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**HOUSE JOINT RESOLUTION NO. 84****AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the Senate Committee on Privileges and Elections  
on February 16, 1999)

(Patron Prior to Substitute—Delegate Council)

*Proposing an amendment to Section 10 of Article VII and Section 8 of Article VIII of the Constitution of Virginia, relating to local debt and the Literary Fund, its name and purposes.*

RESOLVED by the House of Delegates, the Senate concurring, a majority of the members elected to each house agreeing, That the following amendment to the Constitution of Virginia be, and the same hereby is, proposed and referred to the General Assembly at its first regular session held after the next general election of members of the House of Delegates for its concurrence in conformity with the provisions of Section 1 of Article XII of the Constitution of Virginia, namely:

Amend Section 10 of Article VII and Section 8 of Article VIII of the Constitution of Virginia as follows:

**ARTICLE VII  
LOCAL GOVERNMENT**

**Section 10. Debt.**

(a) No city or town shall issue any bonds or other interest-bearing obligations which, including existing indebtedness, shall at any time exceed ten per centum of the assessed valuation of the real estate in the city or town subject to taxation, as shown by the last preceding assessment for taxes. In determining the limitation for a city or town there shall not be included the following classes of indebtedness:

(1) Certificates of indebtedness, revenue bonds, or other obligations issued in anticipation of the collection of the revenues of such city or town for the then current year; provided that such certificates, bonds, or other obligations mature within one year from the date of their issue, be not past due, and do not exceed the revenue for such year.

(2) Bonds pledging the full faith and credit of such city or town authorized by an ordinance enacted in accordance with Section 7, and approved by the affirmative vote of the qualified voters of the city or town voting upon the question of their issuance, for a supply of water or other specific undertaking from which the city or town may derive a revenue; but from and after a period to be determined by the governing body not exceeding five years from the date of such election, whenever and for so long as such undertaking fails to produce sufficient revenue to pay for cost of operation and administration (including interest on bonds issued therefor), the cost of insurance against loss by injury to persons or property, and an annual amount to be placed into a sinking fund sufficient to pay the bonds at or before maturity, all outstanding bonds issued on account of such undertaking shall be included in determining such limitation.

(3) Bonds of a city or town the principal and interest on which are payable exclusively from the revenues and receipts of a water system or other specific undertaking or undertakings from which the city or town may derive a revenue or secured, solely or together with such revenues, by contributions of other units of government.

(4) Contract obligations of a city or town to provide payments over a period of more than one year to any publicly owned or controlled regional project, if the project has been authorized by an interstate compact or if the General Assembly by general law or special act has authorized an exclusion for such project purposes.

(b) No debt shall be contracted by or on behalf of any county or district thereof or by or on behalf of any regional government or district thereof except by authority conferred by the General Assembly by general law. The General Assembly shall not authorize any such debt, except the classes described in paragraphs (1) and (3) of subsection (a), refunding bonds, and bonds issued, with the consent of the school board and the governing body of the county, by or on behalf of a county or district thereof for capital projects for school purposes and sold to the ~~Literary~~ *Virginia Public School Construction and Capital Projects* Fund, the Virginia Retirement System, or other State agency prescribed by law, unless in the general law authorizing the same, provision be made for submission to the qualified voters of the county or district thereof or the region or district thereof, as the case may be, for approval or rejection by a majority vote of the qualified voters voting in an election on the question of contracting such debt. Such approval shall be a prerequisite to contracting such debt.

Any county may, upon approval by the affirmative vote of the qualified voters of the county voting in an election on the question, elect to be treated as a city for the purposes of issuing its bonds under this section. If a county so elects, it shall thereafter be subject to all of the benefits and limitations of this section applicable to cities, but in determining the limitation for a county there shall be included,

60 unless otherwise excluded under this section, indebtedness of any town or district in that county  
61 empowered to levy taxes on real estate.

62 ARTICLE VIII  
63 EDUCATION

64 Section 8. The ~~Literary~~ *Virginia Public School Construction and Capital Projects Fund*.

65 The General Assembly shall set apart as a permanent and perpetual school fund the present Literary  
66 Fund; *which shall be named the Virginia Public School Construction and Capital Projects Fund. The*  
67 *Virginia Public School Construction and Capital Projects Fund shall consist of the proceeds of all*  
68 *public lands donated by Congress for free public school purposes, of all escheated property, of all waste*  
69 *and unappropriated lands, of all property accruing to the Commonwealth by forfeiture except as*  
70 *hereinafter provided, of all fines collected for offenses committed against the Commonwealth, and of the*  
71 *annual interest on the ~~Literary~~ Virginia Public School Construction and Capital Projects Fund; and such*  
72 *other sums as the General Assembly may appropriate. But so long as the principal of the Fund totals as*  
73 *much as eighty million dollars, the General Assembly may set aside all or any part of additional moneys*  
74 *received into its principal for public school purposes, including the teachers retirement fund; however,*  
75 *an affirmative vote of two-thirds of all the members elected to each house shall be required to set aside*  
76 *such moneys for any public school purpose other than public school construction or public school*  
77 *capital projects.*

78 The General Assembly may provide by general law an exemption from this section for the proceeds  
79 from the sale of all property seized and forfeited to the Commonwealth for a violation of the criminal  
80 laws of this Commonwealth proscribing the manufacture, sale or distribution of a controlled substance or  
81 marijuana. Such proceeds shall be paid into the state treasury and shall be distributed by law for the  
82 purpose of promoting law enforcement.

83 The ~~Literary~~ *Virginia Public School Construction and Capital Projects Fund* shall be held and  
84 administered by the Board of Education in such manner as may be provided by law. The General  
85 Assembly may authorize the Board to borrow other funds against assets of the ~~Literary~~ *Virginia Public*  
86 *School Construction and Capital Projects Fund* as collateral, such borrowing not to involve the full faith  
87 and credit of the Commonwealth.

88 The principal of the Fund shall include assets of the Fund in other funds or authorities which are  
89 repayable to the Fund.