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**HOUSE BILL NO. 596**

House Amendments in [ ] - February 13, 2006

A *BILL to amend and reenact §§ 10.1-603.16 through 10.1-603.20, 10.1-603.23, 10.1-606.1, 38.2-401.1, 58.1-2501, 58.1-2508, and 62.1-203 of the Code of Virginia, to amend the Code of Virginia by adding sections numbered 10.1-603.18.1, 10.1-603.18.2, 10.1-603.22:1 through 10.1-603.22:4, and to repeal §§ 10.1-603.21 and 10.1-603.22 of the Code of Virginia, relating to the Dam Safety, Flood Prevention and Protection Assistance Fund.*

Patron Prior to Engrossment—Delegate Sherwood

Referred to Committee on Agriculture, Chesapeake and Natural Resources

**Be it enacted by the General Assembly of Virginia:**

1. That §§ 10.1-603.16 through 10.1-603.20, 10.1-603.23, 10.1-606.1, 38.2-401.1, 58.1-2501, 58.1-2508, and 62.1-203 of the Code of Virginia are amended and reenacted, and that the Code of Virginia is amended by adding sections numbered 10.1-603.18.1, 10.1-603.18.2, 10.1-603.22:1 through 10.1-603.22:4 as follows:

§ 10.1-603.16. Definitions.

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

"Authority" means the Virginia Resources Authority created in Chapter 21 (§ 62.1-197 et seq.) of Title 62.1.

"Board" means the Board of Directors of the Virginia Resources Authority.

"Cost," as applied to any project financed under the provisions of this article, means the total of all costs incurred by the local government or private entity as reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project. It includes, without limitation, all necessary developmental, planning and feasibility studies, surveys, plans and specifications; hydrologic and hydraulic studies and analyses; architectural, engineering, financial, legal or other special services; mapping; the cost of acquisition of flood-prone land and any buildings and improvements thereon, including the discharge of any obligations of the sellers of such land, buildings or improvements; site preparation and development, including demolition or removal of existing structures; construction and reconstruction; labor; materials, machinery and equipment; the reasonable costs of financing incurred by the local government or private entity in the course of the development of the project; carrying charges incurred before placing the project in service; necessary expenses incurred in connection with placing the project in service; the funding of accounts and reserves that the Authority may require; and the cost of other items that the Authority determines to be reasonable and necessary.

"Dam owner" means the owner of the land on which a dam is situated, the holder of an easement permitting the construction of a dam and any person or entity agreeing to maintain a dam.

"Department" means the Department of Conservation and Recreation.

"Director" means the Director of the Department of Conservation and Recreation.

"Flood prevention or protection" means the construction of dams, levees, flood walls, channel improvements or diversions, local flood proofing, evacuation of flood-prone areas or land use controls which reduce or mitigate damage from flooding.

"Flood prevention or protection studies" means hydraulic and hydrologic studies of flood plains with historic and predicted floods, the assessment of flood risk and the development of strategies to prevent or mitigate damage from flooding.

"Fund" or "revolving fund" means the *Dam Safety, Flood Prevention and Protection Assistance Fund*.

"Local funds" means cash provided for project or study implementation that is not derived from federal or state grants or loans.

"Local public body" means any city, county, town, water authority, service authority or special taxing district "Local government" means any county, city, town, municipal corporation, authority, district, commission, or political subdivision created by the General Assembly or pursuant to the Constitution or laws of the Commonwealth, or any combination of any two or more of the foregoing.

"Private entities" means dam owners, whether individuals, partnerships, corporations, or other nongovernmental entities.

