

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2010

That the House recede from its amendments as printed on pages 1572-1576 of the Senate Journal and pages 1740-1744 of the House Journal and that Engrossed Senate Bill No. 2010 be amended as follows:

Page 1, line 2, remove "chapter 23.1-16 and"

Page 1, line 3, remove "boiler inspections and"

Page 1, line 4, remove "sections 18-04-04, 18-04-04.1, and 18-04-05,"

Page 1, line 5, replace "subsection 1 of section 26.1-03-17, and" with "subdivision c of subsection 8 of section 26.1-04-03, subsection 2 of section 26.1-04-06,"

Page 1, line 6, after "26.1-23.1-01" insert ", and subsection 2 of section 26.1-25-16"

Page 1, line 8, after the second comma insert "insurance rebates,"

Page 1, line 9, remove "to repeal chapter 26.1-22.1 of the North Dakota Century Code, relating to"

Page 1, line 10, replace "boiler inspections; to provide a penalty;" with "to provide for a legislative management study; to provide a statement of legislative intent; to provide for a report;"

Page 1, line 10, remove "and to provide a"

Page 1, line 11, replace "contingent effective date" with "to provide for a penalty; and to declare an emergency"

Page 1, replace lines 20 through 23 with:

"Salaries and wages	\$8,549,567	(\$399,569)	\$8,149,998
Operating expenses	<u>2,179,777</u>	<u>(413,102)</u>	<u>1,766,675</u>
Total special funds	\$10,729,344	(\$812,671)	\$9,916,673
Full-time equivalent positions	46.00	(5.00)	41.00

**SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-SEVENTH LEGISLATIVE ASSEMBLY.** The following amounts reflect one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
Health care analysis	<u>\$0</u>	<u>\$200,000</u>
Total special funds	<u>\$0</u>	<u>\$200,000</u>

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The insurance commissioner shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 3. APPROPRIATION.** There is appropriated out of any moneys in the insurance tax distribution fund in the state treasury, not otherwise appropriated, the sum of \$18,818,030, or so much of the sum as may be necessary, to the insurance commissioner for the purpose of providing payments, in accordance with provisions of section 18-04-05, to North Dakota fire departments in the amount of \$17,989,505 and payments to the North Dakota firefighter's association in the amount of \$828,525, for the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 2, remove lines 4 through 30

Page 3, remove lines 1 through 31

Page 4, remove lines 1 through 31

Page 5, remove lines 1 through 30

Page 6, remove lines 1 through 31

Page 7, remove lines 1 through 31

Page 8, remove lines 1 through 30

Page 9, remove lines 1 through 31

Page 10, remove lines 1 through 3

Page 10, line 16, replace "one hundred eleven thousand one hundred twenty-two" with "one hundred ten thousand five hundred eighty-two"

Page 10, remove lines 17 through 31

Page 11, replace lines 1 through 7 with:

**"SECTION 7. AMENDMENT.** Subdivision c of subsection 8 of section 26.1-04-03 of the North Dakota Century Code is amended and reenacted as follows:

- c. Notwithstanding any other provision in this subsection, if the cost does not exceed an aggregate retail value of one hundred dollars per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business. As used in this subdivision, "person" means the named insured, policy owner, or prospective client or the spouse of any of these individuals, but the term does not include a certificate holder, child, or employee of the named insured, policy owner, or prospective client. Subject to the limits of this subdivision, an insurance producer may give a gift card for specific merchandise or services such as a meal, gasoline, or car wash but may not give cash, a cash card, any form of currency, or any refund or discount in premium. An insurance producer may not condition the giving of a gift, prize, promotion article, logo merchandise, meal, or entertainment activity on obtaining a quote or a contract of insurance. Notwithstanding the limitation in this subdivision, an insurance producer may make a donation to a nonprofit organization that is exempt from federal taxation under Internal Revenue Code section 501(c)(3) [26 U.S.C. 501(c)(3)] in any amount as long as the donation is not given as an inducement to obtain a quote or a contract of insurance.

