissioner or court used the conviction or accident as a reason for the suspension or revocation of a driver's license or driving privilege, in which case the revocation or suspension and any conviction or accident pertaining thereto shall cease to be included in such abstract after sixty months from the date on which the driver's license or driving privilege was reinstated. No abstract released under this subdivision shall be admissible in evidence in any court proceedings.

9. On the request of any federal, state, or local governmental entity, law-enforcement officer, attorney for the Commonwealth, ~~or~~ court, *or the authorized agent of any of the foregoing*, the Commissioner

552 shall (i) compare personal information supplied by the governmental entity, officer, attorney for the
553 Commonwealth, ~~or~~ court, *or the authorized agent of any of the foregoing*, with that contained in the
554 Department's records and, when the information supplied by the governmental entity, officer, attorney
555 for the Commonwealth, ~~or~~ court, *or the authorized agent of any of the foregoing*, is different from that
556 contained in the Department's records, provide the governmental entity, officer, attorney for the
557 Commonwealth, ~~or~~ court, *or the authorized agent of any of the foregoing*, with correct information as
558 contained in the Department's records and (ii) provide driver and vehicle information in the form of an
559 abstract of the record showing all convictions, accidents, driver's license suspensions or revocations, and
560 other appropriate information as the governmental entity, officer, attorney for the Commonwealth, ~~or~~
561 court, *or the authorized agent of any of the foregoing*, may require in order to carry out its official
562 functions.

563 10. On request of the driver licensing authority in any other state or foreign country, the
564 Commissioner shall provide whatever classes of information the requesting authority shall require in
565 order to carry out its official functions.

566 11. On the written request of any employer, prospective employer, or authorized agent of either, and
567 with the written consent of the individual concerned, the Commissioner shall (i) compare personal
568 information supplied by the employer, prospective employer, or agent with that contained in the
569 Department's records and, when the information supplied by the employer, prospective employer, or
570 agent is different from that contained in the Department's records, provide the employer, prospective
571 employer, or agent with correct information as contained in the Department's records and (ii) provide the
572 employer, prospective employer, or agent with driver information in the form of an abstract of an
573 individual's record showing all convictions, accidents, driver's license suspensions or revocations, and
574 any type of driver's license that the individual currently possesses, provided that the individual's position
575 or the position that the individual is being considered for involves the operation of a motor vehicle.

576 12. On the written request of any member of or applicant for membership in a volunteer fire
577 company or volunteer rescue squad, the Commissioner shall (i) compare personal information supplied
578 by the volunteer fire company or volunteer rescue squad with that contained in the Department's records
579 and, when the information supplied by the volunteer fire company or volunteer rescue squad is different
580 from that contained in the Department's records, provide the volunteer fire company or volunteer rescue
581 squad with correct information as contained in the Department's records and (ii) provide driver
582 information in the form of an abstract of the member's or applicant's record showing all convictions,
583 accidents, license suspensions or revocations, and any type of driver's license that the individual
584 currently possesses. Such abstract shall be provided free of charge if the request is accompanied by
585 appropriate written evidence that the person is a member of or applicant for membership in a volunteer
586 fire company or volunteer rescue squad and the abstract is needed by a volunteer fire company or
587 volunteer rescue squad to establish the qualifications of the member or applicant to operate equipment
588 owned by the volunteer fire company or volunteer rescue squad.

589 13. On the written request of any person who has applied to be a volunteer with a Virginia affiliate
590 of Big Brothers/Big Sisters of America, the Commissioner shall (i) compare personal information
591 supplied by a Virginia affiliate of Big Brothers/Big Sisters of America with that contained in the
592 Department's records and, when the information supplied by a Virginia affiliate of Big Brothers/Big
593 Sisters of America is different from that contained in the Department's records, provide the Virginia
594 affiliate of Big Brothers/Big Sisters of America with correct information as contained in the
595 Department's records and (ii) provide driver information in the form of an abstract of the applicant's
596 record showing all convictions, accidents, license suspensions or revocations, and any type of driver's
597 license that the individual currently possesses. Such abstract shall be provided free of charge if the
598 request is accompanied by appropriate written evidence that the person has applied to be a volunteer
599 with a Virginia affiliate of Big Brothers/Big Sisters of America.

600 14. On the written request of any person who has applied to be a volunteer with a court-appointed
601 special advocate program pursuant to § 9-173.8, the Commissioner shall provide an abstract of the
602 applicant's record showing all convictions, accidents, license suspensions or revocations, and any type of
603 driver's license that the individual currently possesses. Such abstract shall be provided free of charge if
604 the request is accompanied by appropriate written evidence that the person has applied to be a volunteer
605 with a court-appointed special advocate program pursuant to § 9-173.8.

606 15. Upon the request of any employer, prospective employer, or authorized representative of either,
607 the Commissioner shall (i) compare personal information supplied by the employer, prospective
608 employer, or agent with that contained in the Department's records and, when the information supplied
609 by the employer, prospective employer, or agent is different from that contained in the Department's
610 records, provide the employer, prospective employer, or agent with correct information as contained in
611 the Department's records and (ii) provide driver information in the form of an abstract of the driving
612 record of any individual who has been issued a commercial driver's license, provided that the
613 individual's position or the position that the individual is being considered for involves the operation of

a commercial motor vehicle. Such abstract shall show all convictions, accidents, license suspensions, revocations, or disqualifications, and any type of driver's license that the individual currently possesses.

16. Upon the receipt of a completed application and payment of applicable processing fees, the Commissioner may enter into an agreement with any governmental authority or business to exchange information specified in this section by electronic or other means.

17. Upon the request of an attorney representing a person in a motor vehicle accident, the Commissioner shall provide vehicle information, including the owner's name and address, to the attorney.

