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SENATE BILL NO. 1140

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Finance
on January 31, 2013)

(Patron Prior to Substitute—Senator Petersen)

*A BILL to amend and reenact §§ 33.1-23.4:01, 33.1-269, 58.1-638, and 58.1-815.4 of the Code of Virginia, relating to funding for transit.***Be it enacted by the General Assembly of Virginia:****1. That §§ 33.1-23.4:01, 33.1-269, 58.1-638, and 58.1-815.4 of the Code of Virginia are amended and reenacted as follows:****§ 33.1-23.4:01. Allocation of proceeds of Commonwealth of Virginia Transportation Capital Projects Revenue Bonds.**

The Commonwealth Transportation Board shall allocate, use, and distribute the proceeds of any bonds it is authorized to issue on or after July 1, 2007, pursuant to subdivision 4f of § 33.1-269, as follows:

1. A minimum of 20 percent of the bond proceeds shall be used for transit capital ~~consistent with~~ *as further described in* subdivision A 4 g c of § 58.1-638.

2. A minimum of 4.3 percent of the bond proceeds shall be used for rail capital consistent with the provisions of §§ 33.1-221.1:1.1 and 33.1-221.1:1.2.

3. The remaining amount of bond proceeds shall be used for paying the costs incurred or to be incurred for construction of transportation projects with such bond proceeds used or allocated as follows: (i) first, to match federal highway funds projected to be made available and allocated to highway and public transportation capital projects to the extent determined by the Commonwealth Transportation Board, for purposes of allowing additional state construction funds to be allocated to the primary, urban, and secondary systems of highways pursuant to subdivisions B 1, B 2, and B 3 of § 33.1-23.1; (ii) next, to provide any required funding to fulfill the Commonwealth's allocation of equivalent revenue sharing matching funds pursuant to § 33.1-23.05 to the extent determined by the Commonwealth Transportation Board; and (iii) third, to pay or fund the costs of statewide or regional projects throughout the Commonwealth. Costs incurred or to be incurred for construction or funding of these transportation projects shall include, but are not limited to, environmental and engineering studies, rights-of-way acquisition, improvements to all modes of transportation, acquisition, construction and related improvements, and any financing costs or other financing expenses relating to such bonds. Such costs may include the payment of interest on such bonds for a period during construction and not exceeding one year after completion of construction of the relevant project.

4. The total amount of bonds authorized shall be used for purposes of applying the percentages in subdivisions 1 through 3.

§ 33.1-269. General powers of Board.

The Commonwealth Transportation Board may, subject to the provisions of this article:

1. Acquire by purchase or by condemnation, construct, improve, operate and maintain any one or more of the projects mentioned and included in the undertaking defined in this article;

2. Issue revenue bonds of the Commonwealth, to be known and designated as "Commonwealth of Virginia Toll Revenue Bonds," payable from earnings and from any other available sources of funds, to pay the cost of such projects;

3. Subject to the limitations and approvals of § 33.1-279.1, issue revenue bonds of the Commonwealth to be known and designated as "Commonwealth of Virginia Transportation Contract Revenue Bonds," secured by Transportation Trust Fund revenues under a payment agreement between the Board and the Treasury Board, subject to their appropriation by the General Assembly and payable first from revenues received pursuant to contracts with a primary highway transportation improvement district or transportation service district or other local revenue sources for which specific funding of any such bonds may be authorized by law; second, to the extent required, from funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the highway construction district in which the project or projects to be financed are located or to the county or counties in which the project or projects to be financed are located; and third, to the extent required, from other legally available revenues of the Trust Fund and from any other available source of funds;

4. Issue revenue bonds of the Commonwealth to be known and designated as "Commonwealth of Virginia Transportation Revenue Bonds," secured (i) by revenues received from the U.S. Route 58 Corridor Development Fund, subject to their appropriation by the General Assembly, (ii) to the extent required, from revenues legally available from the Transportation Trust Fund and (iii) to the extent required, from any other legally available funds which have been appropriated by the General Assembly;

60 4a. Issue revenue bonds of the Commonwealth to be known and designated as "Commonwealth of
61 Virginia Transportation Revenue Bonds," secured, subject to their appropriation by the General
62 Assembly, first from (i) revenues received from the Northern Virginia Transportation District Fund, (ii)
63 to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as
64 provided by law, to the highway construction district in which the project or projects to be financed are
65 located or to the city or county in which the project or projects to be financed are located, (iii) to the
66 extent required, legally available revenues of the Transportation Trust Fund, and (iv) such other funds
67 which may be appropriated by the General Assembly;

