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SENATE BILL NO. 483

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Finance
on February 28, 2000)

(Patron Prior to Substitute—Senator Chichester)

A BILL appropriating certain state and local tax revenues to the school division of the County of Westmoreland and the school division of the Town of Colonial Beach pursuant to an agreement between the County of Westmoreland and the Town of Colonial Beach.

Be it enacted by the General Assembly of Virginia:

1. § 1. The Board of Supervisors of the County of Westmoreland (the "Board") may establish a special tax district to pay all or any portion of the county's expenditures for operating the county school division. The boundaries of the tax district shall be the same as the geographical area of the county school division and shall exclude the area of the Town of Colonial Beach. If the Board elects to establish such a special tax district, its appropriations of funds for the county's share of expenditures for the county school division shall be governed by this act and the provisions of §§ 22.1-113 and 22.1-114 shall not be applicable.

§ 2. The Board may levy and collect taxes upon any taxable property in such special tax district, including real estate, tangible personal property, merchants' capital, and machinery and tools, and may appropriate to the county school division such property taxes, including any penalties and interest thereon and any fund balance from the preceding fiscal year consisting of such taxes, penalties and interest. The Town of Colonial Beach shall pay for its share of expenditures to operate the town school division from town property taxes and other local, state, and federal revenues received by the town. The county and the town shall identify the sources of all revenues appropriated to their respective school divisions.

§ 3. The Board may also appropriate to the county school division all or any portion of the revenue derived from (i) those local or state taxes which are collected in part within the town but are allocated between the county and the town by state law or (ii) those nonproperty taxes that the county collects exclusively from sources outside the town.

Such taxes include, but shall not be limited to: (i) the local sales tax authorized by § 58.1-605, (ii) the motor vehicle license tax authorized by § 46.2-752, (iii) wine taxes authorized by § 4.1-235, (iv) the net profits from the Alcoholic Beverage Control System authorized by § 4.1-117, (v) cable franchise fees authorized by § 15.2-2108, (vi) manufactured home titling taxes authorized by § 58.1-2402, (vii) automobile rental taxes authorized by § 58.1-2402, (viii) rolling stock taxes authorized by § 58.1-2652, (ix) bank stock taxes authorized by § 58.1-1204, and (x) interest or other investment earnings derived from the revenues specified in § 2 and this section, which investment earnings shall be separately accounted for by the county.

§ 4. The Board may also appropriate to the county school division all or any portion of the state or local recordation taxes received by the county, as authorized by §§ 58.1-801 and 58.1-3800, if the county pays to the town a pro rata share of such recordation taxes derived from real estate transactions that occur within the town.

The pro rata share shall be determined by multiplying the recordation taxes collected within the town by a fraction that equals the total recordation taxes appropriated to the county school division divided by the total recordation taxes derived by the county from real estate transactions that occur outside the town. The clerk of the circuit court for the county shall compile and furnish the necessary information to the governing body of the county to enable it to comply with this provision. The Board shall pay such sum to the town no later than forty-five days after receipt of such taxes by the county treasurer from the clerk of the circuit court.

§ 5. The Board may also appropriate to the county school division all or any portion of the state payments to reimburse the county for personal property taxes pursuant to the Personal Property Tax Relief Act of 1998 (§ 58.1-3523 et seq.) if the county pays to the town a pro rata share of these state payments received by the county that are attributable to qualifying vehicles assessed for taxation within the town. The pro rata share shall be determined by multiplying the state reimbursement payments received by the county based on qualifying vehicles within the town by a fraction that equals the total state reimbursement payments appropriated to the county school division divided by the total state reimbursement payments received by the county from qualifying vehicles assessed for taxation outside the town. The Board shall pay such sum to the town no later than forty-five days after receipt of such payments by the county treasurer from the Commonwealth.

§ 6. Notwithstanding any other provision of law, if the Board establishes such a special tax district, the amount of the payments pursuant to § 58.1-3526 of the Personal Property Tax Relief Act of 1998,

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60 which are made by the Commonwealth to the treasurer of the town, shall be computed as follows:

61 The amount of the payments to the town treasurer specified in subdivisions B 2 through B 5 of
62 § 58.1-3524 shall be based upon a "reimbursable amount" calculated by using (i) the effective tax rate
63 on tangible personal property in effect in the town as of July 1, 1997, or August 1, 1997, whichever is
64 greater, plus (ii) an effective tax rate equal to the difference between the county's effective tax rate on
65 tangible personal property as of July 1, 1997, or August 1, 1997, whichever is greater, and the county's
66 effective tax rate on tangible personal property within the town for the applicable tax year.

