

HOUSE BILL NO. 1514

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Appropriations

on February 9, 2024)

(Patron Prior to Substitute--Delegate Torian)

A BILL to amend and reenact the fourteenth enactment of Chapter 766 of the Acts of Assembly of 2013 and to amend the Code of Virginia by adding in Title 15.2 a chapter numbered 58.1, consisting of sections numbered 15.2-5824 through 15.2-5843, and by adding in Title 30 a chapter numbered 67, consisting of a section numbered 30-430; relating to Virginia Sports and Entertainment Authority and Financing Fund established; report.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 15.2 a chapter numbered 58.1, consisting of sections numbered 15.2-5824 through 15.2-5843, and by adding in Title 30 a chapter numbered 67, consisting of a section numbered 30-430, as follows:

CHAPTER 58.1.

VIRGINIA SPORTS AND ENTERTAINMENT AUTHORITY.

§ 15.2-5824. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Affiliate" means any person that is owned entirely or in part by a company or is an affiliate, assignee, employee, or agent of a company or is otherwise selected by a company to exercise any rights or undertake any obligations of the company that may be granted or established pursuant to this chapter.

"Authority" means the Virginia Sports and Entertainment Authority established in this chapter.

"District boundaries" means a 70-acre contiguous area located in the City that is bounded by U.S. Route 1 to the west, Four Mile Run stream to the north, the Potomac Yard station and Metrorail track to the east, and East Glebe Road to the south.

26 "Campus" means the land owned by the Authority and buildings, facilities, and other development
27 on land owned by the Authority from which revenues will be generated for the Authority. "Campus"
28 includes (i) a professional sports arena; (ii) a performance venue; (iii) a public plaza located between the
29 arena and the performance venue; (iv) retail, food, and beverage developments, whether fixed or mobile;
30 (v) office building development that includes facilities for company headquarters and operations; (vi)
31 facilities for practices and training of one or more professional sports teams; (vii) facilities for broadcast
32 production; (viii) onsite underground parking of at least 2,500 parking spaces; and (ix) related on-site
33 infrastructure necessary or desirable for all such elements of the campus.

34 "Campus naming rights" means all revenues received by any person for the right to name any land,
35 buildings, facilities, or other developments that are part of the campus, other than the professional sports
36 arena. "Campus naming rights" shall not include revenues from the right to name the professional sports
37 arena.

38 "City" means the City of Alexandria.

39 "Company" means a sports and entertainment company that owns one or more professional sports
40 teams and has entered into a lease with the Authority pursuant to § 15.2-5830.

41 "Department" means the Department of Taxation.

42 "District" means the campus and all other land, buildings, facilities, and other development from
43 which revenues will be generated for the Authority. "District" includes (i) hotel developments, including
44 a conference center; (ii) retail, food, and beverage developments, whether fixed or mobile; (iii) office
45 buildings and residential buildings; (iv) parks and other public open spaces; and (v) related on-site
46 infrastructure necessary or desirable for all such elements for the district. "District" includes only land,
47 buildings, facilities, and other development located within the district boundaries.

48 "District corporate income tax revenues" means corporate income tax revenues as estimated by the
49 Tax Commissioner under Article 10 (§ 58.1-400 et seq.) of Chapter 3 of Title 58.1 from the company or
50 any professional sports team or any affiliates thereof based on income generated in the district and
51 including revenues generated in connection with the development and construction of the district. The Tax
52 Commissioner shall calculate such revenues by multiplying the tax payment of any corporation as required

53 under Chapter 3 of Title 58.1 generating income as described herein by the ratio of their gross revenues
54 from the activities as described herein to gross revenues from all activities in Virginia.

55 "District local tax revenues" means (i) all local sales and use tax revenues from taxes levied
56 pursuant to §§ 58.1-605 and 58.1-606 generated by transactions taking place upon the premises of the
57 district; (ii) transient occupancy taxes levied pursuant to Chapter 38 (§ 58.1-3800 et seq.) of Title 58.1
58 generated by transactions taking place upon the premises of the district; (iii) ticket tax revenues; (iv)
59 license taxes pursuant to Chapter 37 (§ 58.1-3740 et seq.) of Title 58.1 from businesses located in the
60 district; and (v) real and personal property taxes pursuant to Chapters 32 (§ 58.1-3200 et seq.) and 35 (§
61 58.1-3500 et seq.) of Title 58.1 from property located in the district.

62 "District pass-through entity tax revenues" means income tax revenues as estimated by the Tax
63 Commissioner according to the provisions of Article 9 (§ 58.1-390.1 et seq.) of Chapter 3 of Title 58.1
64 from any pass-through entity, as defined in § 58.1-390.1, generated from the company or any professional
65 sports team or any affiliates thereof based on income generated in the district, including revenues
66 generated in connection with the development and construction of the district.

67 "District personal income tax revenues" means personal income tax revenues as estimated by the
68 Tax Commissioner from individuals under Article 2 (§ 58.1-320 et seq.) of Chapter 3 of Title 58.1 based
69 on salaries, wages, and other income generated through employment or the conduct of a trade or business
70 in the district. The Tax Commissioner shall calculate such revenues by multiplying such income described
71 by the average effective tax rate calculated by the Department for the prior taxable year.

72 "District sales tax revenues" means tax collections under the Virginia Retail Sales and Use Tax
73 Act (§ 58.1-600 et seq.), as limited herein, and as may be amended, generated by construction and
74 transactions taking place within the district. For purposes of this chapter, "district sales tax revenues" shall
75 not include (i) the one percent of the state sales and use tax revenue distributed among the counties and
76 cities of the Commonwealth pursuant to subsection D of § 58.1-638 on the basis of school-age population;
77 (ii) any sales and use tax revenues distributed pursuant to subsection F of § 58.1-638; (iii) the local sales
78 and use tax imposed under §§ 58.1-605 and 58.1-606, which shall be remitted to the Authority under the

79 provisions of subsection B of § 15.2-5835; and (iv) the local sales and use tax imposed under §§ 58.1-
80 605.1 and 58.1-606.1 and used for the construction or renovation of schools.

