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SENATE BILL NO. 607

Offered January 19, 2012

A BILL to amend and reenact § 58.1-608.3 of the Code of Virginia, relating to entitlement to sales and use tax revenue; certain public facilities.

Patrons—Carrico and Stanley; Delegate: Johnson

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-608.3 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-608.3. Entitlement to certain sales tax revenues.

A. As used in this section, the following words and terms have the following meanings, unless some other meaning is plainly intended:

"Bonds" means any obligations of a municipality for the payment of money.

"Cost," as applied to any public facility or to extensions or additions to any public facility, includes:

(i) the purchase price of any public facility acquired by the municipality or the cost of acquiring all of the capital stock of the corporation owning the public facility and the amount to be paid to discharge any obligations in order to vest title to the public facility or any part of it in the municipality; (ii) expenses incident to determining the feasibility or practicability of the public facility; (iii) the cost of plans and specifications, surveys and estimates of costs and of revenues; (iv) the cost of all land, property, rights, easements and franchises acquired; (v) the cost of improvements, property or equipment; (vi) the cost of engineering, legal and other professional services; (vii) the cost of construction or reconstruction; (viii) the cost of all labor, materials, machinery and equipment; (ix) financing charges; (x) interest before and during construction and for up to ~~one year~~ 35 years after completion of construction *or the lifetime of the bonds, whichever is sooner*; (xi) start-up costs and operating capital; (xii) payments by a municipality of its share of the cost of any multijurisdictional public facility; (xiii) administrative expense; (xiv) any amounts to be deposited to reserve or replacement funds; and (xv) other expenses as may be necessary or incident to the financing of the public facility. Any obligation or expense incurred by the public facility in connection with any of the foregoing items of cost may be regarded as a part of the cost.

"Municipality" means any county, city, town, authority, commission, or other public entity.

"Public facility" means (i) any auditorium, coliseum, convention center, sports facility that is designed for use primarily as a baseball stadium for a minor league professional baseball affiliated team or structures attached thereto, or conference center, which is owned by a Virginia county, city, town, authority, or other public entity and where exhibits, meetings, conferences, conventions, seminars, or similar public events may be conducted; (ii) any hotel which is owned by a foundation whose sole purpose is to benefit a state-supported university and which is attached to and is an integral part of such facility, together with any lands reasonably necessary for the conduct of the operation of such events; (iii) any hotel which is attached to and is an integral part of such facility; ~~or~~ (iv) any hotel that is adjacent to a convention center owned by a public entity and where the hotel owner enters into a public-private partnership whereby the locality contributes infrastructure, real property, or conference space; *or (v) any development of regional impact (a) that would have a substantial effect upon the health, safety, and welfare of the citizens of more than one government jurisdiction because of the development's character, magnitude, and location; (b) that is reasonably expected to draw at least one million visitors per year; (c) that is reasonably expected to require a capital investment of at least \$20 million; (d) that is reasonably anticipated to generate at least \$2 million in state sales and use taxes annually; and (e) for which the locality where the development is located contributes infrastructure or real property to the development pursuant to a public-private partnership agreement with the owner of the development.* However, such public facility must be located in the City of Bristol, City of Hampton, City of Newport News, City of Norfolk, City of Portsmouth, City of Richmond, City of Roanoke, City of Salem, City of Staunton, City of Suffolk, or City of Virginia Beach. Any property, real, personal, or mixed, which is necessary or desirable in connection with any such auditorium, coliseum, convention center, baseball stadium or conference center, including, without limitation, facilities for food preparation and serving, parking facilities, and administration offices, is encompassed within this definition. ~~However, Any structures commonly referred to as "shopping centers" or "malls" shall not constitute a public facility hereunder unless all requirements of clause (v) are met and the structures are located within a city that abuts another state that has enacted a Border Region Retail Tourism Development District Act.~~ A public facility shall not include residential condominiums, townhomes, or other

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59 residential units. In addition, only a new public facility, or a public facility which will undergo a
60 substantial and significant renovation or expansion, shall be eligible under subsection B of this section.
61 A new public facility is one whose construction began after December 31, 1991. A substantial and
62 significant renovation entails a project whose cost is at least 50 percent of the original cost of the
63 facility being renovated and shall have begun after December 31, 1991. A substantial and significant
64 expansion entails an increase in floor space of at least 50 percent over that existing in the preexisting
65 facility and shall have begun after December 31, 1991; or an increase in floor space of at least 10
66 percent over that existing in a public facility that qualified as such under this section and was
67 constructed after December 31, 1991.

68 "Sales tax revenues" means such tax collections realized under the Virginia Retail Sales and Use Tax
69 Act (§ 58.1-600 et seq.) of this title, as limited herein. "Sales tax revenues" does not include the revenue
70 generated by the one-half percent sales and use tax increase enacted by the 1986 Special Session of the
71 General Assembly which shall be paid to the Transportation Trust Fund as defined in § 33.1-23.03:1,
72 nor shall it include the one percent of the state sales and use tax revenue distributed among the counties
73 and cities of the Commonwealth pursuant to subsection D of § 58.1-638 on the basis of school age
74 population. For a public facility that is a sports facility, "sales tax revenues" shall include such revenues
75 generated by transactions taking place upon the premises of a baseball stadium or structures attached
76 thereto.

77 B. Any municipality which has issued bonds (i) after December 31, 1991, but before January 1,
78 1996, (ii) on or after January 1, 1998, but before July 1, 1999, (iii) on or after January 1, 1999, but
79 before July 1, 2001, (iv) on or after July 1, 2000, but before July 1, 2003, (v) on or after July 1, 2001,
80 but before July 1, 2005, (vi) on or after July 1, 2004, but before July 1, 2007, (vii) on or after July 1,
81 2009, but before July 1, 2012, or (viii) on or after January 1, 2011, but prior to July 1, 2015, to pay the
82 cost, or portion thereof, of any public facility shall be entitled to all sales tax revenues generated by
83 transactions taking place in such public facility. Such entitlement shall continue for the lifetime of such
84 bonds, which entitlement shall not exceed 35 years, and all such sales tax revenues shall be applied to
85 repayment of the bonds. The State Comptroller shall remit such sales tax revenues to the municipality
86 on a quarterly basis, subject to such reasonable processing delays as may be required by the Department
87 of Taxation to calculate the actual net sales tax revenues derived from the public facility. The State
88 Comptroller shall make such remittances to eligible municipalities, as provided herein, notwithstanding
89 any provisions to the contrary in the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.). No
90 such remittances shall be made until construction is completed and, in the case of a renovation or
91 expansion, until the governing body of the municipality has certified that the renovation or expansion is
92 completed.

93 C. Nothing in this section shall be construed as authorizing the pledging of the faith and credit of the
94 Commonwealth of Virginia, or any of its revenues, for the payment of any bonds. Any appropriation
95 made pursuant to this section shall be made only from sales tax revenues derived from the public
96 facility for which bonds may have been issued to pay the cost, in whole or in part, of such public
97 facility.