"Project" means the development and implementation of activities or measures performed to eliminate, prevent, reduce, or mitigate damages caused by flooding or to identify flood hazards; the design, repair, and safety modifications of a dam or impounding structure, as defined in § 10.1-604, and identified in dam safety reports generated pursuant to § 10.1-607 or 10.1-609; or the mapping and digitization of dam break inundation zones. The term includes, without limitation, the construction,

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60 *modification or repair of dams, levees, flood walls, channel improvements or diversions; evacuation,*  
61 *relocation, and retrofitting of flood-prone structures; flood warning and response systems;*  
62 *redevelopment, acquisition, and open-space use of flood-prone areas; hydrologic and hydraulic studies*  
63 *of floodplains with historic and predicted floods; remapping of regulated flood hazard areas; the*  
64 *assessment of flood risks; the development of flood hazard mitigation strategies and plans, flood*  
65 *prevention and protection studies, and matching funds for federal funds for these activities. The lands*  
66 *involved with such projects shall be located within the Commonwealth.*

67 § 10.1-603.17. Dam Safety, Flood Prevention and Protection Assistance Fund established.

68 The *Dam Safety, Flood Prevention and Protection Assistance Fund* is hereby established *and set*  
69 *apart as a permanent and nonreverting fund.* The Fund shall consist of any moneys appropriated by the  
70 General Assembly ~~and~~, funds returned by localities or other public or private sources in the form of  
71 interest and repayment of loan principal, *deposits pursuant to [ § ] § 38.2-401.1 [ and 58.1-2501 ] , all*  
72 *income from the investment of moneys held in the Fund, and any other sums designated for deposit in*  
73 *the Fund from any source public or private, including without limitation any federal grants, and awards*  
74 *or other forms of assistance received by the Commonwealth that are eligible for deposit in the Fund*  
75 *under federal law.* Any moneys remaining in the Fund at the end of the biennium including any  
76 appropriated funds and all principal interest accrued, interest and payments shall not revert to the general  
77 fund.

78 § 10.1-603.18. Administration of the Fund.

79 The Director shall be responsible for the administration of the Fund and shall direct the distribution  
80 of grants or loans from the Fund. The Director is authorized to promulgate regulations for the proper  
81 administration of the Fund. Such regulations may include, but are not limited to, the establishment of  
82 amounts, interest rates, repayment terms, consideration of the fiscal stability of the particular applicant  
83 and all other criteria for awarding of grants or loans. *The Authority shall administer and manage the*  
84 *Fund, and establish the interest rates and the repayment terms of such loans as provided in this article,*  
85 *in accordance with a memorandum of agreement with the Director. The Director shall, after*  
86 *consultation with all interested parties, develop a guidance document governing project eligibility and*  
87 *project priority criteria, and the Director, upon approval from the Virginia Soil and Water Conservation*  
88 *Board, shall direct the distribution of loans from the Fund to local governments and private entities and*  
89 *the distribution of grants to local governments. In order to carry out the administration and*  
90 *management of the Fund, the Authority may employ officers, employees, agents, advisers and*  
91 *consultants, including without limitation, attorneys, financial advisors, engineers, and other technical*  
92 *advisors and public accountants, and determine their duties and compensation without the approval of*  
93 *any other agency or instrumentality. The Authority may disburse from the Fund reasonable costs and*  
94 *expenses incurred in the administration and management of the Fund and may establish and collect a*  
95 *reasonable fee for its management services. However, any such fee shall not exceed one-eighth of one*  
96 *percent of any bond par, loan or grant amount.*

97 § 10.1-603.18:1. Deposit of money; expenditures; investments.

98 All money belonging to the Fund shall be deposited in an account or accounts in banks or trust  
99 companies organized under the laws of the Commonwealth or in national banking associations located  
100 in Virginia or in savings institutions located in Virginia organized under the laws of the Commonwealth  
101 or the United States. The money in these accounts shall be paid by check signed by the Executive  
102 Director of the Authority or other officers or employees designated by the Board of Directors of the  
103 Authority. All deposits of money shall, if required by the Authority, be secured in a manner determined  
104 by the Authority to be prudent, and all banks, trust companies, and savings institutions are authorized to  
105 give security for the deposits. Money in the Fund shall not be commingled with other money of the  
106 Authority. Money in the Fund not needed for immediate use or disbursement may be invested or  
107 reinvested by the Authority in obligations or securities that are considered lawful investments for public  
108 funds under the laws of the Commonwealth.

109 § 10.1-603.18:2. Collection of money due Fund.