81 "Eligible expenses" means the reasonable expenses necessary for the Authority to carry out
82 responsibilities set forth under this chapter.

83 "Excess funds" means any moneys available to the Authority in the Fund after the accounts set
84 forth in subsection B of § 15.2-5833 have been sufficiently funded.

85 "Fund" means the Virginia Sports and Entertainment Authority Financing Fund established in this
86 chapter.

87 "Major parties" means the company and its affiliates, the Authority, the City, and the Oversight
88 Commission.

89 "Oversight Commission" means the Sports and Entertainment Authority Oversight Commission
90 established by § 30-430.

91 "Person" means the same as that term is defined in § 1-230, except that "person" does not include
92 the Commonwealth or any of its political subdivisions or any agency or instrumentality thereof.

93 "Professional sports arena" means a state of the art sports and entertainment facility capable of
94 hosting the home games of a professional sports team.

95 "Professional sports team" means a National Basketball Association team or National Hockey
96 League team.

97 "Sufficiently funded" means that the accounts established pursuant to subsection B of § 15.2-5833
98 have adequate funds to meet the needs of the Authority to honor its debt service obligations and contractual
99 commitments and to maintain the district, campus, and professional sports arena. Whether the accounts
100 are sufficiently funded shall be determined based on criteria adopted by the Authority in consultation with
101 the Oversight Commission, as well as the terms set forth in bond and other financing documents entered
102 into by the Authority.

103 "Ticket tax revenues" means the tax revenues received by the City from the imposition of an
104 admissions tax at the rate of no less than 10 percent pursuant to Chapter 38 (§ 58.1-3800 et seq.) of Title
105 58.1 on admission to events taking place upon the premises of the district.

106 "Transaction documents" means any memorandum of understanding, lease agreement,
107 development agreement, operating agreement, bond financing document, debt schedules, or any other
108 long-form documents deemed necessary or desirable by one or more of the major parties to document the
109 terms relating to the development of the district.

110 **§ 15.2-5825. Virginia Sports and Entertainment Authority established.**

111 There is hereby established a body corporate and politic known as the Virginia Sports and
112 Entertainment Authority. The Authority is a political subdivision of the Commonwealth. It shall be the
113 principal duty of the Authority to ensure the construction and operational and financial viability of the
114 district, to meet the debt service obligations for bonds issued pursuant to this chapter, and to ensure
115 compliance with all terms and conditions of contracts, memoranda of understanding, and other agreements
116 entered into regarding the district.

117 **§ 15.2-5826. Membership; chairman; terms.**

118 A. The Authority shall consist of 15 members. Five members shall be appointed by the Governor,
119 three nonlegislative citizen members shall be appointed by the Speaker of the House of Delegates, two
120 nonlegislative citizen members shall be appointed by the Senate Committee on Rules, three members shall
121 be appointed by the governing body of the City, one member shall be appointed by Arlington County, and
122 one member shall be appointed by the company. The members of the Authority annually shall elect a
123 chairman and a vice-chairman from their membership; the vice-chairman shall perform the duties of the
124 chairman in the chairman's absence. The appointments of the members by the Governor pursuant to this
125 section shall be confirmed in accordance with § 2.2-107.

126 B. The members appointed by the Governor, the Speaker of the House of Delegates, the Senate
127 Committee on Rules, Arlington County, and the City shall have significant private-sector business
128 experience in one or more of the following industries: public-private partnerships, sports or entertainment,
129 retail or hospitality, commercial construction or development, or financial services.

130 C. After the initial staggering of terms, members shall serve a term of four years. No member shall
131 be eligible to serve for more than two successive terms.

132 D. At the end of a term, a member shall continue to serve until a successor is appointed and
133 qualifies. A member who is appointed after a term has begun shall serve for the remainder of the term and
134 shall be eligible to be reappointed for a full term at the expiration of such term. Upon the end of the term
135 of a member, or upon the resignation or removal of a member, the original appointing authority shall
136 appoint a member to the Authority. The Governor may remove a member for cause in accordance with §
137 2.2-108. The members of the Authority shall receive no compensation for their services, but a member
138 may be reimbursed by the Authority for reasonable expenses actually incurred in the performance of the
139 duties of that office.

140 **§ 15.2-5827. Quorum; actions of Authority; meetings.**

141 The Authority shall meet at least quarterly. Eight members of the Authority shall constitute a
142 quorum for the purpose of conducting business. To be effective, any action of the Authority shall require
143 the affirmative vote of a majority of the quorum present. No vacancy on the Authority shall impair the
144 right of a quorum to exercise all rights and perform all the duties of the Authority. The Authority shall
145 determine the times and places of its regular meetings. Special meetings of the Authority shall be held
146 when requested by two or more members of the Authority. Any such request for a special meeting shall
147 be in writing, and the request shall specify the time and place of the meeting and the matters to be
148 considered at the meeting. Notice of any special meeting shall be provided to members of the Authority
149 no later than five business days prior to such meeting. No matter not specified in the notice shall be
150 considered at such special meeting unless all the members of the Authority are present.

151 **§ 15.2-5828. Executive Director appointment; duties.**

152 A. The Authority shall select an Executive Director who shall report to, but not be a member of,
153 the Authority. The Executive Director shall have at least 10 years of experience as the head of a
154 government agency, quasi-governmental entity, or sports and entertainment authority similar to the
155 Authority created by this chapter. The Executive Director shall serve as the ex officio secretary of the
156 Authority and shall administer, manage, and direct the Authority's affairs and activities in accordance with
157 the policies adopted by and under the direction and control of the Authority.

