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**HOUSE BILL NO. 1745**

Offered January 14, 2015

Prefiled January 12, 2015

*A BILL to amend and reenact §§ 38.2-400, 38.2-401, and 58.1-2660 of the Code of Virginia, relating to the Fire Programs Fund; rate of assessment; expense of administration of insurance laws and regulatory revenue taxes of public service corporations.*

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Patron—Lingamfelter

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Referred to Committee on Commerce and Labor

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

**1. That §§ 38.2-400, 38.2-401, and 58.1-2660 of the Code of Virginia are amended and reenacted as follows:**

**§ 38.2-400. Expense of administration of insurance laws borne by licensees; minimum contribution.**

A. The expense of maintaining the Bureau of the Commission responsible for administering the insurance laws of this Commonwealth, including a reasonable margin in the nature of a reserve fund, shall be assessed annually by the Commission against all companies and surplus lines brokers subject to this title except premium finance companies and providers of continuing care registered pursuant to Chapter 49 (§ 38.2-4900 et seq.) of this title. The assessment shall be in proportion to the direct gross premium income on business done in this Commonwealth. The assessment shall not exceed ~~one-tenth of~~ ~~one~~ 0.025 percent of the direct gross premium income and shall be levied pursuant to § 38.2-403. For any year a company is subject to an assessment, the assessment shall not be less than \$300.

B. All fees assessed under any provision of this title and paid into the state treasury shall be deposited to a special fund designated "Bureau of Insurance Special Fund - State Corporation Commission," and out of such special fund and the unexpended balance thereof shall be appropriated the sums necessary for the regulation, supervision and examination of all entities subject to regulation under this title. Any references in the Code of Virginia to funds being paid directly into the state treasury and credited to the fund for the maintenance of the Bureau of Insurance shall hereinafter mean the "Bureau of Insurance Special Fund - State Corporation Commission."

**§ 38.2-401. Fire Programs Fund.**

A. 1. There is hereby established in the state treasury a special nonreverting fund to be known as the Fire Programs Fund, hereinafter referred to as "the Fund." The Fund shall be administered by the Department of Fire Programs under policies and definitions established by the Virginia Fire Services Board. All moneys collected pursuant to the assessment made by the Commission pursuant to subdivision 2 of this subsection shall be paid into the state treasury and credited to the Fund. The Fund shall also consist of any moneys appropriated thereto by the General Assembly and any grants or other moneys received by the Virginia Fire Services Board or Department of Fire Programs for the purposes set forth in this section. Any moneys deposited to or remaining in such Fund during or at the end of each fiscal year or biennium, including interest thereon, shall not revert to the general fund but shall remain in the Fund. Interest earned on all moneys in the Fund and interest earned on moneys held by the Commission pursuant to subdivision 2 of this subsection prior to the deposit of such moneys into the Fund, including interest earned on such moneys during any period when the Commission is reconciling payments from insurers, shall remain in or be deposited into the Fund, as the case may be, and be credited to it. Such interest shall be set aside for fire service purposes in accordance with policies developed by the Virginia Fire Services Board. Notwithstanding any other provision of law to the contrary, policies established by the Virginia Fire Services Board for the administration of the Fund, and any grants provided from the Fund, that are not inconsistent with the purposes set out in this section shall be binding upon any locality that accepts such funds or related grants. The Commission shall be reimbursed from the Fund for all expenses necessary for the administration of this section. The balance of moneys in the Fund shall be allocated periodically as provided in this section. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Executive Director of the Department of Fire Programs (Director) or his designee.

2. The Commission shall annually assess against all licensed insurance companies doing business in the Commonwealth by writing any type of insurance as defined in §§ 38.2-110, 38.2-111, 38.2-126, 38.2-130 and 38.2-131 and those combination policies as defined in § 38.2-1921 that contain insurance as defined in §§ 38.2-110, 38.2-111 and 38.2-126, an assessment in the amount of ~~one~~ 1.4 percent of the

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59 total direct gross premium income for such insurance. Such assessment shall be apportioned, assessed  
60 and paid as prescribed by § 38.2-403. In any year in which a company has no direct gross premium  
61 income or in which its direct gross premium income is insufficient to produce at the rate of assessment  
62 prescribed by law an amount equal to or in excess of \$100, there shall be so apportioned and assessed  
63 against such company a contribution of \$100.

