

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2569-01
Bill No.: HB 828
Subject: Fire Protection; Insurance - Automobile; Insurance General; Insurance Dept.
Type: Original
Date: January 29, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Fire Education Fund	Unknown exceeding \$100,000	Unknown exceeding \$200,000	Unknown exceeding \$200,000
Total Estimated Net Effect on <u>All</u> State Funds	Unknown exceeding \$100,000	Unknown exceeding \$200,000	Unknown exceeding \$200,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Office of State Treasurer and Department of Public Safety (DPS) - Missouri State Highway Patrol** assume the proposal will have no fiscal impact on their organization.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** state the proposal should not result in additional costs or savings to BAP. The proposal would increase total state revenue.

Officials from the **DPS - Division of Fire Safety (FS)** state the moneys generated from the one dollar fee would be deposited into the Fire Education Fund, which is housed within the Division of Fire Safety. This money would be used to provide training and continuing education relating to fire department operations and personal safety of firefighters while performing fire department activities. The contracts for training would be administered by the Division staff. Because it is unknown how many insurance policies are issued on automobiles and basic property policies, DPS-FS is unable to determine how much money this proposal will generate to the Fire Education Fund.

Officials from the **Department of Revenue (DOR)** state the proposal imposes a fee on insurance policies for volunteer fire training that will be remitted to the DOR for deposit in the state treasury. The proposal will have no fiscal impact on the DOR.

ASSUMPTION (continued)

Oversight was not able to determine the number of automobile liability insurance policies issued in the state. However, **Oversight** determined there are approximately 4,541,000 automobiles currently licensed in the state and assumes there would be at least 100,000 automobile insurance policies issued annually. **Oversight**, therefore, assumes the \$1 fee imposed on each automobile liability insurance policy would result in unknown revenue exceeding \$100,000 annually, deposited in the Fire Education Fund. The fee imposed by this proposal would apply to automobile policies purchased after January 1, 2005. **Oversight** assumes insurance policies are purchased in approximately equal numbers each month throughout the year.

Oversight was also not able to determine the number of basic property insurance policies issued in the state. **Oversight** assumes, however, there would be more than 100,000 policies issued and the \$1 fee proposed would result in unknown revenue to the Fire Education Fund exceeding \$100,000 annually. The fee imposed by this proposal would apply to policies purchased after January 1, 2005. **Oversight** assumes insurance policies are purchased in approximately equal numbers each month throughout the year.

This proposal will increase Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
FIRE EDUCATION FUND			
<u>Income - Department of Insurance</u>			
Additional Policy Fees	<u>Unknown</u> <u>exceeding</u> <u>\$100,00</u>	<u>Unknown</u> <u>exceeding</u> <u>\$200,000</u>	<u>Unknown</u> <u>exceeding</u> <u>\$200,000</u>
ESTIMATED NET EFFECT ON FIRE EDUCATION FUND	<u><u>Unknown</u></u> <u><u>exceeding</u></u> <u><u>\$100,000</u></u>	<u><u>Unknown</u></u> <u><u>exceeding</u></u> <u><u>\$200,000</u></u>	<u><u>Unknown</u></u> <u><u>exceeding</u></u> <u><u>\$200,000</u></u>
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

FISCAL IMPACT - Small Business

The proposal will result in additional costs to small businesses as the cost of certain insurance policies will increase by one dollar per policy.

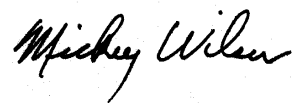
DESCRIPTION

This proposal requires insurers to charge an additional \$1 fee on every home and auto insurance policy issued in the state after January 1, 2005. The money will be collected by the Department of Insurance and deposited into the Fire Education Fund, which pays for the training of volunteer firefighters.

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 Administration -
 Division of Budget and Planning
Department of Public Safety -
 Division of Fire Safety
 Missouri State Highway Patrol
Department of Insurance
Department of Revenue
Office of State Treasurer



Mickey Wilson, CPA

L.R. No. 2569-01
Bill No. HB 828
Page 5 of 5
January 29, 2004

Director
January 29, 2004