158 B. In addition to any other duties set forth in this chapter, the Executive Director shall:

- 159 1. Attend all meetings and keep minutes of all proceedings;
- 160 2. Approve all accounts for salaries and allowable expenses of the Authority and its independent
- 161 contractors and approve all expenses incidental to the operation of the Authority;
- 162 3. Annually prepare and present a budget for approval by the Authority. Throughout the year, the
- 163 Executive Director shall monitor the Authority's fiscal performance relative to the budget and regularly
- 164 deliver financial reports to the Authority regarding such performance;
- 165 4. Ensure proper execution of contracts, memoranda of understanding, and other such agreements
- 166 and commitments of the Authority; and
- 167 5. Perform any other duty that the Authority requires for carrying out the provisions of this chapter.
- 168 C. Until sufficient funds are generated by the entitlement to tax revenues under § 15.2-5835, the
- 169 salary of the Executive Director and any staff or other personnel employed by the Authority shall only be
- 170 paid from funds from the Commonwealth's Development Opportunity Fund established by § 2.2-115 or
- 171 any other funds made available by the appropriation act.

172 **§ 15.2-5829. Powers.**

- 173 A. In addition to the powers set forth elsewhere in this chapter, the Authority may:
- 174 1. Adopt and alter an official seal;
- 175 2. Sue and be sued in its own name;
- 176 3. Adopt bylaws, rules, and regulations to carry out the provisions of this chapter;
- 177 4. Maintain an office on the campus. Until such office space is constructed, the Authority shall
- 178 maintain an office at such place as the Authority may designate;
- 179 5. Employ, either as regular employees or independent contractors, consultants, accountants,
- 180 attorneys, financial experts, agents, managers and other professional personnel, and any other personnel
- 181 as may be necessary in the judgment of the Authority to carry out its responsibilities as outlined in this
- 182 chapter, and fix their compensation;
- 183 6. Proceed with any undertaking and enter into any contracts or agreements with the
- 184 Commonwealth or any political subdivision thereof or any person as the Authority deems necessary or
- 185 desirable to carry out the provisions of this chapter related to development of the district and campus;

186 7. Review the Authority's responsibilities under contracts, memoranda of understanding, and other
187 similar agreements, and delegate appropriate authority to the Executive Director to ensure that the
188 provisions of such agreements are being efficiently, effectively, and prudently executed by the Executive
189 Director and other staff;

190 8. Acquire, hold, lease, use, encumber, transfer, or dispose of real and personal property within the
191 district boundaries, including a lease of its property or any interest therein, whatever the condition thereof,
192 whether or not constructed or acquired, that is owned by the Authority to the company or its affiliates or
193 the City to carry out the provisions of this chapter, provided that any lease shall comply with § 15.2-5830;

194 9. Enter into an agreement to lease land to the City for the City to develop, operate, and own the
195 performance venue;

196 10. Design, construct, reconstruct, improve, operate, and maintain the district and campus and any
197 of its component buildings and facilities or delegate the rights to the same;

198 11. Fix, charge, and collect rates, fees, and charges for the use of, or the benefit derived from, the
199 facilities provided, owned, operated, or financed by the Authority. Such rates, fees, and charges may be
200 charged to and collected by such persons and in such manner as the Authority may determine from (i) any
201 person using the facilities and (ii) the owners, tenants, or customers of the real estate and improvements
202 that are served by, or benefit from the use of, any such facilities, in such manner as shall be authorized by
203 the Authority in connection with the provision of such facilities or may delegate the rights to the same;

204 12. Issue bonds under this chapter;

205 13. Borrow money;

206 14. Receive and accept from any source, private or public, contributions, gifts, or grants of money
207 or property; and

208 15. Do all things necessary or convenient to carry out the powers granted by this chapter.

209 B. In no event shall the Authority:

210 1. Enter into any agreement pursuant to the provisions of this chapter for the development,
211 acquisition, or lease of more than one professional sports arena, campus, or district; and

212 2. Sell or otherwise dispose of any real or personal property located on the campus, except as
213 expressly authorized by an act of the General Assembly enacted after the effective date of this section.

214 **§ 15.2-5830. Acquisition of property; facility development and lease agreement.**

215 A. The Authority may acquire or otherwise use in its own name, by gift or purchase, any real or
216 personal property, or interests in property, located within the district boundaries and that are necessary or
217 convenient to construct or operate the district and campus.

218 B. In any jurisdiction where planning, zoning, and development regulations may apply, the
219 Authority shall comply with and is subject to those regulations to the same extent as a private commercial
220 or industrial enterprise.

221 C. The Authority shall negotiate and enter into a lease agreement for all or a portion of the
222 buildings and facilities located on the campus if the Authority finds that a company has committed to
223 locate or relocate to the campus and that such company and its affiliates have demonstrated to the
224 satisfaction of the Authority that the company and its affiliates have the experience and financial resources
225 to be able to successfully develop and operate the campus. Such lease agreement shall lease to (i) the
226 company and its affiliates the professional sports arena, public plaza, company headquarters and
227 operations facilities, practice and training facilities, and broadcast production facilities and (ii) the City
228 land to develop, operate, and own the performance venue;

229 D. Any lease agreement for the campus entered into by the Authority with a company or its
230 affiliates shall:

231 1. Provide for the payment of rent to the Authority, which shall be deposited into the Fund;
232 2. Provide for the payment of revenues, if any, generated by the company related to on-site
233 underground parking on the campus to the Authority, which shall be deposited into the Fund;

234 3. Provide 100 percent of any campus naming rights revenues to the Authority, which shall be
235 deposited into the Fund;

236 4. Grant the company and its affiliates operational control of the professional sports arena, public
237 plaza, company headquarters and operations facilities, practice and training facilities, and broadcast
238 production facilities;