68 4b. Issue revenue bonds of the Commonwealth to be known and designated as "Commonwealth of
69 Virginia Transportation Program Revenue Bonds" secured, subject to their appropriation by the General
70 Assembly, first from (i) any revenues received from any Set-aside Fund established by the General
71 Assembly pursuant to § 58.1-816.1, (ii) to the extent required, revenues received pursuant to any
72 contract with a local jurisdiction or any alternative mechanism for generation of local revenues for
73 specific funding of a project satisfactory to the Commonwealth Transportation Board, (iii) to the extent
74 required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by
75 law, to the highway construction district in which the project or projects to be financed are located or to
76 the city or county in which the project or projects to be financed are located, (iv) to the extent required,
77 legally available revenues of the Transportation Trust Fund, and (v) such other funds which may be
78 appropriated by the General Assembly. No bonds for any project or projects shall be issued under the
79 authority of this subsection unless such project or projects are specifically included in a bill or resolution
80 passed by the General Assembly;

81 4c. Issue revenue bonds of the Commonwealth to be known and designated as "Commonwealth of
82 Virginia Transportation Program Revenue Bonds" secured, subject to their appropriation by the General
83 Assembly, first from (i) any revenues received from the Commonwealth Transit Capital Fund established
84 by the General Assembly pursuant to subdivision A 4 g c of § 58.1-638, (ii) to the extent required,
85 legally available revenues of the Transportation Trust Fund, and (iii) such other funds which may be
86 appropriated by the General Assembly. No bonds for any project or projects shall be issued under the
87 authority of this subsection unless such project or projects are specifically included in a bill or resolution
88 passed by the General Assembly;

89 4d. Issue revenue bonds of the Commonwealth from time to time to be known and designated as
90 "Commonwealth of Virginia Federal Highway Reimbursement Anticipation Notes" secured, subject to
91 their appropriation by the General Assembly, (i) first from any federal highway reimbursements and any
92 other federal highway assistance received from time to time by the Commonwealth, (ii) then, at the
93 discretion of the Board, to the extent required, from legally available revenues of the Transportation
94 Trust Fund, and (iii) then from such other funds, if any, which are designated by the General Assembly
95 for such purpose;

96 4e. Issue revenue bonds of the Commonwealth from time to time to be known and designated as
97 "Commonwealth of Virginia Credit Assistance Revenue Bonds," secured, subject to their appropriation
98 by the General Assembly, solely from revenues with respect to or generated by the project or projects
99 being financed thereby and any tolls or other revenues pledged by the Board as security therefor and in
100 accordance with the applicable federal credit assistance authorized with respect to such project or
101 projects by the United States Department of Transportation;

102 4f. Issue revenue bonds of the Commonwealth to be known and designated as "Commonwealth of
103 Virginia Transportation Capital Projects Revenue Bonds," secured, subject to their appropriation by the
104 General Assembly, (i) from the revenues deposited into the Priority Transportation Fund established
105 pursuant to § 33.1-23.03:8; (ii) to the extent required, from revenues legally available from the
106 Transportation Trust Fund; and (iii) to the extent required, from any other legally available funds;

107 4g. Issue grant anticipation notes of the Commonwealth from time to time to be known and
108 designated as "Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes"
109 secured, subject to their appropriation by the General Assembly, (i) first from the project-specific
110 reimbursements pursuant to § 33.1-23.23; (ii) then, at the discretion of the Board, to the extent required,
111 from legally available revenues of the Transportation Trust Fund; and (iii) then from such other funds, if
112 any, which are designated by the General Assembly for such purpose;

113 5. Fix and collect tolls and other charges for the use of such projects or to refinance the cost of such
114 projects;

115 6. Construct grade separations at intersections of any projects with public highways, *railways*, streets
116 or other public ways or places and change and adjust the lines and grades thereof so as to accommodate
117 the same to the design of such grade separations, the cost of such grade separations and any damage
118 incurred in changing and adjusting the lines and grades of such highways, streets, ways and places to be
119 ascertained and paid by the Board as a part of the cost of the project;

120 7. Vacate or change the location of any portion of any public highway, street or other public way or
121 place and reconstruct the same at such new location as the Board deems most favorable for the project

and of substantially the same type and in as good condition as the original highway, streets, way or place, the cost of such reconstruction and any damage incurred in vacating or changing the location thereof to be ascertained and paid by the Board as a part of the cost of the project. Any public highway, street or other public way or place vacated or relocated by the Board shall be vacated or relocated in the manner provided by law for the vacation or relocation of public roads and any damages awarded on account thereof may be paid by the Board as a part of the cost of the project;

