

FISCAL NOTE

Return in triplicate)

Bill/Resolution No.: \_\_\_\_\_ Amendment to: SB 2322

Requested by Legislative Council Date of Request: 2-17-93

- 1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, and cities.

Narrative: This bill eliminates the Securities Department and creates a Division of Securities within the Insurance Department. Securities revenue will be deposited into the Insurance Regulatory Trust Fund. The Securities budget will be moved from the general fund to this trust fund. Any trust fund balance in excess of \$1.5 million at the end of each fiscal year will be transferred to the general fund instead of only once per biennium as is now the case. The net benefit to the general fund from this bill is \$1,207,287 for the 1993-95 biennium and \$1,313,048 for the 1995-97 biennium.

- 2. State fiscal effect in dollar amounts:

Table with 3 columns for Biennium (1991-93, 1993-95, 1995-97) and 2 rows for Revenues and Expenditures, each with General Fund and Special Funds sub-columns.

- 3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1991-93 biennium: 0
b. For the 1993-95 biennium: \$633,535
c. For the 1995-97 biennium: \$646,204

- 4. County and City fiscal effect in dollar amounts:

Table with 3 columns for Biennium (1991-93, 1993-95, 1995-97) and 2 rows for Counties and Cities sub-columns, all values are 0.

If additional space is needed, attach a supplemental sheet.

Signed [Signature]

Typed Name Dan Ulmer

Department Insurance Department

Phone Number 224-2440

Date Prepared: 2/18/93

SB2322 AMENDED FISCAL NOTE  
EXPLANATION OF DOLLAR IMPACT

INS. REG. TRUST FUND  
ENDING BALANCE 6/30/93           \$3,000,000.00  
TRANSFER TO GENERAL FUND       \$1,000,000.00  
ADJUSTED ENDING BALANCE       \$2,000,000.00

FISCAL YEAR ENDING	SECURITIES REVENUE	INSURANCE REVENUE	SECURITIES BUDGET	INSURANCE BUDGET	\$1.5 MILLION CAP TRANSFER TO GENERAL FUND
6/30/94	\$1,730,000.00	\$18,000,000.00	\$316,767.00	\$1,489,814.00	\$2,503,319.00
INVEST REV	\$51,900.00	\$228,000.00			
6/30/95	\$1,750,500.00	\$1,825,000.00	\$316,768.00	\$1,489,814.00	\$2,550,933.00
INVEST REV	\$52,515.00	\$229,500.00			
6/30/96	\$1,775,500.00	\$1,850,000.00	\$323,102.00	\$1,519,610.00	\$2,595,181.00
INVEST REV	\$62,143.00	\$250,250.00			
6/30/97	\$1,800,000.00	\$1,875,000.00	\$323,102.00	\$1,519,610.00	\$2,647,163.00
	\$63,000.00	\$251,875.00			

THE 93-95 BIENNIUM BUDGET FIGURES ARE TAKEN FROM GOVERNOR SCHAFFER'S BUDGET RECOMMENDATIONS. THE 95-97 BIENNIUM BUDGET FIGURES ARE BASED ON A 2% INCREASE. THE YEARLY REVENUE PROJECTIONS ALSO INCLUDE A VERY SMALL ESTIMATED INCREASE, BASED ON HISTORICAL PATTERNS. THE INVESTMENT RETURNS ON THE INSURANCE REVENUE AND THE \$1,500,000 CARRY OVER ARE BASED ON A 6% RATE OF RETURN RETURN FOR THE 93-95 BIENNIUM. IF THE SECURITIES REVENUES WERE DEPOSITED INTO THE GENERAL FUND, IT IS ASSUMED THAT THE INVESTMENT RETURN WOULD BE APPROXIMATELY 3%. THEREFORE, TO PROVIDE A FAIR COMPARISON OF FISCAL IMPACT, THE INVESTMENT RETURNS ON THE SECURITIES REVENUE IN THE ABOVE TRUST AND FUND WORKSHEET IS CALCULATED AT ONLY 3%, BECAUSE THIS IS THE ESTIMATED DIFFERENCE BETWEEN THE RATES OF RETURN OF THE GENERAL FUND AND THE INSURANCE REGULATORY TRUST FUND.

LIKewise, THE INSURANCE REVENUES AND THE \$1.5 MILLION CARRY OVER ARE PROJECTED TO EARN 6.5% IN THE 95-97 BIENNIUM, WHILE THE SECURITIES REVENUES ARE SHOWN AT ONLY 3.5% (THIS ASSUMES THAT THE GENERAL FUND WOULD CONTINUE TO EARN APPROXIMATELY 3% FOR THE 95-97 BIENNIUM)

SB2322 AMENDED FISCAL NOTE  
EXPLANATION OF DOLLAR IMPACT

FISCAL NOTE WORKSHEET:		AMENDED MERGER	GENERAL FUND
1993-95	CURRENT LAW:	\$1.5 MILLION	GAIN:
SECURITIES REV.	\$3,480,500	\$5,054,252	\$573,752
INS. TRANS.	\$1,000,000		
TOTAL TRANS	\$4,480,500		

1995-97			
SECURITIES REV	\$3,575,500	\$5,242,344	\$666,844
INS. TRANS	\$1,000,000.		
TOTAL TRANS	\$4,575,500		

SEE ABOVE WORKSHEET FOR TRANSFERS TO GENERAL FUND UNDER SB2322  
THE GAIN TO THE GENERAL FUND IS FIGURED BY FIGURING THE  
ADDITIONAL TRANSFERED BY THE MERGER AND THE \$1.5 MILLION  
FUND CAP AND ADDING THE SECURITEIS BUDGET AMOUNT AS THIS  
WILL NO LONGER COME FROM THE GENERAL FUND. THEREFORE:

REVENUE GAIN:	BUDGET:	TOTAL GAIN:
\$573,752	\$633,535	\$1,207,287
\$666,840	\$646,204	\$1,313,048