- 239 5. Permit the Authority to allow the City to develop, operate, and own the performance venue;
- 240 6. Establish standards consistent with subsection F concerning the operation and maintenance of,
- 241 and capital reinvestment in, the campus throughout the term of the lease agreement that are necessary to
- 242 support the Authority's financial obligations;
- 243 7. Have a term of no less than the term of the bonds sold pursuant to § 15.2-5831 for the
- 244 construction and development of the campus;
- 245 8. Provide that, if the company, its affiliates, or any professional sports team owned by the
- 246 company relocates before the expiration date of any lease entered into, the company will pay any
- 247 outstanding principal, any outstanding interest, and any other financing costs of all bonds issued under
- 248 this chapter;
- 249 9. Provide for the distribution of campus assets and ongoing revenues from the campus at the end
- 250 of the lease term. Such distribution shall provide ownership of the professional sports arena to the
- 251 Authority;
- 252 10. Require that in operating the professional sports arena, the company and its affiliates shall
- 253 promote Virginia tourism, products made by Virginia-based companies, and Virginia cuisine;
- 254 11. Provide for at least three intercollegiate sporting events to take place at the professional sports
- 255 arena per year, involving at least one Virginia-based or Washington, D.C.-based intercollegiate team in
- 256 each game;
- 257 12. Require the company and its affiliates to procure and carry insurance coverage customarily
- 258 carried by operators of facilities similar to the professional sports arena and any other area of the district.
- 259 The cost of such insurance shall be borne by the company and its affiliates;
- 260 13. Require the Authority to procure and carry insurance coverage customarily carried by lessors
- 261 of facilities similar to the professional sports arena and any other area of the district. Such insurance
- 262 coverage shall, to the extent possible, limit the liability of the Authority for damages occurring within the
- 263 district boundaries. The cost of such insurance shall be borne by the Authority;
- 264 14. Require the company or its affiliates to pay the costs of all utilities at facilities leased by the
- 265 company or its affiliates; and

266 15. Contain such other terms and conditions as deemed necessary and appropriate by the Authority
267 and agreed to by the company that further the purpose of the Authority related to the financing of the
268 campus.

269 E. Any development agreement for the facility entered into by the Authority with the company or
270 its affiliates shall require the location, design, fit, and finish of the facility to be consistent with
271 professional sports facilities approved for construction by the professional sports team's league. Such
272 development agreement shall:

273 1. Identify the location of the professional sports arena and the boundaries of the campus;
274 2. Set forth the sources of financing to pay the costs of the development and construction of the
275 professional sports arena and the campus, and may specify a minimum principal amount of bonds to be
276 issued by the Authority to finance the facility pursuant to § 15.2-5832;

277 3. Require the company to provide periodic progress reports to the Authority and the Oversight
278 Commission on the status of the development and construction of the district, campus, and professional
279 sports arena; and

280 4. Contain such other terms as deemed necessary and appropriate by the Authority and agreed to
281 by the company and its affiliates that further the purposes of the Authority related to the financing of the
282 facility.

283 F. The lease agreement entered into pursuant to this section shall provide the following obligations
284 for operations and maintenance expenditures and capital expenditures on the campus:

285 1. The Authority shall, to the extent practicable, deposit no less than \$12 million per year in the
286 Operations and Maintenance and Capital Expenditures Account established by subdivision 8 of § 15.2-
287 5833, to be applied to capital expenditures and operations and maintenance expenses in the campus.

288 2. The Company may request reimbursements from the funds set aside under subdivision 1 of up
289 to \$7 million per year, plus two percent annually beginning with the year after the year in which the
290 professional sports arena holds its first ticketed event. If less than the maximum amount of reimbursements
291 allowed by this subdivision are provided to the company in any year, such surplus amount may be carried

292 over by the company. The company shall submit a separate request for each project for which it requests
293 reimbursement.

294 3. All requests for expenditures for operations and maintenance and capital expenditures shall be
295 subject to approval by the Authority.

296 4. All expenses that (i) are not approved by the Authority under subdivision 3; (ii) exceed the
297 annual reimbursement levels under subdivision 2, including any amounts carried over; or (iii) exceed the
298 amounts of funds in the Operations and Maintenance and Capital Expenditures Account established by
299 subdivision 8 of § 15.2-5833 shall be at the cost of the company.

300 5. The City shall be responsible for 100 percent of costs for operations and maintenance and capital
301 expenditures at the performance venue.

302 **§ 15.2-5831. Bond issues.**

303 A. The Authority may at any time, and from time to time, issue bonds to carry out any of the
304 purposes of this chapter. As used in this chapter, "bonds" includes notes of any kind, interim certificates,
305 refunding bonds, and any other evidence of obligation.

306 B. The bonds of any issue shall be payable solely from the property or receipts of the Authority,
307 or other security specifically pledged by the Authority to the payment thereof, including:

308 1. Taxes, fees, charges, lease payments, or other revenues payable to the Authority, including
309 amounts transferred from the Fund;

310 2. Payments by financial institutions, insurance companies, or others pursuant to letters or lines of
311 credit, policies of insurance, or purchase agreements;

312 3. Investment earnings from funds or accounts maintained pursuant to a bond resolution or trust
313 agreement; and

314 4. Proceeds of refunding bonds.

315 C. Bonds shall be authorized by resolution of the Authority and may be secured by a trust
316 agreement by and between the Authority and a corporate trustee or trustees, which may be any trust
317 company or bank having the powers of a trust company within or outside the Commonwealth. The bonds
318 shall:

- 319 1. Be issued at, above, or below par value, for cash or other valuable consideration, and mature at
320 a time or times, whether as serial bonds or as term bonds or both, not exceeding 40 years from their
321 respective dates of issue;
- 322 2. Bear interest at the fixed or variable rate or rates determined by the method provided in the
323 resolution or trust agreement;
- 324 3. Be payable at a time or times, in the denominations and form, and carry the registration and
325 privileges as to conversion and for the replacement of mutilated, lost, or destroyed bonds as the resolution
326 or trust agreement may provide;
- 327 4. Be payable in lawful money of the United States at a designated place;
- 328 5. Be subject to the terms of purchase, payment, redemption, refunding, or refinancing that the
329 resolution or trust agreement provides;
- 330 6. Be executed by the manual or facsimile signatures of the officers of the Authority designated
331 by the Authority. Such signatures shall be valid at delivery even for one who has ceased to hold office;
332 and
- 333 7. Be sold in the manner and upon the terms determined by the Authority, including private
334 negotiated sale.
- 335 D. Any resolution or trust agreement may contain provisions that shall be a part of the contract
336 with the holders of the bonds as to:
- 337 1. Pledging, assigning, or directing the use, investment, or disposition of receipts of the Authority
338 or proceeds or benefits of any contract and conveying or otherwise securing any property rights;
- 339 2. The setting aside of loan funding deposits, debt service reserves, capitalized interest accounts,
340 cost of issuance accounts, and sinking funds, and the regulation, investment, and disposition thereof;
- 341 3. Limitations on the purpose to which the proceeds of sale of any issue of bonds may be applied
342 and restrictions to investments of such proceeds or revenues available to pay debt service;
- 343 4. Limitations on the issuance of additional bonds and the terms upon which additional bonds may
344 be issued and secured and may rank on a parity with, or be subordinate or superior to, other bonds;
- 345 5. The refunding or refinancing of outstanding bonds;