110 The Authority is empowered to collect, or to authorize others to collect on its behalf, amounts due to  
111 the Fund under any loan to a local government or private entity, including, if appropriate, taking the  
112 action required by § 15.2-2659 or 62.1-216.1 to obtain payment of any amounts in default. Proceedings  
113 to recover amounts due to the Fund may be instituted by the Authority in the name of the Fund in the  
114 appropriate circuit court.

115 § 10.1-603.19. Purposes for which Fund is to be used; Authority to set terms and conditions of loans.

116 A. The Director is authorized to make grants or loans to any ~~city, county, town, water authority,~~  
117 ~~service authority or taxing district~~ local government for the purpose of assisting the local public body  
118 government in the development and implementation of flood prevention or protection projects, or for  
119 flood prevention or protection studies. Grants or loans from the Fund for flood prevention or protection  
120 projects, or for flood prevention or protection studies may match, but shall not exceed, the amount of  
121 contribution derived from local funds. No grant or loan award for flood prevention or protection

122 projects, or for flood prevention or protection studies, individually or in combination for a single project,  
123 shall exceed 25 percent of the unencumbered balance of the fund as determined at the beginning of the  
124 fiscal year.

125 B. The Director is authorized to expend from the Fund up to \$50,000 annually, but no more than 10  
126 percent of the Fund's balance, which shall be utilized as for cost share with federal agencies in flood  
127 protection studies of statewide or regional significance.

128 C. The Director is also authorized, in order to protect public safety and welfare, to make grants or  
129 loans to local public bodies governments owning dams and to make loans to private owners private  
130 entities for the design, repair and the safety modifications of dams identified in safety reports generated  
131 pursuant to § 10.1-607 or 10.1-609, and to make grants for the mapping and digitization of dam break  
132 inundation zones. The Director shall develop grant and loan guidelines for the funds awarded under this  
133 subsection.

134 D. The total amount of expenditures for grants in any fiscal year shall not exceed 50% of the total  
135 amount collected in interest or income from the investment of moneys in the Fund from the previous  
136 fiscal year as determined at the beginning of the fiscal year.

137 E. Any grants made from the Fund shall require a 50% project match by the local government  
138 applicant. Any loans made from the Fund shall require a minimum of a 10% project match by the  
139 applicant.

140 F. Except as otherwise provided in this article, money in the Fund shall be used solely to make loans  
141 or grants to local governments, or loans to private entities to finance or refinance the cost of a project.  
142 The local government or private entity to which loans or grants are made, the purposes of the loan or  
143 grant, the required match for the specific loan or grant, and the amount of each loan or grant, shall be  
144 designated in writing by the Director to the Authority. No loan or grant from the Fund shall exceed the  
145 total cost of the project to be financed or the outstanding principal amount of the indebtedness to be  
146 refinanced plus reasonable financing expenses. Loans may also be from the Fund, at the Director's  
147 discretion, to a local government that has developed a low-interest loan program to provide loans or  
148 other incentives to facilitate the correction of dam or impounding structure deficiencies, as required by  
149 the Department, provided that the moneys are to be used only for the program and that the dams or  
150 impounding structures to be repaired or upgraded are owned by private entities.

151 G. Except as otherwise provided in this article, the Authority shall determine the interest rate and  
152 terms and conditions of any loan from the Fund, which may vary between different loans and between  
153 local governments and private entities to finance or refinance the cost of a project. Each loan shall be  
154 evidenced by appropriate bonds or notes of the local government or by the appropriate debt instrument  
155 for private entities payable to the Fund. Private entities shall duly authorize an appropriate debt  
156 instrument and execute same by their authorized legal representatives. The bonds or notes shall have  
157 been duly authorized by the local government and executed by its authorized legal representatives. The  
158 Authority may require in connection with any loan from the Fund such documents, instruments,  
159 certificates, legal opinions, covenants, conditions, and other information as it may deem necessary or  
160 convenient to further the purpose of the loan. In addition to any other terms or conditions that the  
161 Authority may establish, the Authority may require, as a condition to making any loan from the Fund,  
162 that the local government or private entity receiving the loan covenant to perform any of the following:

