

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0288-03
Bill No.: Perfected SB 164
Subject: Insurance Dept.; Economic Development Dept.; Licenses - Professional; Banks and Financial Institutions
Type: Original
Date: February 28, 2007

Bill Summary: Modifies various statutes to implement Governor's executive order that created the Department of Insurance, Financial and Professional Regulation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	Unknown less than \$160,875	\$0	Unknown less than \$200,000
Total Estimated Net Effect on General Revenue Fund	Unknown less than \$160,875	\$0	Unknown less than \$200,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Board of Geologists Registration	(Unknown less than \$100,000)	\$0	(Unknown less than \$100,000)
Marital and Family Therapists	(Unknown less than \$100,000)	\$0	(Unknown less than \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown less than \$200,000)	\$0	(Unknown less than \$200,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration (COA) - Administrative Hearing Commission, Department of Economic Development, Department of Health and Senior Services, Department of Social Services, Office of the Governor, Missouri Senate, Office of State Treasurer, and Office of State Auditor** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Department of Revenue (DOR)** assume the proposal will have no fiscal impact on their organization. The **COA - Office of Information Technology Services Division (ITSD) DOR** estimates the information technology portion of this proposal can be accomplished within existing resources. However, if priorities shift, additional FTE/overtime would be needed to implement the proposal. The ITSD DOR estimates that this proposal would cost approximately \$4,186 to implement if priorities shift.

Officials from the **Office of Attorney General (AGO)** assume that any additional costs associated with this proposal can be absorbed. As this proposal primarily involves technical rewriting of the statutes impacting the Department of Insurance, the AGO does not anticipate that any of these technical changes will have a fiscal impact on the AGO.

Officials from the **Office of Secretary of State (SOS)** provide that SB 164 amends various statutes to change the name of the "Department of Insurance" to the "Department of Insurance, Financial and Professional Regulation." The department will now promulgate rules to update its revised department name. Additionally, the department has been given three new insurance divisions which will allow for restructuring of the existing divisions under insurance. These rules will be published in both the Missouri Register and the Code of State Regulations. Approximately 750 pages could be printed in the Missouri Register to implement these changes. The rules may require approximately 1,100 pages in the Code of State Regulations to replace the pages affected by the name change made by Executive Order 06-04 implemented September, 2006.

The SOS estimates the cost of a page in the Missouri Register to be \$23 and the cost of a page in the Code of State Regulations to be \$27. The SOS estimates this proposal will cost \$39,125 [(750 pgs. X \$23) + (1,100 pgs. X \$27)]. These costs are estimates and depend on the number of rules printed, rescinded, and amended.

Officials from the **COA - Division of Budget and Planning (BAP)** have reviewed the amendment for SB 164 sweeping select fund balances at the end of each biennium. The BAP ASSUMPTION (continued)

defers to the Office of State Treasurer and other departments for an estimate of possible increased collections to the general revenue fund and the impact on individual programs as a result of this proposal. If program cash flow issues are created, these programs may have to be reduced or funding replaced with general revenue. Balances and expenditures vary from fiscal year to fiscal year. Any sweeps would increase the state's general revenue fund by an unknown amount.

Officials from the **Department of Insurance, Financial and Professional Regulation (DIFP)** state the proposal clarifies options available to boards and commissions seeking legal representation. These options are currently available and legislation makes no additional changes that would require additional cost. The proposal also sets consistent per diem language for all boards. This language allows flexibility and consistency for the division to make changes to per diem amounts through regulation approval process and presents no fiscal impact to department. The Department of Insurance, Financial, and Professional Regulation Administrative Fund was created administratively by the COA and is included in the FY08 department budget request. Funds transferred into the DIFP administrative fund create no additional fiscal impact as they are a fund switch from the Department of Economic Development administrative fund.

Language was added to six department funds requiring that at the end of the biennium, fund balances in excess of 200% of the previous fiscal year's expenditures will be transferred into general revenue. This will only affect the Board of Geologist Registration Fund and the Martial and Family Therapists' Fund. Transfers would be less than \$100,000 from each fund.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
<u>Transfer-In - Board of Geologists Registration Fund</u>			
Transfer-in of excess funds	Unknown less than \$100,000	\$0	Unknown less than \$100,000
 <u>Transfer-In - Marital and Family Therapists Fund</u>			
Transfer-in of excess funds	<u>Unknown less than \$100,000</u>	<u>\$0</u>	<u>Unknown less than \$100,000</u>
Total <u>Transfer-In</u> - General Revenue Fund	<u>Unknown less than \$200,000</u>	<u>\$0</u>	<u>Unknown less than \$200,000</u>
 <u>Costs - Office of Secretary of State</u>			
Printing costs	(<u>\$39,125</u>)	<u>\$0</u>	<u>\$0</u>
 ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND			
	<u>Unknown less than \$160,875</u>	<u>\$0</u>	<u>Unknown less than \$200,000</u>
 BOARD OF GEOLOGISTS REGISTRATION FUND			
<u>Transfer-Out - General Revenue Fund</u>			
Transfer-out of excess funds	<u>(Unknown less than \$100,000)</u>	<u>\$0</u>	<u>(Unknown less than \$100,000)</u>
 ESTIMATED NET EFFECT ON BOARD OF GEOLOGISTS REGISTRATION FUND			
	<u>(Unknown less than \$100,000)</u>	<u>\$0</u>	<u>(Unknown less than \$100,000)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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**MARITAL AND FAMILY
 THERAPISTS FUND**

<u>Transfer-Out - General Revenue Fund</u>			
Transfer-out of excess funds	<u>(Unknown less than \$100,000)</u>	<u>\$0</u>	<u>(Unknown less than \$100,000)</u>

**ESTIMATED NET EFFECT ON
 MARITAL AND FAMILY
 THERAPISTS FUND**

	<u>(Unknown less than \$100,000)</u>	<u>\$0</u>	<u>(Unknown less than \$100,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal modifies various statutes to implement the Governor's executive order creating the Department of Insurance, Financial and Professional Regulation.

IMPLEMENTATION OF EXECUTIVE ORDER - The proposal addresses numerous statutory provisions which place duties and responsibilities on the Department of Insurance or upon the three divisions that have been transferred to the Department of Insurance, Financial and Professional Regulation by executive order. The proposal establishes that the department of insurance created by Missouri Constitution will operate under the name "Department of Insurance, Financial and Professional Regulation." The proposed legislation changes the department name to implement the executive order and makes several important structural changes within the Missouri statutes.

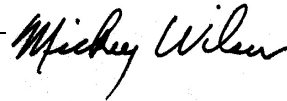
Senate Amendment Number 1 calls for the sweeping of select fund balances at the end of each biennium.

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

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Office of Attorney General
Office of Administration -
 Administrative Hearing Commission
 Division of Budget and Planning
Department of Economic Development
Department of Insurance, Financial and Professional Regulation
Department of Health and Senior Services
Department of Revenue -
 Information Technology Services Division /DOR
Department of Social Services
Office of the Governor
Office of State Auditor
Missouri Senate
Office of Secretary of State
Office of State Treasurer



Mickey Wilson, CPA
Director
February 28, 2007