



# 125th MAINE LEGISLATURE

LD 1352

LR 588(02)

## An Act To Implement the Requirements of the Federal Nonadmitted and Reinsurance Reform Act of 2010

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Insurance and Financial Services

Fiscal Note Required: Yes

### Fiscal Note

|                           | FY 2011-12  | FY 2012-13  | Projections<br>FY 2013-14 | Projections<br>FY 2014-15 |
|---------------------------|-------------|-------------|---------------------------|---------------------------|
| <b>Net Cost (Savings)</b> |             |             |                           |                           |
| General Fund              | (\$200,000) | (\$200,000) | (\$200,000)               | (\$200,000)               |
| <b>Revenue</b>            |             |             |                           |                           |
| General Fund              | \$200,000   | \$200,000   | \$200,000                 | \$200,000                 |

#### Fiscal Detail and Notes

Amending surplus lines eligibility standards and nonadmitted insurance premium tax laws to conform to the federal Nonadmitted and Reinsurance Reform Act (NRRA) of 2010 will increase General Fund revenue by approximately \$200,000 each fiscal year starting in fiscal year 2011-12. Any costs associated with requiring Maine Revenue Services (MRS) to consult with the Bureau of Insurance and complete a fiscal analysis of the gross receipts of the premium tax before entering into a multistate agreement in accordance with the NRRA for the reporting of nonadmitted insurance premiums and the collection and allocation of nonadmitted insurance taxes can be absorbed within existing budgeted resources. Any entry into such a multistate agreement is anticipated to increase surplus lines tax revenue. The amount of the increase will depend upon the timing and terms of the multistate agreement and on which states participate. The increase in revenue resulting from the multistate agreement could be up to \$940,000 per fiscal year.