346 6. The procedure, if any, by which the terms of any contract with bondholders may be altered or
347 amended and the amount of bonds the holders of which must consent thereto, and the manner in which
348 consent shall be given;

349 7. Defining the acts or omissions that shall constitute a default in the duties of the Authority to
350 bondholders and providing the rights or remedies of such holders in the event of a default that may include
351 provisions restricting individual rights of action by bondholders;

352 8. Providing for guarantees, pledges of property, letters of credit, or other security, or insurance
353 for the benefit of bondholders; and

354 9. Any other matter relating to the bonds which the Authority determines appropriate.

355 E. No member of the Authority nor any person executing the bonds on behalf of the Authority
356 shall be liable personally for the bonds or subject to any personal liability by reason of the issuance of the
357 bonds.

358 F. The Authority may enter into agreements with agents, banks, insurers, or others for the purpose
359 of enhancing the marketability of, or as security for, its bonds.

360 G. A pledge by the Authority of revenues as security for an issue of bonds shall be valid and
361 binding from the time the pledge is made. The revenues pledged shall immediately be subject to the lien
362 of the pledge without any physical delivery or further act, and the lien of any pledge shall be valid and
363 binding against any person having any claim of any kind in tort, contract, or otherwise against the
364 Authority, irrespective of whether the person has notice. No resolution, trust agreement or financing
365 statement, continuation statement, or other instrument adopted or entered into by the Authority need be
366 filed or recorded in any public record other than the records of the Authority in order to perfect the lien
367 against third persons, regardless of any contrary provision of public general or public local law.

368 H. Except to the extent restricted by an applicable resolution or trust agreement, any holder of
369 bonds issued under this chapter or a trustee acting under a trust agreement entered into under this chapter,
370 may, by any suitable form of legal proceedings, protect and enforce any rights granted under the laws of
371 Virginia or by any applicable resolution or trust agreement.

372 I. The Authority may issue bonds to refund any of its bonds then outstanding, including the
373 payment of any redemption premium and any interest accrued or to accrue to the earliest or any subsequent
374 date of redemption, purchase, or maturity of the bonds. Refunding bonds may be issued for the public
375 purposes of realizing savings in the effective costs of debt service, directly or through a debt restructuring,
376 for alleviating impending or actual default and may be issued in one or more series in an amount in excess
377 of that of the bonds to be refunded.

378 J. The company shall agree, as part of any development and lease agreement entered into pursuant
379 to § 15.2-5830, that the company and its affiliates will not be relocated and that the company will operate
380 on the campus until any bonds issued hereunder to finance and refinance the campus are redeemed or
381 defeased.

382 **§ 15.2-5832. Investments in bonds.**

383 Any financial institution, any investment company, any insurance company or association, and
384 any personal representative, guardian, trustee, or other fiduciary may legally invest any moneys belonging
385 to it or within its control in any bonds issued by the Authority.

386 **§ 15.2-5833. Virginia Sports and Entertainment Authority Financing Fund; use.**

387 A. There is hereby created in the state treasury a special nonreverting fund for the Authority to be
388 known as the Virginia Sports and Entertainment Authority Financing Fund. The Fund shall be established
389 on the books of the Comptroller. All revenues to which the Authority is entitled pursuant to § 15.2-5835,
390 all revenues and moneys pledged by the local governing body of the City to be directed to the Fund, all
391 revenues and moneys generated by a lease agreement entered into pursuant to § 15.2-5830, a contribution
392 made by the company or its affiliates toward the development of the campus, any other moneys that may
393 be appropriated by the General Assembly, and any moneys that may be received for the credit of the Fund
394 from any other source shall be paid into the state treasury and credited to the Fund by the Comptroller as
395 soon as practicable following their receipt. Interest earned on moneys in the Fund shall remain in the Fund
396 and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each
397 fiscal year shall not revert to the general fund but shall remain in the Fund.

398 B. The amounts dedicated to the Fund pursuant to subsection A shall be distributed to the Authority
399 as soon as practicable for use in accordance with this chapter. The Authority shall establish and deposit
400 revenues into each of the accounts described in subdivisions 1 through 8 and ensure that such accounts
401 are sufficiently funded. The amounts deposited in such accounts shall be in amounts determined by the
402 Authority in the following priority order:

- 403 1. Revenue Account;
- 404 2. Senior Debt Service Account;
- 405 3. Senior Debt Service Reserve Account;
- 406 4. Subordinate Debt Service Account;
- 407 5. Subordinate Debt Service Reserve Account;
- 408 6. Lease Debt Service Account;
- 409 7. Lease Debt Service Reserve Account; and
- 410 8. Operations and Maintenance and Capital Expenditure Account.

411 C. To the extent deemed appropriate by the Authority, the receipts of the Fund shall be pledged to
412 and transferred for the payment of debt service on Authority bonds and all reasonable charges and
413 expenses related to Authority borrowing and the management of Authority obligations.

414 D. In addition to the accounts required by subsection B, the Authority shall also establish a
415 Distribution Account. If, in the opinion of the Authority, all accounts listed in subdivisions B 1 through 8
416 are sufficiently funded, the Authority shall distribute any excess funds back to the Commonwealth and
417 the City, on a quarterly basis as described in subsection E.