8. Make reasonable regulations for the installation, construction, maintenance, repair, renewal and relocation of pipes, mains, sewers, conduits, cables, wires, towers, poles and other equipment and appliances herein called "public utility facilities," of the Commonwealth and of any municipality, county, or other political subdivision, public utility or public service corporation owning or operating the same in, on, along, over or under the project. Whenever the Board determines that it is necessary that any such public utility facilities should be relocated or removed, the Commonwealth or such municipality, county, political subdivision, public utility or public service corporation shall relocate or remove the same in accordance with the order of the Board. The cost and expense of such relocation or removal, including the cost of installing such public utility facilities in a new location or locations, and the cost of any lands or any rights or interests in lands, and any other rights acquired to accomplish such relocation or removal shall be ascertained by the Board.

On any toll project, the Board shall pay the cost and expense of relocation or removal as a part of the cost of the project for those public utility facilities owned or operated by the Commonwealth or such municipality, county, political subdivision, public utility or public service corporation. On all other projects, under this article, the Board shall pay the cost and expense of relocation or removal as a part of the cost of the project for those public utility facilities owned or operated by the Commonwealth or such municipality, county, or political subdivision. The Commonwealth or such municipality, county, political subdivision, public utility or public service corporation may maintain and operate such public utility facilities with the necessary appurtenances, in the new location or locations, for as long a period and upon the same terms and conditions as it had the right to maintain and operate such public utility facilities in their former location or locations;

9. Acquire by the exercise of the power of eminent domain any lands, property, rights, rights-of-way, franchises, easements and other property, including public lands, parks, playgrounds, reservations, highways or parkways, or parts thereof or rights therein, of any municipality, county or other political subdivision, deemed necessary or convenient for the construction or the efficient operation of the project or necessary in the restoration, replacement or relocation of public or private property damaged or destroyed.

The cost of such projects shall be paid solely from the proceeds of Commonwealth of Virginia Toll or Transportation Contract Revenue Bonds or a combination thereof or from such proceeds and from any grant or contribution which may be made thereto pursuant to the provisions of this article;

10. Notwithstanding any provision of this article to the contrary, the Board shall be authorized to exercise the powers conferred herein, in addition to its general powers to acquire rights-of-way and to construct, operate and maintain state highways, with respect to any project which the General Assembly has authorized or may hereafter authorize to be financed in whole or in part through the issuance of bonds of the Commonwealth pursuant to the provisions of Section 9 (c) of Article X of the Constitution of Virginia; and

11. Enter into any agreements or take such other actions as the Board shall determine in connection with applying for or obtaining any federal credit assistance, including without limitation loan guarantees and lines of credit, pursuant to authorization from the United States Department of Transportation with respect to any project included in the Commonwealth's long-range transportation plan and the approved State Transportation Improvement Program.

§ 58.1-638. Disposition of state sales and use tax revenue; localities' share; Game Protection Fund.

A. The Comptroller shall designate a specific revenue code number for all the state sales and use tax revenue collected under the preceding sections of this chapter.

1. The sales and use tax revenue generated by the one-half percent sales and use tax increase enacted by the 1986 Special Session of the General Assembly shall be paid, in the manner hereinafter provided in this section, to the Transportation Trust Fund as defined in § 33.1-23.03:1. Of the funds paid to the Transportation Trust Fund, an aggregate of 4.2 percent shall be set aside as the Commonwealth Port Fund as provided in this section; an aggregate of 2.4 percent shall be set aside as the Commonwealth Airport Fund as provided in this section; and an aggregate of 14.7 percent shall be set aside as the Commonwealth Mass Transit Fund as provided in this section. The Fund's share of such net revenue shall be computed as an estimate of the net revenue to be received into the state treasury each month, and such estimated payment shall be adjusted for the actual net revenue received in the preceding month. All payments shall be made to the Fund on the last day of each month.

2. There is hereby created in the Department of the Treasury a special nonreverting fund which shall be a part of the Transportation Trust Fund and which shall be known as the Commonwealth Port Fund.

a. The Commonwealth Port Fund shall be established on the books of the Comptroller and the funds remaining in such Fund at the end of a 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 authority, locality or commission for the purposes hereinafter specified.

b. The amounts allocated pursuant to this section shall be allocated by the Commonwealth Transportation Board to the Board of Commissioners of the Virginia Port Authority to be used to support port capital needs and the preservation of existing capital needs of all ocean, river, or tributary ports within the Commonwealth.

c. Commonwealth Port Fund revenue shall be allocated by the Board of Commissioners to the Virginia Port Authority in order to foster and stimulate the flow of maritime commerce through the ports of Virginia, including but not limited to the ports of Richmond, Hopewell and Alexandria.

3. There is hereby created in the Department of the Treasury a special nonreverting fund which shall be a part of the Transportation Trust Fund and which shall be known as the Commonwealth Airport Fund. The Commonwealth Airport Fund shall be established on the books of the Comptroller and any funds remaining in such Fund at the end of a biennium shall not revert to the general fund but shall remain in the Fund. Interest earned on the funds shall be credited to the Fund. The funds so allocated shall be allocated by the Commonwealth Transportation Board to the Virginia Aviation Board. The funds shall be allocated by the Virginia Aviation Board to any Virginia airport which is owned by the Commonwealth, a governmental subdivision thereof, or a private entity to which the public has access for the purposes enumerated in § 5.1-2.16, or is owned or leased by the Metropolitan Washington Airports Authority (MWAA), as follows:

Any new funds in excess of \$12.1 million which are available for allocation by the Virginia Aviation Board from the Commonwealth Transportation Fund, shall be allocated as follows: 60 percent to MWAA, up to a maximum annual amount of \$2 million, and 40 percent to air carrier airports as provided in subdivision A 3 a. Except for adjustments due to changes in enplaned passengers, no air carrier airport sponsor, excluding MWAA, shall receive less funds identified under subdivision A 3 a than it received in fiscal year 1994-1995.

Of the remaining amount:

a. Forty percent of the funds shall be allocated to air carrier airports, except airports owned or leased by MWAA, based upon the percentage of enplanements for each airport to total enplanements at all air carrier airports, except airports owned or leased by MWAA. No air carrier airport sponsor, however, shall receive less than \$50,000 nor more than \$2 million per year from this provision.

b. Forty percent of the funds shall be allocated by the Aviation Board for air carrier and reliever airports on a discretionary basis, except airports owned or leased by MWAA.

c. Twenty percent of the funds shall be allocated by the Aviation Board for general aviation airports on a discretionary basis.

3a. There is hereby created in the Department of the Treasury a special nonreverting fund that shall be a part of the Transportation Trust Fund and that shall be known as the Commonwealth Space Flight Fund. The Commonwealth Space Flight Fund shall be established on the books of the Comptroller and the funds remaining in such Fund at the end of a 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.

a. The amounts allocated to the Commonwealth Space Flight Fund pursuant to § 33.1-23.03:2 shall be allocated by the Commonwealth Transportation Board to the Board of Directors of the Virginia Commercial Space Flight Authority to be used to support the capital needs, maintenance, and operating costs of any and all facilities owned and operated by the Virginia Commercial Space Flight Authority.

b. Commonwealth Space Flight Fund revenue shall be allocated by the Board of Directors to the Virginia Commercial Space Flight Authority in order to foster and stimulate the growth of the commercial space flight industry in Virginia.

4. There is hereby created in the Department of the Treasury a special nonreverting fund which shall be a part of the Transportation Trust Fund and which shall be known as the Commonwealth Mass Transit Fund.

a. The Commonwealth Mass Transit Fund shall be established on the books of the Comptroller and any funds 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 be credited to the Fund. Funds may be paid to any local governing body, transportation district commission, or public service corporation for the purposes hereinafter specified.

b. The amounts allocated pursuant to this section shall be used to support the public transportation administrative costs and the costs borne by the locality for the purchase of fuels, lubricants, tires and maintenance parts and supplies for public transportation at a state share of 80 percent in 2002 and 95 percent in 2003 and succeeding years. These amounts may be used to support up to 95 percent of the

local or nonfederal share of capital project costs for public transportation and ridesharing equipment, facilities, and associated costs. Capital costs may include debt service payments on local or agency transit bonds. The term "borne by the locality" means the local share eligible for state assistance consisting of costs in excess of the sum of fares and other operating revenues plus federal assistance received by the locality.

e. Commonwealth Mass Transit Fund revenue shall be allocated by the Commonwealth Transportation Board as follows:

(1) Funds for special programs, which shall include ridesharing, experimental transit, and technical assistance, shall not exceed 1.5 percent of the Fund.

(2) The Board may allocate these funds to any locality or planning district commission to finance up to 80 percent of the local share of all costs associated with the development, implementation, and continuation of ridesharing programs.

