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SENATE BILL NO. 704

Offered January 14, 2026

Prefiled January 14, 2026

A BILL to amend and reenact Item 458 of Chapter 2 of the Acts of Assembly of 2014, Special Session I, relating to Virginia encroachment grant; incompatible uses.

Patron—Durant

Referred to Committee on Local Government

Be it enacted by the General Assembly of Virginia:

1. That Item 458 of Chapter 2 of the Acts of Assembly of 2014, Special Session I, is amended and reenacted as follows:

Item 458 Authority: Discretionary Inclusion

A.1. In accordance with Chapter 653 of the 2008 Virginia Acts of Assembly, this item includes the Commonwealth's contribution to addressing the encroachment upon the United States Navy Master Jet Base and an auxiliary landing field used in connection with flight operations arising from such Master Jet Base of incompatible uses in localities in which any Virginia military installation with missions that produce noise, smoke, vibration, or explosive hazards and that are vulnerable to electromagnetic spectrum, light pollution, and other mission-limiting hazards are located. The Commonwealth's contribution consists of \$3,138,400 from nongeneral funds provided in this item.

2. The Commonwealth's contribution shall be only expensed for purchasing property or development rights and to otherwise convert such property to an appropriate compatible use and to prohibit new uses or development deemed incompatible with air operations at such facilities as established under Chapter 653.

3. ~~Of the total amount provided by the Commonwealth, \$2,092,267 shall be initially allocated to the locality in which the Master Jet Base is located and \$1,046,133 shall be initially allocated to the locality in which the auxiliary landing field for the Master Jet Base is located. Should either locality advise the Secretary of Veterans Affairs and Homeland Security and the Secretary of Finance that it will be unable to use all of its allocated amount during the term of the grant, then the portion that will not be used may be re-allocated to the other locality upon written application for such request to the Secretary of Veterans Affairs and Homeland Security.~~

B.1. The Secretary of Veterans Affairs and Homeland Security shall develop an annual grant application which shall include, at a minimum, requirements for the Grantee to (1) report expenditures each quarter, (2) retain all invoices, bills, receipts, cancelled checks, proof of payment and similar documentation to substantiate expenditures of grant funding, (3) provide a 50 percent cash match from non-state funds, (4) return excess state grant funding within thirty (30) days after the term of the grant expires, and (5) return to the Commonwealth half of all proceeds received by the grantee from the sale of any properties acquired using grant funds pursuant to Chapter 653 of the 2008 Acts of Assembly or Chapter 266 of the 2006 Virginia Acts of Assembly.

2. Prior to the distribution of any funds, any grantee seeking funding under this Item shall submit a grant application to the Secretary of Veterans Affairs and Homeland Security for consideration.

3. Payments to grantees shall be made in equal quarterly installments. After the initial payment, the Secretary of Veterans Affairs and Homeland Security shall make additional quarterly payments to the grantee based on the quarterly expenditure reports. In making subsequent payments, the Secretary shall ensure the grantee's match funding is being expensed at the appropriate rate and adjust state quarterly payments, as appropriate, to account for any surplus state funding not yet spent from previous quarterly payments.

4. Notwithstanding the provisions of paragraph 3. above, the Secretary of Veterans Affairs and Homeland Security may approve a request by the grantee for additional state funding in a particular quarterly payment if supporting documentation is provided.

5. The Secretary of Veterans Affairs and Homeland Security may extend the term of the FY 2014 grant to June 30, 2015, if in the Secretary's opinion such extension is warranted to meet the purposes of this appropriation.

C. The Commonwealth shall have the right to make inspections and copies of the books and records of the grantees at any time. The grantees shall undergo an audit for the grant period and provide a copy of the audit report to the Secretary of Veterans Affairs and Homeland Security.