Colorado
Legislative
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SB17-249

FISCAL NOTE

FISCAL IMPACT: ☒ State ☐ Local ☐ Statutory Public Entity ☐ Conditional ☐ No Fiscal Impact

Drafting Number:	LLS 17-0301	**Date:**	April 3, 2017
Prime Sponsor(s):	Sen. Smallwood; Williams A. Rep. Ginal	**Bill Status:**	Senate Business
		Fiscal Analyst:	Clare Pramuk (303-866-2677)

BILL TOPIC: SUNSET DIVISION OF INSURANCE

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		**$292,065,293**
Continuing revenue		
General Fund		282,547,302
Cash Funds		9,517,991
Continuing diversions		
General Fund		(193,559)
Cash Funds		193,559
State Expenditures		**$8,315,660**
Continuing expenditures		
Cash Funds		7,240,664
Federal Funds		1,074,996
New expenditures	Workload increase. See State Expenditures section.	
FTE Position Change		85.2 FTE
TABOR Impact		$292,065,293
Appropriation Required: None.		
Future Year Impacts: Ongoing workload increase and continuation of expenditures through FY 2030-31.		

Summary of Legislation

This bill continues the Division of Insurance in the Department of Regulatory Agencies until September 1, 2030, and implements recommendations from the 2016 sunset report. The bill establishes a separate sunset date of September 1, 2022, for the regulation of preneed funeral contracts. The division is required to study whether preneed funeral contract sellers are in compliance with applicable law and determine strategies to gain compliance if sellers are not in compliance. The division will report their findings by September 1, 2017, to the House and Senate Business committees. In addition to various technical changes, the bill:

- repeals the duties assigned to the Department of Public Health and Environment related to health maintenance organizations (HMOs) and reassign them to the Commissioner of Insurance;

- repeals the Certified Capital Company Act effective July 1, 2025; and
- repeals the exemption from consumer protection statutes for private passenger automobile policies with more than four automobiles.

Fiscal Impact of Programs Set to Expire

This bill continues a program in the Department of Regulatory Agencies that is set to repeal effective July 1, 2017. In the current FY 2016-17, the program has revenue of $292,065,293 and expenditures of $8,315,660 and 85.2 FTE. Under current law, state agencies may be appropriated funds to wind up the affairs of an expiring program for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY 2018-19, one year after the repeal date. There is no need for an appropriation of the current base funding for the program in FY 2017-18 since its authorization has not yet expired and ongoing funding for the program has been included in the department's base budget request.

State Revenue

By continuing the Division of Insurance, the bill increases General Fund and cash fund revenue in the Department of Regulatory Agencies by $292,065,293 per year beginning in FY 2018-19. This revenue includes the premium tax and fine revenue paid by insurance companies into the General Fund and license fees paid into the Division of Insurance Cash Fund. The bill also continues a diversion of $193,559 from the General Fund to the Division of Insurance Cash Fund to fund the division. This revenue diversion occurs because the bill increases costs in the Department of Regulatory Agencies, Division of Insurance, which is funded with premium tax revenue that would otherwise be credited to the General Fund. This revenue represents a continuation of existing revenue to the program.

TABOR Impact

This bill increases state General Fund and cash fund revenue from fees, taxes, and fines, which will increase the amount of money required to be refunded under TABOR for FY 2018-19. TABOR refunds are paid out of the General Fund. In years when the state collects revenue above the TABOR limit, the increase in General Fund revenue has no net impact on the amount of money available in the General Fund for the budget, as both revenue to the General Fund and the refund obligation increase by equal amounts. However, the increase in cash fund revenue increases the TABOR refund obligation, decreasing the amount of money available in the General Fund for the budget on a dollar-for-dollar basis. In future years when the state does not collect revenue above the TABOR limit, the bill's impact on General Fund revenue will increase money available for the General Fund budget.

State Expenditures

By continuing the Division of Insurance, the bill increases expenditures in the Department of Regulatory Agencies by $8,315,660 in FY 2018-19, paid from the Division of Insurance Cash Fund and federal funds. These costs represent the continuation of the program beyond its current repeal date and the subsequent wind-up period.

The bill increases workload for the division beginning in FY 2017-18 to study the compliance of preneed funeral contract sellers. The transfer of duties related to HMOs from the Department of Public Health and Environment to the division codifies current practice, so does not impact the workload of either agency. The workload increase in the bill can be accomplished within existing appropriations.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Information Technology	Law
Public Health and Environment	Regulatory Agencies