

FISCAL NOTE
Requested by Legislative Council
03/30/2011

REVISION

Amendment to: HB 1123

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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 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.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

This bill revises ND law relating to surplus lines insurance to conform to federal law and allows ND to collect all premium tax on surplus lines multistate policies where ND is the insured's home state and to share premium tax with other states in SLIMPACT.

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 5 creates a new section that continues to impose North Dakota's premium tax on surplus lines insurance and to require the producer to collect and remit the tax. The new language provides that, on multistate policies where North Dakota is the insured's home state, the Insurance Commissioner will collect the tax on the risks located both in and out of this state at the applicable rates.

Section 12 enters the State of North Dakota into SLIMPACT. If nine other states also join SLIMPACT, we will share multistate premium tax with those states based on where the risk is located. All fifty states and the District of Columbia would need to join SLIMPACT for North Dakota to remain revenue neutral. If less than 10 states join SLIMPACT, or the SLIMPACT states do not collect taxes on North Dakota risks, there could be an estimated revenue loss of \$290,000.

The amendment to this bill increases the risk that North Dakota will not collect as much premium tax as is currently collected.

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.*

Current law imposes premium tax on risks located in North Dakota. Federal law, effective July 21, will not allow us to collect tax on policies where North Dakota is not the home state of the insured. This bill will allow us to collect premium tax on risks located outside North Dakota if North Dakota is the insured's home state. The bill adopts SLIMPACT so that North Dakota will trade tax collected on risks located in a SLIMPACT state in exchange for taxes collected by the other SLIMPACT states for risks located in North Dakota.

The amendment to this bill increases the risk that North Dakota will not collect as much premium tax as is currently collected.

Premium tax collections are deposited into the general fund.

- 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.*

This bill will not affect expenditures.

The amendment to this bill does not affect expenditures.

- 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.*

This bill will not affect appropriations.

The amendment to this bill does not affect appropriations.

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