**SECTION 8. AMENDMENT.** Subsection 2 of section 26.1-04-06 of the North Dakota Century Code is amended and reenacted as follows:

2. Notwithstanding any other provision in this section, if the cost does not exceed an aggregate retail value of one hundred dollars per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business. As used in this subsection, "person" means the named insured, policy owner, or prospective client or the spouse of any of these individuals, but the term does not include a certificate holder, child, or employee of the named insured, policy owner, or prospective client. Subject to the limits of this subsection, an insurance producer may give a gift card for specific merchandise or services such as a meal, gasoline, or car wash but may not give cash, a cash card, any form of currency, or any refund or discount in premium. An insurance producer may not condition the giving of a gift, prize, promotional article, logo merchandise, meal, or entertainment activity on obtaining a quote or a contract of insurance. Notwithstanding the limitation in this subsection, an insurance producer may make a donation to a nonprofit organization that is exempt from federal taxation under Internal Revenue Code section 501(c)(3) [26 U.S.C. 501(c)(3)] in any amount as long as the donation is not given as an inducement to obtain a quote or a contract of insurance."

Page 13, replace lines 22 through 28 with:

**"SECTION 14. AMENDMENT.** Subsection 2 of section 26.1-25-16 of the North Dakota Century Code is amended and reenacted as follows:

2. Notwithstanding any other provision in this section, if the cost does not exceed an aggregate retail value of one hundred dollars per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business. As used in this subsection, "person" means the named insured, policy owner, or prospective client or the spouse of any of these individuals, but the term does not include a certificate holder, child, or employee of the named insured, policy owner, or prospective client. Subject to the limits of this subsection, an insurance producer may give a gift card for specific merchandise or services such as a meal, gasoline, or car wash but may not give cash, a cash card, any form of currency, or any refund or discount in premium. An insurance producer may not condition the giving of a gift, prize, promotional article, logo merchandise, meal, or entertainment activity on obtaining a quote or a contract of insurance. Notwithstanding the limitation in this subsection, an insurance producer may make a donation to a nonprofit organization that is exempt from federal taxation under Internal Revenue Code section 501(c)(3) [26 U.S.C. 501(c)(3)] in any amount as long as the donation is not given as an inducement to obtain a quote or a contract of insurance.

**SECTION 15. REPORT TO THE LEGISLATIVE MANAGEMENT - INSURANCE DEPARTMENT ANALYSIS OF HEALTH CARE - HOSPITAL REPORTING - PENALTY.** During the 2019-20 interim, the insurance department shall assist the legislative management with the interim study of health insurance premium

trends as approved by the sixty-sixth legislative assembly in House Bill No. 1106. During the interim, the insurance department shall conduct a detailed analysis of health care in the state and submit the report to the legislative management. During the interim, upon request of the insurance department, hospitals in cities with a population exceeding ten thousand shall provide the insurance department requested data regarding billing and payment information, financial information, management information, and other information the insurance department deems necessary to complete a detailed analysis of health care in the state. The department may not request data that include personally identifiable information and the hospitals may provide data in the aggregate. If a hospital fails, without just cause, to provide the insurance department with requested data as required under this section, the insurance commissioner may charge the hospital a civil penalty of up to one thousand dollars per day the hospital is in violation.

**SECTION 16. LEGISLATIVE INTENT - INSURANCE TAX DISTRIBUTION FUND PAYMENTS TO FIRE DEPARTMENTS.** It is the intent of the sixty-sixth legislative assembly that, when feasible, fire departments utilize increased payments from the insurance tax distribution fund to improve their insurance service office rating.

**SECTION 17. LEGISLATIVE MANAGEMENT STUDY - HEALTH INSURANCE - PRE-EXISTING CONDITIONS.** During the 2019-20 interim, the legislative management shall consider studying the feasibility and desirability of state guaranteed issue provisions for health insurance. The study must include consideration of protections for individuals with pre-existing conditions and consideration of whether to restructure the comprehensive health association of North Dakota. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly.

**SECTION 18. LEGISLATIVE MANAGEMENT STUDY - VOLUNTEER FIREFIGHTER PENSION.** During the 2019-20 interim, the legislative management shall consider studying the feasibility and desirability of establishing a pension for volunteer firefighters. The study must include a review of firefighter needs in the state and benefits provided to volunteer firefighters in other states. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly.

