



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 914

PRINTERS NO. 1289

PRIME SPONSOR: White

COST / (SAVINGS)

FUND	FY 2012/13	FY 2013/14
General Fund	\$0	See Fiscal Impact
Insurance Regulation and Oversight Fund	\$0	

SUMMARY: Senate Bill 914 creates a freestanding act to be known as the Insurance Regulation and Oversight Fund. It would take effect immediately.

ANALYSIS: Under this legislation the Insurance Regulation and Oversight Fund (IROF) is established to pay the operating costs and expenses of the Pennsylvania Insurance Department (PID), expenses currently paid from the Department's General Government Operations line out of the General Fund. Revenue for the IROF will derive from 50% of all license and fee revenue collected, by the department; all funds and moneys collected, received or derived from all penalties, fines or settlements received by the department in fiscal year 2013-2014 only; and all augmentations and reimbursements made to the department by regulated entities as a result of financial and market regulation activities for which regulated entities are responsible for payment.

This legislation prohibits the use of IROF money to pay PID's operating costs and expenses associated with other dedicated funding sources, including rehabilitation and liquidation of insurance companies; Catastrophic Loss Benefits Continuation Fund; Underground Storage Tank Indemnification Fund; Workers Compensation Security Fund; Medical Care Availability and Reduction of Error Fund; and Children's Health Insurance Program.

At the end of a fiscal year, Senate Bill 914 allows the IROF to retain an amount equal to 100% of the total expenditures and commitments from the immediately preceding fiscal year. Any balance in IROF which exceeds the retention amount will be deposited into the General Fund within 30 days of the end of a fiscal year.

Under this legislation the PID will still submit a budget proposal to the Secretary of the Budget and the General Assembly will appropriate funds. However, those funds will now come from the IROF and not the General Fund.

FISCAL IMPACT: Enactment of this legislation will not have a significant impact on Commonwealth funds. While it does divert revenue from the General Fund to the new Insurance Regulation and Oversight Fund, it also removes the General Government Operating expenses of the Insurance Department to account for that loss.

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House Appropriations Committee (R)

DATE: June 30, 2013

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.