18. Upon the request, in the course of business, of any authorized representative of an insurance company or of any not-for-profit entity organized to prevent and detect insurance fraud, the Commissioner shall provide all vehicle information, including the owner's name and address, descriptive data and title, registration, and vehicle activity data to such person.

19. Upon the request of an officer authorized to issue criminal warrants, for the purpose of issuing a warrant for arrest for unlawful disposal of trash or refuse in violation of § 33.1-346, the Commissioner shall provide vehicle information, including the owner's name and address.

20. Upon written request of the compliance agent of a private security services business, as defined in § 9-183.1, which is licensed by the Department of Criminal Justice Services, the Commissioner shall provide the name and address of the owner of the vehicle under procedures determined by the Commissioner.

C. Whenever the Commissioner issues an order to suspend or revoke the driver's license or driving privilege of any individual, he may notify the National Driver Register Service operated by the United States Department of Transportation and any similar national driver information system and provide whatever classes of information the authority may require.

D. Accident reports may be inspected under the provisions of §§ 46.2-379 and 46.2-380.

E. Whenever the Commissioner takes any licensing action pursuant to the provisions of the Virginia Commercial Driver's License Act (§ 46.2-341.1 et seq.), he may provide information to the Commercial Driver License Information System, or any similar national commercial driver information system, regarding such action.

F. In addition to the foregoing provisions of this section, vehicle information may also be inspected under the provisions of §§ 43-33, 43-34, 46.2-633, and 46.2-1200.1 through 46.2-1237.

G. The Department may promulgate regulations to govern the means by which personal, vehicle, and driver information is requested and disseminated.

H. Driving records of any person accused of an offense involving the operation of a motor vehicle shall be provided by the Commissioner upon request to any person acting as counsel for the accused. If such counsel is from the public defender's office or has been appointed by the court, such records shall be provided free of charge.

§ 46.2-623. Statements in application.

A. Every application for a certificate of title shall contain (i) a statement of the applicant's title and of all liens or encumbrances on the vehicle and the names and addresses of all persons having any interest in the vehicle and the nature of every interest in the vehicle. ~~The application shall also contain;~~ (ii) the Social Security number, if any, of the owner and, if the application is in the name of an employer for a business vehicle, the employer's identification number assigned by the United States Internal Revenue Service.

~~Every application for a certificate of title shall contain; and~~ (iii) a brief description of the vehicle to be registered, including the name of the maker, the vehicle identification or serial number and, when registering a new vehicle, the date of sale by the manufacturer or dealer to the person first operating the vehicle.

B. *Not later than July 15, 1998, the lessor of a qualifying vehicle, as defined in § 58.1-3523, shall send a report to the Department for each such qualifying vehicle it was leasing as of July 1, 1998, and has leased between January 1, 1998, and June 30, 1998, containing (i) the name and address of the lessee as it appears in the lease contract; (ii) the social security number of the lessee; and (iii) the registration number of the vehicle as described under Article 1 (§ 46.2-600 et seq.) of Chapter 6 of Title 46.2.*

C. *Beginning with August 1998, such lessor shall send a monthly report to the Department, by the fifteenth day of the month or such later day as may be prescribed in the guidelines promulgated under § 58.1-3532, listing any changes, additions or deletions to the information provided under subsection B as of the last day of the preceding month.*

D. The application shall contain ~~whatever~~ such additional information as may be required by the Department.

CHAPTER 35.1.

PERSONAL PROPERTY TAX RELIEF ACT OF 1998.

§ 58.1-3523. Definitions.

As used in this chapter:

"Commissioner" means the Commissioner of the Department of Motor Vehicles.

"Commissioner of the revenue" means the same as that set forth in § 58.1-3100. For purposes of this chapter, in a county or city which does not have an elected commissioner of the revenue, "commissioner of the revenue" means the officer who is primarily responsible for assessing motor vehicles for the purposes of tangible personal property taxation.

"Department" means the Department of Motor Vehicles.

"Effective tax rate" means the tax rate imposed by a locality on tangible personal property on the applicable class of tangible personal property multiplied by the assessment ratio.

"Leased" means leased by a natural person as lessee and used for nonbusiness purposes.

"Percentage level" means the percentage of the reimbursable amount to be reimbursed or paid by the Commonwealth.

"Privately owned" means owned by a natural person and used for nonbusiness purposes.

"Qualifying vehicle" means any passenger car, motorcycle, and pickup or panel truck, as those terms are defined in § 46.2-100, that is determined by the commissioner of the revenue of the county or city in which the vehicle has situs as provided by § 58.1-3511 to be (i) privately owned or (ii) leased pursuant to a contract requiring the lessee to pay the tangible personal property tax on such vehicle. In determining whether a vehicle is a qualifying vehicle, the commissioner of revenue may rely on the registration of such vehicle with the Department pursuant to Chapter 6 (§ 46.2-600 et seq.) of Title 46.2.

"Reimbursable amount" means the value of a qualifying vehicle, up to the first \$20,000 of value, multiplied by the effective tax rate in effect in the locality on August 1, 1997.

"Tangible personal property tax" means the tax levied pursuant to Article 1 (§ 58.1-3500 et seq.) of Chapter 35 of Title 58.1.

"Treasurer" means the same as that set forth in § 58.1-3123, when used herein with respect to a county or city. When used herein with respect to a town, "treasurer" means the officer who is primarily responsible for the billing and collection of tangible personal property taxes levied upon motor vehicles by such town, and means the treasurer of the county or counties in which such town is located if such functions are performed for the town by the county treasurer or treasurers.