67 For example, if the county's effective tax rate for tangible personal property on July 1, 1997, and
68 August 1, 1997, was \$2.50; the town's effective tax rate on the same dates was \$2.00; and, if the
69 county's effective tax rate on tangible personal property within the town was \$1.30 during the 2000 tax
70 year, the first tax year in which the Board may create a special tax district for the support of the county
71 school division, then the effective tax rate applicable to the town would be \$2.00 plus \$1.20, or a total
72 of \$3.20 for purposes of computing the "reimbursable amount" under § 58.1-3524. If the town issues
73 tangible personal property tax bills for qualifying vehicles within the town, in addition to any tangible
74 personal property tax bills issued by the county for such vehicles, the amounts to be paid to the town
75 treasurer shall be shown as a deduction on the face of the town's tangible personal property tax bills
76 for qualifying vehicles in the town, which amounts are to be paid by the Commonwealth in accordance
77 with § 58.1-3526.

78 Notwithstanding any other provision of law, for purposes of calculating the payments to the county
79 treasurer specified in subdivisions B 2 through B 5 of § 58.1-3524, the "reimbursable amount" for
80 qualifying vehicles in the town shall be based on the lower of the county's effective tax rate on tangible
81 personal property within the town for the applicable tax year or the county's effective tax rate on July 1,
82 1997, or August 1, 1997, (whichever is greater). For example, if the county's effective tax rate for
83 tangible personal property within the town was \$1.30 during the 2000 tax year, the first tax year in
84 which the Board may create a special tax district for the support of the county school division, and the
85 county's effective tax rate for tangible personal property was \$2.50 on July 1, 1997, and August 1,
86 1997, then the effective tax rate used to compute the "reimbursable amount" under § 58.1-3524 would
87 be \$1.30 for qualifying vehicles in the town. The amounts to be paid to the county treasurer shall be
88 shown as a deduction on the face of the county's tangible personal property tax bills for qualifying
89 vehicles in the town, which amounts are to be paid by the Commonwealth in accordance with
90 § 58.1-3526.

91 The provisions of this section shall not be effective in any tax year when the combined amount to be
92 paid to the county and the town for such year as calculated pursuant to the Personal Property Tax
93 Relief Act of 1998 (§ 58.1-3523 et seq.) is less than the combined amount to be paid to the county and
94 the town for such year as calculated under this section. In any such tax year, the amount to be paid to
95 the county and the town shall be determined in accordance with the relevant provisions of the Personal
96 Property Tax Relief Act of 1998.

97 § 7. If the Board appropriates to the county school division any other taxes, fees, or other sources of
98 revenues that are collected within both the county and the town or are attributable to persons, property,
99 transactions or activities within both the county and the town, the county shall pay to the town a sum
100 calculated as follows: the total amount of such other revenues appropriated to the county school
101 division shall be multiplied by a fraction equal to the total taxable property assessments in the town
102 divided by the total taxable property assessments in the county as a whole, including the town. The
103 revenues subject to this requirement would include, for example, property taxes collected by the county
104 in both the county and the town, but would exclude, for example, a gift to the county or a state grant
105 for school construction distributed to the county on the basis of school-age population in the county
106 excluding the town. The Board shall pay such sum to the town no later than forty-five days after such
107 revenues have been transferred to the county school division.

108 § 8. In the event of a dispute regarding the application of this act, either the county or the town may
109 initiate an arbitration proceeding. The arbitration panel shall consist of three members, including one
110 person not associated with the county but selected by the county, one person not associated with the
111 town but selected by the town, and the Auditor of Public Accounts for the Commonwealth of Virginia or
112 his designee. The director of the Weldon Cooper Center for Public Service shall make an advisory
113 recommendation from its staff as to the member to be selected by the town. The decision of a majority
114 of the arbitration panel shall be binding on the county and the town.

115 **2. That an emergency exists and this act is in force from its passage.**