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HOUSE BILL NO. 563

Offered January 12, 2022

Prefiled January 11, 2022

A BILL to amend and reenact § 22.1-146 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 22.1-140.1, relating to the School Construction Matching Grant Fund and Program; established; funding sources.

Patron—O'Quinn

Committee Referral Pending

Be it enacted by the General Assembly of Virginia:

1. That § 22.1-146 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 22.1-140.1 as follows:

§ 22.1-140.1. School Construction Matching Grant Fund and Program.

A. As used in this section:

"Commitment" means at least two of the following: (i) an agreement by the local governing body to set aside one percent of the local property tax rate and identify the resulting revenue for the construction of public school buildings in the local school division, (ii) an agreement by the local governing body to add one percent to the local sales and use tax rate and set aside the resulting additional revenue for the construction of public school buildings in the local school division, and (iii) an agreement to meet or exceed the local matching requirement.

"Fund" means the School Construction Matching Grant Fund established in this section.

"Need" means at least two of the following: (i) a high percentage, as determined by the Department, of students in the local school division are eligible to receive free or reduced price meals; (ii) a high percentage, as determined by the Department, of residents of the locality in which the local school division is located have incomes at or below the federal poverty guidelines established by the U.S. Department of Health and Human Services; (iii) the local school division's composite index of local ability-to-pay is at or below .500; and (iv) the local school division is located in a locality that is determined to have above-average fiscal stress or high fiscal stress by the Virginia Commission on Local Government in its most recent "Report on Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities."

"Poor school building conditions" means at least two of the following: (i) the average age of a public school building in the local school division is at least 40 years; (ii) a percentage, as determined by the Department, of public school buildings in the local school division do not comply with the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101 et seq.); and (iii) a percentage, as determined by the Department, of public school buildings in the local school division pose a threat to the health or safety of building occupants.

"Program" means the School Construction Matching Grant Program established in this section.

B. There is hereby created in the state treasury a special nonreverting fund to be known as the School Construction Matching Grant Fund. The Fund shall be established on the books of the Comptroller. All funds appropriated for such purpose and any gifts, donations, grants, bequests, and other funds received on its behalf, including funds transferred to it by the Board from the Literary Fund, shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of awarding matching grants on a competitive basis pursuant to the School Construction Matching Grant Program established in subsection C. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Superintendent.

C. There is hereby established the School Construction Matching Grant Program for the purpose of awarding matching grants on a competitive basis from the Fund to local school boards that demonstrate poor school building conditions, commitment, and need in order for such local school boards to fund the construction of new public school buildings in the local school division. The Department shall administer the Program and shall adopt such rules and procedures for the Program as it deems necessary, provided that any grant awarded through the Program is subject to a local matching requirement that is determined on a sliding scale based on the local school division's composite index of local ability-to-pay.

§ 22.1-146. Power of Board to transfer certain sums and make loans from fund for erection,

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HB563

59 **etc., of school buildings and fueling facilities for school buses.**

60 The Board of Education may ~~make~~:

61 *1 Transfer sums from the Literary Fund to the School Construction Matching Grant Fund established*
62 *in subsection B of § 22.1-140.1 and authorize the Department to use such sums to provide matching*
63 *grants pursuant to the School Construction Matching Grant Program established in subsection C of §*
64 *22.1-140.1; and*

65 *2. Make* loans or, subject to the approval of the General Assembly, loan interest rate subsidy
66 payments from the Literary Fund to the school boards of the several school divisions making application
67 therefor in the manner prescribed by law, authorized by the governing body and the school board, for
68 the purposes of (i) erecting, altering or enlarging school buildings in such school divisions; (ii)
69 purchasing and installing educational technology equipment and infrastructure; (iii) equipping school
70 buses for alternative fuel conversions and for construction of school bus fueling facilities for supplying
71 compressed natural gas or other alternative fuels; and (iv) refinancing or redemption of negotiable notes,
72 bonds, and other evidences of indebtedness or obligations incurred by a locality on behalf of a school
73 division which has an application for a Literary Fund loan for an approved school project pending
74 before the Board of Education. For the purpose of this section, "alternative fuels" means motor fuels
75 other than gasoline and diesel fuel.