



**Colorado
Legislative
Council
Staff**

SB17-249

**FINAL
FISCAL NOTE**

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

Drafting Number: LLS 17-0301	Date: July 20, 2017
Prime Sponsor(s): Sen. Smallwood; Williams A. Rep. Ginal	Bill Status: Signed into Law
	Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: SUNSET DIVISION OF INSURANCE

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		<u>\$292,065,293</u>
<i>Continuing revenue</i>		
General Fund		282,547,302
Cash Funds		9,517,991
<i>Continuing diversions</i>		
General Fund		(193,559)
Cash Funds		193,559
State Expenditures		<u>\$8,315,660</u>
<i>Continuing expenditures</i>		
Cash Funds		7,240,664
Federal Funds		1,074,996
<i>New expenditures</i>	Workload increase. See State Expenditures section.	
FTE Position Change		85.2 FTE
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 reassigns 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.

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 was signed by the Governor and took effect on June 1, 2017. Because House Bill 17-1231 took effect, Section 3 and Section 4 of this bill do not take effect.

State and Local Government Contacts

Information Technology
Public Health and Environment

Law
Regulatory Agencies