"Used for nonbusiness purposes" means the preponderance of use is for other than business purposes. The preponderance of use for other than business purposes shall be deemed not to be satisfied if: (i) the motor vehicle is expensed on the taxpayer's federal income tax return pursuant to Internal Revenue Code § 179; (ii) more than fifty percent of the basis for depreciation of the motor vehicle is depreciated for federal income tax purposes; or (iii) the allowable expense of total annual mileage in excess of fifty percent is deductible for federal income tax purposes or reimbursed pursuant to an arrangement between an employer and employee.

Notwithstanding the provisions of § 58.1-3532, the Tax Commissioner shall promulgate guidelines by April 15, 1998, consistent with this section which shall be utilized by the commissioners of the revenue in ascertaining for the purposes of this chapter whether a vehicle is used for business purposes.

"Value" means the fair market value determined by the method prescribed in § 58.1-3503 and used by the locality as of August 1, 1997, in valuing the qualifying vehicle.

§ 58.1-3524. Reimbursement of tangible personal property taxes; deduction on tangible personal property tax bills.

A. For tax year 1998, the Commonwealth shall directly reimburse taxpayers, for tangible personal property tax levies paid on any qualifying vehicle, a percentage of the reimbursable amount determined pursuant to subdivision B 1, as provided in § 58.1-3525. For tax year 1999 and tax years thereafter, the Commonwealth shall pay to treasurers a percentage of the reimbursable amount determined pursuant to subdivisions B 2 through B 5 on any qualifying vehicle, as provided in § 58.1-3526.

B. Subject to the conditions of subsections C and D, the amount of the reimbursement to taxpayers for tax year 1998 and the amount of the payments to treasurers for tax years after 1998 shall be 100 percent for qualifying vehicles with a value of one thousand dollars or less and for each qualifying vehicle with a value of more than one thousand dollars shall be as follows:

	Percentage Level
1. For any tax year beginning in calendar year 1998	12.5 percent of the reimbursable amount for each qualifying vehicle
2. For any tax year beginning in calendar year 1999	27.5 percent of the reimbursable amount for each qualifying vehicle
3. For any tax year beginning in calendar year 2000	47.5 percent of the reimbursable amount for each qualifying vehicle

4. For any tax year beginning in calendar year 2001 70 percent of the reimbursable amount for each qualifying vehicle
5. For any tax year beginning in calendar year 2002 and tax years thereafter 100 percent of the reimbursable amount for each qualifying vehicle

C. Notwithstanding the schedule set forth in subsection B, the percentage level of the reimbursable amount to be paid by the Commonwealth for each qualifying vehicle shall not be increased at the beginning of any calendar year until the projection for the sum of general fund revenue and transfers, as contained in the budget bill submitted by the Governor in December, indicates that the amount of revenue growth for the fiscal year in which the calendar year begins is sufficient to pay for 200 percent of the aggregate of the amount of additional personal property tax relief attributable to the higher percentage level of reimbursement and general funds required to be appropriated to make payments of principal and interest upon bonds issued by the Virginia Public School Authority pursuant to § 22.1-175.2.

D. If the percentage level remains the same for consecutive tax years, the percentage level to be used in the following tax year shall remain the same unless the projected revenue growth described in subsection C occurs, in which event the amount to be paid by the Commonwealth for the immediately following tax year shall be equal to the next highest percentage level listed in subsection B.

E. An amount equal to the percentage of the reimbursable amount as determined under subdivisions B 2 through B 5 shall appear as a deduction on the tangible personal property tax bill for qualifying vehicles, as provided by subsection E of § 58.1-3912.

1. In the event the General Assembly changes the percentage of the reimbursable amount as described under subsection B for the current tax year and a locality has already printed its tangible personal property tax bills for qualifying vehicles for the year that the percentage is changed, the following procedures shall apply:

a. If the percentage of the reimbursable amount is decreased for the current tax year and the taxpayer has paid the assessment, the locality may (i) levy an additional amount for the amount of the difference between the percentage of the reimbursable amount for the tax year reflected on the original assessment and the percentage of the reimbursable amount for the tax year as modified by the General Assembly in the current year or (ii) carry forward the additional levy and include it on the subsequent tax bill, provided such levy is not subject to penalty and interest.

b. If the percentage of the reimbursable amount is increased for the current tax year and the taxpayer has paid the assessment, the locality shall issue a refund to the taxpayer for the amount of the difference between the percentage of the reimbursable amount for the tax year reflected on the original assessment and the percentage of the reimbursable amount for the tax year as modified by the General Assembly in the current tax year. Such refunds shall be issued by the treasurer no later than thirty days after receipt of the payment from the Commonwealth pursuant to § 58.1-3526.

2. In the event the General Assembly changes the percentage of the reimbursable amount as described under subsection B before a locality has printed its tangible personal property tax bills for qualifying vehicles, the following procedures shall apply:

a. If the percentage of the reimbursable amount is decreased for the current tax year, the locality may adjust each taxpayer's tangible personal property tax bill to reflect the changes made by the General Assembly to the percentage of the reimbursable amount.

b. If the percentage of the reimbursable amount is increased for the current tax year, the locality shall adjust each taxpayer's tangible personal property tax bill to reflect the changes made by the General Assembly to the percentage of the reimbursable amount.

§ 58.1-3525. Reimbursement to taxpayers for tax year 1998 levies.

A. For tax year 1998 tangible personal property tax levies paid on qualifying vehicles, the Commonwealth shall reimburse to the taxpayer the amount specified in subdivision B 1 of § 58.1-3524. If such amount is less than one dollar, the Commonwealth shall not make a reimbursement to the taxpayer.

