

**REPORT OF THE
JOINT SUBCOMMITTEE STUDYING**

Funding of Unfunded Transportation Projects in Hampton Roads

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



SENATE DOCUMENT NO. 28

**COMMONWEALTH OF VIRGINIA
RICHMOND
2002**

MEMBERS OF THE JOINT SUBCOMMITTEE

Senator Martin E. Williams (Chairman)
Delegate Thelma Drake (Vice-Chairman)
Senator Yvonne B. Miller
Senator Frederick M. Quayle
Senator Frank W. Wagner
Delegate Harry B. Blevins
Delegate Johnny S. Joannou
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Report of the Joint Subcommittee to Study Funding of Unfunded Transportation Projects in Hampton Roads

I. INTRODUCTION AND BACKGROUND.

Pointing to a broad and deep consensus among elected officials, business leaders, and ordinary citizens in the Hampton Roads region that the region has many transportation needs that have not been met and cannot be met because of a lack of funding, while also realizing that, while there may be considerable agreement on what these projects are, there is much less agreement on how they could be or should be funded, the 2001 Regular Session of the Virginia General Assembly passed Senate Joint Resolution No. 317. This legislation, offered by Senator Martin E. Williams, established a 16-member joint subcommittee to determine the most desirable and feasible means of making funds available to address the region's unfunded transportation needs. The resolution specifically charged the panel with considering the creation of a regional financing authority. In addition to four members of the Virginia Senate and six members of the House of Delegates, the joint subcommittee included six non-voting citizen members: four residents of Hampton Roads, one representative of the Hampton Roads Planning District Commission, and one representative of the Mayors and Chairs of Hampton Roads. (A copy of this resolution is attached as Appendix A).

II. JOINT SUBCOMMITTEE ACTIVITIES.

During 2001, the joint subcommittee held four meetings: one in Hampton (July 25), one in Virginia Beach (August 28), one in Norfolk (October 9), and one in Newport News (December 10). At each meeting the panel took testimony from government officials, business leaders, transportation professionals, and interested members of the general public. Representatives and staff of the Hampton Roads Planning District Commission, the Transportation District of Hampton Roads, and the Virginia Department of Transportation were particularly active and helpful in supplying the panel with a wide-ranging assortment of many kinds of pertinent information. The most important information was a list of the region's priority transportation projects (and their costs, estimated at the time of the priority setting process) as agreed to by the region's metropolitan planning organization, the Hampton Roads Planning District Commission:

1. The "Third Crossing" of Hampton Roads (\$2.4 billion)
 - Widen the southern portion of I-664 to six lanes and northern portion to eight lanes
 - Widen the Monitor-Merrimac Bridge Tunnel to eight lanes and add multimodal lanes
 - Construct the East-West Connector (four lanes plus multimodal lanes) from I-664 to the Intermodal Connector
 - Construct the Craney Island Connector (four lanes) from the East-West Connector to the Western Freeway

2. I-64 (Peninsula) (\$400 million)
 - Widen to six lanes plus two High Occupancy Vehicle (HOV) lanes from Route 199 to I-664
3. Midtown Tunnel/Martin Luther King (MLK) Freeway (\$475 million)
 - Increase tunnel to four lanes
 - Extend the MLK Freeway from Turnpike Road to I-264
4. Regional Transit (\$2.198 billion)
 - Build regional transit project, including light rail, bus, high-speed rail, and ferry projects
5. Route 460 (\$500,000 million)
 - Construct a limited access highway from Sussex County to the Suffolk Bypass
 - Construct five new interchanges between the Suffolk County/Isle of Wight County line and Bowers Hill
6. Southeastern Parkway (\$425,000)
 - Construct a highway (four lanes plus two HOV lanes) between I-264 in Virginia Beach and Route 168 in Chesapeake

The total cost of executing this plan (including several additional highway projects not identified in the above list of "priority" projects) in fiscal year 2001-02 dollars equals slightly more than \$10 billion. Of this amount, the Planning District Commission estimated that roughly \$3.2 billion would have to be raised from local and regional sources. It was suggested these include a combination of a regional motor fuel tax and tolls.

III. LEGISLATIVE OPTIONS CONSIDERED.

At the Chairman's instruction, the panel's staff from the Division of Legislative Services prepared two pieces of draft legislation that were circulated to the members for their review and debated and voted on at succeeding meetings. The first of these drafts would have established a 16-member Hampton Roads Regional Transportation Authority. Its primary function would be to (i) consider the transportation needs of the Authority's constituent localities (ii) identify those needs that could not be addressed in a timely fashion with presently available or reasonably projected financial resources, (iii) determine the amount and appropriate means of raising the additional funds that would be required to meet those "unfunded" needs, and (iv) submit a proposed list of projects and means of funding to the voters for their approval in a referendum. The second draft provided the necessary legal mechanism whereby any taxes or tolls approved by the voters would actually be imposed and collected.

At its December meeting, after considerable discussion both at that meeting and the October meeting, the joint subcommittee decided not to recommend the creation of a regional transportation authority and for bonds for regional transportation projects to be issued by the Commonwealth Transportation Board. (A copy of this rejected draft is attached as Appendix B). Instead, the members agreed to recommend legislation that would, subject to approval of the voters in a referendum, impose a regional sales tax or motor fuels tax that would permit the

issuance of bonds whose proceeds would be used to cover the costs of specifically identified regional transportation projects. Specific, complete draft legislation was not endorsed by the panel, but the members did vote to authorize Chairman Williams, in consultation with staff of the Hampton Roads Planning District Commission and other concerned parties, to present to the 2002 Regular Session of the General Assembly legislation embodying the concepts agreed to at the panel's final meeting. These concepts eventually took the form of Senate Bill No. 668, approved by the General Assembly on April 17, 2002, and signed into law by the Governor as Chapter 853 of the Acts of Assembly of 2002.

