

**REPORT OF THE
VIRGINIA MARINE RESOURCES COMMISSION,
DEPARTMENT OF GAME AND INLAND FISHERIES AND
VIRGINIA INSTITUTE OF MARINE SCIENCE ON**

**The Means to Enhance the
Commonwealth's Fishery
Resources Through
Supplemental Funding and
Public/Private Cooperation**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



HOUSE DOCUMENT NO. 48

**COMMONWEALTH OF VIRGINIA
RICHMOND
1993**

PREFACE

House Joint Resolution No. 130 requests a study of the means to enhance the Commonwealth's fishery resources through supplemental funding and public/private cooperation. More specifically, the Resolution asks for an examination of alternate funding sources to supplement fisheries programs, including the possibility of using general obligation bond revenues to endow a public/private consortium to raise and sell fish fingerlings to State agencies.

This report is jointly submitted by the Marine Resources Commission, the Virginia Institute of Marine Science, and the Department of Game and Inland Fisheries.

Personnel with the Department of the Treasury, and the Virginia Resources Authority provided assistance in evaluating the possibility of using general obligation bonds. In addition, a paper on Fisheries Recovery Supplemental Funding, dated November 15, 1990, by James E. Merritt, was a background source.

II

TABLE OF CONTENTS

- I Preface**
 - II Table of Contents**
 - III Executive Summary**
 - IV Potential Revenue Sources for Fisheries Programs**
 - V Feasibility of General Obligation Bonds to Finance Fisheries Programs**
- Appendixes**

III

EXECUTIVE SUMMARY

1. Potential Revenue Sources for Fisheries Programs

The 1992 Session of the General Assembly passed two measures which will begin raising revenues for fisheries programs in 1993. A new licensing program for saltwater recreational fishing is expected to raise two million dollars per year. The revenue is credited to a special Virginia Saltwater Recreational Fishing Development Fund. It is to be used solely for the purposes of conserving and enhancing recreational fisheries. Also, a new licensing program for the registration of commercial fishermen is expected to raise approximately one-half million dollars per year. The revenue is credited to a special Marine Fishing Improvement Fund. The fund is to be used solely for managing and improving the marine fisheries in such ways as establishing a commercial fisheries harvest and reporting system, stock assessment, and education of commercial fishermen.

The following areas were reviewed as potential sources of additional revenue to fund fisheries programs:

- Fines from fisheries violations (not feasible)
- Civil charges for violations of marine habitat permits and laws
- Bay license plate revenues for the marine fisheries

Fines from fisheries violations were found to be not feasible. Fines must be deposited into the Literary Fund in accordance with Article VIII, Section 8, of the Constitution of Virginia.

2. Feasibility of General Obligation Bonds as a Source of Funding Fisheries Programs:

Nonfeasible uses:

Article X, Section 9, of the Constitution of Virginia, sets forth criteria for general obligation debt. Generally, the debt must be for specific capital projects. The potential purchase of fingerlings from privately-owned hatcheries would be classified as operating expenses. Thus, it would not meet the capital project criteria.

The use of general obligation bond revenue to finance an endowment fund for future, but unidentified, expenditures on fisheries, under the supervision of a consortium, has been considered. However, this would not meet the criteria of spending bond proceeds on planned and specified capital improvements.

Feasible uses:

There is a significant need for increased funding for angler access facilities, critical habitat acquisition, improved fish passageways, and the development and renovation of Virginia's fish hatchery system. The use of general obligation bonds is a possible source of funding to address these capital needs.

IV

POTENTIAL REVENUE SOURCES FOR FISHERIES PROGRAMS

FINES FOR MARINE FISHERIES VIOLATIONS

Depositing fines for violations of marine laws into the Marine Fisheries Improvement Fund is not feasible.

There are approximately 1,200 to 1,500 convictions each year for violations of marine laws on summonses issued by marine patrol officers of the Marine Resources Commission. The value of fines imposed approximates \$50,000 to \$70,000 per year.

