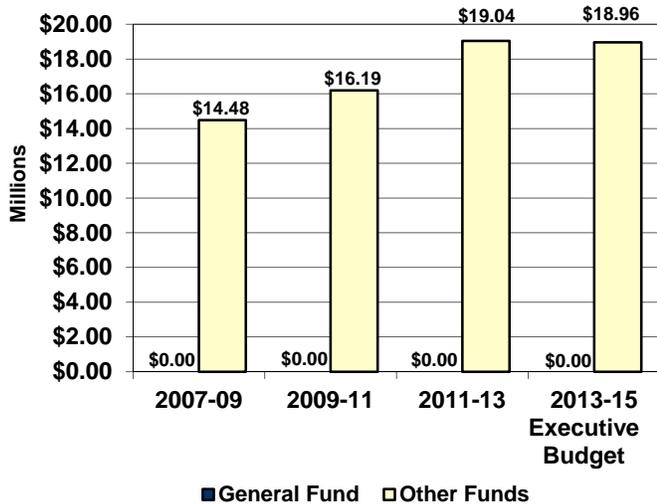


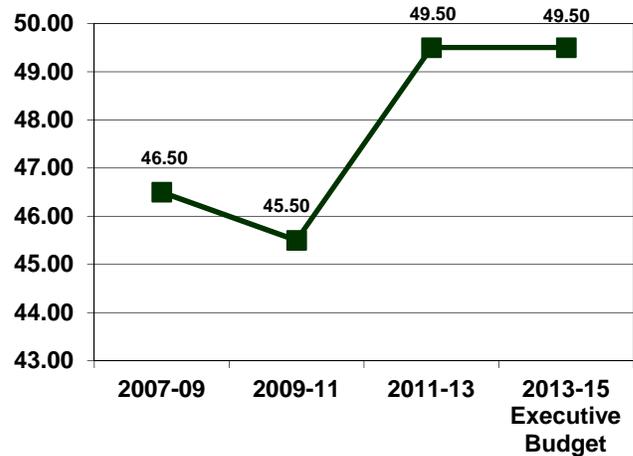
**Department 401 - Insurance Commissioner, Including Insurance Tax Payments to Fire Departments**  
**House Bill No. 1010**

	FTE Positions	General Fund	Other Funds	Total
2013-15 Executive Budget	49.50	\$0	\$18,958,734	\$18,958,734
2011-13 Legislative Appropriations	49.50	0	19,044,080	19,044,080
Increase (Decrease)	0.00	\$0	(\$85,346)	(\$85,346)

**Agency Funding**



**FTE Positions**



**First House Action**

Attached is a summary of the first house changes.

**Executive Budget Highlights  
 (With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Provides an increase in funding from the insurance tax distribution fund for grants to fire districts to provide a total of \$7,000,000. <b>The House removed this funding.</b>		\$800,000	\$800,000
2. Provides funding for state employee salary increases, of which \$322,722 relates to performance increases and \$137,266 is for market equity adjustments. <b>The House added \$37,503 to correct the executive compensation package and reduced funding by \$194,282 relating to performance and market equity increases.</b>		\$459,988	\$459,988
3. Removes <b>one-time funding</b> for the American health benefit exchange to be used in the 2011-13 biennium for exchange planning		(\$1,000,000)	(\$1,000,000)
4. Removes <b>one-time funding</b> appropriated during the 2011-13 biennium for information technology equipment		(\$70,000)	(\$70,000)
5. Decreases funding relating to operating expenses		(\$690,892)	(\$690,892)

**Other Sections in Bill**

**Insurance premium tax collections uses** - Section 2 designates \$7,000,000 for payments to fire departments and \$670,000 for payments to the North Dakota Firefighter's Association. **The House removed this section.**

**Bonding fund** - Section 3 designates \$45,199 from the state bonding fund to pay bonding fund administrative expenses.

**Fire and tornado fund** - Section 4 designates \$1,722,929 from the state fire and tornado fund, including \$170,000 for a grant to the North Dakota Firefighter's Association and \$1,552,929 to pay fire and tornado fund administrative expenses. **The House removed the \$170,000 grant to the North Dakota Firefighter's Association.**

**Unsatisfied judgment fund** - Section 5 designates \$28,690 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.

**Petroleum release compensation fund** - Section 6 designates \$107,598 from the state petroleum release compensation fund to pay petroleum release compensation fund administrative expenses.