Respectfully submitted,

Martin E. Williams (Chairman)
Thelma Drake (Vice-Chairman)
Yvonne B. Miller
Frederick M. Quayle
Frank W. Wagner
Harry B. Blevins
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Delegate Johnny S. Joannou dissents from the report. His dissent is attached.

DISSENT OF DELEGATE JOHNNY S. JOANNOU

I would like to thank the Chairman, Senator Williams, for offering members of the Joint Subcommittee to Study Funding of Unfunded Transportation Projects in Hampton Roads the opportunity to submit remarks and dissenting comments on the Final draft report of the joint subcommittee.

It was my understanding that the joint subcommittee decided not to recommend the creation of a regional transportation authority and that the bonds for the Hampton Roads regional transportation projects be issued by the Commonwealth Transportation Board.

Additionally, the members by a majority vote agreed to recommend legislation that would, subject to approval of the voters in a referendum, impose a regional sales tax or motor fuels tax that would permit the issuance of bonds whose proceeds would be used to cover the costs of specifically identified Hampton Roads regional transportation projects. I would like to make it clear that of the members present at the final meeting, I was one of the two members who voted against recommending this legislation.

I dissent to the majority recommendation for the following reasons:

1) The building of a statewide highway transportation system is the responsibility of the Commonwealth. The state has a responsibility to provide an adequate safe and efficient transportation network for the entire Commonwealth. Those needs should be addressed on a statewide basis and paid by all the citizens of the Commonwealth. Taxpayers in one region of the state should not pay an additional tax for transportation needs in their area when they are already paying their fair share for transportation needs for the entire state. To have our citizens pay the additional costs associated with the Third Crossing which benefits the State as a whole is not equitable to the people in our region who will have to pay the extra tax.

2) Is the tax imposed on the citizens of Hampton Roads a state tax or a local tax. This question is important because if it is a state tax and it goes to pay a debt, it would affect the state's ability to bond state projects.

Article 10, Section 1 of the Constitution of Virginia states "...the General Assembly may segregate the several classes of property so as to specify and determine upon what subjects State taxes, and upon what subjects local taxes may be levied." It is evident that the Constitution authorizes only state taxes and local taxes.

3) Would the debt incurred be state debt or local debt, and how would the debt incurred affect the Commonwealth or its localities.

Article 10, Section 7 of the Constitution of Virginia states "all taxes, licenses, and other revenues of the Commonwealth shall be collected by its proper officers and paid into the State treasury."

It is my understanding that revenues deposited into the State treasury and used to support debt payments, are then considered state debt for purposes of calculating the state's maximum debt limit. If this is true then the issuance of a debt obligation of six billion dollars would affect the state's ability to bond state projects. If the six billion dollar debt is considered local debt, then it would be apportioned among the several localities encompassing the Hampton Roads Planning District. If this is true, what would be each locality's portion of said debt.

4) It is not good public policy to name projects in legislation. The reason we have the Commonwealth Transportation Board is to insure that the necessary roads are built throughout the Commonwealth and that roads are not built for political purposes but to truly meet the needs of the Commonwealth equitably.

5) With regard to the referendum, we have a republican form of government. The legislature has the duty to make a finding on whether or not taxes should be increased rather than relinquish their responsibility to the voters in a referendum. The legislature was elected to make those difficult decisions based on logic, equity, good public policy and legality. The legislature should accept its responsibility and not avoid its duty.

6) Article 1, Section 6 of the Constitution of Virginia explicitly states that citizens cannot be taxed without their own consent or that of their representatives duly elected.

Another recommendation which is totally objectionable is the fact that it requires a majority of the voters of the Hampton Roads Planning District to approve the referendum instead of a majority vote of each locality. There are many counties and cities in the Hampton Roads Planning District. If the referendum passes by a majority vote of the voters in the Hampton Roads Planning District, those counties or cities that vote against the tax have no choice but to tax its citizens even though a majority of the voters in that county or city opposed the tax. The voice of the smaller counties and cities will be buried by the larger counties and cities by allowing a majority of the voters of the entire Hampton Roads Planning District to make the decision. Why should a majority of the voters of Hampton Roads Planning District make the decision rather than each independent county or city. The recommendation by the study committee takes the view that the Hampton Roads Planning District is one locality which is a totally false premise.

In conclusion, my dissent is based on the principles briefly outlined. I cannot endorse the majority report because of all the unanswered questions which have arisen which have not, in my opinion, been answered satisfactorily. I believe it is not responsible to make a recommendation to the Governor or the General Assembly without the answers to the questions raised in my dissent as to the public policy questions, constitutional questions, as well as, the questions of equity to our taxpayers.

I submit this dissent to you for inclusion in the final draft of the Report of the Joint Subcommittee to Study Funding of Unfunded Transportation Projects in Hampton Roads.

Respectfully submitted, I remain

Very truly yours,

Johnny S. Joannou

IV. APPENDICES.

Appendix A:

Senate Joint Resolution No. 371 (2001)

Appendix B:

Draft legislation creating Hampton Roads Regional
Transportation Authority

APPENDIX A

SENATE JOINT RESOLUTION NO. 371

Establishing a joint subcommittee to study funding of unfunded transportation projects in Hampton Roads.