The Constitution of Virginia, Article VIII, Section 8, establishes the Literary Fund. All fines collected for offenses against the Commonwealth are earmarked for the Literary Fund.

Accordingly, the use of fines to support fisheries programs is not feasible under this Article of the Constitution.

MARINE RESOURCES COMMISSION CIVIL CHARGES

Establish a special Marine Habitat Improvement Fund for civil charges collected under the marine habitat laws.

The Marine Habitat Code of Virginia was amended in 1990 to allow civil charges for violations of provisions on submerged lands, wetlands, and coastal primary sand dunes. The Marine Resources Commission has authority to order one-time payments of civil charges, not to exceed \$10,000 for each violation.

Local wetlands boards also have the same authority when administering permits under local jurisdiction for wetlands and/or coastal primary sand dunes.

Inasmuch as the basic law is silent on the disposition of Marine Resources Commission civil charges, they must be returned to the General Fund. This is required by general provisions of the Appropriation Act.

Revenue collections from civil charges can be expected to vary from year to year. It is not a reliable funding source to meet continuing needs. However, the General Assembly may wish to consider authorizing the deposit of this revenue into a special Marine Habitat Improvement Fund where it could accumulate and be used for special habitat improvement projects. Examples of special project funding needs are reported in Senate Document 19 (1990), Report of Derelict Structures in the Elizabeth River. Almost three million dollars was estimated to be the cost of removing abandoned obstructions in the Elizabeth River. These are abandoned vessels, barges, pilings, etc., that accumulated in earlier years, and which lower the value of the waterway.

BAY LICENSE PLATE REVENUE

Use revenues from the new "Bay License Plate" to support improvements in marine fisheries.

Legislation was approved in the 1992 General Assembly Session to establish special Chesapeake Bay preservation license plates. Fifteen dollars of each license plate sold beyond the first 1,000 sets will be deposited into a new Chesapeake Bay Restoration Fund.

When legislation for the license plate was first introduced, there were provisions for the revenues to be used solely for the Marine Fisheries Improvement Fund. However, the approved legislation allows a broader use of the funds for environmental education and restoration projects relating to the Chesapeake Bay and its tributaries.

Improvement of the marine fisheries is a major goal for the Chesapeake Bay, and use of bay license plate revenues is a potential source of financial support.

FEASIBILITY OF GENERAL OBLIGATION BONDS TO FINANCE FISHERIES PROGRAMS

PURCHASING HATCHERY-RAISED FISH FINGERLINGS

House Joint Resolution No. 130 requests an evaluation of the feasibility of general obligation bonds as a source of funding fish fingerlings through a public/private consortium.

General obligation bonds are a means of borrowing funds for governmental purposes. They raise revenue, but also create debt which must be repaid with interest.

In accordance with Article X, Section 9b, of the Constitution of Virginia, general obligation bonds must meet all of the following criteria:

- Be approved in law by majority vote of the members of each House, for the creation of debt, to which the full faith and credit of the Commonwealth is pledged.
- Be used for capital projects which are designated in the law for creation of debt.
- Be approved by a majority of the people voting at an election.

Fish hatcheries are facilities for reproducing fish out of their natural environment. In an early stage of reproduction, the larvae become fry. Growth to the next stage yields fingerlings.

Hatcheries are a form of aquaculture. Hatchery-produced fish can be fully grown in closed "fish farms" for harvest and sale. Hatchery-produced fingerlings can be used to restock public rivers and streams. They can be sold for stocking "fish farms."

The Commonwealth's potential purchase of fingerlings from privately-owned hatcheries would seem to be an inappropriate use of general obligation bond revenues. Such purchases, if made, would be classified as operating expenses. They should be borne out of current operating budgets.

The use of general obligation bond revenues to underwrite the establishment of privately-owned fish hatcheries would also seem inappropriate. It would not meet the Constitutional requirement of using general obligation bonds only for public capital projects. While their use to build or improve State-owned hatcheries would be a legitimate capital investment, their use to establish privately-owned hatcheries would not.

