

FISCAL NOTE
Requested by Legislative Council
12/23/2010

Bill/Resolution No.: HB 1123

1A. 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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$290,000		\$290,000	
Expenditures						
Appropriations						

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

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill revises North Dakota law relating to surplus lines insurance to conform to the requirements of the United States Nonadmitted and Reinsurance Reform Act of 2010 (NRRA) and would allow the state to collect premium taxes on multistate policies where North Dakota is the insured's home state.

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.*

Section 5 creates a new section that continues to impose North Dakota's premium tax on surplus lines insurance and to require the producer to collect and remit the tax. The new language provides that, on multistate policies where North Dakota is the insured's home state, the Insurance Commissioner will collect the tax on the risks located in and out of this state at the applicable rates and gives the Insurance Commissioner the authority to enter into tax sharing agreements with other states.

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.*

Due to federal preemption, North Dakota is no longer allowed to collect premium tax on non-resident policies with risks located in North Dakota. Based on 2009 data, this revenue loss is estimated at \$290,000. Federal law and this bill allows North Dakota to start collecting additional tax on multistate resident policies which is now being paid to other states. No data is available to estimate any additional revenue.

Premium tax collections are deposited into the general fund.

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.*

This bill will not affect expenditures.

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 is also included in the executive budget or relates to a continuing appropriation.

This bill will not affect appropriations.

Name:	Larry Martin	Agency:	Insurance Department
Phone Number:	328-2930	Date Prepared:	01/07/2011