Agreed to by the Senate, February 22, 2001

Agreed to by the House of Delegates, February 21, 2001

WHEREAS, there exists a broad and deep consensus among elected officials, business leaders, and ordinary citizens in the Hampton Roads region that the region has many transportation needs that have not been met and cannot be met because of a lack of funding; and

WHEREAS, while there may be considerable agreement on what these projects are, there is much less agreement on how they could be or should be funded, including consideration of a regional financing authority; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That a joint subcommittee be established to study funding of unfunded transportation projects in Hampton Roads. The joint subcommittee shall determine the most desirable and feasible means of making funds available to meet those needs. The joint subcommittee shall consist of 16 members, which shall include 10 legislative members and six non-voting, nonlegislative members to be appointed as follows: four members of the Senate, to be appointed by the Senate Committee on Privileges and Elections; six members of the House of Delegates, to be appointed by the Speaker of the House in accordance with the principles of proportional representation contained in the Rules of the House of Delegates; two residents of Hampton Roads to be appointed by the Senate Committee on Privileges and Elections; two residents of Hampton Roads to be appointed by the Speaker of the House of Delegates; one representative of the Hampton Roads Planning District Commission, upon the recommendation of the Commission, to be appointed by the Senate Committee on Privileges and Elections; and one representative of the Mayors and Chairs of Hampton Roads, upon the recommendation of the Mayors and Chairs organization, to be appointed by the Speaker of the House of Delegates.

The direct costs of this study shall not exceed \$15,500.

The joint subcommittee shall complete its work in time to submit its written findings and recommendations by November 30, 2001, to the Governor and the 2002 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

APPENDIX B

A BILL to amend and reenact §§ 58.1-603, 58.1-604, 58.1-611.1, 58.1-614, 58.1-627, 58.1-628, and 58.1-638 of the Code of Virginia, to amend the Code of Virginia by adding in Title 15.2 a chapter numbered 48.2, consisting of sections numbered 15.2-4829 through 15.2-4837, and to amend the Code of Virginia by adding in Chapter 17 of Title 58.1 an article number 4.1, consisting of sections number 58.1-1724.2 through 58.1-1724.7, relating to the creation of a regional transportation authority for the counties of Gloucester, Isle of Wight, James City, and York and the cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg; providing for a regional referendum in such counties and cities on the imposition of an additional state retail sales and use tax, the imposition of a motor vehicle fuel sales tax, and tolls on transportation facilities in the entire region constituted by such counties and cities; dedicating revenues from such additional taxes to the regional transportation authority; and requiring that such revenues be used by the regional transportation authority for transportation projects in such counties and cities.

Be it enacted by the General Assembly of Virginia:

- 1. That §§ 58.1-603, 58.1-604, 58.1-611.1, 58.1-614, 58.1-627, 58.1-628, and 58.1-638 of the Code of Virginia are amended and reenacted, and that the Code of Virginia is amended by adding in Title 15.2 a chapter numbered 48.2, consisting of sections numbered 15.2-4829 through 15.2-4837, and by adding in Chapter 17 of Title 58.1 an article number 4.1, consisting of sections number 58.1-1724.2 through 58.1-1724.7, as follows:**

CHAPTER 48.2.

HAMPTON ROADS REGIONAL TRANSPORTATION AUTHORITY.

§ 15.2-4829. Short title.

This chapter shall be known and may be cited as the Hampton Roads Regional Transportation Authority Act.

§ 15.2-4830. Authority created powers and responsibilities of Authority.

A. There is hereby created the Hampton Roads Regional Transportation Authority, hereinafter known as "the Authority."

B. The Authority shall have the power and responsibility to consider the transportation needs of the localities embraced by the Authority, as such localities are provided in § 15.2-4831, and identify those needs that cannot be addressed in a timely fashion with presently available or reasonably projected financial resources. When the Authority has identified these needs, it shall determine what transportation projects are desirable and feasible to address these needs in a timely fashion and the costs associated with those projects. Notwithstanding the provisions of § 24.2-684 requiring a court order for the holding of a referendum, the Authority shall then prepare a list of these projects, their costs, and the proposed means of financing them and submit this list to the State Board of Elections in the form of a ballot question. The ballot question shall be presented to the voters in the localities embraced by the Authority, as such localities are provided in § 15.2-4831, at the general election that immediately follows the submission of such list. The State Board shall be responsible for distributing such ballot question to the appropriate precincts. On the day fixed for the referendum, the regular election officers of such localities shall open the polls and take the sense of the qualified voters of such localities. If a majority of the voters voting at that election vote to approve the list of projects, costs, and means of financing, the projects shall be undertaken and funded as specified in the list prepared by the Authority and approved by the voters. No change shall be made in the list of projects or the amount or source of revenues allocated to any project unless authorized by referendum. For purposes of this section, "a majority of the voters voting" means a majority of those voting in the

entire region constituted by localities embraced by the Authority, and the term does not require a majority of those voting in each locality.