(3) Funds allocated for experimental transit projects may be paid to any local governing body, transportation district commission, or public corporation or may be used directly by the Department of Rail and Public Transportation for the following purposes:

(a) To finance up to 95 percent of the capital costs related to the development, implementation and promotion of experimental public transportation and ridesharing projects approved by the Board.

(b) To finance up to 95 percent of the operating costs of experimental mass transportation and ridesharing projects approved by the Board for a period of time not to exceed 12 months.

(c) To finance up to 95 percent of the cost of the development and implementation of any other project designated by the Board where the purpose of such project is to enhance the provision and use of public transportation services.

d. Funds allocated for public transportation promotion and operation studies may be paid to any local governing body, planning district commission, transportation district commission, or public transit corporation, or may be used directly by the Department of Rail and Public Transportation for the following purposes and aid of public transportation services:

(1) At the approval of the Board to finance a program administered by the Department of Rail and Public Transportation designed to promote the use of public transportation and ridesharing throughout Virginia.

(2) To finance up to 50 percent of the local share of public transportation operations planning and technical study projects approved by the Board.

e. At least 73.5 percent of the Fund shall be distributed to each transit property in the same proportion as its operating expenses bear to the total statewide operating expenses and shall be spent for the purposes specified in subdivision 4 b.

f. The remaining 25 percent shall be distributed for capital purposes on the basis of 95 percent of the nonfederal share for federal projects and 95 percent of the total costs for nonfederal projects. In the event that total capital funds available under this subdivision are insufficient to fund the complete list of eligible projects, the funds shall be distributed to each transit property in the same proportion that such capital expenditure bears to the statewide total of capital projects. Prior to the annual adoption of the Six-Year Improvement Program, the Commonwealth Transportation Board may allocate up to 20 percent of the funds in the Commonwealth Mass Transit Fund designated for capital purposes to transit operating assistance if operating funds for the next fiscal year are estimated to be less than the current fiscal year's allocation, to attempt to maintain transit operations at approximately the same level as the previous fiscal year.

b. The amounts allocated pursuant to this section shall be used to support the operating, capital, and administrative costs of public transportation at a state share determined by the Commonwealth Transportation Board, and these amounts may be used to support the capital project costs of public transportation and ridesharing equipment, facilities, and associated costs at a state share determined by the Commonwealth Transportation Board. Capital costs may include debt service payments on local or agency transit bonds. In making these determinations, the Commonwealth Transportation Board shall confer with the Director of the Department of Rail and Public Transportation. In development of the Director's recommendation and subsequent allocation of funds by the Commonwealth Transportation Board, the Director of the Department of Rail and Public Transportation and the Commonwealth Transportation Board shall adhere to the following:

(1) For the distribution of revenues from the Commonwealth Mass Transit Fund, of those revenues generated in 2014 and thereafter, the first \$160 million in revenues or the maximum available revenues if less than \$160 million shall be distributed by the Commonwealth Transportation Board as follows:

(a) Funds for special programs, which shall include ridesharing, transportation demand management programs, experimental transit, public transportation promotion, operation studies, and technical assistance, shall not exceed 3 percent of the funds pursuant to this section and may be allocated to any local governing body, planning district commission, transportation district commission, or public transit

corporation, or may be used directly by the Department of Rail and Public Transportation for the following purposes and aid of public transportation services:

(i) To finance a program administered by the Department of Rail and Public Transportation designed to promote the use of public transportation and ridesharing throughout Virginia.

(ii) To finance up to 80 percent of the cost of the development and implementation of any other project designated by the Board where the purpose of such project is to enhance the provision and use of public transportation services.

(b) At least 72 percent of the funds shall be distributed to each transit property in the same proportion as its operating expenses bear to the total statewide operating expenses and shall be spent for the purposes specified in subdivision 4 b.

(c) Twenty-five percent of the funds shall be allocated and distributed utilizing a tiered approach established by the Commonwealth Transportation Board for capital purposes based on asset need and anticipated state participation level and revenues. The tier distribution measures may be evaluated every three years and, if redefined by the Board, shall be published at least one year in advance of being applied. Funds allocated for debt service payments will be included in the tier that applies to the capital asset that is leveraged.

(d) Transfer of funds from funding categories in subdivisions (1) (a) and (1) (c) to (1) (b) shall be considered by the Commonwealth Transportation Board in times of statewide economic distress or statewide special need.

