

## Fiscal Note 2027 Biennium

| Bill#/Title:                       | HB0281: Provide statutory appropriation of reinsurance program assessments |                                |                       |                                   |                       |  |  |
|------------------------------------|--|--------------------------------|-----------------------|-----------------------------------|-----------------------|--|--|
| Primary Sponsor:                   | Ken Walsh  |                                | Status:               | As Introduced                     |                       |  |  |
| ☐ Included in the Executive Budget |  | □ Needs to be included in HB 2 |                       | ☐ Significant Local Gov Impact    |                       |  |  |
| ☐ Significant Long-Term Impacts    |  | ☐ Technical Concerns           |                       | ☐ Dedicated Revenue Form Attached |                       |  |  |
|                                    |  | FISCAL SU                      | UMMARY                |                                   |                       |  |  |
|                                    |  | FY 2026<br>Difference          | FY 2027<br>Difference | FY 2028<br>Difference             | FY 2029<br>Difference |  |  |
| Expenditures                       |  |                                |                       |                                   |                       |  |  |
| Revenues                           |  |                                |                       |                                   |                       |  |  |
| Net Impact                         |  | \$0                            | \$                    | 0 \$0                             | \$0                   |  |  |
| General Fund B                     | alance   |                                |                       |                                   |                       |  |  |

### **Description of fiscal impact**

HB 281 provides a statutory appropriation within the state special revenue fund for the 1.2% premium assessments collected from the reinsurance association members under 33-22-1313, MCA.

#### FISCAL ANALYSIS

## **Assumptions**

#### State Auditor's Office

- 1. The State Auditor's Office (SAO) oversees the Montana Reinsurance Association Act within Title 33, Chapter 22, part 13, MCA.
- 2. 33-22-1313, MCA, requires the SAO assess each reinsurance association member insurer 1.2% of its total premium volume covering Montana residents from the prior calendar year.
- 3. While SAO utilizes assumptions from a qualified actuary, the association member assessment revenue and eligible claims can fluctuate.
- 4. The SAO currently receives appropriation authority for the use of these funds through HB 2. In FY 2024, the required claims payments were greater than the HB 2 state special revenue appropriation authority. This required the SAO to request a fiscal transfer from FY 2025 to FY 2024 for \$2.4 million, which reduced the office's FY 2025 appropriation authority. The office has submitted a HB 3 supplemental appropriation request to obtain additional budget authority needed to pay FY 2025 reinsurance claims.
- 5. HB 281 provides a statutory appropriation for the reinsurance association member assessments collected. The appropriation authority would no longer be needed in HB 2.
- 6. There is no fiscal impact to the state.

#### **Statutory Appropriation**

17-1-508, MCA, requires analysis of the statutory appropriation relative to the guidance in 17-1-508(3), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall

# Fiscal Note Request - As Introduced

(continued)

consider the following guidelines. Answer yes or no to each of the following guidelines regarding the statutory appropriation:

|    |   | Yes | No |
|----|---|-----|----|
| a. | The money is from a continuing, reliable, and estimable source.                         |     | X  |
| b. | The use of the appropriation or the expenditure occurrence is predictable and reliable. | X   |    |
| c. | The authority exists elsewhere.   | X   |    |
| d. | An alternative appropriation method is available, practical, or effective.              |     | X  |
| e. | It appropriates state general fund money for purposes other than paying for emergency   |     | X  |
|    | services.   |     |    |
| f. | The money is used for general purposes.   |     | X  |
| g. | The legislature wishes to review expenditure and appropriation levels each biennium.    |     | X  |
| h. | An expenditure cap and sunset date are excluded.  | X   |    |

| Fiscal Analysis Table           |                       |                              |                       |                       |  |  |  |
|---------------------------------|-----------------------|------------------------------|-----------------------|-----------------------|--|--|--|
|                                 | FY 2026<br>Difference | FY 2027<br><u>Difference</u> | FY 2028<br>Difference | FY 2029<br>Difference |  |  |  |
| Fiscal Impact                   |                       |                              |                       |                       |  |  |  |
| <b>Expenditures</b>             |                       |                              |                       |                       |  |  |  |
| <b>Funding of Expenditures</b>  |                       |                              |                       | 0                     |  |  |  |
| Revenues                        |                       |                              |                       |                       |  |  |  |
| Net Impact to Fund Balance (Rev | enue minus Fundii     | ng of Expenditure            | <u>s)</u>             |                       |  |  |  |
|                                 | \$0                   | \$0                          | \$0                   | \$0                   |  |  |  |

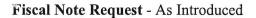
Sponsor's Initials

1/28/2025

**Budget Director's Initials** 

1/26/2025

Date



(continued)