

Introduced by

1 A BILL for an Act relating to the creation of a disaster relief fund; to provide a penalty; to provide  
2 an appropriation; and to provide an effective date.

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

4 **SECTION 1. Payment, collection, and deposit of fund revenues - Annual reporting**  
5 **forms.** Every policyholder of a policy insuring real property shall pay an annual disaster relief  
6 fund fee in the amount of \_\_\_\_\_ dollars for that policy. Every insurer issuing a policy insuring  
7 real property shall collect the fee. This amount may be prorated for any policy providing  
8 coverage for a period of less than one year. The insurance commissioner shall provide annual  
9 reporting forms to each insurance company that issues a policy subject to this Act. Before  
10 March first of each year, every insurer subject to this Act shall file the reporting form covering  
11 the preceding calendar year with the insurance commissioner, and the insurer shall remit the  
12 fees collected to the state treasurer for deposit in the appropriate fund.

13 **SECTION 2. Disaster relief fund - Suspension of fee.** The disaster relief fund is a  
14 special fund in the state treasury. The fees and penalties collected under this Act must be  
15 deposited in the fund for distribution as provided under this Act. On December first of each  
16 year, the insurance commissioner and the director of the division of emergency management  
17 shall determine the amount of committed and uncommitted moneys in the fund. If on  
18 December first of any year the amount of uncommitted money in the fund is three million dollars  
19 or more, the requirement for the payment of the fee is suspended during the succeeding year  
20 and until the year in which the fee is reimposed. The fee must be reimposed for any year in  
21 which on December first of the previous year the uncommitted money of the fund is less than  
22 three million dollars. Before December fifteenth of each year, the insurance commissioner shall  
23 notify each insurer having a certificate of authority to insure real property in this state of the  
24 imposition or suspension of the fee for the calendar year.

1           **SECTION 3. Distribution of fund - Application - Rules.**

- 2           1. Subject to legislative appropriation, the revenue deposited in the disaster relief  
3           fund is available to taxing districts to assist in cases of an emergency or a disaster.  
4           The fiscal agent of a taxing district may apply for a grant from the disaster relief  
5           fund. The division of emergency management shall create a grant application form  
6           and may award a grant of moneys available in the disaster relief fund to an eligible  
7           applicant. The division of emergency management shall adopt rules regarding  
8           evaluation of grant applications under this Act, regarding distribution formulas for  
9           grants, and any other rules necessary to implement this Act.
- 10          2. At a minimum, the rules must require an applicant establish that:
- 11           a. The governor declared a state of disaster or emergency in accordance with  
12           section 37-17.1-05, or the governor entered an agreement with the federal  
13           government following a disaster or emergency declared by the president of  
14           the United States;
- 15           b. The disaster or emergency resulted in a decrease in the property tax revenue  
16           from real property within the taxing district; and
- 17           c. The disaster or emergency occurred within the five years preceding  
18           application.

19           **SECTION 4. Penalty.** Any company failing to collect and deposit the fees and  
20           complete the annual reporting form as required under this Act is subject to a penalty of one  
21           hundred dollars plus twenty-five dollars per day, excepting the first day after the fees and form  
22           become due.

23           **SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the  
24           disaster relief fund in the state treasury, not otherwise appropriated, the sum of \$3,000,000, or  
25           so much of the sum as may be necessary, to the division of emergency management for the  
26           purpose of awarding disaster relief grants to taxing districts beginning July 1, 2002, and ending  
27           June 30, 2003.

28           **SECTION 6. EFFECTIVE DATE.** This Act applies to policies issued or renewed after  
29           June 30, 2001. An insurer required to collect the fees under section 1 of this Act shall begin  
30           collecting the fees effective July 1, 2001.

**NOTE:** Section 1 of this Act requires insertion of a dollar amount necessary to result in  
annual fund deposits of \$3 million.

The Insurance Commissioner was chosen as the party to collect fees under this Act because the fee is initially collected by insurance companies. The fees are deposited with the State Treasurer because this is consistent with the deposit of other funds with the State Treasurer. The distribution of the fund is left to the Division of Emergency Management based on the agency's familiarity with emergencies and disasters and with loss to property. Testimony and discussion might indicate another agency may be better suited to perform any of the duties under this Act.