418 E. Excess funds distributed back to the Commonwealth and the City from the Distribution Account
419 described in subsection D shall be distributed as follows:

- 420 1. If the revenues available for distribution equal or exceed the amount of tax revenues pledged by
421 the Commonwealth and by the City for the previous quarter, (i) the Commonwealth and City shall each
422 receive an amount equal to its respective amount of tax revenues pledged and (ii) after the distribution
423 provided by clause (i), the Commonwealth and City shall each receive 50 percent of any remaining
424 revenues.

425 2. If the revenues available for distribution are less than the amount of tax revenues pledged by the
426 Commonwealth and by the City for the previous quarter, the Commonwealth and the City shall each
427 receive a percentage of the total revenues available for distribution based on the proportion of tax revenues
428 paid into the Authority from each source of funds pledged by the Commonwealth and the City to the
429 Authority for the previous quarter.

430 F. Revenues received by the Commonwealth pursuant to subsection E shall be distributed as
431 follows:

432 1. One hundred percent of such funds shall be deposited in the Commonwealth Transportation
433 Fund until an amount has been deposited in such fund equal to the total amount expended by the
434 Commonwealth from all sources for transportation improvements related to the district.

435 2. After the requirements of subdivision 1 have been met, 50 percent of such revenues shall be
436 deposited in the general fund and 50 percent of such revenues shall be deposited in the Housing Trust
437 Fund established by § 36-142.

438 **§ 15.2-5834. Additional duties; report.**

439 A. In addition to the duties set forth elsewhere in this chapter, the Authority shall:

440 1. Keep records as are consistent with sound business practices and accounting records using
441 generally accepted accounting practices;

442 2. Secure an annual external audit of the books of the Authority and its transactions by a nationally
443 recognized auditing firm with sufficient skills and experience to conduct a thorough audit of the Authority.

444 The results of such audit shall be submitted no later than August 1 each year to the Governor and the
445 Oversight Commission;

446 3. Be subject to audit and examination at any reasonable time of its accounts and transactions by
447 the Auditor of Public Accounts; and

448 4. Submit a detailed annual report no later than December 1 each year of its activities and financial
449 standing to the Governor and the Oversight Commission.

450 B. In addition to the report required by subdivision A 4, the Authority shall:

451 1. No later than June 15 of each year, provide to the members of the Oversight Commission, the
452 Secretary of Commerce and Trade, and the Director of the Department of Planning and Budget, a report
453 of its operating plan for the forthcoming year.

454 2. No later than August 1 of each year, submit to the entities described in subdivision 1 a detailed
455 expenditure report and a listing of the salaries and bonuses for all authority employees for the most
456 recently concluded fiscal year.

457 3. Prepare the reports required by subdivisions 1 and 2 in the format approved by the Director of
458 the Department of Planning and Budget, and shall also include the following:

459 a. All planned and actual revenue and expenditures along with funding sources, including a
460 detailed breakdown of state revenues by tax source, local revenues by tax source, parking revenues,
461 campus naming rights revenues, and other sources;

462 b. Total investments made in the development of the campus, broken out by type of investment
463 activity; and

464 c. Cash balances by funding source, including a detailed breakdown of state revenues by tax
465 source, parking revenues, campus naming rights revenues, and other sources, and balances in the accounts
466 established by § 15.2-5833.

467 4. Require the Executive director to also report quarterly to Authority, the members of the
468 Oversight Commission, the Secretary of Commerce and Trade, and the Director of the Department of
469 Planning and Budget, in a format approved by the Authority, the following:

470 a. The quarterly financial performance, determined by comparing the budgeted and actual revenues
471 and expenditures to planned revenues and expenditures for the fiscal year;

472 b. Total investments made in the development of the campus, broken out by type of investment
473 activity; and

474 c. Cash balances by funding source, including a detailed breakdown of state revenues by tax
475 source, parking revenues, campus naming rights revenues, and other sources, and balances in the accounts
476 established by § 15.2-5833.

477 Such report shall be submitted no later than 30 days after the conclusion of each quarter.

478 **§ 15.2-5835. Entitlement to certain tax revenues.**

479 A. 1. The Authority shall be entitled, subject to appropriation and to the limitations of this chapter,
480 to all district sales tax revenues. Revenues received under this subsection shall be applied to debt service
481 on the Authority's bonds. The State Comptroller shall remit such district sales tax revenues to the Fund on
482 a monthly basis, subject to such reasonable processing delays as may be required by the Department.
483 Notwithstanding the foregoing, the State Comptroller shall make such remittances to the Fund, as provided
484 herein, notwithstanding any provisions to the contrary in the Virginia Retail Sales and Use Tax Act (§
485 58.1-600 et seq.). Such entitlement shall continue as necessary until the expiration of the entitlement as
486 provided in this chapter.

487 2. The Authority shall be entitled, subject to appropriation and to the limitations of this chapter, to
488 all district personal income tax revenues, district corporate income tax revenues, and district pass-through
489 entity tax revenues. Such revenues shall be applied to payment of debt service on the Authority's bonds.
490 The State Comptroller shall remit all such district tax revenue to the Fund on a quarterly basis, except for
491 pass-through entity tax revenues which shall be remitted to the Fund on a yearly basis, subject to such
492 reasonable processing delays as may be required by the Department. Such entitlement shall continue as
493 necessary until the expiration of the entitlement as provided in this chapter.

494 B. 1. The local governing body of the City shall agree, as a condition of hosting the district, to
495 provide, by resolution or ordinance, the tax entitlement required by subdivision 2.

496 2. The resolution or ordinance described in subdivision 1 shall direct that:

497 a. All district local tax revenues shall be remitted by the City to the Authority, including the tax
498 revenues described in subdivision b;

499 b. The City shall impose an admissions tax at the rate of no less than 10 percent pursuant to Chapter
500 38 (§ 58.1-3800 et seq.) of Title 58.1 on transactions taking place upon the premises of the campus; and

501 c. The City shall continue to provide the tax entitlement described in this subsection for the
502 duration of any lease agreement entered into pursuant to subsection C of § 15.2-5830.

503 3. The remittances described in this subsection shall be for the same period and under the same
504 conditions as remittances to the Authority paid in accordance with subsection A, mutatis mutandis.