B. Reimbursements shall be made according to the following schedule:

1. The reimbursement relating to tax year 1998 levies paid by taxpayers between January 1, 1998, and June 30, 1998, shall be sent to taxpayers by United States mail on or before November 15, 1998.

a. On or before July 31, 1998, the commissioner of revenue shall certify the value of each qualifying vehicle to the treasurer of the locality. No further certification shall be required if the Commissioner has, within the certified property book provided to the treasurer pursuant to § 58.1-3118, identified each qualifying vehicle and its value, as defined in this chapter.

b. On or before August 31, 1998, the treasurer shall certify to the Department, in the manner prescribed by the Department, the amount as determined under subdivision B 1 of § 58.1-3524 to be

797 reimbursed to each taxpayer.

798 c. On or before September 30, 1998, after a review of the certifications submitted by the treasurers,
799 the Commissioner shall certify the amount to be reimbursed to each taxpayer and shall make a written
800 request to the Comptroller for payment.

801 2. The reimbursement relating to tax year 1998 levies paid by taxpayers between July 1, 1998, and
802 December 31, 1998, shall be sent to taxpayers by United States mail on or before May 15, 1999.

803 a. On or before January 31, 1999, the commissioner of revenue shall certify the value of each
804 qualifying vehicle to the treasurer of the locality. No further certification shall be required if the
805 Commissioner has, within the certified property book provided to the treasurer pursuant to § 58.1-3118,
806 identified each qualifying vehicle and its value, as defined in this chapter.

807 b. On or before February 28, 1999, the treasurer shall certify to the Department, in the manner
808 prescribed by the Department, the amount as determined under subdivision B 1 of § 58.1-3524 to be
809 reimbursed to each taxpayer.

810 c. On or before March 31, 1999, after a review of the certifications submitted by the treasurers, the
811 Commissioner shall certify the amount to be reimbursed to each taxpayer and shall make a written
812 request to the Comptroller for payment.

813 3. The reimbursement relating to tax year 1998 levies paid by taxpayers after December 31, 1998,
814 shall be sent by United States mail to taxpayers within 100 days of payment.

815 a. Within thirty days of receipt of payment, the treasurer shall certify to the Department, in the
816 manner prescribed by the Department, the amount as determined under subdivision B 1 of § 58.1-3524
817 to be reimbursed to each taxpayer.

818 b. After a review of the certifications submitted by the treasurers and within thirty days of receipt of
819 a treasurer's certification, the Commissioner shall certify the amount to be reimbursed to each taxpayer
820 and shall make a written request to the Comptroller for payment.

821 4. In each instance, the treasurer shall also include the commissioner of revenue's certification along
822 with any certification he is required to send to the Department.

823 C. If (i) the situs for the assessment and taxation of a qualifying vehicle, as determined pursuant to
824 § 58.1-3511, changes in tax year 1998 and (ii) the county, city, or town in which the qualifying vehicle
825 first had situs in tax year 1998 levied a tangible personal property tax on such vehicle for all twelve
826 months of tax year 1998, the reimbursement under this section shall be made only for tangible personal
827 property taxes paid to such county, city, or town.

828 D. Payments to taxpayers under this section shall be made by the State Treasurer on warrants issued
829 by the Comptroller.

830 E. The reimbursement provided under this section for a qualifying vehicle which is leased shall be
831 paid directly to the lessee of such vehicle.

832 § 58.1-3526. Payment to treasurers for tax year 1999 and thereafter.

833 A. For tax year 1999 and tax years thereafter, the Commonwealth shall pay to treasurers the amount
834 specified in subdivisions B 2 through B 5 of § 58.1-3524 for each qualifying vehicle, if the conditions of
835 this section are satisfied.

836 B. As provided by subsection E of § 58.1-3912, the treasurer shall include such amount as a
837 deduction on the face of tangible personal property tax bills for qualifying vehicles and shall clearly
838 designate such deduction as an amount to be paid by the Commonwealth. In addition to tangible
839 personal property taxes levied on property other than qualifying vehicles, the taxpayer shall pay to the
840 treasurer any payment due for the difference between tangible personal property taxes levied on a
841 qualifying vehicle and such deduction. Within the certified personal property tax book provided to the
842 treasurer pursuant to § 58.1-3118, the commissioner of the revenue shall identify each qualifying vehicle
843 and its value, as defined in this chapter.

844 C. Except as provided by subsection B of § 58.1-3528, upon full payment of the tangible personal
845 property tax levied on a qualifying vehicle, less the amount of the deduction, as described in subsection
846 B of this section, the treasurer shall make a request to the Commonwealth for payment of the amount
847 equal to the amount specified in subdivisions B 2 through B 5 of § 58.1-3524 for the qualifying vehicle.
848 Such request shall include a summary of the information appearing on the related tangible personal
849 property tax bill. The summary information to be included in the request and the form of such request
850 shall be prescribed by the Comptroller. Upon receipt of such information, the Comptroller shall issue
851 the proper warrant for payment by the State Treasurer. If the Comptroller determines that a treasurer is
852 unable to provide the summary information, he shall issue a warrant for payment to such treasurer in
853 an amount equal to the estimate made by the Department under § 58.1-3529. Provided that the request
854 for payment is received by the deadlines established and in the format prescribed by the Comptroller, he
855 shall issue the warrant for payment no later than two business days after the receipt of the request from
856 the treasurer.

857 D. 1. If a taxpayer is required to make a payment for the difference between the tangible personal
858 property tax levied on a qualifying vehicle and the deduction as described in subsection B, the amount

as determined under subdivisions B 2 through B 5 of § 58.1-3524 for such qualifying vehicle shall be paid by the Commonwealth to the treasurer at such times as are consistent with the treasurer's receipt of tangible personal property tax payments on qualifying vehicles as of January 1, 1998.

