

FISCAL NOTE
Requested by Legislative Council
01/09/2017

Bill/Resolution No.: HB 1101

- 1 A. **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.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$(438,100)		\$(483,000)
Appropriations						

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

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **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 reduces the frequency that the Fire and Tornado Fund is required to have the Insurance Services Office perform a historical loss analysis, thereby reducing that expenditure of the Fire and Tornado Fund.

- 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 1 amends Section 26.1-22-14 to have premium and loss data submitted to the Insurance Services Office for a historical loss analysis every five years, instead of each biennium. This analysis is included in the computation of base rates. Other, more significant components to that calculation are building construction, occupancy, protection class, and exposure, which is all data already available to the Fund without additional cost. In determining rates, the Commissioner must also factor in the Fund's ending balance, operating expenses, and aggregate loss expenses.

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.*

This bill has no fiscal impact to revenue.

- 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.*

Historically, the fees associated with this service have increased an average of 5% per year, with the most recent analysis costing the Fire and Tornado Fund \$397,400. Based on this, the projected cost is \$438,100 and \$483,000 for the 2017-2019 and 2019-2021 bienniums, respectively. Changing the frequency would not require the Fire and Tornado Fund to have another analysis performed until the 2021-2023 biennium.

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

This bill has no fiscal impact to appropriations as the expenditure has continuing authority.

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