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## HOUSE BILL NO. 607

Offered January 21, 1998

*A BILL to amend and reenact § 1 of the third enactment of Chapter 803 of the Acts of Assembly of 1997, § 1 of the third enactment of Chapter 888 of the Acts of Assembly of 1997, and § 1 of the third enactment of Chapter 891 of the Acts of Assembly of 1997, relating to the disposition of certain property received by certain political subdivisions of the Commonwealth pursuant to the conversion of a mutual insurance company to a stock corporation.*

Patron—Deeds

Referred to Committee on Appropriations

**Be it enacted by the General Assembly of Virginia:****1. That § 1 of the third enactment of Chapter 803 of the Acts of Assembly of 1997 is amended and reenacted as follows:**

§ 1. The governing body of each locality that receives cash, shares of stock, or both, as a result of the conversion of Blue Cross and Blue Shield of Virginia, doing business as Trigon Blue Cross Blue Shield (hereafter referred to as "Trigon"), from a mutual insurance company to a stock corporation known as Trigon Healthcare, Inc., by reason of its school division's status as a present or former group policyholder of Trigon shall, by appropriate ordinance or resolution, authorize the treasurer of such locality to create two separate funds upon the books of the locality, as hereinafter described. Upon the enactment or adoption of such ordinance or resolution, the treasurer of the locality shall place all such stock, including any proceeds derived from the sale or other conveyance of any such stock, and cash, into these separate funds. The stock or proceeds and cash shall be divided equally between the two separate funds set forth in subsections A and B of this section; however, (i) the local governing body may place a greater proportion or all of the stock or proceeds and cash in the fund described in subsection A, with the consent of the school board and (ii) if on or before January 1, 1997, a school board has requested and the local governing body has approved the allocation of the proceeds from the sale of its stock for a school construction or renovation project, the remainder of such proceeds shall be used to create a fund to offset health insurance premium increases incurred by the present and future employees of the school board and governing body.

A. The first fund shall be known as the "County/City of \_\_\_\_\_ Schools Health Insurance Premium Fund." All principal placed into this fund, together with all income arising from or attributable to the fund, shall be used solely to offset health insurance premium expenses incurred by or on behalf of present and future employees of the school division of the locality; *however, the governing body of the locality may use a portion of the principal placed into the fund, a portion of the income arising from or attributable to the fund, or both, to compensate present or future retired employees of the school division of the locality for (i) health insurance premium expenses payable by the retired employees, (ii) health insurance premium expenses paid for by such retired employees for periods prior to July 1, 1997, during which the retired employees were insured under a health insurance policy through the school division of the locality as a group policyholder of Trigon, or (iii) both (i) and (ii), in such amounts, if any, as the governing body shall determine appropriate.* No disbursement from the fund may be made except upon specific appropriation by the governing body in accordance with applicable law.

B. The second fund, if any, shall be known as the "County/City of \_\_\_\_\_ School Construction, Renovation, Maintenance, Capital Outlay, and Debt Service Fund." All principal placed into this fund, together with all income arising from or attributable to the fund, shall be used solely for the purposes of school construction, school renovation, major school maintenance, capital outlay, and debt service in the public schools of the locality. No disbursement from this fund may be made except upon specific appropriation by the governing body in accordance with applicable law.

C. All stock or proceeds and cash placed into separate funds pursuant to the provisions of this act, including all income arising from or attributable to such funds, shall be deemed public funds of the locality and shall be subject to all limitations upon deposit and investment provided by general law, including without limitation the Virginia Security for Public Deposits Act (§ 2.1-359 et seq.). Income, dividends, distributions and sale proceeds accruing to the separate funds shall be retained in the funds and may be expended only in accordance with the terms of this act.