163 1. Establish and collect rents, rates, fees, and charges to produce revenue sufficient to pay all or a  
164 specified portion of (i) the costs of operation, maintenance, replacement, renewal, and repairs of the  
165 project; (ii) any outstanding indebtedness incurred for the purposes of the project, including the  
166 principal of, premium, if any, and interest on the loan from the Fund; and (iii) any amounts necessary  
167 to create and maintain any required reserve, including any rate stabilization fund deemed necessary or  
168 appropriate by the Authority to offset the need, in whole or part, for future increases in rents, rates,  
169 fees, or charges;

170 2. With respect to local governments, levy and collect ad valorem taxes on all property within the  
171 jurisdiction of the local government subject to local taxation sufficient to pay the principal of and  
172 premium, if any, and interest on the loan from the Fund to the local government;

173 3. Create and maintain a special fund or funds for the payment of the principal of, premium, if any,  
174 and interest on the loan from the Fund and any other amounts becoming due under any agreement  
175 entered into in connection with the loan, or for the operation, maintenance, repair, or replacement of  
176 the project or any portions thereof or other property of the borrower, and deposit into any fund or  
177 funds amounts sufficient to make any payments on the loan as they become due and payable;

178 4. Create and maintain other special funds as required by the Authority;

179 5. Perform other acts otherwise permitted by applicable law to secure payment of the principal of,  
180 premium, if any, and interest on the loan from the Fund and to provide for the remedies of the Fund in  
181 the event of any default by the borrower in payment of the loan, including, without limitation, any of the  
182 following:

183 a. The conveyance of, or the granting of liens on or security interests in, real and personal property,  
184 together with all rights, title and interest therein;

185 b. The procurement of insurance, guarantees, letters of credit and other forms of collateral, security,  
186 liquidity arrangements or credit supports for the loan from any source, public or private, and the  
187 payment therefor of premiums, fees, or other charges;

188 c. The combination of one or more projects, or the combination of one or more projects with one or  
189 more other undertakings, facilities, utilities, or systems, for the purpose of operations and financing, and  
190 the pledging of the revenues from such combined projects, undertakings, facilities, utilities and systems  
191 to secure the loan from the Fund borrower made in connection with such combination or any part or  
192 parts thereof;

193 d. The maintenance, replacement, renewal, and repair of the project; and

194 e. The procurement of casualty and liability insurance.

195 6. Obtain a review of the accounting and internal controls from the Auditor of Public Accounts or  
196 his legally authorized representatives, as applicable. The Authority may request additional reviews at  
197 any time during the term of the loan. In addition, anyone receiving a report in accordance with  
198 § 10.1-603.23 may request an additional review as set forth in this section; and

199 7. Directly offer, pledge, and consent to the Authority to take action pursuant to § 62.1-216.1 to  
200 obtain payment of any amounts in default, as applicable.

201 All local governments or private entities borrowing money from the Fund are authorized to perform  
202 any acts, take any action, adopt any proceedings, and make and carry out any contracts that are  
203 contemplated by this article. Such contracts need not be identical among all local governments or  
204 private entities, but may be structured as determined by the Authority according to the needs of the  
205 contracting local governments or private entities and the Fund.

206 Subject to the rights, if any, of the registered owners of any of the bonds of the Authority, the  
207 Authority may consent to and approve any modification in the terms of any loan to any local  
208 government.

209 § 10.1-603.20. Condition for making loans or grants.

210 A. The Director may authorize a loan or grant for flood prevention or protection projects, or for  
211 flood prevention or protection studies under the provisions of § 10.1-603.19 only when the following  
212 conditions exist:

213 1. An application for the loan or grant has been submitted by ~~the~~ an applicant in the manner and  
214 form specified by the Director, setting forth the amount of the loan or grant requested, and the use to  
215 which the loan or grant will be applied. The application shall describe in detail (i) the area to be studied  
216 or protected, including the population and the value of property to be protected, historic flooding data  
217 and hydrologic studies projecting flood frequency; (ii) the estimated cost-benefit ratio of the project; (iii)  
218 the ability of the locality to provide its share of the cost; (iv) the administration of local flood plain  
219 management regulations; and (v) other necessary information to establish project or study priority.

