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Title.

Prepared by the Legislative Council staff for
the Senate Appropriations - Government
Operations Division Committee
February 7, 2023

Fiscal No.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2010

Page 1, line 2, after the semicolon insert "to amend and reenact section 26.1-01-09 of the North Dakota Century Code relating to the salary of the insurance commissioner;"

Page 1, line 2, remove "an appropriation for the distribution of funds from the insurance"

Page 1, line 3, replace "tax distribution fund" with "a transfer"

Page 1, replace lines 10 through 16 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$8,076,281	\$3,376,478	\$11,452,759
Operating expenses	1,507,359	1,396,627	2,903,986
Capital assets	0	75,000	75,000
Grants	0	2,400,000	2,400,000
Total special funds	\$9,583,640	\$7,248,105	\$16,831,745
Full-time equivalent positions	38.00	11.00	49.00"

Page 1, line 17, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY"

Page 1, line 18, after "biennium" insert "and the 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 1, replace lines 20 through 24 with:

"Office remodel	\$100,000	\$75,000
State flexibility to stabilize the market grant	662,000	0
Coal and fossil fuel industry insurance study	200,000	0
Reinsurance pool study	200,000	0
Retirement leave payouts	0	98,300
Total special funds	\$1,162,000	\$173,300

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The insurance commissioner shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 2, replace lines 1 through 10 with:

SECTION 3. ADDITIONAL INCOME - APPROPRIATION - REPORTING. In addition to the amounts appropriated in section 1 of this Act, any federal funds that become available are appropriated to the insurance commissioner for the biennium beginning July 1, 2023, and ending June 30, 2025. The insurance commissioner shall report any additional federal funds under this section to the office of management and budget and the legislative council.

SECTION 4. AMENDMENT. Section 26.1-01-09 of the North Dakota Century Code is amended and reenacted as follows:

26.1-01-09. Salary of commissioner.

The annual salary of the commissioner is one hundred ~~twelve~~^{thirty} thousand ~~two hundred forty-one~~ dollars through June 30, ~~2022~~²⁰²⁴, and one hundred ~~fourteen~~^{thirty-five} thousand ~~four~~^{two} hundred ~~eighty-six~~ dollars thereafter.

SECTION 5. TRANSFER - UNSATISFIED JUDGMENT FUND. The office of management and budget shall transfer any remaining balance from the unsatisfied judgment fund to the insurance regulatory trust fund on August 1, 2023.

SECTION 6. CONTINGENT EFFECTIVE DATE. Section 5 of this Act is contingent on the passage of Senate Bill 2295 by the sixty-eighth legislative assembly. If this section takes effect, it becomes effective August 1, 2023."

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2010 - Insurance Department - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$8,076,281	\$3,376,478	\$11,452,759
Operating expenses	1,507,359	1,396,627	2,903,986
Capital assets		75,000	75,000
Grants		2,400,000	2,400,000
Insurance tax payments	<u>20,728,540</u>	<u>(20,728,540)</u>	
Total all funds	\$30,312,180	(\$13,480,435)	\$16,831,745
Less estimated income	<u>30,312,180</u>	<u>(13,480,435)</u>	<u>16,831,745</u>
General fund	\$0	\$0	\$0
FTE	38.00	11.00	49.00

Department 401 - Insurance Department - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes ¹	Adjusts Funding for Salary and Benefit Increases ²	Transfers an FTE for IT Unification ³	Adjusts Funding for Salaries and Operating Expenses ⁴	Transfers FTE for State Fire Marshal ⁵	Adds FTE for State Fire Marshal ⁶
Salaries and wages	\$62,195	\$593,139	(\$226,656)	\$185,968	\$1,797,805	\$838,979
Operating expenses			148,164	(233,516)	365,094	368,122
Capital assets						
Grants						
Insurance tax payments						
Total all funds	\$62,195	\$593,139	(\$78,492)	(\$47,548)	\$2,162,899	\$1,207,101
Less estimated income	<u>62,195</u>	<u>593,139</u>	<u>(78,492)</u>	<u>(47,548)</u>	<u>2,162,899</u>	<u>1,207,101</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	(1.00)	0.00	8.00	4.00

	Adds Funding for Operating Expenses ⁷	Removes Funding for Payments to Fire Departments ⁸	Increases Funding to North Dakota Firefighters Association ⁹	Adds One-Time Funding for Retirement Leave Payouts ¹⁰	Adds One-Time Funding for Office Remodel ¹¹	Adds Salary Equity Funding for Elected Officials ¹²
Salaries and wages				\$98,300		\$26,748
Operating expenses	\$748,763					
Capital assets					\$75,000	
Grants			\$2,400,000			
Insurance tax payments		(\$19,588,470)	(1,140,070)			
Total all funds	\$748,763	(\$19,588,470)	\$1,259,930	\$98,300	\$75,000	\$26,748
Less estimated income	748,763	(19,588,470)	1,259,930	98,300	75,000	26,748
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Total Senate Changes
Salaries and wages	\$3,376,478
Operating expenses	1,396,627
Capital assets	75,000
Grants	2,400,000
Insurance tax payments	(20,728,540)
Total all funds	(\$13,480,435)
Less estimated income	(13,480,435)
General fund	\$0
FTE	11.00

¹ Funding is added for the cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance from \$1,429 to \$1,648 per month:

	Other Funds
Salary increase	\$414,226
Health insurance increase	178,913
Total	\$593,139

³ One FTE information technology (IT) position is transferred to the Information Technology Department for the IT unification initiative, including a decrease in salaries and wages and an increase in operating expenses.

⁴ Funding is increased for salaries and wages and decreased for operating expenses.

⁵ Eight FTE fire marshal positions are transferred from the Attorney General to the Insurance Commissioner.

⁶ Four FTE fire marshal positions are added, including related operating expenses.

⁷ Funding is increased for operating expenses, including \$408,558 for IT data processing, \$166,323 for travel, \$108,025 for professional fees and services, and \$26,775 for operating fees and services.

⁸ Funding is removed for payments to fire departments and districts. Payments to fire departments and districts will be made pursuant to a continuing appropriation provided for in Senate Bill No. 2211.

⁹ Funding is increased for payments to the North Dakota Firefighter's Association to provide a total of \$2.4 million from the insurance regulatory trust fund rather than the insurance tax distribution fund.

¹⁰ One-time funding of \$98,300 from special funds is added for retirement leave payouts.

¹¹ One-time funding of \$75,000 from special funds is added for an office remodeling project.

¹² Funding is added from special funds for a salary equity increase for the Insurance Commissioner. The Insurance Commissioner's salary is increased from the current level of \$114,486 to \$130,000 (14 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024.

This amendment also adds sections to:

- Provide an appropriation of any federal funds received by the insurance commission in excess of the amount appropriated.
- Provide the statutory changes necessary to increase the Insurance Commissioner's annual salary to \$130,000 (14 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024.
- Provide a transfer of any remaining balance from the unsatisfied judgment fund to the insurance regulatory trust fund contingent on the passage of Senate Bill No. 2295. The section identifying funding from the unsatisfied judgment fund included in the Insurance Commissioner's appropriation is removed.