

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0258-04
Bill No.: Perfected SCS for SB 57
Subject: Insurance - Property; Insurance Dept.; Insurance - General
Type: Original
Date: March 9, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Insurance Dedicated	(\$69,317)	(\$83,180)	(\$83,180)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$69,317)	(\$83,180)	(\$83,180)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance (INS)** state the numbers of individuals licensed as title producers has remained relatively constant. Licenses are renewed biennially. Currently, there are 4,450 individuals licensed. The INS estimates 150 licenses may not be renewed due to the new licensing exemptions. Revenue would decrease by \$7,500 annually (150 individuals/2 years = 75 individuals/year X \$100 licensing fee). The INS estimates 88% of all licensed title insurers are residents of the state. For renewals or new applications, 1,892 resident individuals (4,450 individual licensees - 150 non-renewals per 2 year cycle = 4,300 individuals/2 years = 2,150 individuals/year renewals or new applications X 88% = 1,892) would pay a reduced fee of \$60. This would result in an annual revenue loss of \$75,680 (1,892 individuals/year X \$40) to the INS. The total annual revenue loss to the INS would be \$83,180 (\$7,500 for licenses not renewed + \$75,680 reduction in license fees).

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
INSURANCE DEDICATED FUND			
<u>Income - Department of Insurance</u>			
Reduction in license fees	<u>(\$69,317)</u>	<u>(\$83,180)</u>	<u>(\$83,180)</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>(\$69,317)</u>	<u>(\$83,180)</u>	<u>(\$83,180)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may impact small businesses title agencies or title insurers who pay title insurance license fees for their employees.

DESCRIPTION

This proposal exempts certain employees of a title agency or title insurer from possessing a license. An employee will not be required to hold a license if: (1) He or she is an escrow processor whose primary responsibility is to obtain and prepare figures for closing real estate transactions, (2) The employee's primary duties are limited to clerical functions, and (3) The employee's primary duties are limited to providing technical support or advice regarding business systems, software or other business equipment.

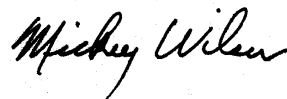
In order to qualify for the above exemptions, the employee cannot quote or negotiate title insurance rates or determine title insurance policy coverages.

This proposal reduces the fee to obtain a license to sell title insurance from \$100 to \$60 for resident producers. The lowering of the fee does not apply to nonresident producers.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance



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