

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 REPEAL.** Section 18-13-08 of the North Dakota Century Code is repealed.