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## HOUSE BILL NO. 1345

Offered January 8, 2020

Prefiled January 8, 2020

A BILL to amend the Code of Virginia by adding in Title 15.2 a chapter numbered 59.3, consisting of sections numbered 15.2-5935, 15.2-5936, and 15.2-5937, relating to City of Richmond; arena and development project.

Patron—Bourne

Referred to Committee on Counties, Cities and Towns

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding in Title 15.2 a chapter numbered 59.3, consisting of sections numbered 15.2-5935, 15.2-5936, and 15.2-5937, as follows:**

**CHAPTER 59.3.**

**RICHMOND ARENA AND DEVELOPMENT PROJECT.**

**§ 15.2-5935. Definitions.**

*As used in this chapter, unless the context requires a different meaning:*

"Arena and development area" means the geographic area in the City of Richmond located south of Leigh Street, north of Franklin Street, east of Third Street, and west of Tenth Street.

"Arena and development project" means a project intended to replace an existing coliseum, including an arena and associated development in the arena and development area. "Arena and development project" includes any office, restaurant, concessions, retail, residential, recreational, civic, and lodging facilities that are operated adjacent to or in connection with such project. "Arena and development project" includes any infrastructure related to the project and directly related properties, including onsite and offsite parking lots and garages. "Arena and development project" includes multiple facilities located on multiple properties, provided that such facilities share an initial nexus of ownership, tenancy, management, or development.

"Authority" means an economic development authority established by the City of Richmond, or any other authority or conduit issuer approved by the City of Richmond for the issuance of bonds, provided that the approved authority or conduit issuer is an entity of Virginia state or local government.

"Bonds" means any obligations of the Authority for the payment of money issued or incurred to finance or refinance any cost related to an arena and development project.

"City" means the City of Richmond.

"Cost" means expenses incurred related to an arena and development project, including (i) expenses incident to determining its feasibility or practicability; (ii) the cost of plans and specifications; (iii) the cost of 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, and equipment; (vi) the cost of engineering, legal, and other professional services; (vii) the cost of construction or reconstruction; (viii) the cost of labor, materials, machinery, and equipment; (ix) financing charges; (x) the cost of interest before and during construction; (xi) the cost of interest for up to one year after completion of construction; (xii) startup costs and the cost of operating capital; (xiii) administrative expenses; (xiv) any amounts necessary as deposits to reserve or replacement funds; and (xv) any other expenses that may be necessary or incident to the development, construction, reconstruction, improvement, or financing of the arena and development project. "Cost" includes any obligation or expense incurred by the owner, lessee, manager, or developer of all or any portion of the arena and development project in connection with any of the foregoing expenses.

"Sales and use tax revenues" means tax collections under the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.), as limited herein, generated by transactions taking place upon the premises of an arena and development project, including transactions generating revenues in connection with the development and construction of such project that would not be generated but for the existence of such project. For purposes of this chapter, "sales and use tax revenues" does not include the revenue generated by (i) the one-half percent sales and use tax increase enacted by Chapters 11, 12, and 15 of the Acts of Assembly of 1986, Special Session I, which shall be paid into the Transportation Trust Fund as defined in § 33.2-1524; (ii) the one percent of the state sales and use tax revenue distributed among the counties and cities of the Commonwealth pursuant to subsection D of § 58.1-638 on the basis of school-age population; and (iii) the additional state sales and use tax in certain counties and cities assessed pursuant to Chapter 766 of the Acts of Assembly of 2013 and any amendments thereto.

**§ 15.2-5936. Entitlement to sales and use tax revenues.**

INTRODUCED

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59 A. 1. Upon execution of a binding development agreement for an arena and development project by  
60 the City or the Authority, the Authority shall be entitled, subject to appropriation, to sales and use tax  
61 revenues defined in this chapter, which the Authority shall pledge as security for, or the source of  
62 payment of, the debt service on any bonds, the funding or replenishment of reserve or replacement funds  
63 for the bonds, and the payment of any related administrative or financing costs of the Authority. The  
64 State Comptroller shall remit such sales and use tax revenues to the Authority on a quarterly basis,  
65 subject to such reasonable processing delays as may be required by the Department of Taxation. The  
66 State Comptroller shall make such remittances to the Authority, as provided herein, notwithstanding any  
67 provisions to the contrary in the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.).

68 2. Any entitlement of the City of Richmond to receive sales and use tax revenues pursuant to the  
69 provisions of this chapter shall expire on the earlier of (i) the date of the final payment of any bonds  
70 issued by the Authority to finance or refinance any cost of the arena and development project or (ii) 35  
71 years from the initial date that any bonds were issued to pay any cost of the arena and development  
72 project.

73 B. If an arena and development project qualifies for entitlement to sales and use tax revenues  
74 pursuant to the provisions of § 58.1-3851.1 or 58.1-3851.2, the Authority shall remain eligible to receive  
75 sales and use tax revenues pursuant to the provisions of this chapter; however, the amount received  
76 pursuant to this chapter shall be reduced by the amount received by the City or the Authority pursuant  
77 to the provisions of § 58.1-3851.1 or 58.1-3851.2.

78 **§ 15.2-5937. Tax revenues of the Commonwealth or any other political subdivision not pledged.**

79 Nothing in this chapter shall be construed as authorizing the pledging of the faith and credit of the  
80 Commonwealth, or the faith and credit of any other political subdivision of the Commonwealth, for the  
81 payment of any bonds, and the bonds shall so state on their face. Bondholders shall have no recourse  
82 whatsoever against the Commonwealth or the City for the payment of principal, interest, or redemption  
83 premium, if any, on such bonds.

84 2. That the Tax Commissioner shall report to the Chairmen of the Senate Committee on Finance,  
85 the House Committee on Finance, and the House Committee on Appropriations, annually prior to  
86 July 1, the amount of the entitlement pursuant to § 15.2-5936 of the Code of Virginia, as created  
87 by this act, provided that either the City of Richmond or the Authority, as defined in § 15.2-5935  
88 of the Code of Virginia, as created by this act, has executed a binding development agreement for  
89 an arena and development project pursuant to the provisions of § 15.2-5936 of the Code of  
90 Virginia, as created by this act.