

FISCAL NOTE
Requested by Legislative Council
01/30/2013

Amendment to: HB 1145

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$(11,460,867)	\$11,460,867	\$(6,091,324)	\$6,091,324	\$(11,806,939)	\$11,806,939
Expenditures				\$8,466,386		\$10,613,480
Appropriations				\$(6,870,000)		\$(6,870,000)

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The bill creates a continuing appropriation for the disbursement of funds to the fire districts and increases the amount disbursed to the fire districts and North Dakota Firefighter's Association by removing the specified cap amount.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 creates a requirement for the fire districts to file a report of expenditures from the grant money received annually to the fire marshal. The fire marshal would then compile all the data into a biennial report to present to the budget section of the legislative management. Section 2 amends Section 18-04-04.1 and establishes a new continuing appropriation fund for the distribution of money to the fire districts and North Dakota Firefighters Association. The bill removes the specified cap amount and creates an open-ended authority to be available for distribution to the fire districts. Currently, any funds remaining in the special fund after the distribution of \$3,435,000 are transferred to the general fund at the end of the fiscal year. Section 2 also identifies that 100% of the premium tax collected on fire, allied lines, homeowner's multiple peril, farmowner's multiple peril and commercial multiple peril policies to be deposited in to the continuing appropriations fund. The section also increases the grant amount to the North Dakota Firefighter's Association. The grant will be deducted from the continuing appropriation funds available to the fire districts prior to payment. Section 2 also excludes fire districts from receiving grant payments who do not levy two mills for fire protection or receive an equivalent amount of funding from property tax levies. Section 4 will create a new special fund within the state for emergency medical services insurance tax distribution. The fund will be for the purpose of collecting and distributing the legislative appropriated funds. Section 6 amends Section 26.1-03-17. The amendment identifies that all premium tax is deposited in to the insurance tax distribution fund for later distribution to the other funds. The amendment outlines the additional revenue to be deposited into the new continuing appropriation fund. The increase in revenue to the special fund decreases the state's general fund transfer. The bill will positively impact the various fire district political subdivisions. The fire districts will receive an increase in their revenue each year as the premiums and policies written increase. The specific amount to be allocated to the cities & counties was undetermined at this time.

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.*

The revenue is impacted by the elimination of an appropriated limit on the grant amounts distributed to the fire districts. The amendment to Section 26.1-03-17 creates a decrease in the general fund revenue. The five lines of premium tax were calculated based on historical data and increasing the revenue amount accordingly. The general fund will experience a decrease in the revenue collected in 2011-13 because the premium tax will begin being deposited in to the insurance tax distribution as soon as the bill is in effect. The revenue being deposited in to the insurance tax distribution fund is to ensure there will be enough money available to make the payment in September 2013 to the fire districts & North Dakota Firefighters Association and to transfer the required amount to the Emergency Medical Services tax distribution fund. The general fund will receive two transfers in the 2014 fiscal year. The first will be in September 2013 and the second in June 2014 in order to catch up the fund. The revenue difference will not equal the expenditure difference because of the different time periods being used for the calculations.

- 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.*

The agency will experience a decrease in it's appropriated fund expenditures by the current grant of \$6,870,000 because of the change to a continuing appropriation. The decrease in the agency's special fund plus the continuing appropriation expenditures nets to an overall increase in special fund expenditures. The total amount paid out to the fire districts and the North Dakota Firefighter's Association will equate 100% of the five lines of premium tax from the previous calendar year. Currently the amount is capped at \$6.2 million to the fire districts and \$670,000 to the Association. The expenditures to the Association will increase by \$130,000 for each biennium and the fire districts will increase as the tax increases. Any additional work required by the agency will be absorbed using existing resources.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The agency's appropriation will decrease by the current appropriated grant amount for disbursement to the fire districts and the North Dakota Firefighter's Association. No additional appropriations will be needed by the agency. The new fund will be a continuing appropriation and therefore not part of an agency's appropriation.

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Date Prepared: 01/23/2013

Estimates under HB1145 with amendments (June & July transfers)

