

February 17, 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 2242 by House Committee on Insurance and Pensions

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2242 is respectfully submitted to your committee.

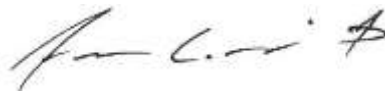
HB 2242 would increase the levy on gross cash receipts of fire insurance premiums remitted to the State Fire Marshal from 0.8 percent to 1.0 percent beginning in calendar year 2021.

Estimated State Fiscal Effect				
	FY 2021 SGF	FY 2021 All Funds	FY 2022 SGF	FY 2022 All Funds
Revenue	--	--	--	\$1,000,000
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

The Office of the State Fire Marshal estimates that enactment of the bill would increase revenues by approximately \$1.0 million to the Fire Marshal Fee Fund each year beginning in FY 2022. The Office states that the bill would create ongoing revenue to address financial shortfalls that have triggered program discontinuations in recent years. The Office also indicates that the increased revenue would cover the continued annual rising costs for general business expenses, including pass-through expenditures and expenditures charged by other state agencies. Enactment of the bill would not create any additional expenditures for the agency.

The Insurance Department indicates that enactment of the bill would increase the total fire tax percentage on fire insurance premiums from 1.25 to 1.45 percent by increasing the levy made by the State Fire Marshal from 0.8 percent to 1.0 percent. The Department indicates that the fiscal effect to update the tax percentage on premium tax filings would be minimal and could be absorbed within existing resources. Any fiscal effect associated with HB 2242 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Jill McCarthy, Office of the Fire Marshal
Bobbi Mariani, Insurance
Lynn Robinson, Department of Revenue