C. The Authority shall receive the revenues from the taxes imposed pursuant to subsection B of § 58.1-603, subsection B of § 58.1-604, and Article 4.1 (§ 58.1-1724.2 et seq.) of Chapter 17 of Title 58.1. In addition, subject to approval by the voters in a referendum held as provided in subsection A., the Authority may impose or revise tolls or other charges for use of transportation facilities physically located in the localities embraced by the Authority. In the case of facilities controlled by the Virginia Department of Transportation, the Commonwealth Transportation Board shall impose or revise tolls as authorized by the voters in a referendum held as provided in subsection A. and remit the revenue derived from all such newly imposed or revised tolls to the Authority for allocation to projects as authorized by the voters in a referendum held as provided in subsection A. The revenues from such taxes and tolls shall be used by the authority exclusively for transportation projects and purposes consistent with the provisions of this section, including being used to pay the principal and interest on any bonds issued pursuant to subsection D.

D. The Authority may enter into such contracts, leases, or other agreements with the Virginia Department of Transportation, other governmental entities, or private companies as the Authority shall determine to be necessary or convenient for the acquisition construction, operation, and/or financing of transportation facilities approved by the voters as provided in the foregoing provisions of this section. The authority shall also have the power to issue bonds for purposes of raising funds for the acquisition, construction, and/or financing of transportation facilities undertaken by the Virginia Department of Transportation, other governmental entities, or private companies.

§ 15.2-4831. Localities embraced by the Authority.

The Authority shall embrace all counties and cities of the Twenty-third Planning District established pursuant to § 15.2-4203.

§ 15.2-4832. Composition of Authority; Chairman and Vice Chairman.

The Authority shall consist of sixteen members. The governing body of each county and city embraced by the Authority shall, by a majority vote, elect one of its members to the Authority. Each representative shall serve for a term of four years. Vacancies shall be filled in the same manner as the original appointment and shall be for the unexpired term. No person shall be eligible to serve more than two successive terms of four years. The Authority shall annually, by majority vote, elect a Chairman and a Vice Chairman from among its members.

§ 15.2-4833. Staff.

The Authority shall employ such staff as it shall determine to be necessary to carry out its duties and responsibilities under this chapter. No such person shall contemporaneously serve as a member of the Authority. The Virginia Department of Transportation, the Virginia Department of Rail and Public Transportation, and the Hampton Roads Planning District Commission shall make their employees available to assist the Authority, upon request.

§ 15.2-4834. Quorum; Decisions of Authority.

A majority of the Authority shall constitute a quorum. Decisions of the Authority shall require a quorum and shall be in accordance with voting procedures established by the Authority. In all cases, decisions of the Authority shall require the affirmative vote of two-thirds of the members of the Authority present and voting.

§ 15.2-4835. Allocation of certain Authority expenses among component local governments.

The administrative expenses of the Authority, as provided in a budget adopted annually by the Authority, to the extent funds for such expenses are not provided from other sources, shall be allocated among the component local governments on the basis of the relative population as determined by the most recent decennial census. Such budget shall be limited solely to the administrative expenses of the Authority and shall

not include any funds for construction or acquisition of transportation facilities and/or the performing of any transportation service.

§ 15.2-4836. Payment to members of Authority.

The members of the Authority may be paid for their services a per diem in either (i) the amount provided in the general appropriations act for members of the General Assembly engaged in legislative business between sessions or (ii) a lesser amount as determined by the Authority.

§ 15.2-4837. Formation of advisory committees.

The Authority may, in its discretion, appoint advisory committees, describe their responsibilities, and provide for the reimbursement of their reasonable expenses and/or the payment of a per diem to their members.

§ 58.1-603. Imposition of sales tax.

A. There is hereby levied and imposed, in addition to all other taxes and fees of every kind now imposed by law, a license or privilege tax upon every person who engages in the business of selling at retail or distributing tangible personal property in this Commonwealth, or who rents or furnishes any of the things or services taxable under this chapter, or who stores for use or consumption in this Commonwealth any item or article of tangible personal property as defined in this chapter, or who leases or rents such property within this Commonwealth, in the amount of three and one-half percent:

1. Of the gross sales price of each item or article of tangible personal property when sold at retail or distributed in this Commonwealth.

2. Of the gross proceeds derived from the lease or rental of tangible personal property, where the lease or rental of such property is an established business, or part of an established business, or the same is incidental or germane to such business.

3. Of the cost price of each item or article of tangible personal property stored in this Commonwealth for use or consumption in this Commonwealth.

4. Of the gross proceeds derived from the sale or charges for rooms, lodgings or accommodations furnished to transients as set out in the definition of "retail sale" in § 58.1-602.

5. Of the gross sales of any services which are expressly stated as taxable within this chapter.

B. Beginning April 1, 2003, and ending 12:00 p.m. on MM-DD-YY, in addition to the tax imposed under subsection A, an additional tax of XXXXXXXX percent is hereby levied and imposed on the property and activities described in subsection A in (i) the geographical boundaries of the counties of Gloucester, Isle of Wight, James City, and York; and (ii) the geographical boundaries of the cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg.

§ 58.1-604. Imposition of use tax.

A. There is hereby levied and imposed, in addition to all other taxes and fees now imposed by law, a tax upon the use or consumption of tangible personal property in this Commonwealth, or the storage of such property outside the Commonwealth for use or consumption in this Commonwealth, in the amount of three and one-half percent:

1. Of the cost price of each item or article of tangible personal property used or consumed in this Commonwealth. Tangible personal property which has been acquired for use outside this Commonwealth and subsequently becomes subject to the tax imposed hereunder shall be taxed on the basis of its cost price if such property is brought within this Commonwealth for use within six months of its acquisition; but if so brought within this Commonwealth six months or more after its acquisition, such property shall be taxed on the basis of the current market value (but not in excess of its cost price) of such property at the time of its first use within this Commonwealth. Such tax shall be based on such proportion of the cost price or current market value as the

duration of time of use within this Commonwealth bears to the total useful life of such property (but it shall be presumed in all cases that such property will remain within this Commonwealth for the remainder of its useful life unless convincing evidence is provided to the contrary).