Biennium	Year of September Payment	Based on Premium Tax Year	Estimated Total of 5 lines Premium Tax	Estimated Total Premium Tax	Estimated Premium Tax deposited in Insurance Tax Dist. Fund *	Estimated Premium Tax to General fund **	Estimated Premium Tax to Fire Insurance Tax Dist. fund	Premium Tax to EMS fund	Grant Amount Paid to NDFA	Estimated Grant Amount Paid to FD	Appropriated Amount under Current Law	Increased Amount to Fire Districts	Estimated Additional Fire District Grants for Biennium
2011-13	2011	2010	\$ 6,509,893	\$ 42,818,733	\$ 4,060,000	\$ 38,758,733	\$ -		\$ 335,000.00	\$ 3,100,000	\$ 3,100,000	\$ -	\$ -
2011-13	2012	2011	\$ 6,943,077	\$ 43,943,662	\$ 15,520,867	\$ 28,422,795	\$ -		\$ 335,000.00	\$ 3,100,000	\$ 3,100,000	\$ -	\$ -
2013-15	2013	2012	\$ 7,429,092	\$ 44,690,704	\$ 43,640,704	\$ 39,565,184	\$ 7,429,092	\$ 625,000	\$ 400,000	\$ 7,029,092	\$ 3,100,000	\$ 3,929,092	
2013-15	2014	2013	\$ 7,907,294	\$ 45,248,658	\$ 44,198,658	\$ 36,162,854	\$ 7,907,294	\$ 625,000	\$ 400,000	\$ 7,507,294	\$ 3,100,000	\$ 4,407,294	\$ 8,336,386
2015-17	2015	2014	\$ 8,460,804	\$ 44,720,704	\$ 43,670,704	\$ 35,073,028	\$ 8,460,804	\$ 625,000	\$ 400,000	\$ 8,060,804	\$ 3,100,000	\$ 4,960,804	
2015-17	2016	2015	\$ 9,022,676	\$ 45,279,296	\$ 44,229,296	\$ 35,000,033	\$ 9,022,676	\$ 625,000	\$ 400,000	\$ 8,622,676	\$ 3,100,000	\$ 5,522,676	\$ 10,483,480
2017-19	2017	2016	\$ 9,654,263	\$ 46,062,325	\$ 45,012,325	\$ 35,107,263	\$ 9,654,263	\$ 625,000	\$ 400,000	\$ 9,254,263	\$ 3,100,000	\$ 6,154,263	
2017-19	2018	2017	\$ 10,330,061	\$ 46,637,675	\$ 45,587,675	\$ 34,959,509	\$ 10,330,061	\$ 625,000	\$ 400,000	\$ 9,930,061	\$ 3,100,000	\$ 6,830,061	\$ 12,984,324
2019-21	2019	2018	\$ 11,053,166	\$ 47,444,194	\$ 46,394,194	\$ 34,992,307	\$ 11,053,166	\$ 625,000	\$ 400,000	\$ 10,653,166	\$ 3,100,000	\$ 7,553,166	
2019-21	2020	2019	\$ 11,826,887	\$ 48,036,805	\$ 46,986,805	\$ 34,757,036	\$ 11,826,887	\$ 625,000	\$ 400,000	\$ 11,426,887	\$ 3,100,000	\$ 8,326,887	\$ 15,880,053

Notes:

* The premium tax will be deposited in to the Insurance Tax Distribution fund with the EXCEPTION of Surplus Lines premium tax. Surplus Lines premium tax will be deposited directly to the general fund and is estimated at

