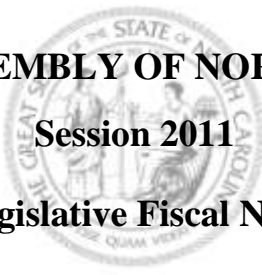


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2011

Legislative Fiscal Note

BILL NUMBER: House Bill 1015 (First Edition)

SHORT TITLE: Set Public Utility and Insurance Reg. Fees.

SPONSOR(S): Representatives Howard and Starnes

FISCAL IMPACT					
	Yes (x)	No ()	No Estimate Available ()		
	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>
REVENUES					
Utilities Comm./ Public Staff Special Fund	\$14,200,000				
Insurance Regulatory Fund	\$29,984,412				
EXPENDITURES					
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Utilities Commission, Public Staff; Department of Insurance					
EFFECTIVE DATE: Sections 1 and 2 effective July 1, 2012; remainder when it becomes law.					

BILL SUMMARY: Section 1 sets the public utility regulatory fee at 0.12%, which is the same rate as FY 2011-12. Section 2 sets the electric membership corporation regulatory fee at \$200,000 for FY 2012-13, the same as it was for FY 2011-12. Section 3 sets the insurance regulatory charge at 6.0% for calendar year 2012, the same as it was for calendar year 2011.

ASSUMPTIONS AND METHODOLOGY:

Section 1

The Utilities Commission charges the public utility regulatory fee to 2,057 certificated companies with North Carolina jurisdictional revenues. Using past revenues as an estimate, it is assumed that these companies will have revenues of approximately \$11.6 billion in FY 2012-13. Thus, a 0.12%

regulatory fee would yield \$14 million. These funds are deposited into a Special Fund at Commerce and then distributed to the Utility Commission and the Public Staff to fund their operations. The following table provides a 5-year history of NC utility jurisdictional revenues as well as fee revenues; the rate was 0.12% for all years shown:

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
NC Utility Revenues	\$11,026,252,488	\$11,394,049,568	\$11,321,344,624	\$11,548,577,717	\$11,671,551,467
Fee Revenue	\$13,360,713	\$13,782,929	\$13,964,181	\$13,721,517	\$14,005,862

Section 2

The electric membership corporation fee is a flat fee and thus anticipated revenue is equal to the fee - \$200,000.

Section 3

The insurance regulatory charge is an annual charge applied to each insurance company’s annual premium tax liability for the taxable year. Monies are credited to the Insurance Regulatory Fund, and are used to reimburse the General Fund for the following:

- (1) Money appropriated to the Department of Insurance to pay its expenses incurred in regulating the insurance industry and other industries in this State.
- (2) Money appropriated to State agencies to pay the expenses incurred in regulating the insurance industry, in certifying statewide data processors under Article 11A of Chapter 131E of the General Statutes, and in purchasing reports of patient data from statewide data processors certified under that Article.
- (3) Money appropriated to the Department of Revenue to pay the expenses incurred in collecting and administering the taxes on insurance companies levied in Article 8B of Chapter 105 of the General Statutes.
- (4) Money appropriated for the office of Managed Care Patient Assistance Program established under G.S. 143-730 to pay the actual costs of administering the program.
- (5) Money appropriated to the Department of Insurance for the implementation and administration of independent external review procedures required by Part 4 of Article 50 of this Chapter.
- (6) Money appropriated to the Department of Justice to pay its expenses incurred in representing the Department of Insurance in its regulation of the insurance industry and other related programs and industries in this State that fall under the jurisdiction of the Department of Insurance.
- (7) Money appropriated to the Department of Insurance to pay its expenses incurred in connection with providing staff support for State boards and commissions, including the North Carolina Manufactured Housing Board, State Fire and Rescue Commission, North Carolina Building Code Council, North Carolina Code Officials Qualification Board, Public Officers and

Employees Liability Insurance Commission, North Carolina Home Inspector Licensure Board, and the Volunteer Safety Workers' Compensation Board.

- (8) Money appropriated to the Department of Insurance to pay its expenses incurred in connection with continuing education programs under Article 33 of this Chapter and in connection with the purchase and sale of copies of the North Carolina State Building Code.
- (9) Money appropriated to the Department of Insurance for the regulation of the professional employer organization industry pursuant to Article 89A of Chapter 58 of the General Statutes.

Unexpended monies remain in the Insurance Regulatory Fund.

For taxable years 2010 and 2011, the surcharge was also 6.0 percent. These monies were collected in fiscal years 2010-11 and 2011-12. The Department of Insurance anticipates an increase of 0.0025 percent in premium tax liability and surcharge revenues for FY 2012-13 compared to FY 2011-12. Actual and anticipated collections are as follows:

FY 2010-11 Actual	FY 2011-12 Estimated	FY 2012-13 Anticipated
\$29,877,292	\$29,909,412	\$29,984,412

SOURCES OF DATA: Utilities Commission, Department of Insurance

TECHNICAL CONSIDERATIONS: None

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