220 2. The local ~~public body~~ government agrees and furnishes assurance, satisfactory to the Director, that  
221 it will satisfactorily maintain any structure financed, in whole or in part, through the loans or grants  
222 provided under this article.

223 3. ~~The purpose for which the loan or grant is sought is one described in § 10.1-603.19.~~

224 4. If the requested loan or grant is sought to acquire land, the Director shall require satisfactory  
225 evidence prior to acting on the request that the local ~~public body~~ government will acquire the land if the  
226 loan or grant is made.

227 ~~§ 4.~~ A local ~~public body~~ government is eligible to receive a grant once every five years, provided  
228 that it has a flood mitigation plan approved by the Director and has demonstrated satisfactory evidence  
229 of plan implementation. Lacking an approved plan the local ~~public body~~ government is eligible for a  
230 grant once every ten years.

231 ~~§ 5.~~ [Repealed.]

232 B. ~~In addition to the condition for making loans established under this article, the Director may~~  
233 ~~require of a local public body such covenants and conditions as the Director deems necessary or~~  
234 ~~expedient to further the purpose of the loan.~~

235 C. ~~The Director may consent to and approve any modification in the terms of any loan to any local~~  
236 ~~public body subject to the regulations promulgated~~ The Director shall develop guidance criteria for  
237 making loans and grants for dam safety repair projects. Priority shall be given to making loans for high  
238 hazard dams.

239 § 10.1-603.22:1. Pledge of loans to secure bonds of Authority.

240 The Authority is empowered at any time and from time to time to pledge, assign, or transfer from the  
241 Fund to banks or trust companies designated by the Authority any or all of the assets of the Fund to be  
242 held in trust as security for the payment of the principal of, premium, if any, and interest on any or all  
243 of the bonds, as defined in § 62.1-199, issued to finance any project. The interests of the Fund in any  
244 assets so transferred shall be subordinate to the rights of the trustee under the pledge, assignment, or

245 transfer. To the extent funds are not available from other sources pledged for such purpose, any of the  
 246 assets or payments of principal and interest received on the assets pledged, assigned, or transferred or  
 247 held in trust may be applied by the trustee thereof to the payment of the principal of, premium, if any,  
 248 and interest on such bonds of the Authority secured thereby, and, if such payments are insufficient for  
 249 such purpose, the trustee is empowered to sell any or all of such assets and apply the net proceeds from  
 250 the sale to the payment of the principal of, premium, if any, and interest on such bonds of the Authority.  
 251 Any assets of the Fund pledged, assigned, or transferred in trust as set forth above and any payments of  
 252 principal, interest, or earnings received thereon shall remain part of the Fund but shall be subject to  
 253 the pledge, assignment, or transfer to secure the bonds of the Authority and shall be held by the trustee  
 254 to which they are pledged, assigned, or transferred until no longer required for such purpose by the  
 255 terms of the pledge, assignment or transfer.

256 § 10.1-603.22:2. Sale of Loans.

257 The Authority is empowered at any time and from time to time to sell, upon such terms and  
 258 conditions as the Authority shall deem appropriate, any loan, or interest therein, made pursuant to this  
 259 article. The net proceeds of sale remaining after the payment of the costs and expenses of the sale shall  
 260 be designated for deposit to, and become part of, the Fund.

261 § 10.1-603.22:3. Powers of the Authority.

262 The Authority is authorized to do any act necessary or convenient to the exercise of the powers  
 263 granted in this article or reasonably implied thereby.

264 § 10.1-603.22:4. Liberal construction of article.

265 The provisions of this article shall be liberally construed to the end that its beneficial purposes may  
 266 be effectuated. Insofar as the provisions of this article are inconsistent with the provisions of any other  
 267 law, general, special or local, the provisions of this article shall be controlling.