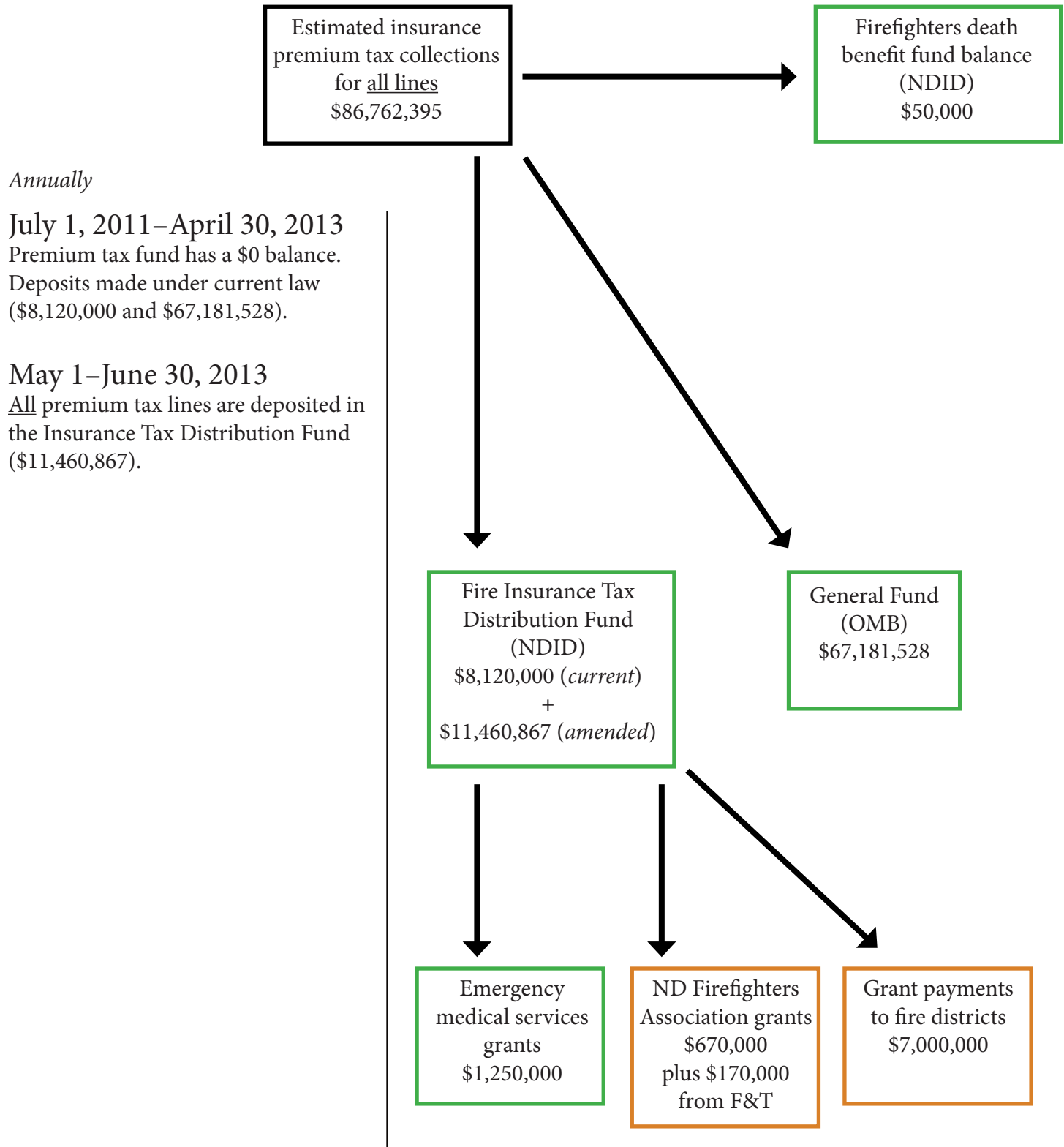
** The general fund amount includes the estimated \$1,050,000 per year of Surplus Lines premium tax.

***The transfers from the Insurance Tax Distribution fund will be made in June of each year to the general fund and July to the other funds based on the amount available in the fund as of June 30.

HB1145 Tax Calculations to populate chart

Biennium	FY	Fund 240 Beginning Balance	July & Aug	Sept - June	July - June	Total Collections	Fund 001 transfer Sept.	Fund 001 transfer June	Fund 240 transfer July	EMS fund transfer July	Fund 001 Surplus Lines
2013-15	2014	\$ 11,460,867	\$ 8,259,688				\$ 11,666,462	\$ -	\$ 7,429,092	\$ 625,000	
	2014			\$ 35,381,016		\$ 44,690,704	\$ -	\$ 26,848,722			\$ 1,050,000
2013-15	2015				\$ 44,198,658	\$ 45,248,658	\$ -	\$ 35,112,854	\$ 7,907,294	\$ 625,000	\$ 1,050,000
2015-17	2016				\$ 43,670,704	\$ 44,720,704	\$ -	\$ 34,023,028	\$ 8,460,804	\$ 625,000	\$ 1,050,000
2015-17	2017				\$ 44,229,296	\$ 45,279,296	\$ -	\$ 33,950,033	\$ 9,022,676	\$ 625,000	\$ 1,050,000
2017-19	2018				\$ 45,012,325	\$ 46,062,325	\$ -	\$ 34,057,263	\$ 9,654,263	\$ 625,000	\$ 1,050,000
2017-19	2019				\$ 45,587,675	\$ 46,637,675	\$ -	\$ 33,909,509	\$ 10,330,061	\$ 625,000	\$ 1,050,000
2019-21	2020				\$ 46,394,194	\$ 47,444,194	\$ -	\$ 33,942,307	\$ 11,053,166	\$ 625,000	\$ 1,050,000
2019-21	2021				\$ 46,986,805	\$ 48,036,805	\$ -	\$ 33,707,036	\$ 11,826,887	\$ 625,000	\$ 1,050,000
2021-23	2022				\$ 47,817,520	\$ 48,867,520	\$ -	\$ 33,651,917	\$ 12,654,769	\$ 625,000	\$ 1,050,000
2021-23	2023				\$ 48,427,909	\$ 49,477,909	\$ -	\$ 48,427,909	\$ 13,540,603	\$ 625,000	\$ 1,050,000

Process under HB 1145 with amendments (2011-2013 biennial numbers)



Process under HB 1145 with amendments (2013-2015 biennial numbers)

