



# COMMONWEALTH of VIRGINIA

Office of the Governor

Thomas R. Morris  
Secretary of Education

September 24, 2008



The Honorable Lacey E. Putney  
Chairman  
House Appropriations Committee  
P.O. Box 127  
Bedford, Virginia 24523

Dear Delegate Putney:

Pursuant to Item 131, Paragraph B. of the 2008 Appropriation Act, I write to bring you up to date on activity relating to tax-exempt private activity bond allocations to the Commonwealth of Virginia for qualified public educational facilities pursuant to the Economic Growth and Tax Relief Reconciliation Act of 2001 of the Internal Revenue Code of 1986.

The 2001 Tax Act permits private entities partnering with public schools to enjoy a capital cost subsidy provided by a tax-exempt private activity bond for public school facilities. The bonds must be used to finance a public elementary or secondary school facility to be owned by a private, for-profit corporation pursuant to a public-private partnership agreement with a state or local educational agency. The term "school facility" means a school building, any functionally related and subordinate facility and land with respect to such buildings, and any other depreciable property for use in such facilities.

Under the public-private partnership agreement, the corporation must agree to 1) construct, rehabilitate, refurbish, and/or equip a school facility, and 2) transfer the school facility to the educational agency for no additional consideration at the end of the term of the agreement.

The bonds have a volume limit equal to \$10 per state resident in any calendar year. For calendar year 2008, Virginia's portion of the bond limitation amount is \$77.1 million. Because Virginia carried forward the volume limit from two previous years, we have \$229.2 million currently available for issuance.

To date, this office has received no requests for this bond authority. I will inform you if I receive a bond request from any of the school divisions. Please feel free to contact our office if you have any questions or concerns. I look forward to continuing to work with you on this program.

Sincerely,



Thomas R. Morris  
Secretary of Education

CC: Wayne Turnage, Chief of Staff  
Ric Brown, Secretary of Finance  
Dr. Billy Cannaday, Superintendent of Public Instruction





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Office of the Governor

Thomas R. Morris  
Secretary of Education

September 24, 2008



The Honorable Charles J. Colgan  
Chairman  
Senate Finance Committee  
10677 Aviation Lane  
Manassas, Virginia 20110

Dear Senator Colgan:

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