

1 COMMITTEE SUBSTITUTE

2 FOR

3 **Senate Bill No. 553**

4 (By Senators Unger, Palumbo, Prezioso, Stollings, Laird, Jenkins,
5 McCabe, Minard, Yost and Kessler (Acting President))

6 _____
7 [Originating in the Committee on Finance;
8 reported February 25, 2011.]
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11
12 A BILL to amend the Code of West Virginia, 1931, as amended, by
13 adding thereto a new section, designated §12-4-14a, relating
14 to creating a workers' compensation insurance subsidy program
15 for volunteer fire departments; defining terms; establishing
16 a special program within the Auditor's Office; granting
17 authority to the Auditor to administer the program;
18 designating a funding formula for distribution of moneys
19 allocated; granting rule-making authority to administer this
20 section; and requiring report to the Legislature.

21 *Be it enacted by the Legislature of West Virginia:*

22 That the Code of West Virginia, 1931, as amended, be amended
23 by adding thereto a new section, designated §12-4-14a, to read as
24 follows:

25 **ARTICLE 4. ACCOUNTS, REPORTS AND GENERAL PROVISIONS.**

1 **§12-4-14a. Workers' Compensation Subsidy for Volunteer Fire**
2 **Departments; creation of program; Auditor to**
3 **administer.**

4 (a) For the purposes of this section:

5 (1) "Fiscal year" means the fiscal year of the state.

6 (2) "Individual base year premium" means the workers'
7 compensation insurance premium that became due and payable by a
8 volunteer fire department after June 30, 2010 but before July 1,
9 2011.

10 (3) "Individual premium" means the workers' compensation
11 premium due and payable by a volunteer fire department in each
12 twelve month period beginning on or after July 1, 2011.

13 (4) "Total base year premium" means the aggregate workers'
14 compensation insurance premium due and payable by all volunteer
15 fire departments as determined by the Insurance Commissioner after
16 June 30, 2010 but before July 1, 2011.

17 (5) "Total premium" means the aggregate workers' compensation
18 insurance premium due and payable by all volunteer fire departments
19 in each twelve month period beginning on or after July 1, 2011.

20 (b) In recognition of the burden of increasing workers'
21 compensation insurance premiums on volunteer fire departments, the
22 Legislature has determined that additional funding assistance
23 should be made available to eligible departments to pay a portion
24 of those premium increases beginning with invoices due and payable
25 on or after July 1, 2011.

1 (c) There is hereby established a special program which shall
2 be known as the "Volunteer Fire Department Workers' Compensation
3 Subsidy Program." The program shall be administered by the State
4 Auditor from moneys that may be appropriated and designated for the
5 program by the Legislature.

6 (d) The State Auditor shall administer the distribution of
7 moneys appropriated for Volunteer Fire Department Workers'
8 Compensation Subsidy Program to volunteer fire departments to help
9 defray workers' compensation insurance premium increases.

10 (1) Volunteer fire departments shall request supplemental funds
11 by submitting to the Auditor the following information:

12 (A) The previous fiscal year's workers' compensation premium
13 invoices with paid receipts;

14 (B) The current fiscal year's workers' compensation premium
15 invoices showing the amount due and due date and any applicable
16 paid receipts; and

17 (C) Any other information the Auditor deems necessary for
18 administering the subsidy on forms and schedules as the Auditor
19 directs. The Auditor is authorized to set up an electronic filing
20 system at his or her discretion for filing of the aforementioned
21 information.

22 (2) After determining that there is a premium increase and the
23 amount of the premium increase for the volunteer fire department
24 requesting the subsidy, the Auditor shall make disbursements in the
25 manner set forth in subsection (e) of this section subject to the
26 following requirements:

1 (A) The volunteer fire department must be in good standing with
2 the State Fire Marshal;

3 (B) The volunteer fire department must be registered with the
4 Auditor's Office in a form and manner prescribed by the Auditor
5 prior to being eligible for consideration of any subsidy, which
6 registration must be completed no fewer than thirty days prior to
7 the due date of the workers' compensation premium;

8 (C) The volunteer fire department must agree that the subsidy
9 for its workers' compensation insurance premium increase will be
10 paid directly to its insurance carrier by the Auditor and that it
11 will timely pay the balance of the premium due; and

12 (D) Should a volunteer fire department fail to pay the balance
13 of its workers' compensation insurance premium after a disbursement
14 by the auditor and that insurance policy is subsequently cancelled,
15 the premium paid by the Auditor shall be returned directly to him
16 or her. If the Auditor does not receive a reimbursement for a
17 cancelled policy, he or she shall seek reimbursement for the
18 subsidy portion of the insurance premium from the State Treasurer
19 when the treasurer makes the next quarterly payment to the
20 volunteer fire department pursuant to sections thirty-three and
21 fourteen-d, article three, chapter thirty-three of this code.

22 (e) Beginning with the fiscal year that starts July 1, 2011,
23 and continuing in each fiscal year thereafter, after the Auditor
24 has verified that a volunteer fire department is eligible for a
25 subsidy pursuant to this section, he or she shall pay on behalf of
26 a volunteer fire department its subsidy, which is calculated by:

1 (1) Dividing the total amount of premium subsidy allocated by
2 the Legislature to the Volunteer Fire Department Workers'
3 Compensation Subsidy Program by the total premium minus the total
4 base year premium, which calculation produces the "total shortfall
5 multiplier"; and

6 (2) Multiplying the total shortfall multiplier determined in
7 subdivision (1) of this subsection by the individual premium less
8 the individual base year premium.

9 (3) In no event shall a volunteer fire department receive a
10 workers' compensation premium subsidy greater than one hundred
11 percent of its premium increase.

12 (f) For fiscal years after July 1, 2011, the Auditor shall
13 consult with the Insurance Commissioner to determine the total
14 amount of workers' compensation premium due by volunteer fire
15 departments for any subsequent fiscal year. The Auditor may
16 determine payment dates based upon information reasonably available
17 for such a determination.

18 (g) The Auditor may promulgate emergency rules and may propose
19 for promulgation legislative rules, in accordance with the
20 provisions of article three, chapter twenty-nine-a of this code, as
21 are necessary to provide for implementation and enforcement of the
22 provisions of this section.

23 (h) The volunteer fire departments' workers' compensation
24 premium subsidy program shall undergo a review to assess its
25 effectiveness after three years of operation. The Auditor shall
26 submit a report to the Joint Committee on Government and Finance

1 not later than February 1, 2015, and provide details of the program
2 operation including funds distributed and departments taking
3 advantage of the subsidy.