505 C. In the event that any remittances described in subsection B have not been made by the City to
506 the Authority, the Governor shall direct the Comptroller to withhold all further payment to the City of all
507 funds, or of any part of such funds, appropriated and payable by the Commonwealth to the City for any
508 and all purposes until the unpaid sum is obtained.

509 D. The entitlement to tax revenues provided by subsections A and B shall expire upon the earliest
510 of (i) the date on which all bonds issued pursuant to § 15.2-5831 have been repaid or (ii) the date on which
511 the lease agreement entered into pursuant to subsection C of § 15.2-5830 expires.

512 **§ 15.2-5836. Administration by Department of Taxation.**

513 A. The Authority shall provide the Department with the name and contact information for a central
514 point of contact at the Authority, who shall provide the following information to the Department:

515 1. A list of names and social security numbers or federal employer identification numbers for the
516 companies, professional sports teams, and affiliates generating district corporate income tax, district pass-
517 through entity tax, or district personal income tax revenues, including employee withholding remitted to
518 the Department pursuant to Article 16 (§ 58.1-460 et seq.) of Chapter 3 of Title 58.1 generated in the
519 district and subject to the entitlement set forth in this section.

520 2. A list of names and social security numbers or federal employer identification numbers for all
521 (i) dealers generating sales and use tax revenues generated by construction and transactions taking place
522 in the district and (ii) contractors purchasing or leasing items used in construction of the district.

523 3. Updated information pursuant to subdivisions 1 and 2 on a monthly basis.

524 B. The Authority shall provide in any memoranda of understanding entered into with any
525 company, professional sports team, affiliate, or dealer that enters into a lease agreement for all or a portion
526 of the building and facilities located in the district and any other agreements entered into regarding the
527 district that the company, professional sports team, affiliate, or dealer shall be subject to the requirements
528 of subsection C.

529 C. Every company, professional sports team, affiliate, and dealer doing business in the district
530 shall file tax returns and make tax payments required pursuant to Chapter 6 (§ 58.1-600 et seq.) and
531 Articles 9 (§ 58.1-390.1 et seq.), 10 (§ 58.1-400 et seq.), and 16 (§ 58.1-460 et seq.) of Chapter 3 of Title

532 58.1 using an electronic medium in a format prescribed by the Tax Commissioner. In addition, every
533 company, professional sports team, affiliate, dealer, and contractor doing business in the district shall
534 provide the following information to the Department:

535 1. Every dealer that collects district sales tax revenues shall provide information regarding tax
536 collections generated from construction or transactions taking place in the district on the returns filed
537 pursuant to § 58.1-615 as prescribed by the Tax Commissioner.

538 2. Every contractor shall report and remit use tax on the purchase and lease of items used in
539 construction in the district as prescribed by the Tax Commissioner.

540 3. Every company, professional sports team, and affiliate that generates district corporate income
541 tax revenues shall separately report estimated payments for corporate income taxes generated from the
542 district and shall provide annually to the Department information regarding gross revenues generated from
543 activities on the district and gross revenues from all activities in Virginia.

544 4. Every company, professional sports team, and affiliate that generates district pass-through entity
545 tax revenues shall provide annually to the Department information regarding income in the district,
546 including revenues generated in connection with the development and construction of the district.

547 5. Every company, professional sports team, and affiliate that pays salaries and wages to
548 employees in the district shall register for a separate withholding account and shall remit the wages and
549 salaries withheld from employees for activities performed on the campus separately from all income taxes
550 withheld by such employer.

551 6. Every company, professional sports team, and affiliate that makes payments to an independent
552 contractor attributable to construction or transactions in the district shall provide information regarding
553 such payments to the Department by January 31 in a format prescribed by the Tax Commissioner.

554 7. Notwithstanding any provision of § 58.1-3 to the contrary, the Tax Commissioner shall be
555 authorized to disclose taxpayer information regarding transactions, real or personal property, income, or
556 business of any person to the Authority as may be necessary for the administration of the tax entitlements
557 authorized by this chapter.

558 **§ 15.2-5837. Cooperation between the Authority and other political subdivisions.**

559 The Authority may enter into agreements with any other political subdivision of the
560 Commonwealth for joint or cooperative action in accordance with § 15.2-1300.

561 **§ 15.2-5838. Tort liability.**

562 No pecuniary liability of any kind shall be imposed on the Commonwealth or on any other political
563 subdivision of the Commonwealth because of any act, agreement, contract, tort, malfeasance, or
564 nonfeasance by or on the part of the Authority, its independent contractors, or its agents.

565 **§ 15.2-5839. Tort claims.**

566 For purposes of the Virginia Tort Claims Act (§ 8.01-195.1 et seq.), the Authority is an "agency"
567 within the meaning of § 8.01-195.2 and each of its members and agents is an "employee" within the
568 meaning of such section.

569 **§ 15.2-5840. Policy statement.**

570 It is hereby found, determined, and declared that the construction and development of the district
571 will result in substantial economic development in the Commonwealth and is in all respects for the benefit
572 of the people of the Commonwealth and is a public purpose and that the Authority will be performing an
573 essential government function in the exercise of the powers conferred by this chapter.

574 **§ 15.2-5841. Audits and reports.**

575 A. The Auditor of Public Accounts of the Commonwealth and his legally authorized
576 representatives are hereby authorized and empowered from time to time to examine the accounts and
577 books of the Authority, including its receipts, disbursements, contracts, leases, investments, and any other
578 matters relating to its finances, operation, and affairs.

579 B. The Tax Commissioner shall report to the Oversight Commission and the Chairmen of the
580 Senate Committee on Finance and Appropriations, the House Committee on Appropriations, and the
581 House Committee on Finance, before July 1 of each year, the amount of the entitlement pursuant to §
582 15.2-5835.

