

N.C. GENERAL ASSEMBLY LEGISLATIVE FISCAL NOTE

Fiscal Research
733-4910

Prepared By: Richard Bostic	Date Prepared: 5/10/89	Bill No.: SB 512	Edition: Comm. Sub. as amended
Approved By: Tom Covington TOMC	MAY 15, 1989		Sponsor: Sen. Joe Johnson
Short Title: Insurance Omnibus Amendments			

TYPE OF FISCAL IMPACT	COUNTY		FUNDS AFFECTED:		
	State Gov't	Local Gov't	() General	() Highway	(x) Other: Firemen's Relief Fund
No Fiscal Impact	(x)	(x)*			
Increase Expenditure	()	()			
Decrease Expenditure	()	()			
Increase Revenue	()	()			
Decrease Revenue	()	()			
No Estimate Avail.	()	()			

* Without enactment of section 65 of this bill, there would be a reduction in tax collections deposited into the Firemen's Relief Fund.

Description of Legislation

1. Summary of Legislation

Various changes in insurance law

2. Effective Date: Effective upon ratification

3. Fund or Tax Affected

4. Principal Department/Program Affected: Department of Insurance

Cost or Revenue Impact on State

	FY 88-89	FY 89-90	FY
1. Non-Recurring Costs/Revenues			
2. Recurring Costs/Revenues			
3. Fiscal/Revenue Assumptions			

Cost/Revenue Impact on County or Local Government

	FY 88-89	FY 89-90	FY
1. Non-Recurring Costs/Revenues			
2. Recurring Costs/Revenues			
3. Fiscal/Revenue Assumptions			

Sources of Data for Fiscal Note

Department of Insurance

Technical Considerations/Comments

Passage of Senate Bill 512 will have no cost impact to the state or to local governments. However, failure to enact section 65 of the bill could endanger the collection of \$1.76 million in taxes on fire insurance premiums that are deposited into the Firemen's Relief Fund. One major insurer has challenged the department's ability to collect this tax and has withheld \$45,500 in tax payments for 1987. The company claims that it is not a fire insurance company as defined in G.S. 118-1 and is not subject to the tax. According to the Department of Insurance, none of the 501 insurers in the state that write fire and lightning insurance coverage are fire insurance companies. However, these companies have been subject to this tax since 1907. Senate Bill 512 would clarify who should pay this tax and would preserve the Firemen's Relief Fund.

Sections 1 through 64 of the bill were also reviewed and were found to have no fiscal impact.

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