64 B. After reserving funds for the Fire Services Grant Program and Dry Fire Hydrant Grant Program  
65 pursuant to subsection D, 75 percent of the remaining moneys available for allocation from the Fund  
66 shall be allocated to the several counties, cities and towns of the Commonwealth providing fire service  
67 operations to be used for the improvement of volunteer and career fire services in each of the receiving  
68 localities. Funds allocated to the counties, cities and towns pursuant to this subsection shall not be used  
69 directly or indirectly to supplant or replace any other funds appropriated by the counties, cities and  
70 towns for fire service operations. Such funds shall be used solely for the purposes of training volunteer  
71 or career firefighting personnel in each of the receiving localities; funding fire prevention and public  
72 safety education programs; constructing, improving and expanding regional or local fire service training  
73 facilities; purchasing emergency medical care and equipment for fire personnel; payment of personnel  
74 costs related to fire and medical training for fire personnel; or for purchasing personal protective  
75 equipment, vehicles, equipment and supplies for use in the receiving locality specifically for fire service  
76 purposes. Notwithstanding any other provision of the Code, when localities use such funds to construct,  
77 improve or expand fire service training facilities, fire-related training provided at such training facilities  
78 shall be by instructors certified or approved according to policies developed by the Virginia Fire  
79 Services Board. Distribution of this 75 percent of the Fund shall be made on the basis of population as  
80 provided for in §§ 4.1-116 and 4.1-117; however, no county or city eligible for such funds shall receive  
81 less than \$10,000, nor eligible town less than \$4,000. The Virginia Fire Services Board shall be  
82 authorized to exceed allocations of \$10,000 for eligible counties and cities and \$4,000 for eligible towns,  
83 respectively. Allocations to counties, cities, and towns receiving such allocations shall be fair and  
84 equitable as set forth in Board policy. Any increases or decreases in such allocations shall be uniform  
85 for all localities. In order to remain eligible for such funds, each receiving locality shall report annually  
86 to the Department on the use of the funds allocated to it for the previous year and shall provide a  
87 completed Fire Programs Fund Disbursement Agreement form. Each receiving locality shall be  
88 responsible for certifying the proper use of the funds. If, at the end of any annual reporting period, a  
89 satisfactory report and a completed agreement form have not been submitted by a receiving locality, any  
90 funds due to that locality for the next year shall not be retained. Such funds shall be added to the 75  
91 percent of the Fund allocated to the counties, cities, and towns of the Commonwealth for improvement  
92 of fire services in localities.

93 C. The remainder of the moneys available for allocation from the Fund shall be used for (i) the  
94 purposes of carrying out the powers and duties assigned to the Department of Fire Programs under  
95 Chapter 2 (§ 9.1-200) of Title 9.1, which shall include providing funded training and administrative  
96 support services for nonfunded training to localities and (ii) the payment of the compensation and costs  
97 of expenses of the members of the Fire Services Board in performing their official duties; however, the  
98 Fund shall not be used for salaries or operating expenses associated with the Office of the State Fire  
99 Marshal.

100 D. The Fire Services Grant Program is hereby established and will be used as grants to provide  
101 regional fire services training facilities, to finance the Virginia Fire Incident Reporting System and to  
102 build or repair burn buildings as determined by the Virginia Fire Services Board. Beginning January 1,  
103 1996, \$1 million from the assessments made pursuant to this section shall be distributed each year for  
104 the Fire Services Grant Program to be used as herein provided, and \$100,000 shall be distributed  
105 annually for continuing the statewide Dry Fire Hydrant Grant Program. Moneys allocated pursuant to  
106 this subsection shall be used for the purposes stated in this subsection, and for no other purpose. All  
107 grants provided from these programs shall be administered by the Department according to the policies  
108 established by the Virginia Fire Services Board.

109 E. Moneys in the Fund shall not be diverted or expended for any purpose not authorized by this  
110 section.

111 F. The Director shall establish written standards for determining the extent to which clients outside  
112 the Commonwealth shall be financially responsible for the cost of fire and emergency services training  
113 provided by the Department of Fire Programs. Revenues generated by such training shall be retained in  
114 the Fire Programs Fund and may be used solely for providing additional funded direct training to  
115 members of Virginia's fire and emergency services.

116 **§ 58.1-2660. Special revenue tax; levy.**

117 A. In addition to any other taxes upon the subjects of taxation listed herein, there is hereby levied,  
118 subject to the provisions of § 58.1-2664, a special regulatory revenue tax equal to ~~two-tenths of one~~  
119 0.15 percent of the gross receipts such person receives from business done within the Commonwealth  
120 upon:

121 1. Corporations furnishing water, heat, light or power, by means of gas or steam, except for electric  
122 suppliers, gas utilities, and gas suppliers as defined in § 58.1-400.2 and pipeline distribution companies  
123 as defined in § 58.1-2600;

124 2. Telegraph companies owning and operating a telegraph line apparatus necessary to communicate  
125 by telecommunications in the Commonwealth;

126 3. Telephone companies whose gross receipts from business done within the Commonwealth exceed  
127 \$50,000 or a company, the majority of stock or other property of which is owned or controlled by  
128 another telephone company, whose gross receipts exceed the amount set forth herein;

129 4. The Virginia Pilots' Association;

130 5. Railroads, except those exempt by virtue of federal law from the payment of state taxes, subject to  
131 the provisions of § 58.1-2661;

132 6. Common carriers of passengers by motor vehicle, except urban and suburban bus lines, a majority  
133 of whose passengers use the buses for traveling a daily distance of not more than 40 miles measured  
134 one way between their place of work, school or recreation and their place of abode; and

135 7. Any county, city or town that obtains a certificate pursuant to § 56-265.4:4.

136 B. Notwithstanding the rate specified in subsection A, the maximum rate of the special regulatory  
137 revenue tax shall be increased above such specified rate to the extent necessary to permit the  
138 Commission to recover the additional costs incurred by the Commission in implementing subdivision B  
139 4 of § 56-265.4:4 that cannot be recovered through the specified rate.