FUNDING CAPITAL PROJECTS IN STATE FISHERIES PROGRAMS

General obligation debt is authorized under the Constitution, Article X, Section 9B, for long-term financing for capital projects. The debt requires General Assembly action to authorize specific projects, and a referendum by the voters.

Capital improvement projects for State fisheries programs would be a suitable use of general obligation bond revenues. These projects, administered by State agencies, include public access facilities, fish passageways, hatchery facilities, and land acquisitions.

In view of the use of this method of financing during the last General Assembly Session, the public sentiment for additional debt to support fisheries projects might be diminished. Widespread public support and voter approval would be needed, but is not likely at this time.

PUBLIC ACCESS FACILITIES:

Development of public access for recreational boaters and anglers is lagging far behind demand in several areas of the State, particularly in tidal and estuarine areas. Construction of boating access facilities in these areas is significantly more expensive than for similar inland facilities. The Virginia Outdoor Plan cites a need for angler access for shore and pier fishing. The State's ability to address these needs would be significantly improved if increased funding were provided.

FISH PASSAGEWAYS:

Numerous studies, reports, and surveys have documented the need for passage around dams and obstructions for Virginia's anadromous fish species. A history of declining species populations due to decreased water quality, over-harvest and the construction of barriers to upstream migration of anadromous fish species has put several fish species and stocks in danger of extirpation from their native waters. There is an immediate need for several million dollars to provide fish passage for several important commercial and recreational species. Some general funding has been provided and fish passage has been realized at the first two dams on the James River. Lack of funding is the major factor providing access past the remaining two dams in the Richmond area and the subsequent opening up of 140 miles of spawning habitat.

HATCHERY FACILITIES:

The overall condition of the Virginia Department of Game and Inland Fisheries warm and cold water hatchery facilities is considered to be poor. A current need of at least twenty-five million dollars has been identified in order to renovate and modernize the current system. New hatchery programs in the areas of American and Hickory Shad restoration, as well as a shift toward urban fishing programs will necessitate the expenditures of funds at a level that is not realistic for the Department of Game and Inland Fisheries utilizing their current funding sources which include no general fund revenues.

LAND ACQUISITIONS:

Realization of improved access, fish passage and fish hatchery development are all dependent in part on the acquisition of suitable sites for these projects. An additional need that has been identified is the protection, through purchase and/or easement of critical riverine, wetland and marsh areas to protect spawning habitat and the purchase of land for the development of small impoundments where recreational fishing opportunity is in short supply.

The administration of these funds would rest primarily within the Department of Game and Inland Fisheries and the Virginia Marine Resources Commission. Project proposals and development would be coordinated through cooperative agreements with prioritization of projects established through long-range planning.

APPENDIXES

1992 SESSION

LD4080164

HOUSE JOINT RESOLUTION NO. 130

Offered January 21, 1992

Requests the Marine Resources Commission, the Virginia Institute of Marine Science, and the Department of Game and Inland Fisheries to study the means to enhance the Commonwealth's fishery resources through supplemental funding and public/private cooperation.

Patron—Copeland

Referred to the Committee on Conservation and Natural Resources

WHEREAS, the recovery and preservation of fishery and other living resources are important for economic development and recreation in the Tidewater and other regions of the Commonwealth; and

WHEREAS, industries that are directly related to the fishery resource depend on an abundant and stable supply of fish; and

WHEREAS, declines in the stock of commercially important species of fish can lead to chronic economic deprivation in certain regions of the Commonwealth; and

WHEREAS, while some success has been achieved through programs which reduce the harvest of threatened species, remove the discharges that pollute the fish habitat, and remove the barriers to spawning migration of anadromous fish, fiscal constraints have resulted in a critical shortage of information that would improve the ability to recover and enhance the fishery resource; and

WHEREAS, new sources of funding and joint public/private ventures are critical to the future survival of the fishery resource; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Marine Resources Commission, the Virginia Institute of Marine Science, and the Department of Game and Inland Fisheries be requested to form an interagency task force to study the feasibility of alternative funding mechanisms for the management and recovery of the Commonwealth's fishery resources. The study should include, but not be limited to, the feasibility of general obligation bonds as a source of funding, the development of a public/private consortium to produce the fish fingerlings necessary to recover lost spawning populations of anadromous and estuarine fishes, and the fostering of public/private cooperation on specific projects.