268 § 10.1-603.23. Record of application for grants or loans and action taken.

269 A record of each application for a grant or loan pursuant to ~~§ 10.1-603.19~~ and the action taken  
 270 thereon shall be open to public inspection at the office of the Department and shall be presented to the  
 271 Governor and members of the legislature prior to budgetary sessions of the General Assembly. The  
 272 Authority shall report annually to the General Assembly and the Governor on the Fund and the  
 273 administration of all grants and loans made from the Fund.

274 § 10.1-606.1. Authority for localities to map inundation zones.

275 A. Any county, city, or town may map inundation zones and is encouraged to incorporate such  
 276 information into its zoning and subdivision ordinances. Such localities may regulate or limit future  
 277 development in these areas. However, in no event shall this section be interpreted to supersede or  
 278 conflict with the authority granted to the Department of Mines, Minerals and Energy for the regulation  
 279 of mineral extraction activities in the Commonwealth as set out in Title 45.1.

280 B. The Director may utilize grant funding available from the *Dam Safety*, Flood Prevention and  
 281 Protection Assistance Fund and other available sources of funding to assist localities in the development  
 282 of these maps, provided the localities contribute a local match. The highest priority for awarding funds  
 283 shall be placed on assisting with the mapping of the highest class of dams.

284 C. Such maps shall be made available by the locality to the dam owner and the public. All properties  
 285 identified within the inundation zone shall be incorporated into the dam safety emergency action plan of  
 286 that dam so as to ensure the proper notification of persons downstream and other affected persons or  
 287 property owners in the event of a flood hazard or the impending failure of the impounding structure.

288 § 38.2-401.1. Dam Safety, Flood Prevention and Protection Assistance Fund assessment.

289 The Commission shall annually assess against all licensed insurance companies doing business in this  
 290 Commonwealth by writing any type of flood insurance an assessment in the amount of one percent of  
 291 the total direct gross premium income for such insurance. Such assessment shall be apportioned,  
 292 assessed, and paid as prescribed by § 38.2-403. In any year in which a company has no direct gross  
 293 premium income from flood insurance or in which its direct gross premium income from flood  
 294 insurance is insufficient to produce at the rate of assessment prescribed by law an amount equal to or in  
 295 excess of \$100, there shall be so apportioned and assessed against such company a contribution of \$100.  
 296 One hundred percent of the total amount collected annually pursuant to this section shall be paid into  
 297 the *Dam Safety*, Flood Prevention and Protection Assistance Fund established per § 10.1-603.17. The  
 298 assessment established by this section shall not apply to premium income for policies written pursuant to  
 299 the National Flood Insurance Act of 1968 or for policies providing comprehensive motor vehicle  
 300 insurance coverage.

301 § 58.1-2501. Levy of license tax.

302 A. For the privilege of doing business in the Commonwealth, there is hereby levied on every  
 303 insurance company defined in § 38.2-100 which issues policies or contracts for any kind of insurance  
 304 classified and defined in §§ 38.2-102 through 38.2-134 and on every corporation which issues  
 305 subscription contracts for any kind of plan classified and defined in §§ 38.2-4201 and 38.2-4501, an

306 annual license tax as follows:

307 1. For any kind of insurance classified and defined in §§ 38.2-109 through 38.2-134 or Chapters 44  
308 (§ 38.2-4400 et seq.) and 61 (§ 38.2-6100 et seq.) of Title 38.2, except workers' compensation insurance  
309 on which a premium tax is imposed under the provisions of § 65.2-1000, such company shall pay a tax  
310 of two and three-fourths percent of its subscriber fee income or direct gross premium income on such  
311 insurance for each taxable year through 1988. For taxable year 1989 and each taxable year thereafter,  
312 such company shall pay a tax of two and one-fourth percent of its subscriber fee income or direct gross  
313 premium income on such insurance. [ *All tax revenue generated as a result of flood insurance premiums*  
314 *associated with the National Flood Insurance Program's flood insurance sales shall be deposited*  
315 *annually to the Dam Safety, Flood Prevention and Protection Assistance Fund established pursuant to*  
316 *§ 10.1-603.17. ]*