D. Any funds transferred by the Department of Personnel and Training to a participating employer upon its withdrawal from a plan or plans as provided in subsection F of § 2.1-20.1:02 of the Code of Virginia shall be (i) placed in the separate funds described in subsections A and B of this section if the

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HB607

60 withdrawing employer is a school board or school division or (ii) deposited in the general fund of the  
61 locality if the withdrawing employer is not a school board or school division.

62 **2. That § 1 of the third enactment of Chapter 888 of the Acts of Assembly of 1997 is amended and**  
63 **reenacted as follows:**

64 § 1. The governing body of each locality that receives cash, shares of stock, or both, as a result of  
65 the conversion of Blue Cross and Blue Shield of Virginia, doing business as Trigon Blue Cross Blue  
66 Shield (hereafter referred to as "Trigon"), from a mutual insurance company to a stock corporation  
67 known as Trigon Healthcare, Inc., by reason of its school division's status as a present or former group  
68 policyholder of Trigon shall, by appropriate ordinance or resolution, authorize the treasurer of such  
69 locality to create two separate funds upon the books of the locality, as hereinafter described. Upon the  
70 enactment or adoption of such ordinance or resolution, the treasurer of the locality shall place all such  
71 stock, including any proceeds derived from the sale or other conveyance of any such stock, and cash,  
72 into these separate funds. The stock or proceeds and cash shall be divided equally between the two  
73 separate funds set forth in subsections A and B of this section; however, (i) the local governing body  
74 may place a greater proportion or all of the stock or proceeds and cash in the fund described in  
75 subsection A, with the consent of the school board and (ii) if on or before January 1, 1997, a school  
76 board has requested and the local governing body has approved the allocation of the proceeds from the  
77 sale of its stock for a school construction or renovation project, the remainder of such proceeds shall be  
78 used to create a fund to offset health insurance premium increases incurred by the present and future  
79 employees of the school board and governing body.

80 A. The first fund shall be known as the "County/City of \_\_\_\_\_ Schools Health Insurance  
81 Premium Fund." All principal placed into this fund, together with all income arising from or attributable  
82 to the fund, shall be used solely to offset health insurance premium expenses incurred by or on behalf  
83 of present and future employees of the school division of the locality; *however, the governing body of*  
84 *the locality may use a portion of the principal placed into the fund, a portion of the income arising*  
85 *from or attributable to the fund, or both, to compensate present or future retired employees of the*  
86 *school division of the locality for (i) health insurance premium expenses payable by the retired*  
87 *employees, (ii) health insurance premium expenses paid for by such retired employees for periods prior*  
88 *to July 1, 1997, during which the retired employees were insured under a health insurance policy*  
89 *through the school division of the locality as a group policyholder of Trigon, or (iii) both (i) and (ii), in*  
90 *such amounts, if any, as the governing body shall determine appropriate.* No disbursement from the  
91 fund may be made except upon specific appropriation by the governing body in accordance with  
92 applicable law.

93 B. The second fund, if any, shall be known as the "County/City of \_\_\_\_\_ School  
94 Construction, Renovation, Maintenance, Capital Outlay, and Debt Service Fund." All principal placed  
95 into this fund, together with all income arising from or attributable to the fund, shall be used solely for  
96 the purposes of school construction, school renovation, major school maintenance, capital outlay, and  
97 debt service in the public schools of the locality. No disbursement from this fund may be made except  
98 upon specific appropriation by the governing body in accordance with applicable law.

99 C. All stock or proceeds and cash placed into separate funds pursuant to the provisions of this act,  
100 including all income arising from or attributable to such funds, shall be deemed public funds of the  
101 locality and shall be subject to all limitations upon deposit and investment provided by general law,  
102 including without limitation the Virginia Security for Public Deposits Act (§ 2.1-359 et seq.). Income,  
103 dividends, distributions and sale proceeds accruing to the separate funds shall be retained in the funds  
104 and may be expended only in accordance with the terms of this act.

