

(Return in triplicate)

FISCAL NOTE

Bill/Resolution No.: SB 2494 Amendment to: _____

Requested by: Legislative Council Date of Receipt: February 18, 1983

Please estimate the fiscal impact of the above measure for:

State general or special funds Counties Cities

In the following space note the fiscal effect in dollars of this measure:

Narrative:

The attached computations would indicate that the anticipated revenue for the last year of the present biennium would be \$108,000 less if the 2% premium tax was made retroactive.

The computations further indicate that the anticipated revenue for the 1983-85 biennium would be \$1,198,000 more if the 2% premium tax was applied to all companies.

State Fiscal Effect:

<u>1983-84</u>		<u>1984-85</u>		<u>Biennium Total</u>	
<u>Special Funds</u>	<u>General Fund *</u>	<u>Special Funds</u>	<u>General Fund *</u>	<u>Special Funds</u>	<u>General Fund *</u>
	\$ 11,242,000		\$ 11,965,000		\$ 11,965,000

* These figures are anticipated income.

County and City Fiscal Effect:

<u>1983-84</u>		<u>1984-85</u>		<u>Biennium Total</u>	
<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>

If additional space is needed, attach a supplemental sheet.

Signed Lloyd B. Schoeder

Typed Name Lloyd B. Schoeder

Date prepared: February 24, 1983

Department Insurance Department

No impact on office operations or expenses for the Insurance Department.

General Fund Impact:

1. Anticipated revenue for the last year of the present biennium, under current law.

Premium Tax	<u>11,100,000</u>
Income Tax	<u>250,000</u>
Total Revenue	<u><u>11,350,000</u></u>

2. Anticipated revenue for the last year of the present biennium under District Court decision.

* Premium Tax	<u>??</u>
Income Tax	<u>250,000</u>
* Total Revenue	<u><u>??</u></u>

3. Anticipated revenue for the last year of the present biennium with retroactive 2% premium tax on all companies less appropriate credits.

** Foreign Insurers	<u>8,100,000</u>
Domestic Insurers	<u>4,200,000</u>
Total	<u><u>12,300,000</u></u>

Less the following:

Income Tax	<u>250,000</u>
Home Office Credit	<u>575,000</u>
Examination Credit	<u>60,000</u>
½ of 1% Fire Tax	<u>173,000</u>
Sub-Total	<u>1,058,000</u>
TOTAL REVENUE	<u><u>11,242,000</u></u>

* These figures would be dependent on whether the foreign companies were required to pay the premium tax for the calendar year 1982.

** This figure does not reflect amounts payable to North Dakota on a retaliatory basis.

(more)

4. Anticipated revenue for 1983-85 biennium,
under current law.

Premium Tax	<u>22,200,000</u>
Income Tax	<u>532,000</u>
Total Revenue	<u><u>22,732,000</u></u>

5. Anticipated revenue for 1983-85 biennium,
with 2% premium tax on all companies less
appropriate credits.

* Foreign Insurers	<u>16,200,000</u>
Domestic Insurers	<u>9,000,000</u>
Total	<u>25,200,000</u>

Less the following:

** Income Tax	<u>-0-</u>
Home Office Credit	<u>1,150,000</u>
Examination Credit	<u>120,000</u>
Sub-Total	<u>1,270,000</u>
Total Revenue	<u><u>23,930,000</u></u>

It is noted that the greatest impact would be on Blue Cross/Blue Shield, Vision and Dental as their 1982 premium income is approximately \$167,800,000, which would produce a tax of \$3,231,000, after deducting real estate taxes of \$118,000 and examination fees of \$7,000.

* This figure does not reflect amounts payable to North Dakota on a retaliatory basis.

** If House Bill 1399 does not pass, there would be no state income tax paid. If it does pass, we would assume that it would be paid.