

FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1086

Introduced by

Industry, Business and Labor Committee

(At the request of the Insurance Commissioner)

1 A BILL for an Act to amend and reenact sections 18-13-03 and 26.1-01-07.1 of the North
2 Dakota Century Code, relating to the use of the reduced cigarette ignition propensity and the
3 insurance regulatory trust fund; and to repeal section 18-13-08 of the North Dakota Century
4 Code, relating to the fire prevention and public safety fund.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Section 18-13-03 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **18-13-03. Certification and product change. (Contingent expiration date - [See note](#))**

- 9 1. Each manufacturer shall submit to the state fire marshal a written certification attesting
10 that each cigarette listed in the certification has been tested in accordance with section
11 18-13-02 and each cigarette listed in the certification meets the performance standard
12 set forth in subdivision c of subsection 1 of section 18-13-02.
- 13 2. Each cigarette listed in the certification must be described with the following
14 information:
- 15 a. Brand or trade name on the package;
 - 16 b. Style, such as light or ultra light;
 - 17 c. Length in millimeters;
 - 18 d. Circumference in millimeters;
 - 19 e. Flavor, such as menthol or chocolate, if applicable;
 - 20 f. Filter or nonfilter;
 - 21 g. Package description, such as soft pack or box;
 - 22 h. Marking approved in accordance with section 18-13-04;

- 1 i. The name, address, and telephone number of the laboratory, if different than the
2 manufacturer that conducted the test; and
- 3 j. The date that the testing occurred.
- 4 3. The certifications must be made available to the insurance commissioner for purposes
5 consistent with this chapter and the state tax commissioner for the purposes of
6 ensuring compliance with this section.
- 7 4. Each cigarette certified under this section must be recertified every three years.
- 8 5. ~~For each cigarette listed in the certification or recertification, a manufacturer shall pay~~
9 ~~to the state fire marshal an initial fee of two hundred fifty dollars.~~ The state fire marshal
10 ~~may adjust this~~shall establish an annual fee annually to ensure the fee ~~defrays~~defray
11 the actual costs of the processing, testing, enforcement, and oversight activities
12 required by this chapter. All fees collected must be deposited in the insurance
13 regulatory trust fund.
- 14 6. ~~There is established in the state treasury a special fund to be known as the Reduced-~~
15 ~~Cigarette Ignition Propensity and Firefighter Protection Act enforcement fund. The fund~~
16 ~~must consist of all certification fees submitted by manufacturers, and, in addition to~~
17 ~~any other moneys made available, be available pursuant to legislative appropriation, to~~
18 ~~the state fire marshal solely to support processing, testing, enforcement, and oversight~~
19 ~~activities under this chapter.~~
- 20 7. If a manufacturer has certified a cigarette under this section and makes any change to
21 the cigarette which is likely to alter its compliance with the reduced cigarette ignition
22 propensity standards required by this chapter, that cigarette may not be sold or offered
23 for sale in this state until the manufacturer retests the cigarette in accordance with the
24 testing standards set forth in section 18-13-02 and maintains records of that retesting
25 as required by section 18-13-02. Any altered cigarette that does not meet the
26 performance standards set forth in section 18-13-02 may not be sold in this state.

27 **SECTION 2. AMENDMENT.** Section 26.1-01-07.1 of the North Dakota Century Code is
28 amended and reenacted as follows:

29 **26.1-01-07.1. Insurance regulatory trust fund established.**

- 30 1. There is hereby created a trust fund designated "insurance regulatory trust fund". The
31 following amounts must be deposited in the insurance regulatory trust fund:

- 1 a. All sums received under section 18-13-03.
- 2 b. All sums received under section 26.1-01-07.
- 3 ~~b.c.~~ All sums received under section 26.1-01-07.2 from the insurance regulatory trust
- 4 fund investments.
- 5 ~~e.d.~~ All retaliatory fees imposed upon persons by the insurance department as
- 6 authorized by law.
- 7 ~~d.e.~~ All administrative penalties, fines, and fees collected by the commissioner from
- 8 any person subject to this title.
- 9 ~~e.f.~~ Any other amounts provided by legislative appropriation.
- 10 2. The moneys so received and deposited in the insurance regulatory trust fund are
- 11 reserved for use by the insurance department to defray the expenses of the
- 12 department in the discharge of its administrative and regulatory powers and duties as
- 13 prescribed by law subject to the applicable laws relating to the appropriations of state
- 14 funds and to the deposit and expenditure of state moneys. The insurance department
- 15 is responsible for the proper expenditure of these moneys as provided by law.
- 16 3. Except as otherwise provided by law, after the fiscal year has been closed and all
- 17 expenses relating to the fiscal year have been accounted for, the office of
- 18 management and budget shall transfer any fund balance remaining in the insurance
- 19 regulatory trust fund that exceeds one million dollars to the general fund.

20
21 **SECTION 3. AMENDMENT.** Subsection 3 of section 26.1-01-07.1 of the North Dakota
22 Century Code is amended and reenacted as follows:

23 3. Except as otherwise provided by law, after the fiscal year has been closed and all
24 expenses relating to the fiscal year have been accounted for, the office of management and
25 budget shall transfer any fund balance remaining in the insurance regulatory trust fund that
26 exceeds one million five hundred thousand dollars to the general fund.

27
28 **SECTION ~~3~~4. REPEAL.** Section 18-13-08 of the North Dakota Century Code is repealed.

29 **SECTION 4. TRANSFER – REDUCED CIGARETTE IGNITION PROPENSITY FUND TO**
INSURANCE REGULATORY TRUST FUND. The insurance commissioner shall transfer any
balance in the reduced cigarette ignition propensity fund on the effective date of this Act to
the insurance regulatory trust fund.