

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 993

SHORT TITLE: Regulatory Fee Provisions

SPONSOR(S): House Appropriations Committee

FISCAL IMPACT:

Expenditures:	Increase ()	Decrease ()
Revenues:	Increase (X)	Decrease ()
No Impact ()		
No Estimate Available ()		

FUND AFFECTED: General Fund () Highway Fund () Local Govt. ()
 Other Funds (X) Department of Insurance Fund
 Department of Commerce - Special Fund

BILL SUMMARY: The bill would set the insurance regulatory surcharge rate at 7.25 percent for 1995-96 and 1996-97 (the same as for 1994-95), and would set the utility commission regulatory fee rate at 0.1 percent for 1995-96 and 1996-97 (an increase from the 1994-95 rate of 0.085 percent).

EFFECTIVE DATE: July 1, 1995.

FISCAL IMPACT:

Insurance Regulatory Fee

Setting the insurance regulatory fee at 7.25 percent would generate \$15.0 million in revenue for 1995-96. Expenditures that would be financed by the fee are expected to require \$19.6 million for 1995-96. As a result, the Department of Insurance Fund balance would be reduced to cover the difference. The balance is expected to \$10 million at the start of 1995-96, and would be reduced to \$5.4 million by the end of 1995-96.

Utilities Commission Fee

The proposed fee rate would generate \$8.2 million in revenue during 1995-96. The current fee rate would generate only \$7.0 million. Expenditures that would be financed by the fee are estimated to be \$8.2 million for 1995-96, an increase of \$69,000 from 1994-95. The rate increase allow the Commission to have a balanced budget and not fund operations from its reserve account. The Commission is allowed to maintain a reserve account equal in size to its annual budget. In recent years, the Commission has been forced to draw down on the reserve account in order to meet operating expenses. The reserve account is expected to be \$6.8 million at the end of 1994-95, and this rate increase will allow the Commission to meet operating expenses without further drawing down reserve funds.

SOURCES: Department of Insurance
 Utilities Commission

FISCAL RESEARCH DIVISION

733-4910

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