All agencies of the Commonwealth shall, upon request, assist in the conduct of the study.

The task force shall submit its findings and recommendations to the Governor and the 1993 Session of the General Assembly in accordance with the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Official Use By Clerks	
Agreed to By	
The House of Delegates	Agreed to By The Senate
without amendment <input type="checkbox"/>	without amendment <input type="checkbox"/>
with amendment <input type="checkbox"/>	with amendment <input type="checkbox"/>
substitute <input type="checkbox"/>	substitute <input type="checkbox"/>
substitute w/amdt <input type="checkbox"/>	substitute w/amdt <input type="checkbox"/>
Date: _____	Date: _____
Clerk of the House of Delegates	Clerk of the Senate



RECEIVED

AUG 10 1992

MARINE RESOURCES COMMISSION

COMMONWEALTH of VIRGINIA

EDDIE N. MOORE, JR.
TREASURER OF VIRGINIA

Department of the Treasury

P. O. BOX 6-H
RICHMOND, VIRGINIA 22215
(804) 225-2142

August 7, 1992

MEMORANDUM

TO: Bob Craft
Virginia Marine Resources Commission

FROM: Tim Alexander, Debt Manager *TIM*

SUBJECT: General Obligation Bond Financing

I have reviewed your memorandum and attachments of July 15, 1992 concerning the feasibility of general obligation bonds as a source of funding fisheries improvements. I hope the following information answers some of the questions you may have.

Article X, Section 9 of the Constitution of Virginia sets forth the types of general obligation debt which may be authorized by the General Assembly. All general obligation debt of the Commonwealth must meet the criteria of this section of the Constitution (copy enclosed). In summary:

Section 9(a) debt can be issued for emergencies, for short-term cash flow needs and to redeem previous debt obligations.

Section 9(b) debt can be issued to finance specified, single-purpose capital projects and is repaid with general fund revenues. In addition to an affirmation by a majority vote of the General Assembly, this debt must be approved in a referendum by the citizens of the Commonwealth.

Section 9(c) debt can be issued to finance specified, revenue-producing capital projects and is repaid with the revenues of the project. This debt requires an affirmative vote of 2/3 of the General Assembly.

Section 9(a) is not a viable option because fishery improvements do not fall within the narrow provisions of this section.

Debt issued pursuant to Sections 9(b) and 9(c) must be for specific capital projects. In order to evaluate if bonded debt is a feasible means of supporting the Commonwealth's fishery improvements, specific capital projects must first be identified.

MEMORANDUM

August 7, 1992

Page 2

For a project to be financed under Section 9(c), the project must be revenue-producing. Also, a financial feasibility study of each project would need to be developed and the Governor, upon recommendation of the State Treasurer, must certify that the anticipated net revenues to be pledged are sufficient. If specific revenue-producing projects are identified, I would be more than willing to assist you with the evaluation of revenues associated with the projects.

Placing general obligation (9(b) or 9(c)) bond proceeds in an endowment for future expenditures (as mentioned in the information you sent to me) is not permitted under the Constitution or federal tax code. General obligation bonds must be issued with the intention of spending the related bond proceeds on planned and specified capital improvements, not on establishing an endowment.

I have enclosed a report entitled *An Assessment of Debt Management in Virginia*. Chapter II provides an overview of Debt Issuance in the Virginia. This should provide further information on the subject which you might find useful. If you have questions or would like to meet with me, please feel free to call me at 225-4930 to arrange for a meeting.