583 C. The governing body of the City shall report to the Oversight Commission and the Chairmen of
584 the Senate Committee on Finance and Appropriations, the House Committee on Appropriations, and the

585 House Committee on Finance, before July 1 of each year, the amount of the entitlement pursuant to §
586 15.2-5835.

587 **§ 15.2-5842. Prohibited use of funds.**

588 No funds of the Authority may be used to pay fees or expenses of lobbyists required to register
589 under § 2.2-422.

590 **§ 15.2-5843. Exemption of Authority from personnel and procurement statutes.**

591 The provisions of the Virginia Personnel Act (§ 2.2-2900 et seq.) and the Virginia Public
592 Procurement Act (§ 2.2-4300 et seq.) shall not apply to the Authority in the exercise of any power
593 conferred under this chapter.

594 **CHAPTER 67.**

595 **SPORTS AND ENTERTAINMENT AUTHORITY OVERSIGHT COMMISSION.**

596 **§ 30-430. Sports and Entertainment Authority Oversight Commission; membership; terms;**
597 **compensation and expenses; definition.**

598 A. The Sports and Entertainment Authority Oversight Commission (the Commission) is
599 established as an advisory commission in the legislative branch of state government. The purpose of the
600 Commission shall be to review financing and management of the facilities encompassed by the Virginia
601 Sports and Entertainment Authority pursuant (the Authority) to Chapter 58.1 (§ 15.2-5824 et seq.) of Title
602 15.2. Such review shall include oversight of bonds issued by the Authority; the use of proceeds from such
603 bonds; management of the campus and professional sports arena by the Authority, as those terms are
604 defined in § 15.2-5824; and the distribution of revenues from the Distribution Account described in §
605 15.2-5833. The Authority shall provide quarterly updates to the Commission regarding the issuance of
606 debt, payment of debt service, development of the campus and professional sports arena, and generation
607 of revenues by the Authority, and any information on any other matters requested by the Commission.
608 The Authority shall provide to the Commission, upon the request of the chairman, any transaction
609 documents or other relevant documents involving the major parties, as that term is defined in § 15.2-5284,
610 within five business days of such request.

611 B. The Commission shall consist of 14 members as follows: the 12 voting members of the MEI
612 Project Approval Commission, the Speaker of the House of Delegates, and the President Pro Tempore of
613 the Senate.

614 C. Members shall serve terms coincident with their terms of office. Vacancies for unexpired terms
615 shall be filled in the same manner as the original appointments.

616 D. The members of the Commission shall elect a chairman and vice-chairman annually. A majority
617 of the voting members of the Commission shall constitute a quorum. The meetings of the Commission
618 shall be held at the call of the chairman or whenever the majority of the members so request.

619 E. Legislative members of the Commission shall receive such compensation as provided in § 30-
620 19.12.

621 F. Administrative staff support shall be provided by the staffs of the House Committee on
622 Appropriations, the Senate Committee on Finance and Appropriations, and the Division of Legislative
623 Services.

624 **2. That the initial appointment of members of the Virginia Sports and Entertainment Authority**
625 **established by this act shall be staggered as follows: (i) two of the members appointed by the**
626 **Governor, one of the members appointed by the Speaker of the House of Delegates, one of the**
627 **members appointed by the Senate Committee on Rules, one of the members appointed by the**
628 **governing body of the City of Alexandria, and the member appointed by the company shall be**
629 **appointed for a term of four years; (ii) one of the members appointed by the Governor, one of the**
630 **members appointed by the Speaker of the House of Delegates, one of the members appointed by the**
631 **Senate Committee on Rules, and one of the members appointed by the governing body of the City**
632 **of Alexandria shall be appointed for a term of three years; (iii) one of the members appointed by**
633 **the Governor, one of the members appointed by the Speaker of the House of Delegates, and one of**
634 **the members appointed by the governing body of the City of Alexandria shall be appointed for a**
635 **term of two years; and (iv) one of the members appointed by the Governor and the member**
636 **appointed by Arlington County shall be appointed for a term of one year. Members appointed to**
637 **an initial term of less than four years shall be eligible to be reappointed for two full four-year terms.**

638 3. That the provisions of this act shall expire if the Virginia Sports and Entertainment Authority
639 established under § 15.2-5825 of the Code of Virginia, as created by this act, has not entered into a
640 lease agreement pursuant to subsection D of § 15.2-5830 of the Code of Virginia, as created by this
641 act, and a development agreement pursuant to subsection E of § 15.2-5830 of the Code of Virginia,
642 as created by this act, before January 1, 2026.

643 4. That the provisions of this act shall expire if the City of Alexandria does not enact the tax
644 entitlement described in subsection B of § 15.2-5835 of the Code of Virginia, as created by this act,
645 before January 1, 2026.

646 5. That no bonds, as defined by § 15.2-5831 of the Code of Virginia, as created by this act, shall be
647 issued by the Virginia Sports and Entertainment Authority (the Authority) established by § 15.2-
648 5825 of the Code of Virginia, as created by this act, for the development of the district, as defined
649 by § 15.2-5824 of the Code of Virginia, as created by this act, prior to (i) the enactment by the City
650 of Alexandria (the City) of the tax entitlement described in subsection B of § 15.2-5835 of the Code
651 of Virginia, as created by this act; (ii) execution of a lease agreement and development agreement
652 as described in § 15.2-5830 of the Code of Virginia, as created by this act; (iii) a cash contribution
653 by the company, as defined by § 15.2-5824 of the Code of Virginia, as created by this act, to the
654 Authority toward the development of the district and professional sports arena, as those terms
655 defined in § 15.2-5824 of the Code of Virginia, as created by this act; and (iv) execution of a
656 memorandum of understanding between the company and its affiliates, the Authority, and the City
657 that describes the duties of all parties related to the development of the district.

658 6. That any bonds, as that term is defined in § 15.2-5831 of the Code of Virginia, as created by act,
659 issued pursuant to § 15.2-5831 of the Code of Virginia, as created by this act, shall be subject to
660 review by the Treasury Board established by Article 8 (§ 2.2-2415 et seq. of the Code of Virginia) of
661 Chapter 24 of Title 2.2.

662 7. That the fourteenth enactment of Chapter 766 of the Acts of Assembly of 2013 is amended and
663 reenacted as follows:

