



SPONSOR: Sen. McDowell & Sen. Hall-Long
Sens. Henry, Marshall; Reps. Brady, Keeley, Potter

DELAWARE STATE SENATE
148th GENERAL ASSEMBLY

SENATE BILL NO. 294

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO INSURANCE AND FEES AND TAXES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend Section 708, Chapter 7, Title 18 of the Delaware Code by making insertions as shown by underlining and deletions as shown by strike through as follows:

§ 708 Distribution of proceeds of tax.

(a) Each insurance company, firm or corporation covered by the provisions of § 707 of this title shall, at the time of making tax payments, deliver to the Insurance Commissioner a full and detailed statement showing the gross amount of premiums received and assessments collected and dividends paid to policy holders by such insurance company, firm or corporation or the authorized agent thereof for the calendar year immediately preceding the date provided for in § 707 of this title for tax payments, and such statement shall be verified by the oath or affirmation of the president or secretary or other responsible officer of said company, duly administered by some person authorized to administer oaths. Said statement shall be on the blanks prepared and furnished by the Insurance Commissioner for the purpose of carrying out the provisions of this section and § 707 of this title.

(b) The money received by the Insurance Commissioner in accordance with the provisions of § 707 of this title shall be paid to the State Treasurer and shall be set aside as a special fund and shall be paid out by the State Treasurer, subject to the provisions of subsection (c) of this section, to the proper officers in charge of any state, county or municipal police department or bureau having a pension fund, or which shall hereafter by law have a police pension fund. The State Treasurer shall determine the total number of state, county and municipal police entitled to benefits under the provisions of this section and § 707 of this title from an annual registry in accordance with § 709(a) of this title, and shall make distribution proportionately and on a per capita basis, subject to the provisions of subsection (c) of this section, to the proper officers of any state, county or municipal police department or bureau complying with the provisions of this section and § 707 of this title. Distribution under this section shall take place twice annually, on or before June 30 and December 31.

(c)(1) The payments to the State referred to in this section for "state police," as defined in § 706 of this title, shall be deposited into a special fund, to be managed by the State Board of Pension Trustees, to provide post-retirement increases for retired county and municipal police and firefighters. The State Board of Pension Trustees shall allocate the funds deposited in this special fund on a per capita basis to the account of each eligible county or municipality based upon the annual registry in accordance with § 709(b) of this title, provided that the eligible county or municipality has elected to participate in the State-administered County and Municipal Police/Firefighter Pension Plan for all new hires after the time a municipality or county elects into that plan in accordance with Chapter 88 of Title 11. No funds shall be disbursed from this special fund without the prior approval of the Board of Pension Trustees.

(2) Any county or municipality wishing to grant a post-retirement increase from this fund shall submit a proposal to the State Board of Pension Trustees outlining the proposal in such detail as the State Board of Pension Trustees may require. The State Board of Pension Trustees shall not approve any proposal for a post-retirement increase unless the county or municipality requesting such increase agrees to deposit into this special fund, prior to the implementation of such increase, sufficient funds to cover 25% of the total actuarial cost of such increase.

(3) Any funds on deposit in this special fund, including accumulated income, shall revert to the General Fund, if such funds are not utilized for a post-retirement increase by the eligible counties or municipalities within 5 10 years from the date of deposit into the special fund.

SYNOPSIS

Since 1990, under 18 Delaware Code, Section 708, Delaware insurance customers have paid a supplemental 0.25% on premiums for most insurance. Each year, the tax generates approximately \$8 million that is intended to benefit county and municipal police pension funds. Of that amount, approximately \$5 million is paid directly to the operators of county and municipal police pension funds. The remaining approximate \$3 million is deposited annually into a special fund managed by the Board of Pension Trustees that, by law, is intended to provide post-retirement increases, over and above the original pension benefits, for certain retired county and municipal police and firefighters, who are participants in older, closed pension plans. Recently-hired police and firefighters in the City of Wilmington, New Castle County, and the City of Dover now participate in a State-administered plan, rather than the local, older closed pension plans. Under Section 708(c)(3), the funds intended to provide pension increases that are not used for that purpose within five years instead revert to the General Fund, thereby defeating a primary purpose of the original legislation. This bill would extend the reversion provision in Section 708 from 5 years to 10 years, to help to ensure that the funds are maintained and eventually employed for their intended purpose.

Author: Senator McDowell