(2) The Commonwealth Transportation Board shall allocate the remaining revenues after the application of the provisions set forth in subdivision 4 b (1) generated for the Commonwealth Mass Transit Fund for 2014 and succeeding years as follows:

(a) Funds pursuant to this section shall be distributed among operating, capital, and special projects in order to respond to the needs of the transit community.

(b) Of the funds pursuant to this section, at least 72 percent shall be allocated to support operating costs of transit providers and distributed by the Commonwealth Transportation Board based on service delivery factors, based on effectiveness and efficiency, as established by the Commonwealth Transportation Board. These measures and their relative weight shall be evaluated every three years and, if redefined by the Commonwealth Transportation Board, shall be published and made available for public comment at least one year in advance of being applied. In developing the service delivery factors, the Commonwealth Transportation Board shall create for the Department of Rail and Public Transportation a Transit Service Delivery Advisory Committee, consisting of two members appointed by the Virginia Transit Association, one member appointed by the Community Transportation Association of Virginia, one member appointed by the Virginia Municipal League, one member appointed by the Virginia Association of Counties, and three members appointed by the Director of the Department of Rail and Public Transportation to advise the Department of Rail and Public Transportation in the development of a distribution process for the funds allocated pursuant to this subdivision 4 b (2) (b) and how transit systems can incorporate these metrics in their transit development plans. The Transit Service Delivery Advisory Committee shall elect a Chair. The Department of Rail and Public Transportation shall provide administrative support to the committee. The Transit Service Delivery Advisory Committee shall meet at least annually and consult with interested stakeholders and hold at least one public hearing and report its findings to the Director of the Department of Rail and Public Transportation. Prior to the Commonwealth Transportation Board approving the service delivery factors, the Director of the Department of Rail and Public Transportation shall brief the Senate Committee on Finance, the House Appropriations Committee, and the Senate and House Committees on Transportation on the findings of the Transit Service Delivery Advisory Committee and the Department's recommendation. Before redefining any component of the service delivery factors, the Commonwealth Transportation Board shall consult with the Director of the Department of Rail and Public Transportation, Transit Service Delivery Advisory Committee, and interested stakeholders and provide for a 30-day public comment period. Prior to approval of any amendment to the service delivery measures, the Board shall notify the aforementioned committees of the pending amendment to the service delivery factors and its content.

(c) Funds for special programs, which shall include ridesharing, transportation demand management programs, experimental transit, public transportation promotion, operation studies, and technical assistance, shall not exceed 3 percent of the funds pursuant to this section and may be allocated to any local governing body, planning district commission, transportation district commission, or public transit corporation, or may be used directly by the Department of Rail and Public Transportation for the following purposes and aid of public transportation services:

(i) To finance a program administered by the Department of Rail and Public Transportation designed to promote the use of public transportation and ridesharing throughout Virginia.

(ii) To finance up to 80 percent of the cost of the development and implementation of any other project designated by the Board where the purpose of such project is to enhance the provision and use

of public transportation services.

(d) Of the funds pursuant to this section, 25 percent shall be allocated and distributed utilizing a tiered approach evaluated by the Transit Service Delivery Advisory Committee along with the Director of Rail and Public Transportation and established by the Commonwealth Transportation Board for capital purposes based on asset need and anticipated state participation level and revenues. The tier distribution measures may be evaluated by the Transit Service Delivery Advisory Committee along with the Director of Rail and Public Transportation every three years and, if redefined by the Board, shall be published at least one year in advance of being applied.

(e) Transfer of funds from funding categories in subdivisions (2) (c) and (2) (d) to (2) (b) shall be considered by the Commonwealth Transportation Board in times of statewide economic distress or statewide special need.

(f) The Department of Rail and Public Transportation may reserve a balance of up to five percent of the Commonwealth Mass Transit Fund revenues under this subsection in order to assure better stability in providing operating and capital funding to transit entities from year to year.

(3) The Commonwealth Mass Transit Fund shall not be allocated without requiring a local match from the recipient.