2. Except as provided in subdivision D 3, if a taxpayer is not required to return to the treasurer any payment of tangible personal property tax for a qualifying vehicle, the amount as determined under subdivisions B 2 through B 5 of § 58.1-3524 for such qualifying vehicle shall be paid by the Commonwealth to the treasurer over a four-week period. There shall be one equal payment in each week. The first payment shall be made four weeks prior to the county, city, or town's due date for tangible personal property taxes on qualifying vehicles as of January 1, 1998. However, the Comptroller shall not issue a warrant for payment unless he has received the certification described in § 58.1-3916.01.

3. If (i) a taxpayer is not required to return to the treasurer any payment of tangible personal property tax for a qualifying vehicle and (ii) the tangible personal property tax levy on such vehicle has been made as authorized under § 58.1-3516, the amount as determined under subdivisions B 2 through B 5 of § 58.1-3524 for such qualifying vehicle shall be paid by the Commonwealth to the treasurer at such times as are consistent with the treasurer's receipt of tangible personal property tax payments on qualifying vehicles as of January 1, 1998.

E. In addition to the summary information described in subsection C, the treasurer shall provide any additional information related to qualifying vehicles to the Department. Such additional information shall be prescribed in the guidelines promulgated under § 58.1-3532.

§ 58.1-3527. Reconciliation of amounts paid to counties, cities, and towns.

For tax years 1999 and tax years thereafter, the Department and each treasurer shall reconcile the amount paid by the Commonwealth to such treasurer. The Department may use the information described in subsections C and E of § 58.1-3526 and any other source or data it deems appropriate in making such a reconciliation. If the Department determines that the correct amount has not been paid to such treasurer, the Department shall (i) for any underpayments, make a written request to the Comptroller to make a payment for any underpayment; or (ii) for any overpayment, direct the Comptroller to reduce the respective county, city, or town's next payment or payments, in the current or succeeding years, under § 58.1-3526 accordingly. The guidelines promulgated under § 58.1-3532 shall establish procedures for such reconciliations.

§ 58.1-3528. Interest; Commonwealth to make payments when taxes paid in full.

A. Payments to taxpayers and treasurers under this chapter shall not include interest.

B. The Commonwealth shall not make the reimbursement to a taxpayer, as provided under § 58.1-3525, unless the tangible personal property taxes for the related qualifying vehicle have been paid in full.

C. The Commonwealth shall not make the reimbursement to a treasurer, as provided under subsection C of § 58.1-3526, unless the tangible personal property taxes for the related qualifying vehicle, if in excess of five dollars, have been paid in full.

D. Notwithstanding the provisions of subsections B and C of this section, if a county, city, or town has entered into an agreement with a taxpayer under which such taxpayer is allowed to satisfy the tangible personal property tax liability on a qualifying vehicle in installment payments, due to financial hardship, the Commonwealth shall pay the respective amount specified in subdivisions B 2 through B 5 of § 58.1-3524 for such vehicle to the treasurer if the taxpayer has paid at least fifty percent of such tangible personal property tax liability.

§ 58.1-3529. Estimate of payments to be made by the Commonwealth.

On November 1 of each year, the Department shall estimate the amount to be paid by the Commonwealth under this chapter for the upcoming tax year and shall provide a report to the Governor of the same. Upon the request of the Comptroller, the Department shall also make an estimate of the amount to be paid by the Commonwealth in any tax year to an individual county, city, or town and shall report the estimated amount to the Comptroller.

§ 58.1-3530. Payments to taxpayers subject to Setoff Debt Collection Act.

Any amount to be reimbursed to a taxpayer for tax year 1998 levies paid on qualifying vehicles pursuant to § 58.1-3525 shall be subject to the Setoff Debt Collection Act (§ 58.1-520 et seq.).

§ 58.1-3531. Full payment of tangible personal property tax on qualifying vehicles not made.

Beginning in tax year 1999, notwithstanding any other provision of law, general and special, including the provisions of the charter of any county, city or town:

1. If a taxpayer fails to make the payment described in subsection B of § 58.1-3526 by its due date or fails to comply with the filing requirements for qualifying vehicles under §§ 58.1-3518 and 58.1-3518.1, no interest may be imposed on any amount to be paid by the Commonwealth as determined under subdivisions B 2 through B 5 of § 58.1-3524. In calculating penalties to be imposed on the taxpayer for failure to make the payment described in subsection B of § 58.1-3526 by its due date or for

920 failure of the taxpayer to comply with the filing requirements for qualifying vehicles under §§ 58.1-3518
921 and 58.1-3518.1, the treasurer may take into consideration the full amount of the tangible personal
922 property tax levied including any amount to be paid by the Commonwealth as determined under
923 subdivisions B 2 through B 5 of § 58.1-3524 and any other relevant information.

924 2. If a taxpayer (i) fails to comply with the filing requirements for a qualifying vehicle under
925 §§ 58.1-3518 and 58.1-3518.1 and (ii) is not required to return to the treasurer any payment of tangible
926 personal property tax for such vehicle, no new or replacement local motor vehicle license for such
927 vehicle, as described in Article 11 (§ 46.2-750 et seq.) of Chapter 6 of Title 46.2 shall be issued until
928 the taxpayer complies with such filing requirements.

929 § 58.1-3532. Department to promulgate guidelines.

930 The Department shall promulgate guidelines for the use of local governments in administering the
931 provisions of this chapter. In preparing such guidelines, the Department shall not be subject to the
932 provisions of the Administrative Process Act (§ 9-6.14:1 et seq.) for guidelines promulgated on or before
933 July 1, 2001, but shall cooperate with and seek the counsel of local officials and interested groups. Such
934 guidelines shall be available for distribution to local governments on July 1, 1998. Thereafter, the
935 guidelines shall be updated annually.