2. Of the cost price of each item or article of tangible personal property stored outside this Commonwealth for use or consumption in this Commonwealth.

3. A transaction taxed under § 58.1-603 shall not also be taxed under this section, nor shall the same transaction be taxed more than once under either section.

4. The use tax shall not apply with respect to the use of any article of tangible personal property brought into this Commonwealth by a nonresident individual, visiting in Virginia, for his personal use, while within this Commonwealth.

5. The use tax shall not apply to out-of-state mail order catalog purchases totaling \$100 or less during any calendar year.

B. Beginning April 1, 2003, and ending 12:00 p.m. on MM-DD-YY, in addition to the tax imposed under subsection A, an additional tax of XXXXXXXX is hereby levied and imposed on the property and activities described in subsection A in (i) the geographical boundaries of the counties of Gloucester, Isle of Wight, James City, and York; and (ii) the geographical boundaries of the cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg.

§ 58.1-611.1. Rate of tax on sales of food purchased for human consumption; Food Tax Reduction Program.

A. Subject to the conditions of subsections D and E, the tax imposed by §§ subsection A of 58.1-603 and subsection A of 58.1-604 on food purchased for human consumption shall be levied and distributed as follows:

1. From January 1, 2000, through March 31, 2001, the tax rate on such food shall be three percent of the gross sales price. The revenue from the tax shall be

distributed as follows: (i) the revenue from the tax at the rate of one-half percent shall be distributed as provided in subsection A of § 58.1-638, (ii) the revenue from the tax at the rate of one percent shall be distributed as provided in subsections B, C and D of § 58.1-638, and (iii) the revenue from the tax at the rate of one and one-half percent shall be used for general fund purposes.

2. From April 1, 2001, through March 31, 2002, the tax rate on such food shall be two and one-half percent of the gross sales price. The revenue from the tax shall be distributed as follows: (i) the revenue from the tax at the rate of one-half percent shall be distributed as provided in subsection A of § 58.1-638, (ii) the revenue from the tax at the rate of one percent shall be distributed as provided in subsections B, C and D of § 58.1-638, and (iii) the revenue from the tax at the rate of one percent shall be used for general fund purposes.

3. From April 1, 2002, through March 31, 2003, the tax rate on such food shall be two percent of the gross sales price. The revenue from the tax shall be distributed as follows: (i) the revenue from the tax at the rate of one-half percent shall be distributed as provided in subsection A of § 58.1-638, (ii) the revenue from the tax at the rate of one percent shall be distributed as provided in subsections B, C and D of § 58.1-638, and (iii) the revenue from the tax at the rate of one-half percent shall be used for general fund purposes.

4. On and after April 1, 2003, the tax rate on such food shall be one and one-half percent of the gross sales price. The revenue from the tax shall be distributed as follows: (i) the revenue from the tax at the rate of one-half percent shall be distributed as provided in subsection A of § 58.1-638 and (ii) the revenue from the tax at the rate of one percent shall be distributed as provided in subsections B, C and D of § 58.1-638.

B. The provisions of this section shall not affect the imposition of tax on food purchased for human consumption pursuant to §§ 58.1-605 and 58.1-606.

C. As used in this section, "food purchased for human consumption" has the same meaning as "food" defined in the Food Stamp Act of 1977, 7 U.S.C. § 2012, as amended, and federal regulations adopted pursuant to that Act, except it shall not include seeds and plants which produce food for human consumption.

D. Notwithstanding the tax rates set forth in subsection A, the rate of tax on sales of food purchased for human consumption for any twelve-month period beginning on or after April 1, 2001, shall not be reduced below the rate then in effect for the Commonwealth's current fiscal year if:

1. Actual general fund revenues for the fiscal year preceding a fiscal year in which a rate reduction is contemplated in subsection A do not exceed the official general fund revenue estimates for such preceding fiscal year, as estimated in the most recently enacted and approved general appropriation act, by at least one percent; or

2. Any of the events listed in subsection C of § 58.1-3524 or subsection B of § 58.1-3536 have occurred during the then current fiscal year.

E. If the tax rate on food purchased for human consumption remains the same for the period January 1, 2000, through March 31, 2001, and the subsequent twelve-month period beginning on April 1, 2001, or with respect to any consecutive twelve-month periods beginning on and after April 1, 2001, the tax rate on such food shall remain the same unless none of the conditions described in subsection D have occurred, in which event the tax rate on food purchased for human consumption for the immediately following twelve-month period shall be equal to the next lowest tax rate listed in subsection A.

F. There is hereby created on the books of the Comptroller a nonreverting fund entitled the Food Tax Reserve Fund which shall be used solely for the statutory purposes of the Food Tax Reduction Program as established by this section, and as may be provided for in the general appropriation act. For the purpose of the Comptroller's preliminary and final annual reports required by § 2.1-207, all balances

remaining in the Fund on June 30 of each year shall be considered a portion of the fund balance of the general fund of the state treasury.

G. The tax imposed by subsection B of § 58.1-603 and by subsection B of § 58.1-604 shall not apply to food purchased for human consumption.