g. c. There is hereby created in the Department of the Treasury a special nonreverting fund known as the Commonwealth Transit Capital Fund. The Commonwealth Transit Capital Fund shall be part of the Commonwealth Mass Transit Fund. The Commonwealth Transit Capital Fund subaccount shall be established on the books of the Comptroller and consist of such moneys as are appropriated to it by the General Assembly and of all donations, gifts, bequests, grants, endowments, and other moneys given, bequeathed, granted, or otherwise made available to the Commonwealth Transit Capital Fund. Any funds remaining in the Commonwealth Transit Capital Fund at the end of the biennium shall not revert to the general fund, but shall remain in the Commonwealth Transit Capital Fund. Interest earned on funds within the Commonwealth Transit Capital Fund shall remain in and be credited to the Commonwealth Transit Capital Fund. Proceeds of the Commonwealth Transit Capital Fund may be paid to any political subdivision, another public entity created by an act of the General Assembly, or a private entity as defined in § 56-557 and for purposes as enumerated in subdivision 4c of § 33.1-269 or expended by the Department of Rail and Public Transportation for the purposes specified in this subdivision. Revenues of the Commonwealth Transit Capital Fund shall be used to support capital expenditures involving the establishment, improvement, or expansion of public transportation services through specific projects approved by the Commonwealth Transportation Board. Projects financed by the Commonwealth Transit Capital Fund shall receive local, regional or private funding for at least 20 percent of the nonfederal share of the total project cost. The Commonwealth Transit Capital Fund shall not be allocated without requiring a local match from the recipient.

5. Funds for Metro shall be paid by the Northern Virginia Transportation Commission (NVTC) to the Washington Metropolitan Area Transit Authority (WMATA) and be a credit to the Counties of Arlington and Fairfax and the Cities of Alexandria, Falls Church and Fairfax in the following manner:

a. Local obligations for debt service for WMATA rail transit bonds apportioned to each locality using WMATA's capital formula shall be paid first by NVTC. NVTC shall use 95 percent state aid for these payments.

b. The remaining funds shall be apportioned to reflect WMATA's allocation formulas by using the related WMATA-allocated subsidies and relative shares of local transit subsidies. Capital costs shall include 20 percent of annual local bus capital expenses. Hold harmless protections and obligations for NVTC's jurisdictions agreed to by NVTC on November 5, 1998, shall remain in effect.

Appropriations from the Commonwealth Mass Transit Fund are intended to provide a stable and reliable source of revenue as defined by Public Law 96-184.

d. The Commonwealth Transportation Board may allocate up to three and one-half percent of the funds set aside for the Commonwealth Mass Transit Fund to support costs of project development, project administration, and project compliance incurred by the Department of Rail and Public Transportation in implementing rail, public transportation, and congestion management grants and programs.

5. Appropriations from the Commonwealth Mass Transit Fund for funding the Metro system operated by the Washington Metropolitan Area Transit Authority (WMATA) are intended to provide a stable and reliable source of revenue as defined by Public Law 96-184. Notwithstanding any other provision of law, funds allocated to Metro under this program may be disbursed by the Department of Rail and Public Transportation directly to Metro or to any other transportation entity that has an agreement to provide funding to Metro as deemed appropriate by the Department of Rail and Public Transportation.

B. The sales and use tax revenue generated by a one percent sales and use tax shall be distributed among the counties and cities of the Commonwealth in the manner provided in subsections C and D.

C. The localities' share of the net revenue distributable under this section among the counties and

429 cities shall be apportioned by the Comptroller and distributed among them by warrants of the
430 Comptroller drawn on the Treasurer of Virginia as soon as practicable after the close of each month
431 during which the net revenue was received into the state treasury. The distribution of the localities' share
432 of such net revenue shall be computed with respect to the net revenue received into the state treasury
433 during each month, and such distribution shall be made as soon as practicable after the close of each
434 such month.

435 D. The net revenue so distributable among the counties and cities shall be apportioned and
436 distributed upon the basis of the latest yearly estimate of the population of cities and counties ages five
437 to 19, provided by the Weldon Cooper Center for Public Service of the University of Virginia. Such
438 population estimate produced by the Weldon Cooper Center for Public Service of the University of
439 Virginia shall account for persons who are domiciled in orphanages or charitable institutions or who are
440 dependents living on any federal military or naval reservation or other federal property within the school
441 division in which the institutions or federal military or naval reservation or other federal property is
442 located. Such population estimate produced by the Weldon Cooper Center for Public Service of the
443 University of Virginia shall account for members of the military services who are under 20 years of age
444 within the school division in which the parents or guardians of such persons legally reside. Such
445 population estimate produced by the Weldon Cooper Center for Public Service of the University of
446 Virginia shall account for individuals receiving services in state hospitals, state training centers, or
447 mental health facilities, persons who are confined in state or federal correctional institutions, or persons
448 who attend the Virginia School for the Deaf and the Blind within the school division in which the
449 parents or guardians of such persons legally reside. Such population estimate produced by the Weldon
450 Cooper Center for Public Service of the University of Virginia shall account for persons who attend
451 institutions of higher education within the school division in which the student's parents or guardians
452 legally reside. To such estimate, the Department of Education shall add the population of students with
453 disabilities, ages two through four and 20 through 21, as provided to the Department of Education by
454 school divisions. The revenue so apportionable and distributable is hereby appropriated to the several
455 counties and cities for maintenance, operation, capital outlays, debt and interest payments, or other
456 expenses incurred in the operation of the public schools, which shall be considered as funds raised from
457 local resources. In any county, however, wherein is situated any incorporated town constituting a school
458 division, the county treasurer shall pay into the town treasury for maintenance, operation, capital outlays,
459 debt and interest payments, or other expenses incurred in the operation of the public schools, the proper
460 proportionate amount received by him in the ratio that the school population of such town bears to the
461 school population of the entire county. If the school population of any city or of any town constituting a
462 school division is increased by the annexation of territory since the last estimate of school population
463 provided by the Weldon Cooper Center for Public Service, such increase shall, for the purposes of this
464 section, be added to the school population of such city or town as shown by the last such estimate and a
465 proper reduction made in the school population of the county or counties from which the annexed
466 territory was acquired.

