



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 625** HLS 12RS 1151
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: May 12, 2012 1:45 PM	Author: ST. GERMAIN
Dept./Agy.: Louisiana Department of Insurance	
Subject: Provides with respect to the assessments against insurers.	Analyst: Alan M. Boxberger

INSURANCE

OR -\$197,070 GF RV See Note

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Provides with respect to the assessments against insurers

Present law provides that an amount equal to two and one-half hundredths of one percent of the direct gross property & casualty premiums received by the state on an annual basis shall be deposited by the commissioner of insurance with the state treasurer to be credited to a special fund created in the state treasury entitled the Municipal Fire and Police Civil Service Operating Fund. These funds are to be used solely to support the operations of the office of state examiner, Municipal Fire and Police Civil Service. Proposed law incrementally increases the allocation from two and one-half hundredths of one percent of direct gross premiums to two and three-fourths hundredths of one percent of premiums collected in 2011, to two and eighty-eight hundredths of one percent in 2014, and three hundredths of one percent in the year 2016 and every year thereafter.

Effective July 1, 2012.

EXPENDITURES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	(\$197,070)	(\$201,013)	(\$205,033)	(\$317,883)	(\$324,241)	(\$1,245,240)
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$197,070	\$201,013	\$205,033	\$317,883	\$324,241	\$1,245,240
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Under existing law, of the total assessment on direct gross insurance premiums received, two and one-half hundredths of one percent shall be credited to a special fund entitled the Municipal Fire and Police Civil Service Operating Fund. Proposed law increases the allocation to two and three-quarter hundredths of one percent in FY 13, FY 14 and FY 15. Proposed law increases the allocation to two and eighty-eight hundredths of one percent in FY 16 and FY 17. Proposed law increases the allocation to three hundredths of one percent in FY 18 and every year thereafter. The proposed law will lead to a decrease in agency self-generated revenue (SGR) for the Louisiana Department of Insurance (LDI) and a dollar for dollar increase in statutory dedications in the Municipal Fire and Police Civil Service Operating Fund which is used for the operation of the Office of State Examiner, an agency within the Office of Civil Service. This fiscal note assumes a 2% growth in the assessment collections on direct gross insurance premiums.

LDI typically generates SGR in excess of its operating budget authority and this amount is included as state general fund (SGF) revenue by the Revenue Estimating Conference (REC). The excess reverting to the SGF exceeds the amount that would be deposited into the Municipal Fire and Police Civil Service Operating Fund as required within the proposed law. Should these excesses continue and without reduction in the LDI operating budget, the proposed law, in effect, reduces the SGF estimate by the REC on a dollar for dollar basis.

Senate	Dual Referral Rules	House	
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	<div></div> <div>Gregory V. Albrecht Chief Economist</div>
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	