§ 58.1-614. Vending machine sales.

A. Notwithstanding the provisions of §§ 58.1-603 and 58.1-604, whenever a dealer makes sales of tangible personal property through vending machines, or in any other manner making collection of the tax impractical, as determined by the Tax Commissioner, such dealer shall be required to report his wholesale purchases for sale at retail from vending machines and shall be required to remit an amount based on four and one-half percent of such wholesale purchases, except that such wholesale purchases shall be taxed at the following rates within the geographical boundaries of the counties and cities described in subsection B of § 58.1-603 and subsection B of § 58.1-604: (i) beginning April 1, 2003, and ending 12:00 p.m. on MM-DD-YY, at a rate of XXXXXXXX; and (ii) beginning MM-DD-YY, at a rate of XXXXXXXX.

B. Notwithstanding the provisions of §§ 58.1-605 and 58.1-606, dealers making sales of tangible personal property through vending machines shall report and remit the one percent local sales and use tax computed as provided in subsection A of this section.

C. The provisions of subsections A and B of this section shall not be applicable to vending machine operators all of whose machines are under contract to nonprofit organizations. Such operators shall report only the gross receipts from machines selling items for more than ten cents and shall be required to remit an amount based on a percentage of their remaining gross sales established by the Tax Commissioner to take into account the inclusion of sales tax.

D. Notwithstanding any other provisions in this section or § 58.1-628, when the Tax Commissioner determines that it is impractical to collect the tax in the manner

provided by those sections, such dealer shall be required to remit an amount based on a percentage of gross receipts which takes into account the inclusion of the sales tax.

E. The provisions of this section shall not be applicable to any dealer who fails to maintain records satisfactory to the Tax Commissioner. A dealer making sales of tangible personal property through vending machines shall obtain a certificate of registration under § 58.1-613 in relevant form for each county or city in which he has machines.

§ 58.1-627. Bracket system for tax at rate of three and one-half percent.

The following brackets of prices shall be used for the collection of the tax imposed by this chapter, except for such tax imposed within the geographical boundaries of the counties and cities described in subsection B of § 58.1-603 and subsection B of § 58.1-604:

\$0.00	to	\$0.14	no tax
.15	to	.42	1¢ tax
.43	to	.71	2¢ tax
.72	to	.99	3¢ tax
1.00	to	1.28	4¢ tax
1.29	to	1.57	5¢ tax
1.58	to	1.85	6¢ tax
1.86	to	2.14	7¢ tax
2.15	to	2.42	8¢ tax
2.43	to	2.71	9¢ tax
2.72	to	2.99	10¢ tax
3.00	to	3.28	11¢ tax
3.29	to	3.57	12¢ tax
3.58	to	3.85	13¢ tax
3.86	to	4.14	14¢ tax
4.15	to	4.42	15¢ tax
4.43	to	4.71	16¢ tax
4.72	to	5.00	17¢ tax

Except within the geographical boundaries of the counties and cities described in subsection B of § 58.1-603 and subsection B of § 58.1-604, On on transactions over greater than five dollars, the tax shall be computed at three and one-half percent, one-half cent or more being treated as one cent. Within the geographical boundaries of the counties and cities described in subsection B of § 58.1-603 and subsection B of § 58.1-

604, on transactions greater than five dollars, the tax shall be computed at XXXXXXXX beginning April 1, 2003, and ending 12:00 p.m. on MM-DD-YY; and XXXXXXXX beginning MM-DD-YY. For purposes of the results of this computation of tax, one half cent or more shall be treated as one cent. If a dealer can show to the satisfaction of the Tax Commissioner that more than eighty-five percent of the total dollar volume of his gross taxable sales during the taxable month was from individual sales at prices of ten cents or less each, and that he was unable to adjust his prices in such manner as to prevent the economic incidence of the sales tax from falling on him, the Tax Commissioner shall determine the proper tax liability of the dealer based on that portion of the dealer's gross taxable sales which was from sales at prices of eleven cents or more.

§ 58.1-628. Bracket system for combined state and local tax.

The following brackets of prices shall be used for the collection of the combined state and local tax, except for such tax imposed within the geographical boundaries of the counties and cities described in subsection B of § 58.1-603 and subsection B of § 58.1-604:

\$0.00	to	\$0.11	no	tax
.12	to	.33	1¢	tax
.34	to	.55	2¢	tax
.56	to	.77	3¢	tax
.78	to	.99	4¢	tax
1.00	to	1.22	5¢	tax
1.23	to	1.44	6¢	tax
1.45	to	1.66	7¢	tax
1.67	to	1.88	8¢	tax
1.89	to	2.11	9¢	tax
2.12	to	2.33	10¢	tax
2.34	to	2.55	11¢	tax
2.56	to	2.77	12¢	tax
2.78	to	2.99	13¢	tax
3.00	to	3.22	14¢	tax
3.23	to	3.44	15¢	tax
3.45	to	3.66	16¢	tax
3.67	to	3.88	17¢	tax
3.89	to	4.11	18¢	tax
4.12	to	4.33	19¢	tax