936 § 58.1-3533. Personal Property Tax Relief Fund.

937 A. There is hereby created on the books of the Comptroller in the Department of the Treasury a
938 special nonreverting fund which shall be known as the Personal Property Tax Relief Fund. The Fund
939 shall consist of such funds as may be appropriated by the General Assembly from time to time. These
940 funds shall be used exclusively for the payments to taxpayers and treasurers described in this chapter.

941 B. The Commissioner shall annually, on or before November 1, make and deliver to the Governor
942 and the Secretary of Finance a certificate stating the sum necessary to fund the payments to taxpayers
943 and treasurers described in this chapter.

944 C. In the event the funds appropriated to the Fund are insufficient, or projected to be insufficient, to
945 make payments to taxpayers or treasurers in the first year of a biennium, the Governor is authorized to
946 transfer moneys from the second year to the first year to effect the payment.

947 In the event the funds appropriated to the Fund are insufficient, or projected to be insufficient, to
948 make payments to treasurers in the second year of a biennium, the Governor is hereby directed to
949 submit to the presiding officer of each house of the General Assembly, at its next regularly scheduled
950 session, printed copies of a budget including the sum, if any, required to restore the Fund to a level
951 sufficient to make payments to treasurers for the purpose set forth in this chapter.

952 § 58.1-3534. Department to furnish information to commissioners of revenue.

953 The Department shall provide to the commissioners of revenue such data or information it has
954 available which is needed for the commissioners of revenue to comply with the provisions of this
955 chapter. Such data or information shall be made available in a manner which will allow for compliance
956 with the provisions of this chapter.

957 § 58.1-3535. Commissioner of the revenue to furnish information to the treasurer.

958 The commissioner of the revenue shall timely provide to the treasurer such data or information as
959 may be required for the treasurer to comply with the provisions of this chapter.

960 § 58.1-3536. Limitation on payments to treasurers.

961 A. The Governor shall not submit any budget bill pursuant to subsection A of § 2.1-399 or any
962 amendments to a general appropriation act pursuant to subsection B of § 2.1-399 for fiscal year
963 2000-2001 or any fiscal year thereafter that propose the appropriation of an amount that exceeds a
964 total of eight and one-half percent of the amount of total general fund revenues available for
965 appropriation for payments in any fiscal year (i) to treasurers pursuant to § 58.1-3526 and (ii) for
966 principal and interest upon bonds issued by the Virginia Public School Authority pursuant to
967 § 22.1-175.2.

968 B. If a general fund revenue forecast provided by the Governor in December of any year pursuant to
969 § 2.1-393 indicates that the appropriation of funds for payments (i) to treasurers at the level stated in
970 the Commissioner's certificate made pursuant to subsection B of § 58.1-3533 and (ii) for principal and
971 interest upon bonds issued by the Virginia Public School Authority pursuant to § 22.1-175.2 would
972 exceed such eight and one-half percent limitation, then the percentage amount determined under
973 subsection B of § 58.1-3524 shall be reduced to a percentage of the reimbursable amount of each
974 qualifying vehicle, to be determined by the Department, that would require the amount to be paid by the
975 Commonwealth to treasurers for payments to treasurers to not exceed such eight and one-half percent
976 limitation. Upon determining such reduced percentage, the Department shall notify treasurers of the
977 reduced percentage.

978 C. For any tax year corresponding to the fiscal year for which the percentage of payment is reduced
979 as provided in subsection B, the Commonwealth shall pay to treasurers the reduced percentage of the
980 reimbursable amount of each qualifying vehicle, if the conditions of subsections B through E of
981 § 58.1-3526 are satisfied.

D. Treasurers shall include the product obtained by multiplying the reduced percentage by the reimbursable amount for the qualifying vehicle as a deduction on tangible personal property tax bills for such tax year. However, if the percentage for the current tax year is reduced after a locality has mailed its tangible personal property tax bills for qualifying vehicles for such tax year, the locality may issue an additional assessment for the amount of the difference between the percentage amount for the tax year reflected on the original assessment and the reduced amount of the deduction. If the percentage for the current tax year is reduced before a locality has mailed its tangible personal property tax bills for qualifying vehicles for such tax year, the locality may adjust each taxpayer's tangible personal property tax bill to reflect the reduced amount of the deduction.

§ 58.1-3912. Treasurers to mail certain bills to taxpayers; penalties.

A. The treasurer of every city and county shall, as soon as reasonably possible in each year, but not later than fourteen days prior to the due date of the taxes, send or cause to be sent by United States mail to each taxpayer assessed with taxes and levies for that year amounting to five dollars or more as shown by an assessment book in such treasurer's office, a bill or bills setting forth the amounts due. The treasurer may employ the services of a mailing service or other vendor for fulfilling the requirements of this section. The failure of any such treasurer to comply with this section shall be a Class 4 misdemeanor. Such treasurer shall be deemed in compliance with this section as to any taxes due on real estate if, upon certification by the obligee of any note or other evidence of debt secured by a mortgage or deed of trust on such real estate that an agreement has been made with the obligor in writing within the mortgage or deed of trust instrument that such arrangements be made, he mails the bill for such taxes to the obligee thereof. Upon nonpayment of taxes by either the obligee or obligor, a past-due tax bill will be sent to the taxpayer. No governing body shall publish the name of a taxpayer in connection with a tax debt for which a bill was not sent, without first sending a notice of deficiency to his last known address at least two weeks before such publication.

B. The governing body of any county, city or town may attach to or mail with all real estate and tangible personal property tax bills, prepared for taxpayers in such locality, information indicating how the tax rate charged upon such property and revenue derived therefrom is apportioned among the various services and governmental functions provided by the locality.

C. Notwithstanding the provisions of subsection A of this section, in any county which has adopted the urban county executive form of government, and in any county contiguous thereto which has adopted the county executive form of government, tangible personal property tax bills shall be mailed not later than thirty days prior to the due date of such taxes.

D. Notwithstanding the provisions of subsection A of this section, any county and town, the governing bodies of which mutually agree, shall be allowed to send, to each taxpayer assessed with taxes, by United States mail no later than fourteen days prior to the due date of the taxes, a single real property tax bill and a single tangible personal property tax bill.

E. Beginning with tax year 1999, in addition to all other information currently appearing on tangible personal property tax bills, each such bill shall state on its face (i) whether the vehicle is a qualifying vehicle as defined in § 58.1-3523; (ii) a deduction for the amount to be paid by the Commonwealth as determined by § 58.1-3524; (iii) the vehicle's registration number pursuant to § 46.2-604; (iv) the amount of tangible personal property tax levied on the vehicle; and (v) if the locality prorates personal property tax pursuant to § 58.1-3516, the number of months for which a bill is being sent.

F. Beginning with tax year 1999 and through the end of tax year 2002, the treasurer shall include a statement, prepared by the Department, with or as part of the tangible personal property tax bills for such qualifying vehicles. The statement shall explain how the deduction for the percentage of the reimbursable amount was calculated, how the deduction shall be calculated in future years, and the taxpayer's liability for tangible personal property taxes on qualifying vehicles.

§ 58.1-3916.01. Billing and due dates for personal property tax on qualifying vehicles.

Notwithstanding any changes a county, city, or town may adopt regarding its billing date or due date for tangible personal property tax or any proration ordinance which may be adopted pursuant to § 58.1-3516 or § 58.1-3516.1, payment by the Commonwealth for qualifying vehicles as defined in § 58.1-3523 to any county, city, or town shall be made in accordance with the provisions of § 58.1-3526 at such times as are consistent with each locality's billing date or due date in effect on January 1, 1998, for tangible personal property tax. The treasurer shall certify such billing dates and due dates in effect on January 1, 1998, to the Comptroller by January 1, 1999.

§ 58.1-4020. Unclaimed prizes.

A. Unclaimed prizes for a winning ticket or share shall be retained by the Director for the person entitled thereto for 180 days after the drawing in which the prize was won in the case of a drawing prize and for 180 days after the announced end of the lottery game in the case of a prize determined in any manner other than by means of a drawing. If no claim is made for the prize within the 180 days, the Director shall deem such prize forfeited by the person entitled to claim such winnings.

1043 B. All prizes deemed forfeited pursuant to subsection A shall be paid into the Literary Fund. The
1044 Director may develop procedures, to be approved by the Auditor of Public Accounts, for estimating the
1045 cumulative total of such unclaimed prizes in any lottery game in lieu of specifically identifying
1046 unclaimed prizes where such specific identification would not be cost effective. The Director, within
1047 sixty days after the end of each 180-day retention period, shall report the total value of prizes forfeited
1048 at the end of such period to the Comptroller, who shall promptly transfer the total of such prizes to the
1049 Literary Fund. The total value of prizes forfeited during the fiscal year shall be audited by the Auditor
1050 of Public Accounts in accordance with § 58.1-4023. In the case of a prize payable over time on one or
1051 more winning tickets, if one or more winning tickets is not claimed within the 180-day redemption
1052 period, the Department shall transfer the then current monetary value of such portion of the prize
1053 remaining unclaimed to the Literary Fund in accordance with procedures approved by the State
1054 Treasurer. "Current monetary value" shall be determined by the net proceeds from the sale of that
1055 portion of jackpot securities allocated to the unclaimed winner plus the amount of the initial cash
1056 payment.

1057 *On and after July 1, 1998, and in compliance with the provisions of Section 8 of Article VIII of the*
1058 *Constitution of Virginia authorizing the General Assembly to set aside Literary Fund moneys for school*
1059 *purposes so long as the principal of the Fund totals as much as eighty million dollars, the total amount*
1060 *of the value of prizes forfeited during the fiscal year and deposited to the Literary Fund shall be*
1061 *transferred to and deposited in the Virginia Public School Construction Grants Fund established*
1062 *pursuant to § 22.1-175.2 and held separately to be used in accordance with Chapter 11.1 (§ 22.1-175.1*
1063 *et seq.) of Title 22.1.*

1064 C. Subsection B of this section shall not apply to prizes of twenty-five dollars or less resulting from
1065 any lottery game other than a lottery game in which a drawing determined the prize. The Board shall
1066 adopt regulations for the disposition of all such unclaimed prizes of twenty-five dollars or less not
1067 resulting from a drawing. Such disposition shall be directed in whole or in part to either the State
1068 Lottery Fund or to other forms of compensation to licensed sales agents.

1069 D. For purposes of this section, "prize" refers to a cash prize. In the case of a prize payable over
1070 time and not as a lump sum payment, "prize" means the present cash value of the prize, not the value
1071 paid over time.

1072 E. In accordance with the provisions of the Soldiers' and Sailors' Civil Relief Act of 1940 (50 App.
1073 U.S.C.A. § 525), any person whose unclaimed prize was deemed forfeited pursuant to subsection A
1074 while he was in active military service may claim such forfeited prize by presenting his winning ticket
1075 to the Director no later than 180 days after his discharge from active military service. Within thirty days
1076 of such presentation, the Director shall verify the claim and report the verification to the Comptroller.
1077 The Comptroller shall promptly pay the verified claim first from funds available in the Unclaimed
1078 Property Trust Fund in § 3-2.00 of the general appropriations act; if such funds are insufficient, then,
1079 from any undesignated, unreserved year-end balance of the general fund. All verified claims shall be
1080 paid in accordance with the Board's rules and regulations then in effect regarding the manner of
1081 payment of prizes to the holders of winning tickets or shares.