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

324 3. For policies or contracts providing industrial sick benefit insurance as defined in § 38.2-3544, such  
325 company shall pay a tax of one percent of its direct gross premium income on such insurance. No  
326 company, however, doing business on the legal reserve plan, shall be required to pay any licenses, fees  
327 or other taxes in excess of those required by this section on such part of its business as is industrial sick  
328 benefit insurance as defined in § 38.2-3544; but any such company doing business on the legal reserve  
329 plan shall pay on all industrial sick benefit policies or contracts on which the sick benefit portion has  
330 been cancelled as provided in § 38.2-3546, or which provide a greater death benefit than \$250 or a  
331 greater weekly indemnity than \$10, and on all other life, accident and sickness insurance, the same  
332 license or other taxes as are required by this section.

333 4. For subscription contracts for any kind of plan classified and defined in § 38.2-4201 or  
334 § 38.2-4501, such corporation shall pay a tax of two and one-fourth percent of its direct gross subscriber  
335 fee income derived from subscription contracts issued to primary small groups as defined in § 38.2-3431  
336 and three-fourths of one percent of its direct gross subscriber fee income derived from other subscription  
337 contracts for taxable year 1997. For each taxable year thereafter, such corporation shall pay a tax of  
338 three-fourths of one percent of its direct gross subscriber fee income derived from subscription contracts  
339 issued to individuals and from open enrollment contracts as defined in § 38.2-4216.1, and two and  
340 one-fourth percent of its direct gross subscriber fee income derived from other subscription contracts.  
341 The declaration of estimated tax pursuant to this subsection shall commence on or before April 15,  
342 1988.

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

349 § 58.1-2508. Taxes applicable to insurance companies.

350 A. The real estate and tangible personal property, situated or located in the Commonwealth, of every  
351 such company and every fraternal benefit society transacting insurance in the Commonwealth shall be  
352 listed and assessed on the land and property books of the commissioner of the revenue in the same  
353 manner as other real estate and tangible personal property are assessed, and shall be taxed at the same  
354 rates as other like property is taxed.

355 B. The license tax provided in this chapter, the tax on real estate and tangible personal property  
356 provided for in subsection A, the fee assessed by the Commission for the administration of the insurance  
357 laws pursuant to Chapter 4 (§ 38.2-400 et seq.) of Title 38.2, the fee assessed by the Commission for  
358 the Fire Programs Fund pursuant to § 38.2-401, the fee assessed by the Commission for the *Dam Safety*,  
359 Flood Prevention and Protection Assistance Fund pursuant to § 38.2-401.1, the fee assessed by the  
360 Commission to fund the program to reduce losses from motor vehicle thefts pursuant to § 38.2-414, the  
361 fee assessed by the Commission to fund the program to reduce losses from insurance fraud pursuant to  
362 § 38.2-415, and the retaliatory amounts assessed by the Commission pursuant to § 38.2-1026 shall be in  
363 lieu of all fees, licenses, taxes and levies whatsoever, state, county, city or town; however, nothing in  
364 this section shall be construed to exempt insurance companies from the tax levied in Chapter 6  
365 (§ 58.1-600 et seq.) of this title. No additional fee or license tax shall be applicable to an agent of an  
366 insurance company other than the annual license fee on agents required pursuant to Article 3  
367 (§ 38.2-1819 et seq.) of Chapter 18 of Title 38.2.

368 § 62.1-203. Powers of Authority.