4.34	to	4.55	20¢	tax
4.56	to	4.77	21¢	tax
4.78	to	5.00	22¢	tax

Except within the geographical boundaries of the counties and cities described in subsection B of § 58.1-603 and subsection B of § 58.1-604, on transactions over greater than five dollars, the tax shall be computed at four and one-half percent, one half cent or more being treated as one cent. Within the geographical boundaries of the counties and cities described in subsection B of § 58.1-603 and subsection B of § 58.1-604, on transactions greater than five dollars, the tax shall be computed at XXXXXXXX beginning April 1, 2003, and ending 12:00 p.m. on MM-DD-YY; and XXXXXXXX percent beginning MM-DD-YY. For purposes of the results of this computation of tax, one half cent or more shall be treated as one cent. The foregoing bracket system shall not relieve the dealer from the duty and liability to remit an amount equal to four and one-half percent of his gross taxable sales as provided in this chapter. If the dealer, however, can show to the satisfaction of the Tax Commissioner that more than eighty-five percent of the total dollar volume of his gross taxable sales during the taxable month was from individual sales at prices of ten cents or less each and that he was unable to adjust his prices in such manner as to prevent the economic incidence of the sales tax from falling on him, the Tax Commissioner shall determine the proper tax liability of the dealer based on that portion of the dealer's gross taxable sales which was from sales at prices of eleven cents or more.

§ 58.1-638. Disposition of state sales and use tax revenue; Transportation Trust Fund; 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 14.5 percent in fiscal year 1998-1999 and 14.7 percent in fiscal year 1999-2000 and thereafter 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 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: sixty percent to MWAA, up to a maximum annual amount of two million dollars, and forty 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 MWAAs.

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

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 may be used to support a maximum of fifty percent of the public transportation administrative costs and up to eighty percent of the costs of ridesharing programs borne by the locality. These amounts may be used to support up to ninety-five 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. Further, these amounts may be used to support a maximum of ninety-five percent of the costs borne by the locality for the purchase of fuels, lubricants, tires and maintenance parts and supplies for public transportation. 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.

c. 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 eighty 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 ninety-five 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 ninety-five percent of the operating costs of experimental mass transportation and ridesharing projects approved by the Board for a period of time not to exceed twelve months.

(c) To finance up to ninety-five 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 fifty 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 twenty-five percent shall be distributed for capital purposes on the basis of ninety-five percent of the nonfederal share for federal projects and ninety-five 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.

g. 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 twenty percent of the nonfederal share of the total project cost.

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 ninety-five 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 twenty 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.

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

D. The net revenue so distributable among the counties and cities shall be apportioned and distributed upon the basis as certified to the Comptroller by the Department of Education, of the number of children in each county and city according to the most recent statewide census of school population taken by the Department of Education pursuant to § 22.1-284, as adjusted in the manner hereinafter provided. No special school population census, other than a statewide census, shall be used as the basis of apportionment and distribution except that in any calendar year in which a statewide census is not reported, the Department of Education shall adjust such school population figures by the same percent of annual change in total population estimated for each locality by The Center for Public Service. The revenue so apportionable and distributable is hereby appropriated to the several counties and cities for maintenance, operation, capital outlays, debt and interest payments, or other expenses incurred in the operation of the public schools, which shall be considered as funds raised from local resources. In any county, however, wherein is situated any incorporated town constituting a school division, the county treasurer shall pay into the town treasury for maintenance, operation, capital outlays, debt and interest payments, or other expenses incurred in the operation of the public schools, the proper proportionate amount received by him in the ratio that the school population of such town bears to the school population of the entire county. If the school population of any city or of any town

constituting a school division is increased by the annexation of territory since the last preceding school population census, such increase shall, for the purposes of this section, be added to the school population of such city or town as shown by the last such census and a proper reduction made in the school population of the county or counties from which the annexed territory was acquired.

E. Beginning July 1, 2000, of the remaining sales and use tax revenue, the revenue generated by a two percent sales and use tax, up to an annual amount of \$13 million, collected from the sales of hunting equipment, auxiliary hunting equipment, fishing equipment, auxiliary fishing equipment, wildlife-watching equipment, and auxiliary wildlife-watching equipment in Virginia, as estimated by the most recent U.S. Department of the Interior, Fish and Wildlife Service and U.S. Department of Commerce, Bureau of the Census National Survey of Fishing, Hunting, and Wildlife-Associated Recreation, shall be paid into the Game Protection Fund established under § 29.1-101 and shall be used, in part, to defray the cost of law enforcement. Not later than thirty days after the close of each quarter, the Comptroller shall transfer to the Game Protection Fund the appropriate amount of collections to be dedicated to such Fund. At any time that the balance in the Capital Improvement Fund, established under § 29.1-101.1, is equal to or in excess of \$35 million, any portion of sales and use tax revenues that would have been transferred to the Game Protection Fund, established under § 29.1-101, in excess of the net operating expenses of the Board, after deduction of other amounts which accrue to the Board and are set aside for the Game Protection Fund, shall remain in the general fund until such time as the balance in the Capital Improvement Fund is less than \$35 million.

F. 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.

G. The revenue generated and collected from the additional XXXXXXXX tax, beginning April 1, 2003, and ending 12:00 p.m. on MM-DD-YY, pursuant to subsection B of § 58.1-603 and subsection B of § 58.1-604, shall be paid into the state treasury to the credit of a special fund that is hereby created on the Comptroller's books under the name "Collections of Additional Sales and Use Taxes. " Such revenue shall be distributed to the regional transportation authority established pursuant to Chapter 48.2 (§ 15.2-4829 et seq.) of Title 15.2. Such revenue shall be used by the authority exclusively for transportation projects and purposes. Such revenue shall be distributed by warrant of the Comptroller drawn on the Treasurer of Virginia as soon as practicable after the close of each month during which it was received into the state treasury.

