Fiscal Note

State of Alaska
2022 Legislative Session

Bill Version:	CSSB 160(L&C)
Fiscal Note Number:	3
(S) Publish Date:	4/19/2022

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

	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	115.9		115.9	115.9	115.9	115.9	115.9
Travel							
Services	15.0		15.0	15.0	15.0	15.0	15.0
Commodities	10.0						
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	**140.9**	**0.0**	**130.9**	**130.9**	**130.9**	**130.9**	**130.9**

Fund Source (Operating Only)

1156 Rcpt Svcs (DGF)	140.9		130.9	130.9	130.9	130.9	130.9
Total	**140.9**	**0.0**	**130.9**	**130.9**	**130.9**	**130.9**	**130.9**

Positions

Full-time	1.0		1.0	1.0	1.0	1.0	1.0
Part-time							
Temporary							

Change in Revenues

1004 Gen Fund (UGF)	(41,000.0)		(41,000.0)	(41,000.0)	(41,000.0)	(41,000.0)	(41,000.0)
Total	**(41,000.0)**	**0.0**	**(41,000.0)**	**(41,000.0)**	**(41,000.0)**	**(41,000.0)**	**(41,000.0)**

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

Estimated CAPITAL (FY2023) cost: 300.0 *(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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/22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
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.

If this legislation is adopted, the Division of Insurance will be responsible for administering collections to the fund and coordinating an annual grant to the new nonprofit corporation. The Insurance division director will participate as an ex-officio member of the board, and approve the annual plan of operation for the flood authority. The division will require one additional Program Coordinator to manage activities related to the flood authority for the division, as well as associated support costs. The Program Coordinator will be funded from insurance licensing receipts already collected by the division which are more than sufficient to support these costs.

The division also anticipates requiring contractual actuarial and other support for initial implementation of the flood authority, which is requested as a capital appropriation from the new flood insurance fund.

If this legislation passes, the Division of Insurance anticipates the following fiscal impacts:

Personal Services:
$115.9 annually starting in FY2023 for a Program Coordinator II, Range 20, in Anchorage

Services:
$15.0 annually for statewide and department core services.

Commodities:
$10.0 in FY2023 for the setup and equipment costs for the new position

This legislation also implements a tax credit for property insurance providers that fully cancels premium taxes that would otherwise be remitted to the state. As a result, an estimated $41 million in premium taxes that would be otherwise be deposited to the general fund will be foregone as revenue in each year.