

**Insurance Commissioner, including Insurance Tax Payments to Fire Departments
House Bill Nos. 1010, 1407**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	44.50		\$11,267,078	\$11,267,078 ¹
2001-03 legislative appropriations	45.50		11,879,398	11,879,398 ²
Legislative increase (decrease) to executive budget	1.00	\$0	\$612,320	\$612,320
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$0	\$854,409	\$854,409

¹ This amount includes the appropriation of \$5.2 million from the insurance tax distribution fund for insurance tax payments to fire departments, the same as the 1999-2001 biennium.

² This amount includes the appropriation of \$5,304,000 from the insurance tax distribution fund of which \$5.2 million is for insurance tax payments to fire departments and \$104,000 is for two equal payments to the North Dakota Firefighter's Association. This is an increase of \$104,000 from the amount appropriated for the 1999-2001 biennium.

2001-03 Governor Hoeven's recommendation	44.50		\$11,267,078	\$11,267,078
Legislative increase (decrease) to Governor Hoeven's recommendation	1.00	\$0	\$612,320	\$612,320

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Insurance Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

The Legislative Assembly provided the Insurance Commissioner a market equity salary increase of \$161.83 per month effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding to provide the commissioner a market equity salary increase (the amount included in the executive recommendation was \$5,401 more than the required amount)			(\$5,401)	(\$5,401)
Restored funding for a nonclassified professional position removed in the executive recommendation	1.00		131,721	131,721

Increased funding for office remodeling (\$67,000) and dues (\$10,000)			77,000	77,000
Provided funding for two equal payments to the North Dakota Firefighter's Association for administrative costs			104,000	104,000
Provided funding of \$305,000 of which \$250,000 is from public and private moneys and \$55,000 is from the insurance regulatory trust fund for evaluating existing health insurance coverage mandates in House Bill No. 1407 (see Related Legislation section)			305,000	305,000
Total	<u>1.00</u>	<u>\$0</u>	<u>\$612,320</u>	<u>\$612,320</u>

FTE Changes

The 2001-03 biennium appropriation includes funding for 45.5 FTE positions, the same level of FTE positions authorized for the 1999-2001 biennium. The Legislative Assembly did not adopt the executive recommendation to remove one FTE nonclassified professional position.

Administrative Costs of Special Funds

The Legislative Assembly did not change the executive recommendation for administrative costs allocated to the bonding fund, fire and tornado fund, unsatisfied judgment fund, and the petroleum tank release compensation fund. The following schedule provides information regarding the administrative costs allocated to each special fund. The increases from the 1999-2001 biennium will result in a reduction of \$67,010 of Insurance Department administrative costs being provided from the insurance regulatory trust fund.

	1999-2001 Biennium	2001-03 Biennium	Increase (Decrease)
Bonding fund	\$67,431	\$67,431	
Fire and tornado fund	\$831,145	\$831,145	
Unsatisfied judgment fund	\$4,170	\$60,000	\$55,830
Petroleum tank release compensation fund	\$68,820	\$80,000	\$11,180

Other Sections in House Bill No. 1010

Anhydrous tank inspections - Section 7 provides that \$75,000 is available from the anhydrous ammonia storage facility inspection fund to pay for anhydrous tank inspections done by the Insurance Commissioner.

Insurance Commissioner's annual salary - Section 8 provides statutory changes relating to the Insurance Commissioner's annual salary. The Insurance Commissioner's salary is increased from \$62,855 to \$64,742 on July 1, 2001, and to \$66,684 on January 1, 2002, and to \$68,018 on July 1, 2002.

Legal FTE employee positions - Section 8 amends North Dakota Century Code Section 54-44.3-20 to except legal FTE employee positions of the Insurance Commissioner from the state classified service.

Related Legislation

Boiler inspections - House Bill No. 1143 provides the Insurance Commissioner the authority to determine and adjust a fee schedule for boiler inspections.

Health insurance coverage mandates - House Bill No. 1407 provides the Insurance Commissioner a special funds appropriation of \$305,000 for the purpose of evaluating each existing health insurance coverage mandate and providing a report to the Legislative Council before July 1, 2002.