TCA:le
Enclosures

c: Susan F. Dewey
Director of Debt Management

CONSTITUTION OF VIRGINIA

Article X, Sections 7, 8, 9

this section shall continue to be exempt until otherwise provided by the General Assembly as herein set forth.

(g) The General Assembly may by general law authorize any county, city, town, or regional government to impose a service charge upon the owners of a class or classes of exempt property for services provided by such governments.

(h) The General Assembly may by general law authorize the governing body of any county, city, town, or regional government to provide for a partial exemption from local real property taxation, within such restrictions and upon such conditions as may be prescribed, of real estate whose improvements, by virtue of age and use, have undergone substantial renovation, rehabilitation or replacement.

(i) The General Assembly may by general law allow the governing body of any county, city, or town to exempt or partially exempt from taxation any generating equipment installed after December thirty-one, nineteen hundred seventy-four, for the purpose of converting from oil or natural gas to coal or to wood, wood bark, wood residue, or to any other alternate energy source for manufacturing, and any co-generation equipment installed since such date for use in manufacturing.

The amendment ratified November 2, 1976 and effective January 1, 1977— After (a)(6) added subdivision "(7) Land subject to a perpetual easement . . .". In subsection (b) after "sixty-five years of age" added the language "or persons permanently and totally disabled as established by general law". In subsection (d) after "Commonwealth" added the language "or for the purpose of transferring or storing solar energy". In subsection (e) after "personal effects" added the language "and tangible farm property and products".

The amendment ratified November 7, 1978 and effective January 1, 1979— Added a new subsection (b).

The amendment ratified November 4, 1980 and effective January 1, 1981— In subsection (b) substituted "exemption from local property taxation" for "exemption from local real property taxation". After "of real estate" added "and personal property designed for continuous habitation". Substituted "property" for "real estate" near the end of subsection (b).

The amendment ratified November 4, 1980 and effective January 1, 1981— Added a new subsection (i).

Section 7. Collection and disposition of State revenues.

All taxes, licenses, and other revenues of the Commonwealth shall be collected by its proper officers and paid into the State treasury. No money shall be paid out of the State treasury except in pursuance of appropriations made by law, and no such appropriation shall be made which is payable more than two years and six months after the end of the session of the General Assembly at which the law is enacted authorizing the same.

Other than as may be provided for in the debt provisions of this Constitution, the Governor, subject to such criteria as may be established by the General Assembly, shall ensure that no expenses of the Commonwealth be incurred which exceed total revenues on hand and anticipated during a period not to exceed the two years and six months period established by this section of the Constitution.

The amendment ratified November 6, 1984 and effective July 1, 1986— Added the second paragraph.

Section 8. Limit of tax or revenue.

No other or greater amount of tax or revenues shall, at any time, be levied than may be required for the necessary expenses of the government, or to pay the indebtedness of the Commonwealth.

Section 9. State debt.

No debt shall be contracted by or in behalf of the Commonwealth except as provided herein.

(a) Debts to meet emergencies and redeem previous debt obligations.

The General Assembly may (1) contract debts to suppress insurrection, repel invasion, or defend the Commonwealth in time of war; (2) contract debts, or may authorize the Governor to contract debts, to meet casual deficits in the revenue or in anticipation of the collection of revenues of the Commonwealth for the then current fiscal year within the amount of authorized appropriations, provided that the total of such indebtedness shall not exceed thirty per centum of an amount equal to 1.15 times the average annual tax revenues of the Commonwealth derived

CONSTITUTION OF VIRGINIA

Article X, Section 9

from taxes on income and retail sales, as certified by the Auditor of Public Accounts, for the preceding fiscal year and that each such debt shall mature within twelve months from the date such debt is incurred; and (3) contract debts to redeem a previous debt obligation of the Commonwealth.

