

FISCAL NOTE

Requested by Legislative Council

01/19/2005

Bill/Resolution No.: SB 2307

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.*

| | 2003-2005 Biennium | | 2005-2007 Biennium | | 2007-2009 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

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

| 2003-2005 Biennium | | | 2005-2007 Biennium | | | 2007-2009 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |

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

WORKFORCE SAFETY & INSURANCE

2005 LEGISLATION

SUMMARY OF ACTUARIAL INFORMATION

BILL DESCRIPTION: Premium Discount for Smoke-free workplace

BILL NO: SB 2307

SUMMARY OF ACTUARIAL INFORMATION: Workforce Safety & Insurance, together with its actuary, Glenn Evans of Pacific Actuarial Consultants, has reviewed the legislation proposed in this bill in conformance with Section 54-03-25 of the North Dakota Century Code.

The proposed legislation provides for a workers compensation premium discount for employers that implement and maintain a smoke-free workplace.

Fiscal Impact: We do not have an appropriate database to use in quantifying the potential reduction in losses that may flow from the proposed change as smoke-related claims have been virtually non-existent. Assuming a 5% - 10% smoke-free discount program was implemented; statewide discounts could range between \$2 to \$4 million dollars. Lacking any actuarial justification, it may be prudent to adjust premium levels upward from 3% to 4% (\$3 to \$4 million) to pay for the premium discounts and any associated administrative expenses over the short term future. It is estimated that two additional staff would be needed to monitor employer compliance with such a program. Salary, benefits, and support services for the two FTEs would be approximately \$80,000 per year or \$160,000 for the biennium.

DATE: January 23, 2005

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.

see narrative

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.*

see narrative

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.*

see narrative

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