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## SENATE BILL NO. 675

Offered January 26, 1998

A BILL to amend and reenact §§ 22.1-175.1 through 22.1-175.3 and 58.1-603 of the Code of Virginia, relating to school construction grants.

\_\_\_\_\_  
Patron—Reynolds

\_\_\_\_\_  
Referred to the Committee on Education and Health

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 22.1-175.1 through 22.1-175.3 and 58.1-603 of the Code of Virginia are amended and reenacted as follows:**

§ 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 *new* construction, ~~additions~~, and site acquisition for public school buildings ~~and facilities~~. The Program shall be administered by the Board of Education.

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

A. From such funds as may be appropriated for this purpose, *any sales tax increase that may be approved by statewide referendum to be dedicated to this purpose*, and from such gifts, donations, grants, bequests, and other funds as may be received on its behalf, 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 shall administer and manage the Virginia Public School Construction Fund, subject to the authority of the Board of Education to provide for its disbursement. The Fund shall be disbursed to award grants as determined by eligibility and needs criteria established by the Board *and according to the priorities established in § 22.1-175.3*. The amount of each grant awarded to a qualifying school division shall not, *when added to the required local match*, exceed 100 percent of the cost of construction, ~~additions, or site acquisition~~ for *the public school buildings or facilities building which was the subject of the application*.

§ 22.1-175.3. Board to promulgate regulations; certain priorities required.

A. The Board shall ~~issue guidelines~~ *promulgate regulations* governing the Program as it may deem necessary and appropriate. The ~~guidelines~~ *regulations* shall include, but shall not be limited to, provisions which address the following: approval by the local governing body of the construction, ~~addition, or site acquisition of the school~~ for which grant moneys are sought, ~~and; pledging by the local governing body of the relevant local matching funds, based on the costs of the project and the locality's composite index of local ability-to-pay; approval of the application for a grant from the Fund; eligibility criteria for school divisions demonstrating need based on the composite index of 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.~~

B. *Local school boards may apply for and receive grants from the Virginia Public School Construction Fund. Upon a decision of the Board that such local school board is eligible and approved for a grant for new construction, the Board shall prioritize the grant awards based on the grant approval date, with those school boards whose grants have been approved the longest listed as first or second priorities from the earliest to the most recent approval dates, according to the following conditions:*

*1. The first priority list shall consist of those school boards that are being awarded or have been awarded no more than \$10,000,000 in total aggregate grant funds;*

*2. The second priority list shall consist of those school boards that are being awarded or have been awarded no more than \$20,000,000 in total aggregate grant funds.*

§ 58.1-603. Imposition of sales tax; certain conditional increase.

A. There is hereby levied and imposed, in addition to all other taxes and fees of every kind now imposed by law, a license or privilege tax upon every person who engages in the business of selling at retail or distributing tangible personal property in this Commonwealth, or who rents or furnishes any of the things or services taxable under this chapter, or who stores for use or consumption in this

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60 Commonwealth any item or article of tangible personal property as defined in this chapter, or who  
61 leases or rents such property within this Commonwealth, in the amount of three and one-half percent;  
62 *however, upon the approval of a majority of voters in a statewide referendum in 1998 relating to such*  
63 *one-half percent increase in this amount, this amount shall be increased to four percent:*

64 1. Of the gross sales price of each item or article of tangible personal property when sold at retail or  
65 distributed in this Commonwealth.

66 2. Of the gross proceeds derived from the lease or rental of tangible personal property, where the  
67 lease or rental of such property is an established business, or part of an established business, or the  
68 same is incidental or germane to such business.

69 3. Of the cost price of each item or article of tangible personal property stored in this  
70 Commonwealth for use or consumption in this Commonwealth.

71 4. Of the gross proceeds derived from the sale or charges for rooms, lodgings or accommodations  
72 furnished to transients as set out in the definition of "retail sale" in § 58.1-602.

73 5. Of the gross sales of any services which are expressly stated as taxable within this chapter.

74 *B. The sales tax revenue generated by any one-half percent sales tax increase which may be*  
75 *approved by a 1998 statewide referendum shall, upon approval by a majority of the voters in such*  
76 *election, be used to fund grants for school construction pursuant to Chapter 11.1 (§ 22.1-175.1 et seq.)*  
77 *of Title 22.1.*

78 2. That the amendments provided by this act to § 58.1-603 shall become effective only if approved  
79 by a majority of those voting in a referendum to be conducted at the general election in November  
80 1998 as follows:

81 It shall be the duty of the officers conducting the election directed by law to be held on the  
82 Tuesday after the first Monday in November 1998, at the places appointed for holding the  
83 same, to open a poll and take the sense of the qualified voters upon their approval of the  
84 amendments provided by this act to § 58.1-603 as provided herein. Notice of the election shall  
85 be published at least twice, the first publication being at least forty-five days before the  
86 election, in such newspapers designated by the State Board of Elections which collectively shall  
87 circulate throughout the Commonwealth. The voting machines and ballots to be used at the  
88 election shall pose the question in substantially the following form:

89 QUESTION: Shall there be a one-half percent increase in the sales tax, effective from July 1,  
90 1999, with the revenues from such increase being used exclusively for grants to local school  
91 boards for the construction of school buildings, as authorized by Chapter 11.1 (§ 22.1-175.1 et  
92 seq.) of Title 22.1 of the Code of Virginia?

93 The ballots shall be prepared, distributed and voted, and the results thereof ascertained and  
94 certified, in the manner prescribed by Title 24.2 of the Code of Virginia. The State Board of  
95 Elections shall cause to be sent to the electoral boards of each county and city sufficient copies  
96 of the full text of § 58.1-603 as proposed to be amended by this act and the question contained  
97 herein for the officers of election to post in each polling place on election day. The electoral  
98 board of such county and city shall make out, certify and forward an abstract of the votes cast  
99 for and against the aforesaid amendments proposed by this act in the manner now prescribed  
100 by law in relation to votes cast in general elections.

101 The State Board of Elections shall open and canvas such abstracts and examine and report the  
102 whole number of votes cast at the election for and against this such amendments in the manner  
103 now prescribed by law in relation to votes cast in general elections. The State Board of  
104 Elections shall record a certified copy of such report in its office and, without delay, make out  
105 and transmit to the Governor an official copy of such report, certified by it.

106 The Governor shall, without delay, make proclamation of the result, stating therein the  
107 aggregate vote for and against such proposition.

108 The expenses incurred in conducting this election shall be defrayed as in the case of the election  
109 of members of the General Assembly.