

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 124** HLS 161ES 365  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> February 24, 2016 8:05 PM	<b>Author:</b> HUNTER
<b>Dept./Agy.:</b>	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Financial Exigency	

TAX/INSURANCE PREMIUM OR SEE FISC NOTE GF RV See Note Page 1 of 1  
 Provides for suspension of the reduction to the insurance premium tax during periods of financial exigency (Item #6)

When the state is operating in a budget deficit (financial exigency), the Commissioner of the Department of Insurance is required to suspend reductions to the insurance premium tax.

Suspension is to remain in effect until such time as the state is no longer operating in a budget deficit.

No reduction disallowed shall be claimed subsequent to the termination of the suspension.

Effective April 1, 2016.

EXPENDITURES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

REVENUES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
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<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

the Department of Revenue is likely to incur costs associated with modifying its tax collections systems to handle the temporary suspension of exemptions and credits, as well as handling taxpayer education, inquiries, and disputes.

**REVENUE EXPLANATION**

In periods of financial exigency, the suspension of the reductions to the insurance premium tax could generate in excess of \$160 million on an annualized basis. The amount of revenue from suspension of the reductions would depend on the length of any such suspension.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

**John D. Carpenter**  
**Legislative Fiscal Officer**