105 D. Any funds transferred by the Department of Personnel and Training to a participating employer  
106 upon its withdrawal from a plan or plans as provided in subsection F of § 2.1-20.1:02 of the Code of  
107 Virginia shall be (i) placed in the separate funds described in subsections A and B of this section if the  
108 withdrawing employer is a school board or school division or (ii) deposited in the general fund of the  
109 locality if the withdrawing employer is not a school board or school division.

110 **3. That § 1 of the third enactment of Chapter 891 of the Acts of Assembly of 1997 is amended and**  
111 **reenacted as follows:**

112 § 1. The governing body of each locality that receives cash, shares of stock, or both, as a result of  
113 the conversion of Blue Cross and Blue Shield of Virginia, doing business as Trigon Blue Cross Blue  
114 Shield (hereafter referred to as "Trigon"), from a mutual insurance company to a stock corporation  
115 known as Trigon Healthcare, Inc., by reason of its school division's status as a present or former group  
116 policyholder of Trigon shall, by appropriate ordinance or resolution, authorize the treasurer of such  
117 locality to create two separate funds upon the books of the locality, as hereinafter described. Upon the  
118 enactment or adoption of such ordinance or resolution, the treasurer of the locality shall place all such  
119 stock, including any proceeds derived from the sale or other conveyance of any such stock, and cash,  
120 into these separate funds. The stock or proceeds and cash shall be divided equally between the two  
121 separate funds set forth in subsections A and B of this section; however, (i) the local governing body

may place a greater proportion or all of the stock or proceeds and cash in the fund described in subsection A, with the consent of the school board and (ii) if on or before January 1, 1997, a school board has requested and the local governing body has approved the allocation of the proceeds from the sale of its stock for a school construction or renovation project, the remainder of such proceeds shall be used to create a fund to offset health insurance premium increases incurred by the present and future employees of the school board and governing body.

A. The first fund shall be known as the "County/City of \_\_\_\_\_ Schools Health Insurance Premium Fund." All principal placed into this fund, together with all income arising from or attributable to the fund, shall be used solely to offset health insurance premium expenses incurred by or on behalf of present and future employees of the school division of the locality; *however, the governing body of the locality may use a portion of the principal placed into the fund, a portion of the income arising from or attributable to the fund, or both, to compensate present or future retired employees of the school division of the locality for (i) health insurance premium expenses payable by the retired employees, (ii) health insurance premium expenses paid for by such retired employees for periods prior to July 1, 1997, during which the retired employees were insured under a health insurance policy through the school division of the locality as a group policyholder of Trigon, or (iii) both (i) and (ii), in such amounts, if any, as the governing body shall determine appropriate.* No disbursement from the fund may be made except upon specific appropriation by the governing body in accordance with applicable law.

B. The second fund, if any, shall be known as the "County/City of \_\_\_\_\_ School Construction, Renovation, Maintenance, Capital Outlay, and Debt Service Fund." All principal placed into this fund, together with all income arising from or attributable to the fund, shall be used solely for the purposes of school construction, school renovation, major school maintenance, capital outlay, and debt service in the public schools of the locality. No disbursement from this fund may be made except upon specific appropriation by the governing body in accordance with applicable law.

C. All stock or proceeds and cash placed into separate funds pursuant to the provisions of this act, including all income arising from or attributable to such funds, shall be deemed public funds of the locality and shall be subject to all limitations upon deposit and investment provided by general law, including without limitation the Virginia Security for Public Deposits Act (§ 2.1-359 et seq.). Income, dividends, distributions and sale proceeds accruing to the separate funds shall be retained in the funds and may be expended only in accordance with the terms of this act.

D. Any funds transferred by the Department of Personnel and Training to a participating employer upon its withdrawal from a plan or plans as provided in subsection F of § 2.1-20.1:02 of the Code of Virginia shall be (i) placed in the separate funds described in subsections A and B of this section if the withdrawing employer is a school board or school division or (ii) deposited in the general fund of the locality if the withdrawing employer is not a school board or school division.