

068877129

SENATE BILL NO. 725

Offered January 27, 2006

A *BILL to amend and reenact §§ 33.1-23.03:1, 33.1-23.03:8, and 58.1-2501 of the Code of Virginia, and to repeal the tenth enactment of Chapter 1019 of the Acts of Assembly of 2000 and the tenth enactment of Chapter 1044 of the Acts of Assembly of 2000, relating to disposition of a portion of insurance license tax revenue.*

Patron—Colgan

Introduced at the request of Governor

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 33.1-23.03:1, 33.1-23.03:8, and 58.1-2501 of the Code of Virginia are amended and reenacted as follows:

§ 33.1-23.03:1. Transportation Trust Fund.

There is hereby created in the Department of the Treasury a special nonreverting fund to be known as the Transportation Trust Fund, consisting of:

1. Funds remaining for highway construction purposes, among the several highway systems pursuant to § 33.1-23.1.

2. [Repealed.]

3. The additional revenues generated by enactments of Chapters 11, 12 and 15 of the Acts of Assembly, 1986 Special Session, and designated for this fund.

4. Tolls and other revenues derived from the projects financed or refinanced pursuant to this title which are payable into the state treasury and tolls and other revenues derived from other transportation projects, which may include upon the request of the applicable appointed governing body, as soon as their obligations have been satisfied, such tolls and revenue derived for transportation projects pursuant to § 33.1-253 (Chesapeake Bay Bridge and Tunnel District) and § 33.1-320 (Richmond Metropolitan Authority) or if the appointed governing body requests refunding or advanced refunding by the Board and such refunding or advanced refunding is approved by the General Assembly. Such funds shall be held in separate subaccounts of the Transportation Trust Fund to the extent required by law or the Board.

5. Tolls and other revenues derived from the Richmond-Petersburg Turnpike, provided that such funds shall be held in a separate subaccount of the Transportation Trust Fund and allocated as set forth in Chapter 574 of the Acts of Assembly of 1983 until expiration of that Act.

6. Such other funds as may be appropriated by the General Assembly from time to time, and designated for this fund.

7. All interest, dividends and appreciation which may accrue to the Transportation Trust Fund and the Highway Maintenance and Construction Fund, except that interest on funds becoming part of the Transportation Trust Fund under subdivision 1 and the Highway Maintenance and Construction Fund shall not become part of the Transportation Trust Fund until July 1, 1988.

8. All amounts required by contract to be paid over to the Transportation Trust Fund.

9. *Revenues that equal the difference between one-third of the estimated revenue to be collected for all insurance license tax imposed pursuant to Chapter 25 (§ 58.1-2500 et seq.) of Title 58.1 for each fiscal year and the estimated revenue from the motor vehicle insurance license tax imposed pursuant to Chapter 25 (§ 58.1-2500 et seq.) of Title 58.1 for each fiscal year. Such revenues shall be deposited to the Commonwealth Mass Transit Trust Fund, a subaccount of the Transportation Trust Fund, and used solely for the purposes set forth in subdivision A 4 f of § 58.1-638. Such revenues shall be in addition to and shall not diminish the local contribution for such purposes, but shall be in addition thereto.*

10. *The additional revenues generated by the 2006 Session of the General Assembly from the motor vehicle insurance license tax imposed pursuant to Chapter 25 (§ 58.1-2500 et seq.) of Title 58.1 for each fiscal year effective July 1, 2006. Such additional revenues shall be deposited to the Commonwealth Mass Transit Fund, a subaccount of the Transportation Trust Fund, and used solely for the purposes set forth in subsection 9.*

§ 33.1-23.03:8. Priority Transportation Fund established.

A. There is hereby created in the state treasury a special nonreverting fund to be known as the Priority Transportation Fund, hereafter referred to as "the Fund." The Fund shall be established on the books of the Comptroller. Interest earned on moneys in the Fund shall remain in the Fund and be

INTRODUCED

SB725

59 credited to it. All funds as may be designated in the appropriation act for deposit to the Fund shall be
60 paid into the state treasury and credited to the Fund. Such funds shall include:

61 1. A portion of the moneys actually collected, including penalty and interest, attributable to any
62 increase in revenues from the taxes imposed under Chapter 22 (§ 58.1-2200 et seq.) of Title 58.1, with
63 such increase being calculated as the difference between such tax revenues collected in the manner
64 prescribed under Chapter 22 less such tax revenues that would have been collected using the prescribed
65 manner in effect before the effective date of Chapter 22. The portion to be deposited to the Fund shall
66 be the moneys actually collected from such increase in revenues and allocated for highway and mass
67 transit improvement projects as set forth in § 33.1-23.03:2, but not including any amounts that are
68 allocated to the Commonwealth Port Fund and the Commonwealth Airport Fund under such section.
69 There shall also be deposited into the Fund all additional federal revenues attributable to Chapter 22
70 (§ 58.1-2200 et seq.) of Title 58.1; and

71 2. Beginning with the fiscal year ending June 30, 2000, and for fiscal years thereafter, all revenues
72 that exceed the official forecast, pursuant to § 2.2-1503, for (i) the Highway Maintenance and Operating
73 Fund and (ii) the allocation to highway and mass transit improvement projects as set forth in
74 § 33.1-23.03:2, but not including any amounts that are allocated to the Commonwealth Port Fund and
75 the Commonwealth Airport Fund under such section; and

76 3. *Revenues from the motor vehicle insurance license tax imposed pursuant to Chapter 25*
77 *(§ 58.1-2500 et seq.) of Title 58.1 for each fiscal year; and*

78 34. Any other such funds as may be transferred, allocated, or appropriated.