The full faith and credit of the Commonwealth shall be pledged to any debt created under this subsection. The amount of such debt shall not be included in the limitations on debt hereinafter established, except that the amount of debt incurred pursuant to clause (3) above shall be included in determining the limitation on the aggregate amount of general obligation debt for capital projects permitted elsewhere in this article unless the debt so incurred pursuant to clause (3) above is secured by a pledge of net revenues from capital projects of institutions or agencies administered solely by the executive department of the Commonwealth or of institutions of higher learning of the Commonwealth, which net revenues the Governor shall certify are anticipated to be sufficient to pay the principal of and interest on such debt and to provide such reserves as the law authorizing the same may require, in which event the amount thereof shall be included in determining the limitation on the aggregate amount of debt contained in the provision of this article which authorizes general obligation debt for certain revenue-producing capital projects.

(b) General obligation debt for capital projects and sinking fund.

The General Assembly may, upon the affirmative vote of a majority of the members elected to each house, authorize the creation of debt to which the full faith and credit of the Commonwealth is pledged, for capital projects to be distinctly specified in the law authorizing the same; provided that any such law shall specify capital projects constituting a single purpose and shall not take effect until it shall have been submitted to the people at an election and a majority of those voting on the question shall have approved such debt. No such debt shall be authorized by the General Assembly if the amount thereof when added to amounts approved by the people or authorized by the General Assembly and not yet submitted to the people for approval, under this subsection during the three fiscal years immediately preceding the authorization by the General Assembly of such debt and the fiscal year in which such debt is authorized shall exceed twenty-five per centum of an amount equal to 1.15 times the average annual tax revenues of the Commonwealth derived from taxes on income and retail sales, as certified by the Auditor of Public Accounts, for the three fiscal years immediately preceding the authorization of such debt by the General Assembly.

No debt shall be incurred under this subsection if the amount thereof when added to the aggregate amount of all outstanding debt to which the full faith and credit of the Commonwealth is pledged other than that excluded from this limitation by the provisions of this article authorizing the contracting of debts to redeem a previous debt obligation of the Commonwealth and for certain revenue-producing capital projects, less any amounts set aside in sinking funds for the repayment of such outstanding debt, shall exceed an amount equal to 1.15 times the average annual tax revenues of the Commonwealth derived from taxes on income and retail sales, as certified by the Auditor of Public Accounts, for the three fiscal years immediately preceding the incurring of such debt.

All debt incurred under this subsection shall mature within a period not to exceed the estimated useful life of the projects as stated in the authorizing law, which statement shall be conclusive, or a period of thirty years, whichever is shorter, and all debt incurred to redeem a previous debt obligation of the Commonwealth, except that which is secured by net revenues anticipated to be sufficient to pay the same and provide reserves therefor, shall mature within a period not to exceed thirty years. Such debt shall be amortized, by payment into a sinking fund or otherwise, in annual installments of principal to begin not later than one-tenth of the term of the bonds, and any such sinking fund shall not be appropriated for any other purpose; if such debt be for public road purposes, such payment shall be first made from revenues segregated by law for the construction and maintenance of State highways. No such installment shall exceed the smallest previous installment by more than one hundred per centum. If sufficient funds are not appropriated in the budget for any fiscal year for the timely payment of the interest upon and installments of principal of such debt, there shall be set apart by direction of the Governor, from the first general fund revenues received during such fiscal year and thereafter, a sum sufficient to pay such interest and installments of principal.

(c) Debt for certain revenue-producing capital projects.

The General Assembly may authorize the creation of debt secured by a pledge of net revenues derived from rates, fees, or other charges and the full faith and credit of the Commonwealth, and such debt shall not be included in determining the limitation on general

CONSTITUTION OF VIRGINIA

Article X, Sections 10, 11

obligation debt for capital projects as permitted elsewhere in this article, provided that

(1) the creation of such debt is authorized by the affirmative vote of two-thirds of the members elected to each house of the General Assembly; and

(2) such debt is created for specific revenue-producing capital projects (including the enlargement or improvement thereof), which shall be distinctly specified in the law authorizing the same, of institutions and agencies administered solely by the executive department of the Commonwealth or of institutions of higher learning of the Commonwealth.

