

Department of Planning and Budget

2010 Fiscal Impact Statement

1. Bill Number: SB279

House of Origin X Introduced Substitute Engrossed
 Second House In Committee Substitute Enrolled

2. Patron: Quayle

3. Committee: Finance

4. Title: **Line of Duty Death and Health Benefits Fund.**

5. Summary: This bill establishes the Line of Duty Death and Health Benefits Fund (the Fund) to pay the death and health insurance premium benefits to individuals covered by the Line of Duty Act (§ 9.1-400 et seq.) and the death benefit provided to state and local government employees who have been killed in action after being called to active duty services under Title 10 of the United States Code. The bill also establishes an \$0.18 surcharge to the current E-911 fee, with the revenue to be deposited to the Fund. In addition, the bill directs the Virginia Retirement System to reimburse the Fund for benefit payments paid to any surviving spouse of a deceased or disabled person who qualifies for health insurance credit but is receiving benefits according to the Line of Duty Act; reimbursement is to come from the Health Insurance Credit Trust Fund.

6. Fiscal Impact Estimates: Preliminary

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2010	\$0	n/a	n/a
2011	\$9,172,752	n/a	NGF
2012	\$10,866,469	n/a	NGF
2013	\$10,866,469	n/a	NGF
2014	\$10,866,469	n/a	NGF
2015	\$10,866,469	n/a	NGF
2016	\$10,866,469	n/a	NGF

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2010	\$0	n/a
2011	\$18,630,883	NGF
2012	\$20,324,600	NGF
2013	\$20,324,600	NGF
2014	\$20,324,600	NGF
2015	\$20,324,600	NGF
2016	\$20,324,600	NGF

7. Budget Amendment Necessary: Yes, see Item 8.

8. Fiscal Implications: This bill codifies the Line of Duty Death and Health Benefits Trust Fund (the Fund) that was first established pursuant to Item 262 B of Chapter 3 of the 2006 Acts of Assembly, Special Session I. It specifies that all monies in the Fund are to be used to pay for (i) death and health insurance premium benefits prescribed by the Line of Duty Act, (ii) payments to the surviving spouses and dependents of certain members of the National Guard and United States military reserves killed in action in any armed conflict on or after October 7, 2001 (see subsection B of §44-93.1), and (iii) any refunds or administrative expenses relating to the Line of Duty Act. The Virginia Retirement System (VRS) is charged with the administration and management of the investment of the fund, and the Department of Accounts (DOA) continues responsibility for payments from the Fund. Accordingly, the bill stipulates that both VRS and DOA shall be annually reimbursed from the Fund for all reasonable costs incurred in the administration of the Line of Duty Act and with management and investment of the Fund. In addition, this bill strikes all references to general fund support for Line of Duty payments, and establishes a \$0.18 surcharge to the current E-911 fee, to be charged and collected in the same manner as the current \$0.75 E-911 surcharge, and then deposited to the Fund.

This bill creates a nongeneral fund revenue source by establishing a \$0.18 surcharge to the existing \$0.75 E-911 fee. Based on information provided by the Department of Taxation, the \$0.18 surcharge could generate approximately \$20.3 million annually (\$18.6 million in FY 2011 due to a month lag in revenue collections, based on an implementation date of July 1, 2010). This estimate is based on a calculation of approximately \$1.13 million in additional revenue generated for each \$0.01 increase in the surcharge.

Currently, HB and SB 30 (2010 Budget Bill) do not include any general fund appropriation for the Line of Duty program, and instead establish a \$9.4 million nongeneral fund appropriation for the program. This appropriation is set at a level to supplant the previous level of general fund costs associated with death and health benefit payments in the program set at a pay-as-you-go basis.

9. Specific Agency or Political Subdivisions Affected: Department of Accounts, Department of Accounts Transfer Payments, Department of State Police, Virginia Retirement System, and Department of Taxation.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is identical to the introduced version of HB661. Other bills that amend the Line of Duty Act include:

- **SB97/HB973 (introduced versions):** Includes local employees disabled on or after January 1, 1966, in the definition of “disabled,” and provides for funding through a \$0.05 surcharge to the current E-911 service fee.
- **HB71 (introduced version):** Provides that a state police officer who incurs a work-related injury in the line of duty shall receive supplemental short-term disability coverage providing income replacement for 100 percent of the officer’s creditable compensation for up to one calendar year, as opposed to the current limit on short-term disability of 125 days

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