

February 18, 2021

The Honorable Steve Johnson, Chairperson
House Committee on Insurance and Pensions
Statehouse, Room 276A-W
Topeka, Kansas 66612

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2368 by House Committee on Insurance and Pensions

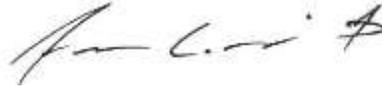
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2368 is respectfully submitted to your committee.

HB 2368 would increase the minimum required vehicle liability limits from \$25,000 to \$50,000 for bodily injury or death for one person in one accident and increase the minimum required limit from \$50,000 to \$100,000 for bodily injury or death for two or more people in one accident. Under current law, these minimum liability limits apply to policies that are issued or renewed on or after January 1, 2017. HB 2368 would change the on or after date to January 1, 2022. Current law also states that commencing with the 2026 legislative interim period a legislative interim study committee would study if the minimum limits of liability should be adjusted. The bill would change the interim study to begin with the 2031 legislative interim.

According to the Insurance Department, enactment of HB 2368 would result in an increase of premium taxes collected from insurance companies, as premiums will be presumably higher for the increased insurance liability limits. The agency would retain 1.0 percent of any additional premium tax collected from enactment of the bill and the remainder would be remitted to the State General Fund. However, the fiscal effect cannot be estimated because the number of additional premium taxes that would be collected is unknown. Any fiscal effect associated with HB 2368 is not reflected in *The FY 2022 Governor's Budget Report*.

The Kansas Association of Counties and the League of Kansas Municipalities both state that if premiums increased as a result of higher policy limits, HB 2368 would have a fiscal effect on counties and cities. However, a fiscal effect cannot be estimated.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt".

Adam Proffitt
Director of the Budget

cc: Wendi Stark, League of Municipalities
Jay Hall, Association of Counties
Bobbi Mariani, Insurance