Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version:	**CSHB 102(L&C)**
Fiscal Note Number:	**4**
(H) Publish Date:	**3/27/13**

Identifier: HB102-DCCED-DOI-02-22-13
Title: RETIREMENT PLANS; ROTH IRAS; PROBATE
Sponsor: KELLER
Requester: House Labor and Commerce

Department: Department of Commerce, Community and Economic Development
Appropriation: Insurance Operations
Allocation: Insurance Operations
OMB Component Number: 354

Expenditures/Revenues
Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY 2014**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Fund Source (Operating Only)

None							
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues	***		***	***	***	***	***

Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS
Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By:	Bret Kolb, Division Director	Phone:	(907)269-7900
Division	Division of Insurance	Date:	02/22/2013 10:30 PM
Approved By:	JoEllen Hanrahan, Director	Date:	02/22/13
	Administrative Services, Division		

FISCAL NOTE ANALYSIS #4

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSHB 102(L&C)

Analysis

HB 102 updates the trust and estate laws for the state of Alaska. It extends protection for retirement plan assets to the beneficiaries of retirement plans (often the surviving spouse), provides means of representation for minors and incapacitated persons in dealing with settlements of accounts or settlement agreements, amends the 2003 Alaska Principal and Income Act to conform to current IRS regulations, provides rules concerning who may control the disposition of decedents' remains, makes conforming amendments to Alaska's laws regarding insurable interests to align with changes to the Uniform Trust Code, provides that IRA interests can be voluntarily transferred to a family member or trust, makes amendments to Alaska's community property provisions to update and clarify the ownership of community property, shortens the statute of limitations for creditors' claims for transfers into an irrevocable trust, increases protections for L.L.C. and Limited Partnership interests, and allows a beneficiary to extend the time funds will be held in a Uniform Transfer to Minors Account.

Section 37 of the bill expands the favorable premium tax rate for individual life insurance policies to include group life insurance policies. This would have an effect on the amount of premium tax received by the Division of Insurance on group policies with annual premiums over $100,000. Currently these group policies would be taxed under AS 21.09.210 (b) at a flat 2.7% premium tax, if amended they would be taxed at 2.7% on only the first $100,000 of premium and then one-tenth of one percent on premium over $100,000 in premium.

Data is not available to determine an accurate fiscal impact of this legislation. Although it reduces the tax rate for group life insurance premiums over $100,000, which could reduce premium taxes collected by the Division, this creates a more favorable tax structure and consequently could increase the number of policies written in Alaska resulting in more premium tax being collected by the Division.

Assuming that the amount of group life insurance premium written in Alaska stays the same as in 2011 and that each insurer's group life insurance business would be taxed subject to the amended language, the maximum amount of premium tax the Division would not collect as a result of the amendment would be $1.4 mil.

By contrast, it is possible that given the large premium amounts required to qualify for the premium tax rate under AS 21.09.210(m), there might be no reduction in premium tax, as none of the current policies would qualify. If that were the case, the only change to the amount of premium tax collected as a result of this bill would be due to additional policies sold as a result of the more favorable tax structure.