**SECTION 19. EMERGENCY.** Sections 9, 10, 11, 12, and 13 of this Act are declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2010 - Insurance Department - Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$8,549,567	\$8,134,475	\$15,523	\$8,149,998	\$8,149,998	
Operating expenses	2,179,777	1,566,675	200,000	1,766,675	1,566,675	\$200,000
Insurance tax payments	15,064,086		18,818,030	18,818,030	17,519,422	1,298,608
Total all funds	\$25,793,430	\$9,701,150	\$19,033,553	\$28,734,703	\$27,236,095	\$1,498,608
Less estimated income	25,793,430	9,701,150	19,033,553	28,734,703	27,236,095	1,498,608
General fund	\$0	\$0	\$0	\$0	\$0	\$0

**Department 401 - Insurance Department - Detail of Conference Committee Changes**

	Adds Funding for Salary Increases <sup>1</sup>	Adjusts Funding for Fire District Payments <sup>2</sup>	Add One-Time Funding for Health Care Analysis <sup>3</sup>	Total Conference Committee Changes
Salaries and wages	\$15,523			\$15,523
Operating expenses			\$200,000	200,000
Insurance tax payments		\$18,818,030		18,818,030
<b>Total all funds</b>	<b>\$15,523</b>	<b>\$18,818,030</b>	<b>\$200,000</b>	<b>\$19,033,553</b>
Less estimated income	15,523	18,818,030	200,000	19,033,553
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

<sup>1</sup> Funding is adjusted to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020, the same as the House version. The Senate provided funding for a 2 percent salary increase on July 1, 2019, and a 3 percent salary increase on July 1, 2020.

<sup>2</sup> Funding from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association is restored to reflect the removal of continuing appropriation authority approved by the Senate. The House also removed the continuing appropriation authority. This amendment provides \$17,989,505 to be distributed to fire departments, an increase of \$3,753,944 from the base level. The Senate provided an estimated \$17,783,038 and the House provided \$16,773,750 for fire department payments. The amendment also provides \$828,525 to be distributed to the North Dakota Firefighter's Association, the same as the base level. The Senate provided an estimated \$1,034,992 and the House provided \$745,672 for the North Dakota Firefighter's Association. This results in a general fund revenue reduction of \$3,753,944 compared to the base level, the same as the Senate version and \$1,298,608 more than the House version.

<sup>3</sup> One-time funding of \$200,000 is appropriated for an analysis of health care in the state to assist the Legislative Management in its study of health insurance premium trends pursuant to House Bill No. 1106. Neither the House nor the Senate included funding for the health care analysis.

**Senate Bill No. 2010 - Other Changes - Conference Committee Action**

This amendment also:

- Removes sections added by the Senate to provide continuing appropriation authority to the Insurance Commissioner for fire department and North Dakota Firefighter's Association payments from the insurance tax distribution fund. The House also removed these sections.
- Removes sections added by the Senate to provide for the transfer of the boiler inspection program to the Department of Environmental Quality. The transfer of the program is provided for in the Senate version of House Bill No. 1024.
- Adjusts the section providing statutory changes necessary to increase the salary of the Insurance Commissioner, the same as the House version.
- Adds sections to provide statutory changes relating to rebates associated with obtaining an insurance quote, the same as the House version.
- Adds a section to provide for the Insurance Department to conduct a detailed analysis of health care in the state to assist the Legislative Management with its interim study of health insurance premium trends pursuant to House Bill No. 1106. Neither the House nor the Senate included this section.
- Does not include a section added by the House to provide accident and health insurance policies may not take into account any pre-existing condition of an applicant. The Conference Committee amendment provides for a Legislative Management study of health insurance coverage for pre-existing conditions.
- Adds a section to provide legislative intent that fire departments utilize increased distributions from the insurance tax distribution fund to improve their Insurance Service Office (ISO) ratings, the same as the House version.
- Adds a section to provide for a Legislative Management study of the feasibility and desirability of establishing a pension for volunteer firefighters, the same as the House version.
- Adds a section to declare the sections providing for the transfer of administration of the state bonding fund and the state fire and tornado fund to be an emergency.