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**HOUSE BILL NO. 1628****AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the Senate Committee on Finance  
on February 6, 2007)

(Patron Prior to Substitute—Delegate Johnson)

*A BILL to amend and reenact § 58.1-3713 of the Code of Virginia, and to repeal the second enactment of Chapter 646 of the Acts of Assembly of 1978, as amended by Chapter 539 of the Acts of Assembly of 1985, as amended by Chapter 393 of the Acts of Assembly of 1991, as amended by Chapters 614 and 635 of the Acts of Assembly of 1995, and as amended by Chapter 274 of the Acts of Assembly of 2002, relating to the sunset date of the local coal and gas road improvement tax.*

**Be it enacted by the General Assembly of Virginia:****1. That § 58.1-3713 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-3713. Local coal and gas road improvement and Virginia Coalfield Economic Development Authority tax.

A. In addition to the taxes authorized under § 58.1-3712, any county or city may adopt a license tax on every person engaging in the business of severing coal or gases from the earth. The rate of such tax shall not exceed one percent. The provisions of § 58.1-3712 as they relate to measurement of gross receipts, filing of reports and record keeping shall be applicable to the tax imposed under this section.

The moneys collected for each county or city from the tax imposed under authority of this section shall be paid into a special fund of such county or city to be called the Coal and Gas Road Improvement Fund of such county or city, and shall be spent for such improvements to public roads as the coal and gas road improvement advisory committee and the governing body of such county or city may determine as provided in subsection B of this section. The county may also, in its discretion, elect to improve city or town roads with its funds if consent of the city or town council is obtained. Such funds shall be in addition to those allocated to such counties from state highway funds which allocations shall not be reduced as a result of any revenues received from the tax imposed hereunder. In those localities which comprise the Virginia Coalfield Economic Development Authority, the tax imposed under this section shall be paid as follows: (i) three-fourths of the revenue shall be paid to the Coal and Gas Road Improvement Fund and used for the purposes set forth herein; however, one-fourth of such revenue may be used to fund the construction of new water and/or sewer systems and lines in areas with natural water supplies which are insufficient from the standpoint of quality or quantity, and (ii) one-fourth of the revenue shall be paid to the Virginia Coalfield Economic Development Fund. Furthermore, with regard to the portion paid to the Coal and Gas Road Improvement Fund, a county or city may provide for an additional one-fourth allocation for the construction of new water or sewer systems or lines or the repair or enhancement of existing water or sewer systems or lines in areas with natural water supplies which are insufficient from the standpoint of quality or quantity; however, if this option is initiated by a county or city, it must satisfy the requirements set forth in § 58.1-3713.01. Notwithstanding the foregoing limitations regarding revenues used for water systems and/or sewer systems, such revenues designated for water and water systems and/or sewer systems shall be distributed directly to the local public service authority for such purposes instead of the local governing body.

B. Any county or city imposing the tax authorized in this section shall establish a Coal and Gas Road Improvement Advisory Committee, to be composed of four members: (i) a member of the governing body of such county or city, appointed by the governing body, (ii) a representative of the Department of Transportation, and (iii) two citizens of such county or city connected with the coal and gas industry, appointed for a term of four years, initially commencing July 1, 1989, by the chief judge of the circuit court.

Such committee shall develop on or before July 1 of each year a plan for improvement of roads during the following fiscal year. Such plan shall have the approval of three members of the committee and shall be submitted to the governing body of the county or city for approval. The governing body may approve or disapprove such plan, but may make no changes without the approval of three members of the committee.

*C. The provisions of this section shall expire on December 31, 2012.*

**2. That the second enactment of Chapter 646 of the Acts of Assembly of 1978, as amended by Chapter 539 of the Acts of Assembly of 1985, as amended by Chapter 393 of the Acts of Assembly of 1991, as amended by Chapters 614 and 635 of the Acts of Assembly of 1995, and as amended by Chapter 274 of the Acts of Assembly of 2002, is repealed.**