79 The Fund shall be considered a part of the Transportation Trust Fund. Any moneys remaining in the
80 Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but
81 shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes enumerated in
82 subsection B of this section. Expenditures and disbursements from the Fund shall be made by the State
83 Treasurer on warrants issued by the Comptroller.

84 B. The Commonwealth Transportation Board shall use the Fund to facilitate the financing of priority
85 transportation projects throughout the Commonwealth. The Board may use the Fund either (i) by
86 expending amounts therein on such projects directly, (ii) by payment to any authority, locality,
87 commission or other entity for the purpose of paying the costs thereof, or (iii) by using such amounts to
88 support, secure, or leverage financing for such projects. No expenditures from or other use of amounts
89 in the Fund shall be considered in allocating highway maintenance and construction funds under
90 § 33.1-23.1 or apportioning Transportation Trust Fund funds under § 58.1-638, but shall be in addition
91 thereto. The Board shall use the Fund to facilitate the financing of priority transportation projects as
92 designated by the General Assembly; provided, however, that, at the discretion of the Commonwealth
93 Transportation Board, funds allocated to projects within a transportation district may be allocated among
94 projects within the same transportation district as needed to meet construction cash-flow needs.

95 § 58.1-2501. Levy of license tax.

96 A. For the privilege of doing business in the Commonwealth, there is hereby levied on every
97 insurance company defined in § 38.2-100 which issues policies or contracts for any kind of insurance
98 classified and defined in §§ 38.2-102 through 38.2-134 and on every corporation which issues
99 subscription contracts for any kind of plan classified and defined in §§ 38.2-4201 and 38.2-4501, an
100 annual license tax as follows:

101 1. For any kind of insurance classified and defined in §§ 38.2-109 through 38.2-134, *except*
102 *§ 38.2-124, or as classified and defined in Chapters 44 (§ 38.2-4400 et seq.) and 61 (§ 38.2-6100 et*
103 *seq.) of Title 38.2, except workers' compensation insurance on which a premium tax is imposed under*
104 *the provisions of § 65.2-1000, such company shall pay a tax of two and three-fourths percent of its*
105 *subscriber fee income or direct gross premium income on such insurance for each taxable year through*
106 *1988. For taxable year 1989 and each taxable year thereafter, such company shall pay a tax of two and*
107 *one-fourth percent of its subscriber fee income or direct gross premium income on such insurance.*

108 2. For policies or contracts for life insurance as defined in § 38.2-102, such company shall pay a tax
109 of two and one-fourth percent of its direct gross premium income on such insurance. However, with
110 respect to premiums paid for additional benefits in the event of death, dismemberment or loss of sight
111 by accident or accidental means, or to provide a special surrender value, special benefit or an annuity in
112 the event of total and permanent disability, the rate of tax shall be two and three-fourths percent for
113 each taxable year beginning January 1, 1987, through December 31, 1988, and two and one-fourth
114 percent for taxable year beginning January 1, 1989, and each taxable year thereafter.

115 3. For policies or contracts providing industrial sick benefit insurance as defined in § 38.2-3544, such
116 company shall pay a tax of one percent of its direct gross premium income on such insurance. No
117 company, however, doing business on the legal reserve plan, shall be required to pay any licenses, fees
118 or other taxes in excess of those required by this section on such part of its business as is industrial sick
119 benefit insurance as defined in § 38.2-3544; but any such company doing business on the legal reserve
120 plan shall pay on all industrial sick benefit policies or contracts on which the sick benefit portion has

121 been cancelled as provided in § 38.2-3546, or which provide a greater death benefit than \$250 or a
122 greater weekly indemnity than \$10, and on all other life, accident and sickness insurance, the same
123 license or other taxes as are required by this section.

124 4. For subscription contracts for any kind of plan classified and defined in § 38.2-4201 or
125 § 38.2-4501, such corporation shall pay a tax of two and one-fourth percent of its direct gross subscriber
126 fee income derived from subscription contracts issued to primary small groups as defined in § 38.2-3431
127 and three-fourths of one percent of its direct gross subscriber fee income derived from other subscription
128 contracts for taxable year 1997. For each taxable year thereafter, such corporation shall pay a tax of
129 three-fourths of one percent of its direct gross subscriber fee income derived from subscription contracts
130 issued to individuals and from open enrollment contracts as defined in § 38.2-4216.1, and two and
131 one-fourth percent of its direct gross subscriber fee income derived from other subscription contracts.
132 The declaration of estimated tax pursuant to this subsection shall commence on or before April 15,
133 1988.

134 5. *For policies or contracts for motor vehicle insurance as defined in § 38.2-124, such company shall*
135 *pay a tax of four and one-half percent of its direct gross premium income on such insurance.*

136 B. Notwithstanding any other provisions of this section, any domestic insurance company doing
137 business solely in the Commonwealth which is purely mutual, has no capital stock and is not designed
138 to accumulate profits for the benefit of or pay dividends to its members, and any domestic insurance
139 company doing business solely in the Commonwealth, with a capital stock not exceeding \$25,000 and
140 which pays losses with assessments against its policyholders or members, shall pay an annual license tax
141 of one percent of its direct gross premium income.

142 2. That the tenth enactment of Chapter 1019 of the Acts of Assembly of 2000 and the tenth
143 enactment of Chapter 1044 of the Acts of Assembly of 2000 are repealed.

144 3. That the revenue generated by this act shall be used solely for transportation purposes.

145 4. That the provisions of this act shall expire on December 31 of any year in which the General
146 Assembly appropriates any of the revenue generated under this act for any purpose other than
147 transportation.
148