

FISCAL NOTE
Requested by Legislative Council
01/09/2015

Revised
 Bill/Resolution No.: HB 1146

- 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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$(3,333)		\$(66,879)		\$(73,567)	
Expenditures						
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 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 repeals 26.1-44-11 which would have allowed the state to share a premium tax with other compacting states. The bill changes the tax rate charged for out-of-state placement of risk.

- 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.*

The removal on page 4, lines 5-9, removes the requirement to pay a rate different than the North Dakota tax rate on an out-of-state placement of insurance.

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.*

Surplus lines premium taxes are directly deposited into the state general fund. If this bill passes, producers will have to report and pay taxes on all insurance placements, in and out of state, but pay a tax rate of 1.75% on all, instead of 1.75% on North Dakota placements and another state's tax rate on out-of-state placements. The reduction in taxes indicated each biennium is based on a 10% growth in premium tax each year.

- 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.*

N/A

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

N/A

Name: Rebecca L. Ternes

Agency: Insurance Department

Telephone: 328-2440

Date Prepared: 01/22/2015