

February 23, 2015

REVISED

The Honorable Jeff Longbine, Chairperson  
Senate Committee on Financial Institutions and Insurance  
Statehouse, Room 235-E  
Topeka, Kansas 66612

Dear Senator Longbine:

**SUBJECT:** Revised Fiscal Note for SB 155 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following revised fiscal note concerning SB 155 is respectfully submitted to your committee.

Under current law, each licensed insurance agent is required to collect and pay to the Commissioner of Insurance a sum based on the total gross premiums charged, less any return premiums, for surplus lines insurance provided by the insurance agent. When the insurance covers properties or exposures to be performed both in and out of state, the sum payable is based on: (1) an amount equal to 6.0 percent to that portion of the gross premium allocated to Kansas, plus (2) an amount equal to the portion of premiums allocated to other states or territories on the basis of tax rates and fees applicable to properties or exposures located outside of Kansas, minus (3) the amount of gross premiums allocated to this state and returned to the insured. SB 155 would change this formula to a tax of 6.0 percent of the total gross premiums charged, less any returns for premiums for surplus lines insurance transacted by an insurance agent for insureds whose home state is Kansas.

Estimated State Fiscal Effect				
	FY 2015 SGF	FY 2015 All Funds	FY 2016 SGF	FY 2016 All Funds
Revenue	--	--	(\$611,000)	(\$611,000)
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

Since the original fiscal effect statement was issued, the Kansas Department of Insurance has provided updated information. The Department indicates that enactment of SB 155 would

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reduce revenues from insurance premium taxes of approximately \$611,000, which would reduce revenues to the State General Fund by the same amount. Any fiscal effect associated with SB 155 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,  
Director of the Budget

cc: Glenda Haverkamp, Insurance