Fiscal Note

State of Alaska
2022 Legislative Session

Bill Version:	CSSB 160(L&C)
Fiscal Note Number:	1
(S) Publish Date:	4/19/2022

Identifier: SB160-DCCED-AFA-03-18-22
Title: FLOOD INSURANCE
Sponsor: STEDMAN
Requester: (S) LABOR & COMMERCE

Department: Special Appropriations
Appropriation: New Legislation
Allocation: New Legislation
OMB Component Number: 3122

Expenditures/Revenues

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

	FY2023 Appropriation Requested	Included in Governor's FY2023 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY 2023**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	1,000.0		1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Miscellaneous							
Total Operating	**1,000.0**	**0.0**	**1,000.0**	**1,000.0**	**1,000.0**	**1,000.0**	**1,000.0**

Fund Source (Operating Only)

1252 DGF Temp (DGF)	1,000.0		1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Total	**1,000.0**	**0.0**	**1,000.0**	**1,000.0**	**1,000.0**	**1,000.0**	**1,000.0**

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1252 DGF Temp (DGF)	132,000.0		91,000.0	91,000.0	91,000.0	91,000.0	91,000.0
Total	**132,000.0**	**0.0**	**91,000.0**	**91,000.0**	**91,000.0**	**91,000.0**	**91,000.0**

Estimated SUPPLEMENTAL (FY2022) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2023) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? Yes

(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/22

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Division: Division of Insurance — Date: 03/18/2022 01:40 PM
Approved By: Micaela Fowler, Administrative Services Director — Date: 03/18/22
Agency: Department of Commerce, Community, and Economic Development

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2022 LEGISLATIVE SESSION

Analysis

SB 160 establishes a flood authority in the state as a "nonprofit incorporated legal entity". It also provides a tax credit to qualified insurers and establishes a flood insurance fund in the general fund. Revenue collected must be separately accounted for and deposited into the fund. Investment earnings shall be retained in the flood insurance fund.

Funding for the Alaska Flood Authority's (AFA) operations will be implemented via a grant administered by the Division of Insurance but located in a separate component within the Insurance Results Delivery Unit. The AFA is anticipated to be structured similar to the Alaska Comprehensive Health Insurance Association established in AS 21.55.010. The grant will fund limited staffing at AFA, as well as contracts for administrative, accounting, and actuarial services.

This legislation also implements a tax credit for property insurance providers that fully cancels premium taxes that would otherwise be remitted to the state. The revenue decrease as a result of that change is shown in the Insurance Operations fiscal note.

The legislation allows the flood authority to implement dues and an assessment to fund the flood authority and losses of the insurance program. That assessment is estimated at six percent of the total direct premiums written for the prior fiscal year starting in FY2024. The existing premium tax receipts are expected to capitalize the fund in FY2023.

Payments for claims under the flood insurance program will require annual appropriation. Suggested language is included below.

The amount necessary to pay claims under the flood insurance program established in AS 21.60.100-21.60.300 for the fiscal year ending June 30, 2023, is appropriated to the Department of Commerce, Community, and Economic Development, division of insurance, Alaska Flood Authority, for the fiscal year ending June 30, 2023.