

HOUSE BILL NO. 2401

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Finance and Appropriations

on February 14, 2023)

(Patron Prior to Substitute--Delegate Morefield)

A BILL to amend and reenact § 58.1-3713 of the Code of Virginia, relating to local gas road improvement and Virginia Coalfield Economic Development Authority tax; Coal and Gas Road Improvement Fund uses; sunset.

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-3713 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-3713. Local gas road improvement and Virginia Coalfield Economic Development Authority tax.

A. In addition to the taxes authorized under § 58.1-3712, any county or city may adopt a license tax on every person engaging in the business of severing gases from the earth. The rate of such tax shall not exceed one percent. The provisions of § 58.1-3712 as they relate to measurement of gross receipts, filing of reports and record keeping shall be applicable to the tax imposed under this section.

The moneys collected for each county or city from the taxes imposed under authority of this section and subsection B of § 58.1-3741 shall be paid into a special fund of such county or city to be called the Coal and Gas Road Improvement Fund of such county or city, and shall be spent for such improvements to public roads as the coal and gas road improvement advisory committee and the governing body of such county or city may determine as provided in subsection B of this section. The county may also, in its discretion, elect to improve city or town roads with its funds if consent of the city or town council is obtained. Such funds shall be in addition to those allocated to such counties from state highway funds which allocations shall not be reduced as a result of any revenues received from the tax imposed hereunder. In those localities that comprise the Virginia Coalfield Economic Development Authority, the tax imposed under this section or subsection B of § 58.1-3741 shall be paid as follows: (i) three-fourths of the revenue

27 shall be paid to the Coal and Gas Road Improvement Fund and used for the purposes set forth herein;
28 however, one-fourth of such revenue may be used to fund the construction of new water or sewer systems
29 and lines and the repair or enhancement of existing water or sewer systems and lines in areas with natural
30 water supplies that are insufficient from the standpoint of quality or quantity, or the construction of natural
31 gas service lines as authorized by § 15.2-2109.3, and (ii) one-fourth of the revenue shall be paid to the
32 Virginia Coalfield Economic Development Fund. Furthermore, with regard to the portion paid to the Coal
33 and Gas Road Improvement Fund, a county or city may provide for an additional one-fourth allocation
34 for the construction of new systems or lines for water, sewer, or natural gas as authorized by § 15.2-
35 2109.3, or the repair or enhancement of existing water, sewer, or natural gas systems or lines in areas with
36 natural water supplies or existing natural gas services that are insufficient from the standpoint of quality
37 or quantity; however, if this option is initiated by a county or city, it must satisfy the requirements set forth
38 in § 58.1-3713.01. Notwithstanding the foregoing limitations regarding revenues used for water systems,
39 sewer systems, or natural gas systems, such revenues designated for water and water systems, sewer
40 systems, or natural gas systems shall be distributed directly to the local public service authority for such
41 purposes instead of the local governing body. Funds in the Coal and Gas Road Improvement Fund used
42 to construct, repair, or enhance natural gas service lines or systems shall not exceed one-fourth of the
43 revenue paid to the Coal and Gas Road Improvement Fund collected from the severance tax imposed upon
44 the severance of natural gas pursuant to this section and may be so used only upon passage of a local
45 ordinance or resolution of the governing body of the applicable county or city providing for the same.
46 Funds in the Coal and Gas Road Improvement Fund may be used to construct flood mitigation measures
47 that would reduce or prevent flooding of any infrastructure listed herein the construction, repair, or
48 enhancement of which is otherwise permissible under this section.

49 B. Any county or city imposing the tax authorized in this section or in subsection B of § 58.1-3741
50 shall establish a Coal and Gas Road Improvement Advisory Committee, to be composed of four members:
51 (i) a member of the governing body of such county or city, appointed by the governing body, (ii) a
52 representative of the Department of Transportation, and (iii) two citizens of such county or city connected