467 E. Beginning July 1, 2000, of the remaining sales and use tax revenue, the revenue generated by a
468 two percent sales and use tax, up to an annual amount of \$13 million, collected from the sales of
469 hunting equipment, auxiliary hunting equipment, fishing equipment, auxiliary fishing equipment,
470 wildlife-watching equipment, and auxiliary wildlife-watching equipment in Virginia, as estimated by the
471 most recent U.S. Department of the Interior, Fish and Wildlife Service and U.S. Department of
472 Commerce, Bureau of the Census National Survey of Fishing, Hunting, and Wildlife-Associated
473 Recreation, shall be paid into the Game Protection Fund established under § 29.1-101 and shall be used,
474 in part, to defray the cost of law enforcement. Not later than 30 days after the close of each quarter, the
475 Comptroller shall transfer to the Game Protection Fund the appropriate amount of collections to be
476 dedicated to such Fund. At any time that the balance in the Capital Improvement Fund, established
477 under § 29.1-101.01, is equal to or in excess of \$35 million, any portion of sales and use tax revenues
478 that would have been transferred to the Game Protection Fund, established under § 29.1-101, in excess
479 of the net operating expenses of the Board, after deduction of other amounts which accrue to the Board
480 and are set aside for the Game Protection Fund, shall remain in the general fund until such time as the
481 balance in the Capital Improvement Fund is less than \$35 million.

482 F. 1. Of the net revenue generated from the one-half percent increase in the rate of the state sales
483 and use tax effective August 1, 2004, pursuant to enactments of the 2004 Special Session I of the
484 General Assembly, the Comptroller shall transfer from the general fund of the state treasury to the
485 Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund established under
486 § 58.1-638.1 an amount equivalent to one-half of the net revenue generated from such one-half percent
487 increase as provided in this subdivision. The transfers to the Public Education Standards of
488 Quality/Local Real Estate Property Tax Relief Fund under this subdivision shall be for one-half of the
489 net revenue generated (and collected in the succeeding month) from such one-half percent increase for
490 the month of August 2004 and for each month thereafter.

2. For the purposes of the Comptroller making the required transfers under subdivision 1, the Tax Commissioner shall make a written certification to the Comptroller no later than the twenty-fifth of each month certifying the sales and use tax revenues generated in the preceding month. Within three calendar days of receiving such certification, the Comptroller shall make the required transfers to the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund.

G. If errors are made in any distribution, or adjustments are otherwise necessary, the errors shall be corrected and adjustments made in the distribution for the next quarter or for subsequent quarters.

H. The term "net revenue," as used in this section, means the gross revenue received into the general fund or the Transportation Trust Fund of the state treasury under the preceding sections of this chapter, less refunds to taxpayers.

§ 58.1-815.4. (Contingent expiration - see Editor's notes) Distribution of recordation tax for certain transportation-related purposes.

Effective July 1, 2008, of the state recordation taxes imposed pursuant to §§ 58.1-801 and 58.1-803, the revenues collected each fiscal year from \$0.03 of the total tax imposed under each section shall be deposited by the Comptroller as follows:

1. The revenues collected from \$0.02 of the total tax shall be deposited into the Commonwealth Mass Transit Fund pursuant to subdivision A 4 e b (1) (b) of § 58.1-638; and

2. The revenues collected from \$0.01 of the total tax shall be deposited into the Highway Maintenance and Operating Fund.