

FISCAL NOTE

Requested by Legislative Council

01/12/2005

Bill/Resolution No.: SB 2187

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues		\$16,500		\$16,500		\$16,500
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2187 increases the annual renewal fee for third party administrators (TPA) from \$25 to \$50. Presently, the state licenses approximately 240 TPAs. The \$25 annual increase for 240 TPAs will increase revenue to the Insurance Regulatory Trust Fund by \$6,000 per year or \$12,000 per biennium.

In 2003-2004 calendar years, the Department received 53 new TPA license applications and based on an estimate of approximately 30 new TPA applications being received per year going forward, the \$75 increase for new TPA applications will potentially increase revenues to the Insurance Regulatory Trust Fund by an additional \$2,250 per year or \$4,500 per biennium, for a total of \$8,250 per year or \$16,500 per biennium.

The law if passed will require the licensing of entities that were not required to be licensed in the past, but it is too speculative to estimate how many newly regulated entities will register.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Revenues to the Insurance Regulatory Trust Fund will increase by approximately \$6,000 per year or \$12,000 per biennium based on the \$25 increase in the annual renewal licensing fee for approximately 240 third party administrators.

In 2003-2004 calendar years, the Department received 53 new TPA license applications and based on an estimate of approximately 30 new TPA applications being received per year going forward, the \$75 increase for new TPA applications will potentially increase revenues to the Insurance Regulatory Trust Fund by an additional \$2,250 per year or \$4,500 per biennium, for a total of \$8,250 per year or \$16,500 per biennium.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name: Charles E. Johnson
Phone Number: 328-4984

Agency: Insurance Department
Date Prepared: 01/13/2005