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**HOUSE BILL NO. 254**

Offered January 12, 2022

Prefiled January 11, 2022

A *BILL to amend and reenact § 58.1-4125 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 2.2-1509.5 and 22.1-140.1, relating to the Department of Education; School Construction Fund and Program; Gaming Proceeds Fund revenues.*

Patron—Simonds

Referred to Committee on Finance

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

**1. That § 58.1-4125 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding sections numbered 2.2-1509.5 and 22.1-140.1 as follows:**

**§ 2.2-1509.5. Budget bill to include appropriation of surplus for schools.**

A. As used in this section, "surplus" means the amount, if any, by which actual general fund revenues exceed estimated general fund revenues for the fiscal year, minus required deposits, if any, to the Revenue Stabilization Fund pursuant to § 2.2-1829, the Revenue Reserve Fund pursuant to § 2.2-1831.2, and the Virginia Water Quality Improvement Fund pursuant to § 10.1-2128.

B. For any fiscal year in which there is a surplus, the Budget Bill shall include an appropriation of three percent of such surplus for the School Construction Fund and Program pursuant to § 22.1-140.1.

**§ 22.1-140.1. School Construction Fund and Program.**

A. There is hereby created in the state treasury a special nonreverting fund to be known as the School Construction Fund, referred to in this section as "the 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 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 purpose of providing grants to school boards through the School Construction Program established pursuant to subsection B. 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 of Public Instruction.

B. The Department of Education shall establish the School Construction Program (the Program) for the purpose of providing grants through the School Construction Fund established in subsection A to school boards that leverage federal, state, and local programs and resources such as solar incentives, Opportunity Zones established pursuant to the federal Tax Cuts and Jobs Act of 2017, the Community Facilities Programs administered by the U.S. Department of Agriculture, Choice Neighborhood grants and Community Development Block Grant Program grants administered by the U.S. Department of Housing and Urban Development, the Virginia Growth and Opportunity Act established pursuant to Article 26 (§ 2.2-2484 et seq.) of Chapter 24 of Title 2.2, grants administered by the Virginia Tobacco Commission, Vibrant Community Initiative and Virginia Enterprise Zone program grants administered by the Virginia Department of Housing and Community Development, the Historic Rehabilitation Tax Credit established pursuant to § 58.1-339.2 administered by the Virginia Department of Historic Resources, and the certain remaining revenues of the Gaming Proceeds Fund established pursuant to § 58.1-4125 to finance the design and construction of new school buildings and facilities or the modernization and maintenance of existing school buildings and facilities.

C. The Department of Education shall administer the Program and shall establish such guidelines and procedures as it deems necessary for the administration of the Program, including guidelines and procedures for grant applications, awards, and renewals, subject to the following conditions:

1. No grant provided to a school board in a local school division with a composite index of local ability-to-pay that exceeds 0.4000 shall exceed 25 percent of the interest due on a loan or lease agreement for the construction, renovation, or maintenance project or \$100,000 for other fees associated with such project;

2. No grant provided to a school board in a local school division with a composite index of local ability-to-pay that exceeds 0.2500 but does not exceed 0.4000 shall exceed 50 percent of the interest due on a loan or lease agreement for the construction, renovation, or maintenance project or \$200,000 for other fees associated with such project; and

3. No grant provided to a school board in a local school division with a composite index of local

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59 ability-to-pay that does not exceed 0.2500 shall exceed 100 percent of the interest due on a loan or  
60 lease agreement for the construction, renovation, or maintenance project or \$300,000 for other fees  
61 associated with such project.

62 **§ 58.1-4125. Gaming Proceeds Fund.**

63 A. There is hereby created in the state treasury a special nonreverting fund to be known as the  
64 Gaming Proceeds Fund, referred to in this section as "the Fund." The Fund shall be established on the  
65 books of the Comptroller. All moneys required to be deposited into the Fund pursuant to this chapter  
66 shall be paid into the state treasury and credited to the Fund. Any moneys remaining in the Fund,  
67 including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall  
68 remain in the Fund.

69 B. Revenues from the Fund shall be appropriated by the General Assembly as follows:

70 1. The following amounts shall be appropriated to the city in which they were collected:

71 a. An amount equal to a six percent tax on the first \$200 million of adjusted gross receipts;

72 b. An amount equal to a seven percent tax on the adjusted gross receipts that exceed \$200 million  
73 but do not exceed \$400 million; and

74 c. An amount equal to an eight percent tax on the adjusted gross receipts that exceed \$400 million.

75 2. For any casino gaming establishment operated by a Virginia Indian tribe recognized in House  
76 Joint Resolution No. 54 (1983) and acknowledged by the Assistant Secretary-Indian Affairs of the U.S.  
77 Department of the Interior as an Indian tribe within the meaning of federal law that has the authority to  
78 conduct gaming activities as a matter of claimed inherent authority or under the authority of the Indian  
79 Gaming Regulatory Act (25 U.S.C. § 2701 et seq.), an amount equal to a tax of one percent on the  
80 adjusted gross receipts of such establishment shall be deposited in the Virginia Indigenous People's Trust  
81 Fund established pursuant to § 2.2-401.01.

82 3. Eight-tenths of one percent of the Fund shall be appropriated to the Problem Gambling Treatment  
83 and Support Fund established pursuant to § 37.2-314.2.

84 4. Two-tenths of one percent of the Fund shall be appropriated to the Family and Children's Trust  
85 Fund established pursuant to § 63.2-2100.

86 5. Any remaining revenues not appropriated pursuant to subdivisions B 1 through B 4 shall remain  
87 in the Fund until appropriated by the General Assembly for programs established to address public  
88 school construction, renovations, or upgrades be appropriated to the School Construction Fund and  
89 Program established pursuant to § 22.1-140.1.

90 C. As provided in the general appropriation act, funds appropriated pursuant to subdivision B 1 shall  
91 be distributed to cities on a quarterly basis.