

HOUSE BILL NO. 489

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Labor and Commerce

on _____)

(Patron Prior to Substitute--Delegate Garrett)

A BILL to amend and reenact § 38.2-401 of the Code of Virginia, relating to insurance; Fire Programs Fund; purposes; report.

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-401 of the Code of Virginia is amended and reenacted as follows:

§ 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

27 not inconsistent with the purposes set out in this section shall be binding upon any locality that accepts
28 such funds or related grants. The Commission shall be reimbursed from the Fund for all expenses
29 necessary for the administration of this section. The balance of moneys in the Fund shall be allocated
30 periodically as provided in this section. Expenditures and disbursements from the Fund shall be made by
31 the State Treasurer on warrants issued by the Comptroller upon written request signed by the Executive
32 Director of the Department of Fire Programs (Director) or his designee.

33 2. The Commission shall annually assess against all licensed insurance companies doing business
34 in the Commonwealth by writing any type of insurance as defined in §§ 38.2-110, 38.2-111, 38.2-126,
35 38.2-130 and 38.2-131 and those combination policies as defined in § 38.2-1921 that contain insurance as
36 defined in §§ 38.2-110, 38.2-111 and 38.2-126, an assessment in the amount of one percent of the total
37 direct gross premium income for such insurance. Such assessment shall be apportioned, assessed and paid
38 as prescribed by § 38.2-403. In any year in which a company has no direct gross premium income or in
39 which its direct gross premium income is insufficient to produce at the rate of assessment prescribed by
40 law an amount equal to or in excess of \$100, there shall be so apportioned and assessed against such
41 company a contribution of \$100.

42 B. After reserving funds for the Fire Services Grant Program and Dry Fire Hydrant Grant Program
43 pursuant to subsection D, 75 percent of the remaining moneys available for allocation from the Fund shall
44 be allocated to the several counties, cities, and towns of the Commonwealth providing fire service
45 operations to be used for the improvement of volunteer and career fire services in each of the receiving
46 localities. Funds allocated to the counties, cities, and towns pursuant to this subsection shall not be used
47 directly or indirectly to supplant or replace any other funds appropriated by the counties, cities, and towns
48 for fire service operations. Such funds shall be used solely for the purposes of (i) training volunteer or
49 career firefighting personnel in each of the receiving localities; (ii) funding fire prevention and public
50 safety education programs; (iii) constructing, improving, and expanding regional or local fire service
51 training facilities; (iv) purchasing emergency medical care and equipment for fire personnel; (v) payment
52 of personnel costs related to fire and medical training for fire personnel; (vi) purchasing personal
53 protective equipment, vehicles, equipment, and supplies for use in the receiving locality specifically for

54 fire service purposes;~~or~~ (vii) providing training and education and purchasing products, including
55 personal protective equipment, diesel exhaust removal systems, decontamination equipment, and
56 commercial extractors, that are designed to reduce the incidence of cancer among firefighters; (viii)
57 constructing, improving, or expanding fire station facilities; (ix) providing mental health resources; or (x)
58 hiring additional fire personnel and funding recruitment and retention programs. Except as provided in
59 this section, no such funds shall be used for the purposes of investments, operating expenses, debt
60 repayment, taxes, or fees. Notwithstanding any other provision of the Code, when localities use such funds
61 to construct, improve, or expand fire service training facilities, fire-related training provided at such
62 training facilities shall be by instructors certified or approved according to policies developed by the
63 Virginia Fire Services Board. Distribution of this 75 percent of the Fund shall be made on the basis of
64 population as provided for in §§ 4.1-116 and 4.1-117; however, no county or city eligible for such funds
65 shall receive less than \$10,000, nor eligible town less than \$4,000. The Virginia Fire Services Board shall
66 be authorized to exceed allocations of \$10,000 for eligible counties and cities and \$4,000 for eligible
67 towns, respectively. Allocations to counties, cities, and towns receiving such allocations shall be fair and
68 equitable as set forth in Board policy. Any increases or decreases in such allocations shall be uniform for
69 all localities. In order to remain eligible for such funds, each receiving locality shall report annually to the
70 Department on the use of the funds allocated to it for the previous year and shall provide a completed Fire
71 Programs Fund Disbursement Agreement form. Each receiving locality shall be responsible for certifying
72 the proper use of the funds. If, at the end of any annual reporting period, a satisfactory report and a
73 completed agreement form have not been submitted by a receiving locality, any funds due to that locality
74 for the next year shall not be retained. Such funds shall be added to the 75 percent of the Fund allocated
75 to the counties, cities, and towns of the Commonwealth for improvement of fire services in localities.

76 C. The remainder of the moneys available for allocation from the Fund shall be used for (i) the
77 purposes of carrying out the powers and duties assigned to the Department of Fire Programs under Chapter
78 2 (§ 9.1-200) of Title 9.1, which shall include providing funded training and administrative support
79 services for nonfunded training to localities and (ii) the payment of the compensation and costs of expenses

80 of the members of the Fire Services Board in performing their official duties; however, the Fund shall not
81 be used for salaries or operating expenses associated with the Office of the State Fire Marshal.

82 D. The Fire Services Grant Program is hereby established and will be used as grants to provide
83 regional fire services training facilities, to finance the Virginia Fire Incident Reporting System and to
84 build or repair live fire training structures as determined by the Virginia Fire Services Board. Beginning
85 January 1, 1996, \$1 million from the assessments made pursuant to this section shall be distributed each
86 year for the Fire Services Grant Program to be used as herein provided, and \$100,000 shall be distributed
87 annually for continuing the statewide Dry Fire Hydrant Grant Program. Moneys allocated pursuant to this
88 subsection shall be used for the purposes stated in this subsection, and for no other purpose. All grants
89 provided from these programs shall be administered by the Department according to the policies
90 established by the Virginia Fire Services Board.

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

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

98 **2. That the Secretary of Public Safety and Homeland Security (the Secretary) shall convene a work**
99 **group composed of representatives from the Department of Fire Programs, the Department of**
100 **Planning and Budget, the Virginia Fire Chiefs Association, the Senate Committee on Finance and**
101 **Appropriations, the House Committee on Appropriations, and such other stakeholders as the**
102 **Secretary deems appropriate to study methods of funding allocation and allocation formulas for the**
103 **Fire Programs Fund, established by § 38.2-401 of the Code of Virginia, as amended by this act, that**
104 **create a more equitable funding distribution for localities. The work group shall complete its**
105 **meetings by November 30, 2024, and submit a summary of its findings and recommendations to the**
106 **General Assembly and the Governor no later than December 31, 2024.**

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