**Insurance Commissioner's salary** - Provides the statutory changes necessary to increase the Insurance Commissioner's salary as follows: **The House adjusted the Insurance Commissioner's salary from a 4 percent increase to a 3 percent increase per year which would provide for an annual salary of \$95,863 beginning July 1, 2013, and \$98,739 beginning July 1, 2014.**

Annual salary authorized by the Legislative Assembly in 2011:

July 1, 2011	\$90,360
July 1, 2012	\$93,701

Proposed annual salary recommendation in the 2013-15 executive budget:

July 1, 2013	\$96,793
July 1, 2014	\$100,665

The executive recommendation provides funding for elected officials' salary increases equal to 4 percent of salaries effective July 1, 2013, and 4 percent effective July 1, 2014.

### **Continuing Appropriations**

There are no continuing appropriations for this agency.

### **Significant Audit Findings**

There are no significant audit findings for this agency.

### **Major Related Legislation**

**House Bill No. 1034 - Legislative Management study - Health care reform** - Provides for a Legislative Management study on health care reform during the 2013-14 interim

**House Bill No. 1145** - Appropriates \$15,336,386 from the insurance tax distribution fund to the Insurance Department for insurance tax payments to fire departments and grants to the North Dakota Firefighter's Association

ATTACH:1

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1010 - Funding Summary**

	<b>Executive Budget</b>	<b>House Changes</b>	<b>House Version</b>
Insurance Department			
Salaries and wages	\$8,260,726	(\$376,576)	\$7,884,150
Operating expenses	2,858,008		2,858,008
Grants	7,840,000	(7,840,000)	
Accrued leave payments		163,182	163,182
<b>Total all funds</b>	<b>\$18,958,734</b>	<b>(\$8,053,394)</b>	<b>\$10,905,340</b>
Less estimated income	18,958,734	(8,053,394)	10,905,340
General fund	\$0	\$0	\$0
<b>FTE</b>	<b>49.50</b>	<b>0.00</b>	<b>49.50</b>
<b>Bill Total</b>			
Total all funds	\$18,958,734	(\$8,053,394)	\$10,905,340
Less estimated income	18,958,734	(8,053,394)	10,905,340
General fund	\$0	\$0	\$0
<b>FTE</b>	<b>49.50</b>	<b>0.00</b>	<b>49.50</b>

**House Bill No. 1010 - Insurance Department - House Action**

	<b>Executive Budget</b>	<b>House Changes</b>	<b>House Version</b>
Salaries and wages	\$8,260,726	(\$376,576)	\$7,884,150
Operating expenses	2,858,008		2,858,008
Grants	7,840,000	(7,840,000)	
Accrued leave payments		163,182	163,182
<b>Total all funds</b>	<b>\$18,958,734</b>	<b>(\$8,053,394)</b>	<b>\$10,905,340</b>
Less estimated income	18,958,734	(8,053,394)	10,905,340
General fund	\$0	\$0	\$0
<b>FTE</b>	<b>49.50</b>	<b>0.00</b>	<b>49.50</b>

**Department 401 - Insurance Department - Detail of House Changes**

	<b>Corrects Executive Compensation Package<sup>1</sup></b>	<b>Adjusts State Employee Compensation and Benefits Package<sup>2</sup></b>	<b>Provides Separate Line Item for Accrued Leave Payments<sup>3</sup></b>	<b>Removes Grants Line Item<sup>4</sup></b>	<b>Total House Changes</b>
Salaries and wages	37,503	(250,897)	(163,182)		(376,576)
Operating expenses					
Grants				(7,840,000)	(7,840,000)
Accrued leave payments			163,182		163,182
<b>Total all funds</b>	<b>\$37,503</b>	<b>(\$250,897)</b>	<b>\$0</b>	<b>(\$7,840,000)</b>	<b>(\$8,053,394)</b>
Less estimated income	37,503	(250,897)	0	(7,840,000)	(8,053,394)
General fund	\$0	\$0	\$0	\$0	\$0
<b>FTE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

<sup>1</sup> Funding is added due to a calculation error in the executive compensation package.

<sup>2</sup> This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 2 to 4 percent per year.
- Reduces the market component from 2 to 4 percent per year for employees below the midpoint of their salary range to up to 2 percent for employees in the first quartile of their salary range for the first year of the biennium only.

- Removes funding for additional retirement contribution increases.

<sup>3</sup> A portion of funding for permanent employees compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

<sup>4</sup> This amendment removes \$7,670,000 from the insurance tax distribution fund for grants to fire departments (\$7 million) and the North Dakota Firefighter's Association (\$670,000). The amendment also removes \$170,000 from the fire and tornado fund for grants to the North Dakota Firefighter's Association.

Section 7 is changed to reduce the Insurance Commissioner's annual salary increase from 4 to 3 percent.