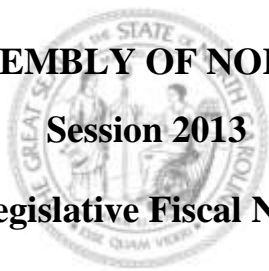


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2013

Legislative Fiscal Note

BILL NUMBER: House Bill 27 (Second Edition)

SHORT TITLE: Workers' Comp Fund/Safety Workers Allocation.

SPONSOR(S): Representatives Howard, Hager, and Torbett

FISCAL IMPACT					
(\$ in millions)					
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Estimate Available					
State Impact	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
General Fund Revenues:	(14.2)	(14.5)	(14.7)	(15.0)	(15.3)
Special Fund Revenues:					
Worker's Comp Fund	14.2	14.5	14.7	15.0	15.3
NET STATE IMPACT	(\$14.2)	(\$14.5)	(\$14.7)	(\$15.0)	(\$15.3)

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:
 North Carolina Department of Insurance, North Carolina Department of Revenue, Consensus Forecast

EFFECTIVE DATE July 1, 2013

TECHNICAL CONSIDERATIONS:
 None

BILL SUMMARY: House Bill (HB) 27 directs revenue from the General Fund to the Workers' Compensation Fund established under G.S. 58-87-10.

ASSUMPTIONS AND METHODOLOGY: According to information from the Department of Revenue, G.S. 105-228.5(d)(3), the gross premiums tax on property insurance coverage, generated a total of \$28.6 million in revenue for FY 2011-12, with 45% of this revenue (\$12.8 million) being dedicated to the General Fund. HB 27 reallocates the gross premiums tax collections under G.S. 105-228.5(d)(3) from the General Fund to the Workers' Compensation Fund established under G.S. 58-87-10.

To estimate the fiscal impact, Fiscal Research utilized the consensus forecast, a revenue forecast developed jointly by the North Carolina General Assembly and the Office of State Budget and Management. The tax collections from gross premiums are expected to grow at a rate of five percent between FY 2012-13 and FY 2013-14 and assume a long term growth rate of two percent after FY 2013-14. Redirecting the gross premiums tax collections will reduce General Fund availability by \$14.2 to \$15.3 per fiscal year, but increase the deposits to the Workers' Compensation Fund by an equivalent amount.

SOURCES OF DATA: North Carolina Department of Insurance, North Carolina Department of Revenue, Consensus Forecast

TECHNICAL CONSIDERATIONS: None

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DATE: February 20, 2013



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