

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1569H.04C
 Bill No.: HCS for HB 521
 Subject: Insurance - Automobile; Motor Vehicles; Consumer Protection
 Type: Original
 Date: March 15, 2023

Bill Summary: This proposal creates provisions relating to motor vehicle financial protection products.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Insurance Dedicated Fund*	\$0 or (Unknown, Less than \$250,000)	\$0 or (Unknown, Less than \$250,000)	\$0 or (Unknown, Less than \$250,000)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or (Unknown, Less than \$250,000)	\$0 or (Unknown, Less than \$250,000)	\$0 or (Unknown, Less than \$250,000)

*Oversight assumes a fiscal impact, if any, of less than the \$250,000 threshold.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

Sections 407.2030 – Motor Vehicle Financial Protection Products

Officials from the **Department of Commerce and Insurance (DCI)** state the definition of "debt waiver" as "any guaranteed asset protection waiver, excess wear and use waiver, or other product as approved by the department of commerce and insurance." The department does not currently approve any debt waiver products and is uncertain of what this definition means as far as work required by the department.

DCI assumes an unknown fiscal impact to the department based upon the establishment of the department approving debt waiver products.

Oversight assumes approving debt waiver products could require the DCI additional job requirements. Oversight will reflect a fiscal impact to the insurance dedicated fund as \$0 or unknown -less than \$250,000.

Oversight notes provisions of section 407.2080 impose a penalty of not more than \$500 for each violation and not more than \$10,000 in the aggregate for all violations of a similar nature. Oversight notes that violations resulting in fines could vary widely from year to year. Civil penalties collected per Article IX, Section 7 of the Missouri Constitution requires fines to be distributed to the school district where the violation occurred; therefore, Oversight will reflect a positive fiscal impact of \$0 to Unknown to local school districts on the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
INSURANCE DEDICATED FUND (0566)			
<u>Cost – DCI</u> Debt Waver Approval (§407.2030)	<u>\$0 or</u> <u>(Unknown,</u> <u>Less than</u> <u>\$250,000)</u>	<u>\$0 or</u> <u>(Unknown,</u> <u>Less than</u> <u>\$250,000)</u>	<u>\$0 or</u> <u>(Unknown,</u> <u>Less than</u> <u>\$250,000)</u>
ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND (0566)	<u>\$0 or</u> <u>(Unknown,</u> <u>Less than</u> <u>\$250,000)</u>	<u>\$0 or</u> <u>(Unknown,</u> <u>Less than</u> <u>\$250,000)</u>	<u>\$0 or</u> <u>(Unknown,</u> <u>Less than</u> <u>\$250,000)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
LOCAL SCHOOL DISTRICTS			
<u>Revenue</u> - School districts (§407.2080)	\$0 to	\$0 to	\$0 to
Fines from violations	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO LOCAL SCHOOL DISTRICTS	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

FISCAL IMPACT – Small Business

A direct fiscal impact to companies that offer, sold or provide motor vehicle financial protection products could be expected as a result of this proposal.

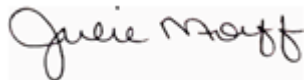
FISCAL DESCRIPTION

This proposal creates provisions relating to motor vehicle financial protection products that become effective after February 23, 2024.

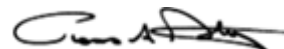
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance



Julie Morff
 Director
 March 15, 2023



Ross Strobe
 Assistant Director
 March 15, 2023