

Department of Planning and Budget 2005 Fiscal Impact Statement

1. Bill Number SB1059

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron Wagner

3. Committee Passed Both Houses

4. Title Insurance collateral deposited with State Treasurer

5. Summary/Purpose:

This bill amends § 38.2-1057 of the Code of Virginia to authorize the State Treasurer's office to charge insurance companies authorized to operate in Virginia an assessment fee at a rate sufficient to pay Treasury's annual costs to provide insurance collateral safekeeping and custodial services as required by the Code. The assessment shall be a percentage of the par or face value of the securities on deposit with the State Treasurer's office in each insurer's account at the end of each calendar year. The percentage shall be determined annually by the State Treasurer as the amount necessary to meet the estimated annual expenses incurred for such services. The percentage shall not exceed one fourth of one percent of the par or face value of the securities deposited. Assessment collections that are more than actual expenses in any one year will be used to offset the next year's assessment. Shortfalls in assessment collections that are less than actual expenses in any one year will be added to the next year's assessment calculation. All moneys collected shall be paid into the state treasury and credited to a special, nonreverting fund known as the Insurance Collateral Assessment Fund.

6. Fiscal Impact Estimates are: Final. See item 8, below.

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2004-05	351,000	0	NGF
2005-06	601,500	0	NGF
2006-07	601,500	0	NGF
2007-08	601,500	0	NGF
2008-09	601,500	0	NGF
2009-10	601,500	0	NGF
2010-11	601,500	0	NGF

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2004-05	351,000	0	NGF
2005-06	601,500	0	NGF
2006-07	601,500	0	NGF
2007-08	601,500	0	NGF
2008-09	601,500	0	NGF

2009-10	601,500	0	NGF
2010-11	601,500	0	NGF

7. Budget amendment necessary: No.

8. Fiscal implications:

The legislation is needed to offset Treasury's costs to provide this service. The current statutory assessment rate of one tenth of one percent does not provide for the current banking and administrative costs of this service. The fiscal implications of the bill are included in the introduced budget, which includes an increased nongeneral fund appropriation of \$351,000 in FY 2005 and \$601,500 in FY 2006 to cover this cost. There is no general fund impact.

9. Specific agency or political subdivisions affected: Department of the Treasury.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 03/04/05/tmw

Document: G:\2005 Session\Legislation\Sb1059er.Doc Toni Walker

cc: Secretary of Finance