Before any such debt shall be authorized by the General Assembly, and again before it shall be incurred, the Governor shall certify in writing, filed with the Auditor of Public Accounts, his opinion, based upon responsible engineering and economic estimates, that the anticipated net revenues to be pledged to the payment of principal of and interest on such debt will be sufficient to meet such payments as the same become due and to provide such reserves as the law authorizing such debt may require, and that the projects otherwise comply with the requirements of this subsection, which certifications shall be conclusive.

No debt shall be incurred under this subsection if the amount thereof when added to the aggregate amount of all outstanding debt authorized by this subsection and the amount of all outstanding debt incurred to redeem a previous debt obligation of the Commonwealth which is to be included in the limitation of this subsection by virtue of the provisions of this article authorizing the contracting of debts to redeem a previous debt obligation of the Commonwealth, less any amounts set aside in sinking funds for the payment of such debt, shall exceed an amount equal to 1.15 times the average annual tax revenues of the Commonwealth derived from taxes on income and retail sales, as certified by the Auditor of Public Accounts, for the three fiscal years immediately preceding the incurring of such debt.

This subsection shall not be construed to pledge the full faith and credit of the Commonwealth to the payment of any obligation of the Commonwealth, or any institution, agency, or authority thereof, or to any refinancing or reissuance of such obligation which was incurred prior to the effective date of this subsection.

(d) Obligations to which section not applicable.

The restrictions of this section shall not apply to any obligation incurred by the Commonwealth or any institution, agency, or authority thereof if the full faith and credit of the Commonwealth is not pledged or committed to the payment of such obligation.

Section 10. Lending of credit, stock subscriptions, and works of internal improvement.

Neither the credit of the Commonwealth nor of any county, city, town, or regional government shall be directly or indirectly, under any device or pretense whatsoever, granted to or in aid of any person, association, or corporation; nor shall the Commonwealth or any such unit of government subscribe to or become interested in the stock or obligations of any company, association, or corporation for the purpose of aiding in the construction or maintenance of its work; nor shall the Commonwealth become a party to or become interested in any work of internal improvement, except public roads and public parks, or engage in carrying on any such work; nor shall the Commonwealth assume any indebtedness of any county, city, town, or regional government, nor lend its credit to the same. This section shall not be construed to prohibit the General Assembly from establishing an authority with power to insure and guarantee loans to finance industrial development and industrial expansion and from making appropriations to such authority.

Section 11. Governmental employee retirement system fund.

The General Assembly shall maintain a state employees retirement system to be administered in the best interest of the beneficiaries thereof and subject to such restrictions or conditions as may be prescribed by the General Assembly.

CONSTITUTION OF VIRGINIA

ARTICLE VII, SECTION 8

§ 8. The Literary Fund. — The General Assembly shall set apart as a permanent and perpetual school fund the present Literary Fund; the proceeds of all public lands donated by Congress for free public school purposes, of all escheated property, of all waste and unappropriated lands, of all property accruing to the Commonwealth by forfeiture, of all fines collected for offenses committed against the Commonwealth, and of the annual interest on the Literary Fund; and such other sums as the General Assembly may appropriate. But so long as the principal of the Fund totals as much as eighty million dollars, the General Assembly may set aside all or any part of additional moneys received into its principal for public school purposes, including the teachers retirement fund.

The Literary Fund shall be held and administered by the Board of Education in such manner as may be provided by law. The General Assembly may authorize the Board to borrow other funds against assets of the Literary Fund as collateral, such borrowing not to involve the full faith and credit of the Commonwealth.

The principal of the Fund shall include assets of the Fund in other funds or authorities which are repayable to the Fund.