

FISCAL NOTE

Requested by Legislative Council
02/01/2001

REVISION

Bill/Resolution No.: HB 1391

Amendment to:

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$3,200	\$500,000	\$3,200	\$500,000
Appropriations	\$0	\$0	\$3,200	\$500,000	\$3,200	\$0

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

1. General Fund

This bill increases the Petroleum Tank Board from three to five members and allows for an increase in the daily meeting per diem from \$62 to an amount set by the Commissioner of Insurance by rule. Assuming that the Commissioner will increase the per diem to \$100 per day, which may or may not happen, the projected increase in meeting cost is \$400 per meeting to cover the \$38 per diem increase per member and additional travel and lodging expense and per diem for the two additional members. The board will meet quarterly over the biennium so the projected impact is \$3,200 (\$400 x 8 meetings).

2. Petroleum Tank Fund

This bill changes the coverage provided by the Fund for petroleum tank owners. At present, the Fund reimburses tank owners for the cost of remedial action of a petroleum spill as determined by the Health Department. The Health Department requires cleanup as required to satisfy public health and safety concerns. This bill will change the Fund's obligation to require that the Fund restore the affected property to its fair market value. This significantly

increases the risk to the Fund. It is estimated that cleanup costs necessary to restore fair market value will be many times greater than cleanup necessary to protect the public health and safety. The impact to the Fund is impossible to quantify without an extensive actuarial risk assessment. Increasing the risk to the Fund without properly increasing the Tank Fund revenues will jeopardize the solvency of the Fund. This bill will have a serious impact on the Fund and should not be passed until an actuarial assessment is completed. The impact on the Fund could vary from \$0 to \$1 million per biennium. For our response to No. 1A, we are using an amount in the middle.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

\$3,200 - Increase in General Fund expenditures per biennium and an estimated \$500,000 increase in Petroleum Tank Fund expenses per biennium.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

\$3,200 increase in General Fund operating expense appropriation per biennium.

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Agency: North Dakota Insurance Department
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Prepared: