

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4386-01
Bill No.: SB 907
Subject: Secretary of State: Financial Institutions, Insurance, Annuities
Type: Original
Date: March 10, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	\$24,500	\$24,500	\$24,500
Total Estimated Net Effect on General Revenue Fund	\$24,500	\$24,500	\$24,500

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Insurance** assume no fiscal impact.

Officials of the **Office of Secretary of State - Securities Division** stated that the variable annuity exception from Missouri's securities law would authorize the Commissioner of Securities to enforce the national standards of professional conduct that the commissioner currently enforces in other securities transactions. This enforcement would be accomplished without any additional resources.

Officials estimate that 90 percent of variable annuity representatives in Missouri are registered as securities agents, the registration of an additional 490 agents would increase annual state revenue by \$24,500.

The additional revenue (\$24,500) is the product of the \$50 Missouri registration fee times the 490 agents who reside in Missouri but are not registered with the Securities Division.

ASSUMPTION (continued)

Secretary of State's - Administrative Rules Division stated that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$1,500. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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GENERAL REVENUE FUND

<u>Income</u> to Secretary of State From registration fee for securities agents.	<u>\$24,500</u>	<u>\$24,500</u>	<u>\$24,500</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>\$24,500</u>	<u>\$24,500</u>	<u>\$24,500</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Impact to small business would not be substantial. It is estimated that 490 agents selling variable annuities and currently registered through the Central Registration Depository would need to pay the \$50 Missouri registration fee. However, of these 490 agents, most are associated with large investment companies.

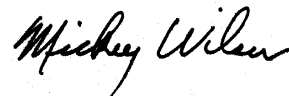
DESCRIPTION

Under current law, the Director of Insurance has the authority to regulate the issuance and sale of variable annuities. This act removes the director's authority to regulate the sale of such contracts and gives that authority to the Secretary of State.

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

Office of the Secretary of State
Department of Insurance



Mickey Wilson, CPA
Director
March 10, 2006