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SENATE BILL NO. 1201

Offered January 10, 2007

Prefiled January 10, 2007

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

Patron—Houck

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

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

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

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

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

3. *Revenues 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; and*

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

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

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

§ 58.1-2501. Levy of license tax.

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

59 annual license tax as follows:

60 1. For any kind of insurance classified and defined in §§ 38.2-109 through 38.2-134 or *as classified*
61 *and defined in* Chapters 44 (§ 38.2-4400 et seq.) and 61 (§ 38.2-6100 et seq.) of Title 38.2, except
62 workers' compensation insurance on which a premium tax is imposed under the provisions of
63 § 65.2-1000, such company shall pay a tax of two and three-fourths percent of its subscriber fee income
64 or direct gross premium income on such insurance for each taxable year through 1988. For taxable year
65 1989 and each taxable year thereafter, such company shall pay a tax of two and one-fourth percent of its
66 subscriber fee income or direct gross premium income on such insurance.

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

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

83 4. For subscription contracts for any kind of plan classified and defined in § 38.2-4201 or
84 § 38.2-4501, such corporation shall pay a tax of two and one-fourth percent of its direct gross subscriber
85 fee income derived from subscription contracts issued to primary small groups as defined in § 38.2-3431
86 and three-fourths of one percent of its direct gross subscriber fee income derived from other subscription
87 contracts for taxable year 1997. For each taxable year thereafter, such corporation shall pay a tax of
88 three-fourths of one percent of its direct gross subscriber fee income derived from subscription contracts
89 issued to individuals and from open enrollment contracts as defined in § 38.2-4216.1, and two and
90 one-fourth percent of its direct gross subscriber fee income derived from other subscription contracts.
91 The declaration of estimated tax pursuant to this subsection shall commence on or before April 15,
92 1988.

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

99 **2. That the tenth enactment of Chapter 1019 and the tenth enactment of Chapter 1044 of the Acts**
100 **of Assembly of 2000 are repealed.**