1082 § 58.1-4022. State Lottery Fund.

1083 A. All moneys received from the sale of lottery tickets or shares, less payment for prizes and
1084 compensation of agents as authorized by regulation and any other revenues received under this chapter,
1085 shall be placed in a special fund known as the "State Lottery Fund." Notwithstanding any other
1086 provisions of law, interest earned from moneys in the State Lottery Fund shall accrue to the benefit of
1087 such Fund.

1088 B. The total costs for the operation and administration of the lottery shall be funded from the State
1089 Lottery Fund and shall be in such amount as provided in the general appropriation act. Appropriations to
1090 the Department during any fiscal year beginning on and after July 1, 1989, exclusive of agent
1091 compensation, shall at no time exceed ten percent of the total annual estimated gross revenues to be
1092 generated from lottery sales. However, should it be anticipated at any time by the Director that such
1093 operational and administrative costs for a fiscal year will exceed the limitation provided herein, the
1094 Director shall immediately report such information to the Board, the Governor and the Chairmen of
1095 Senate Finance and House Appropriations Committees. From the moneys in the Fund, the Comptroller
1096 shall establish a special reserve fund in such amount as shall be provided by regulation of the
1097 Department for (i) operation of the lottery, (ii) use if the game's pay-out liabilities exceed its cash on
1098 hand, or (iii) enhancement of the prize pool with income derived from lending securities held for
1099 payment of prize installments, which lending of securities shall be conducted in accordance with lending
1100 programs approved by the Department of the Treasury.

1101 C. Any start-up sums appropriated from the general fund of the Commonwealth necessary to
1102 commence operation of a state lottery shall be repaid within the first twelve months of initial lottery
1103 sales.

1104 D. Appropriation of lottery revenues shall be made only upon actual and audited collections as

transferred to the general fund and shall in no event be predicated upon an estimation of such revenues. No later than ten days after receipt of the audit report required by § 58.1-4023, the Comptroller shall transfer to the general fund, less the special reserve fund, the audited balances of the State Lottery Fund. In addition to such other funds as may be appropriated, 100 percent of the lottery revenues transferred to the general fund shall be appropriated entirely and solely for the purpose of public education in the Commonwealth, which purposes shall include, but not be limited to, those programs specified in § 22.1-199.1.

Of the lottery revenues transferred to the general fund and appropriated entirely and solely for the purpose of public education in the Commonwealth, such funds shall be deposited in the Virginia Public School Construction Grant Fund as follows: (i) up to seven and one-half percent shall be deposited in fiscal year 1999; (ii) up to ten percent shall be deposited in fiscal year 2000; (iii) up to twelve and one-half percent shall be deposited in fiscal year 2001; (iv) up to fifteen percent shall be deposited in each of fiscal year 2002; (v) up to eighteen percent shall be deposited in fiscal year 2003; (vi) up to twenty-seven percent shall be deposited in fiscal year 2004; (vii) up to forty percent shall be deposited in fiscal year 2005; (viii) up to fifty-three percent shall be deposited in fiscal year 2006; (iv) up to sixty-six and two-thirds percent shall be deposited in fiscal year 2007 and thereafter. Notwithstanding the foregoing, the percentage level of the lottery revenues deposited in the Virginia Public School Construction Grant Fund shall not be increased in any fiscal year (i) until the projection for the sum of general fund revenue and transfers, as contained in the budget bill submitted by the Governor in December, indicates that the amount of revenue growth for the fiscal year is sufficient to pay for 200 percent of the aggregate amount of additional personal property tax relief pursuant to § 58.1-3524 and such additional lottery revenues to be deposited in the Virginia Public School Construction Grant Fund; or (ii) if in any fiscal year the aggregate of the total amount of payments to treasurers for personal property tax relief pursuant to Chapter 35.1 of Title 58.1 and the total lottery revenues to be deposited in the Virginia Public School Construction Grant Fund exceeds the percentage of total general fund revenues available for appropriation established as a limitation upon payments to treasurers in § 58.1-3536.

E. As a function of the administration of this chapter, funds may be expended for the purposes of reasonably informing the public concerning (i) the facts embraced in the subjects contained in subdivisions 1 through 7 of subsection A of § 58.1-4007 and (ii) the fact that the net proceeds are paid into the general fund of the Commonwealth; but no funds shall be expended for the primary purpose of inducing persons to participate in the lottery.

2. That the provisions of this act relating to the shipbuilding incentive grants shall expire on June 30, 2004.

3. That the intent of the General Assembly is that no additional shipyard incentive grants of the types authorized by the provisions of this act relating to the shipbuilding incentive program shall be granted to any qualified shipbuilder receiving the grants authorized by such provisions for a period of ten years following the final grants authorized herein.

4. That the Virginia Public School Authority is hereby authorized and directed to sell and issue, at one time or from time to time, bonds of the Authority in an aggregate principal amount not exceeding \$350,000,000. The proceeds of the bonds, excluding amounts needed to pay issuance costs and other financing expenses, shall be used, without limitation, for the purpose of providing funds for distribution, together with any other available funds, as grants pursuant to § 22.1-175.4, (i) for the cost of construction, addition, renovation including retrofitting or enlarging public school buildings, infrastructure or site acquisition for public school buildings and facilities, or (ii) if a school division has completed any such projects in the previous five years, for debt service payments, or a portion thereof.