The revenue credited and distributed under this section shall be the gross revenue generated and collected from the additional taxes provided under subsection B of § 58.1-603 and subsection B of § 58.1-604, less the applicable portion of any refunds to taxpayers.

The revenue distributed under this section to the regional transportation authority shall be considered funds raised from local sources.

GH. 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.

Article 4.1.

Motor Vehicle Fuel Sales Tax in Certain Localities

§ 58.1-1724.2. Rules and regulations; bracket system.

The Tax Commissioner shall promulgate rules and regulations for the registration of dealers and the procedures for filing returns for the payment of the tax imposed pursuant to this article. Such regulations shall include provisions for a bracket system, designed so that the tax will appear on the fuel pump as a part of the total cost of a unit of fuel, whether the unit is a gallon or other measure. The bracket system shall state

the tax per unit measure in tenths of a cent, and shall be in increments of no more than two and one-half cents.

§ 58.1-1724.3. Sales tax on fuel in certain localities.

A. There is hereby levied, in addition to all other taxes imposed on fuels subject to tax under Chapter 22 (§ 58.1-2200 et seq.) of this title, a sales tax of XXXXXXXX of the retail price of such fuels sold within (i) the geographical boundaries of the counties of Gloucester, Isle of Wight, James City, and York; and (ii) the geographical boundaries of the cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg. As used in this section "retail sale" means a sale to a consumer or to any person for any purpose other than resale.

B. The tax imposed under this section shall be subject to the provisions of the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.), except that the exemption provided for motor vehicle fuels under § 58.1-609.13, and the bracket system provided in such act, shall not be applicable.

§ 58.1-1724.4. Exclusion from professional license tax.

The amount of the tax imposed by this article and collected by a dealer in any taxable year shall be excluded from gross receipts for purposes of any tax imposed under Chapter 37 (§ 58.1-3700 et seq.) of this title.

§ 58.1-1724.5. Refund of motor vehicle fuel sales tax.

Anyone who purchases fuel (i) that is taxed under the provisions of § 58.1-1724.2 and (ii) upon which a refund is granted, for motor fuels taxes paid pursuant to Chapter 22 (§ 58.1-2200 et seq.) of this title, may file a claim for a refund of taxes paid under this article within thirty days after receipt of a refund under the above chapter on forms and under regulations adopted by the Department of Taxation.

§ 58.1-1724.6 Disposition of tax revenues.

All taxes paid to the Commissioner pursuant to this article, after subtraction of the direct costs of administration by the Department, shall be deposited in the

"Collections of Additional Sales and Use Taxes" fund established under subsection G of § 58.1-638. Such taxes shall be distributed to the regional transportation authority described in such subsection and shall be used exclusively for the purposes described in such subsection. In addition, such taxes shall be distributed to the regional transportation authority in accordance with the timeframe set forth in subsection G of § 58.1-638. The taxes paid to the Commissioner pursuant to this article shall be considered funds raised from local sources.

The direct costs of administration shall be credited to the funds appropriated to the Department.

§ 58.1-1724.7. Disclosure of information; penalties.

For purposes of administering the tax levied under this article, the Commissioner, upon written request, is authorized to provide to the finance officer of any city or county who is charged with administering the motor vehicle fuel sales tax, such information as may be necessary for the performance of official duties. Any person to whom information is provided pursuant to this section shall be subject to the prohibitions and penalties prescribed in § 58.1-3.

2. That the provisions of this act providing for an additional state retail sales and use tax and an additional state motor vehicle fuel sales tax shall become effective only if approved in the referendum provided under Chapter 48.2 (§ 15.2-4829 et seq.) of Title 15.2.

3. Except as provided in this act, no state or local agency, department, board, commission, office or other body shall have any control over the use of any revenues distributed to the regional transportation authority described in this act or over the amount of such revenues distributed to the authority pursuant to this act.

4. That the Department of Taxation shall promulgate regulations, pursuant to the Administrative Process Act (§ 2.2-4000 et seq.), implementing the provisions of

this act. Such regulations shall include brackets of prices and associated state and combined state and local retail sales and use taxes on transactions of five dollars or less.

5. That the revenues that may be distributed to the regional transportation authority pursuant to subsection G of § 58.1-638 or Article 4.1 (§ 58.1-1724.2 et seq.) of Chapter 17 of Title 58.1 shall not diminish or replace allocations or appropriations for transportation purposes made by any locality within the counties or cities described in subsection B of § 58.1-603 or subsection B of § 58.1-604, the Commonwealth, or any other source, but shall be supplemental to all such other allocations. In addition, the revenues that may be dedicated to transportation purposes pursuant to subsection G of § 58.1-638 or Article 4.1 (§ 58.1-1724.2 et seq.) of Chapter 17 of Title 58.1 shall not be used to calculate or reduce the share of local, federal, or state revenues otherwise available to any locality within the counties or cities described in subsection B of § 58.1-603 or subsection B of § 58.1-604 or to the Hampton Roads construction district.

6. That if any clause, sentence, paragraph, section, or part of this act or the application thereof to any person, entity, or circumstance is adjudged invalid by any court of competent jurisdiction, such judgment shall not affect the validity of the remainder hereof but shall be confined to the clause, sentence, paragraph, section, or part hereof directly involved in the controversy in which such judgment shall have been rendered, and to this end the provisions of this act are severable.

