

January 30, 2023

The Honorable Jeff Longbine, Chairperson
Senate Committee on Financial Institutions and Insurance
300 SW 10th Avenue, Room 546-S
Topeka, Kansas 66612

Dear Senator Longbine:

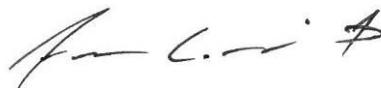
SUBJECT: Fiscal Note for SB 25 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 25 is respectfully submitted to your committee.

Currently, each March 1 a licensed insurance agent collects and pays the Kansas Insurance Commissioner a tax of 6.00 percent on total gross premiums charged, less any return premiums for surplus lines insurance. Under SB 25, the tax percentage would decrease to 3.00 percent starting taxable year January 1, 2024.

The Kansas Insurance Department states that in FY 2024 it expects to collect \$33.5 million in surplus lines tax revenues, which would then be deposited into the State General Fund. The Department estimates that surplus lines insurance tax collections would increase 10.0 percent in FY 2025, totaling \$36.9 million. The bill would decrease the tax from 6.0 percent to 3.0 percent, therefore, the Department estimates it would collect \$18.4 million (\$36.9 million X 0.5). This would decrease in State General Fund revenues by \$18.4 million in FY 2025. Any fiscal effect associated with SB 25 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Bobbi Mariani, Insurance Department
Lynn Robinson, Department of Revenue