

SENATE BILL 54

Introduced by Gage

12/23	Introduced
12/23	Referred to Agriculture, Livestock & Irrigation
1/04	First Reading
1/04	Fiscal Note Requested
1/11	Hearing
1/11	Fiscal Note Received
1/11	Tabled in Committee
1/12	Fiscal Note Printed

SENATE BILL NO. 54

INTRODUCED BY GAGE

A BILL FOR AN ACT ENTITLED: "AN ACT ABOLISHING THE BOARD OF HAIL INSURANCE AND THE STATE HAIL INSURANCE PROGRAM; REVERTING PROGRAM FUNDS TO THE STATE GENERAL FUND; AMENDING SECTION 31-2-106, MCA; REPEALING SECTIONS 2-15-3003, 80-2-201, 80-2-202, 80-2-203, 80-2-204, 80-2-205, 80-2-206, 80-2-207, 80-2-208, 80-2-209, 80-2-221, 80-2-222, 80-2-223, 80-2-224, 80-2-225, 80-2-226, 80-2-227, 80-2-228, 80-2-229, 80-2-230, 80-2-231, 80-2-232, 80-2-241, 80-2-242, 80-2-243, 80-2-244, AND 80-2-245, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1.** Disposition of state hail insurance funds following abolishment of program. Money attributable to the hail insurance program that remains in any expendable trust fund on [the effective date of this act] reverts to the state general fund.

Section 2. Section 31-2-106, MCA, is amended to read:

"31-2-106. **Exempt property** -- bankruptcy proceeding. No individual may exempt from the property of the estate in any bankruptcy proceeding the property specified in 11 U.S.C. 522(d). An individual may exempt from the property of the

estate in any bankruptcy proceeding:

(1) that property exempt from execution of judgment as provided in 19-3-105, 19-4-706, 19-5-704, 19-6-705, 19-7-705, 19-8-805, 19-9-1006, 19-10-504, 19-11-612, 19-13-1004, 19-21-212, Title 25, chapter 13, part 6, 33-7-522, 33-15-512 through 33-15-514, 35-10-502, 39-51-3105, 39-71-743, 39-73-110, 53-2-607, 53-9-129, and Title 70, chapter 32, ~~and 80-2-245~~;

(2) the individual's right to receive unemployment compensation and unemployment benefits; and

(3) the individual's right to receive benefits from or interest in a private or governmental retirement, pension, stock bonus, profit-sharing, annuity, or similar plan or contract on account of illness, disability, death, age, or length of service, excluding that portion of contributions made by the individual within 1 year before the filing of the petition in bankruptcy which exceeds 15% of the individual's gross income for that 1-year period, unless:

(a) the plan or contract was established by or under the auspices of an insider that employed the individual at the time the individual's rights under the plan or contract arose;

(b) the benefit is paid on account of age or length of service; and

(c) the plan or contract does not qualify under section

1 401(a), 403(a), 403(b), 408, or 409 of the Internal Revenue
2 Code of 1954 (26 U.S.C. 401(a), 403(b), 408, or 409)."

3 NEW SECTION. **Section 3. Repealer.** Sections 2-15-3003,
4 80-2-201, 80-2-202, 80-2-203, 80-2-204, 80-2-205, 80-2-206,
5 80-2-207, 80-2-208, 80-2-209, 80-2-221, 80-2-222, 80-2-223,
6 80-2-224, 80-2-225, 80-2-226, 80-2-227, 80-2-228, 80-2-229,
7 80-2-230, 80-2-231, 80-2-232, 80-2-241, 80-2-242, 80-2-243,
8 80-2-244, and 80-2-245, MCA, are repealed.

9 NEW SECTION. **Section 4. Saving clause.** [This act] does
10 not affect rights and duties that matured, penalties that
11 were incurred, or proceedings that were begun before [the
12 effective date of this act].

13 NEW SECTION. **Section 5. Severability.** If a part of
14 [this act] is invalid, all valid parts that are severable
15 from the invalid part remain in effect. If a part of [this
16 act] is invalid in one or more of its applications, the part
17 remains in effect in all valid applications that are
18 severable from the invalid applications.

19 NEW SECTION. **Section 6. Effective date.** [This act] is
20 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0054, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act abolishing the Board of Hail Insurance and the State Hail Insurance Program; reverting program funds to the state general fund.

ASSUMPTIONS:

1. 17-8-101(2), MCA, would not prevent moving the trust fund to the general fund.
2. Program activity would terminate prior to issuance of policies for the FY93 season.
3. Program terminates as of June 30, 1993.
4. Operating funds would be necessary in FY94 to provide for collection of accounts receivable.
5. Reserve fund balance would revert to the general fund on July 1, 1993.
6. Estimated reserve fund balance at July 1, 1993 would be \$4.5 million.
7. Net 1992 season revenues would be retained in trust, not refunded.
8. Operating expenditures are based upon the estimated cost to complete program activities by June 30, 1993.
9. Estimate collecting 50% (\$80,000) of account receivables in FY94 leaving a balance of approximately \$80,000 to be collected. Estimate collecting \$40,000 in FY94 and \$10,000 in FY95 of the \$80,000 account receivable balance. The remaining \$30,000 would be uncollectible.
10. Revenue from policy premiums and hail losses are based on 5-year average.
11. Interest earnings are based on 4% rate of return on \$4.6 million.

FISCAL IMPACT:

	FY94			FY95		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
Expendable Trust Funds	\$2,379,488	\$ 5,000	(\$2,374,488)	\$2,377,776	\$ -0-	(2,377,776)
General Fund (Indirects)		26,076	26,076		26,195	26,195
<u>Revenues:</u>						
Expendable Trust Funds	\$2,829,836	\$40,000	(\$2,789,830)	\$2,829,836	\$10,000	(\$2,819,836)
Current Reserve Fund	4,100,000	-0-			-0-	

Net Impact:

Reserve balance to state general fund: \$4,585,348
 Biennial general fund increase (indirect): (\$ 52,271)
 Biennial reduction to state general fund: (\$ 76,320)
 (1.5% premium assessment paid to general fund)

David Lewis 1-9-93
 DAVID LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Delwyn Gage
 DELWYN GAGE, PRIMARY SPONSOR

DATE

Fiscal Note for SB0054, as introduced

CR 54

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES: Reduction of 2% annual reimbursement to participating counties.

	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Revenue	\$50,880	- 0 -	(\$50,880)

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

- After initial reversion of reserve to general fund, current annual 1.5 percent of premiums collected and paid to the general fund would be lost.
- Indirects paid from program to fund department operations (approximately, \$26,000 per FY) would have to be offset by general fund or other funding sources.
- This could result in uninsured crop losses, due to hail damage, decreased agricultural industry revenue, and a resulting tax base reduction.

TECHNICAL NOTES:

- Article XII, Section 1(2) of the 1972 Montana Constitution may prevent reversion of reserve funds to the general fund.