369 The Authority is granted all powers necessary or appropriate to carry out and to effectuate its  
370 purposes, including the following:

371 1. To have perpetual succession as a public body corporate and as a political subdivision of the  
372 Commonwealth;

373 2. To adopt, amend and repeal bylaws, and rules and regulations, not inconsistent with this chapter  
374 for the administration and regulation of its affairs and to carry into effect the powers and purposes of  
375 the Authority and the conduct of its business;

376 3. To sue and be sued in its own name;

377 4. To have an official seal and alter it at will although the failure to affix this seal shall not affect  
378 the validity of any instrument executed on behalf of the Authority;

379 5. To maintain an office at any place within the Commonwealth which it designates;

380 6. To make and execute contracts and all other instruments and agreements necessary or convenient  
381 for the performance of its duties and the exercise of its powers and functions under this chapter;

382 7. To sell, convey, mortgage, pledge, lease, exchange, transfer and otherwise dispose of all or any  
383 part of its properties and assets;

384 8. To employ officers, employees, agents, advisers and consultants, including without limitations,  
385 attorneys, financial advisers, engineers and other technical advisers and public accountants and, the  
386 provisions of any other law to the contrary notwithstanding, to determine their duties and compensation  
387 without the approval of any other agency or instrumentality;

388 9. To procure insurance, in amounts and from insurers of its choice, or provide self-insurance,  
389 against any loss, cost, or expense in connection with its property, assets or activities, including insurance  
390 or self-insurance against liability for its acts or the acts of its directors, employees or agents and for the  
391 indemnification of the members of its Board of Directors and its employees and agents;

392 10. To procure credit enhancements from any public or private entities, including any department,  
393 agency or instrumentality of the United States of America or the Commonwealth, for the payment of  
394 any bonds issued by the Authority, including the power to pay premiums or fees on any such credit  
395 enhancements;

396 11. To receive and accept from any source aid, grants and contributions of money, property, labor or  
397 other things of value to be held, used and applied to carry out the purposes of this chapter subject to the  
398 conditions upon which the aid, grants or contributions are made;

399 12. To enter into agreements with any department, agency or instrumentality of the United States of  
400 America or, the Commonwealth, the District of Columbia or any adjoining state for the purpose of  
401 planning, regulating and providing for the financing of any projects;

402 13. To collect, or to authorize the trustee under any trust indenture securing any bonds or any other  
403 fiduciary to collect, amounts due under any local obligations owned or credit enhanced by the Authority,  
404 including taking the action required by § 15.2-2659 or § 62.1-216.1 to obtain payment of any sums in  
405 default;

406 14. To enter into contracts or agreements for the servicing and processing of local obligations owned  
407 by the Authority;

408 15. To invest or reinvest its funds as provided in this chapter or permitted by applicable law;

409 16. Unless restricted under any agreement with holders of bonds, to consent to any modification with  
410 respect to the rate of interest, time and payment of any installment of principal or interest, or any other  
411 term of any local obligations owned by the Authority;

412 17. To establish and revise, amend and repeal, and to charge and collect, fees and charges in  
413 connection with any activities or services of the Authority;

414 18. To do any act necessary or convenient to the exercise of the powers granted or reasonably  
415 implied by this chapter; and

416 19. To pledge as security for the payment of any or all bonds of the Authority, all or any part of the  
417 Capital Reserve Fund or *other reserve fund or account* transferred to a trustee for such purpose from the  
418 Water Facilities Revolving Fund pursuant to § 62.1-231 ☞, from the Water Supply Revolving Fund  
419 pursuant to § 62.1-240 ☞, from the Virginia Solid Waste or Recycling Revolving Fund pursuant to  
420 § 62.1-241.9 ☞, from the Virginia Airports Revolving Fund pursuant to § 5.1-30.6, or from the *Dam  
421 Safety, Flood Prevention and Protection Assistance Fund pursuant to § 10.1-603.17.*

422 **2. That §§ 10.1-603.21 and 10.1-603.22 of the Code of Virginia are repealed.**

423 **3. That the Department of Conservation and Recreation shall repeal through an exempt action the  
424 Flood Prevention and Protection Assistance Fund Regulations (4 VAC 5-50-10 et seq.).**

425 **4. That upon the effective date of this act, the Department of Accounts, with the concurrence of  
426 the Department of Conservation and Recreation, may transfer the Dam Safety, Flood Prevention  
427 and Protection Assistance Fund and its unobligated balance to the Virginia Resources Authority to  
428 be administered and managed in accordance with this act.**