WEST VIRGINIA LEGISLATURE

**FISCAL NOTE**

2023 REGULAR SESSION

Introduced

House Bill 2165

By Delegate Keaton

[Introduced January 11, 2023; Referred to the Committee on Banking and Insurance then Finance]

A BILL to amend and reenact §33-3-14 of the Code of West Virginia, 1931, as amended, relating to dedicating 25 percent of the annual insurance premium tax to the PEIA Rainy Day Fund.

Be it enacted by the Legislature of West Virginia:

ARTICLE 3. LICENSING, FEES, AND TAXATION OF INSURERS.

§33-3-14. Annual financial statement and premium tax return; remittance by insurer of premium tax, less certain deductions; special revenue funds created.

(a) Every insurer transacting insurance in West Virginia shall file with the commissioner, on or before March 1, each year, a financial statement made under oath of its president or secretary and on a form prescribed by the commissioner. The insurer shall also, on or before March 1 of each year subject to the provisions of §33-3-14c of this code, under the oath of its president or secretary, make a premium tax return for the previous calendar year on a form prescribed by the commissioner showing the gross amount of direct premiums, whether designated as a premium or by some other name, collected, and received by it during the previous calendar year on policies covering risks resident, located, or to be performed in this state and compute the amount of premium tax chargeable to it in accordance with the provisions of this article, deducting the amount of quarterly payments as required to be made pursuant to the provisions of §33-3-14c of this code, if any, less any adjustments to the gross amount of the direct premiums made during the calendar year, if any, and transmit with the return to the commissioner a remittance in full for the tax due. The tax is the sum equal to two percent of the taxable premium and also includes any additional tax due under §33-3-14a of this code. All taxes, except those received on write your own federal flood insurance premium taxes or private market flood insurance premium taxes, received by the commissioner shall be paid into the insurance tax fund created in §33-3-14(b) of this code.

(b) There is created in the State Treasury a special revenue fund, administered by the Treasurer, designated the "insurance tax fund". This fund is not part of the General Revenue Fund of the state. It consists of all amounts deposited in the fund pursuant to §33-3-14(a), §33-3-14a, §33-3-15, and §33-3-17 of this code, any appropriations to the fund, all interest earned from investment of the fund, and any gifts, grants, or contributions received by the fund: *Provided*, That this subsection shall not apply to funds received on federal flood insurance premium taxes or private market flood insurance premium taxes, which are subject to §33-3-14(c) of this code. The Treasurer shall, no later than the last business day of each month, transfer an amount equal to 25 percent of the tax collected under this section to the Public Employees Insurance Reserve Fund, created by §11B-2-15 of the code, and shall transfer amounts from the insurance tax fund to the General Revenue Fund that the Treasurer determines are not necessary for making premium tax refunds under this article or §33-43-1 *et seq*. of this code.

(c) There is created in the State Treasury a special revenue fund, administered by the Treasurer, designated the "flood insurance tax fund". This fund is not part of the General Revenue Fund of the state. All taxes collected pursuant to §33-3-14(a) of this code from federal flood insurance policy premium taxes or private market flood insurance premium taxes shall be deposited into the flood insurance tax fund. The flood insurance tax fund shall contain collections, any appropriations to the fund, and any gifts, grants, and contributions received. The Treasurer shall distribute funds from the flood insurance tax fund for the operations and responsibilities of the State Office of the National Flood Insurance Program, as provided in §15-5-20b of this code, for activities that promote and enhance floodplain management issues, and for subgrants to local units of government and other eligible entities after full consideration of the recommendations of the Division of Emergency Management.

NOTE: The purpose of this bill is to dedicate 25 percent of the annual insurance premium tax to the PEIA Rainy Day Fund.

Strike-throughs indicate language that would be stricken from a heading or the present law, and underscoring indicates new language that would be added.