

March 11, 2024

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 512 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 512 is respectfully submitted to your committee.

SB 512 would prohibit an insurance company from using environmental, social, and governance criteria to give preferential treatment to or discriminate against a company or person as it relates to the availability and costs of contracts of insurance, indemnity, or suretyship. The Attorney General or the county or district attorney where the violation occurred could enforce the provisions of the bill. An insurance company that is found to have intentionally violated the provisions of the bill would be subject to a civil penalty of not more than \$10,000 per violation. All civil penalties would be deposited into the State General Fund. An insurance company could appeal a finding in district court in a manner provided by the Kansas Judicial Review Act.

The Office of the Attorney General states that it would require 1.00 Attorney FTE position at a cost of \$110,000 from the State General Fund for FY 2025, and \$115,500 for FY 2026. In addition, the State General Fund revenues would increase if civil penalties were assessed. However, the increase cannot be estimated.

The Office of Judicial Administration indicates enactment of the bill could increase the number of cases filed in district courts because it allows for appeals under the Kansas Judicial Review Act. This could increase the time spent by district court judicial and nonjudicial personnel in processing, researching, and hearing cases. The bill could also result in the collection of docket fees that would be deposited into the State General Fund. However, the Office states that a fiscal effect cannot be estimated. Any fiscal effect associated with SB 512 is not reflected in *The FY 2025 Governor's Budget Report*.

The Kansas Association of Counties indicates that enactment of the bill could impact counties if district and county attorneys utilize resources to investigate and litigate claims that violate the provisions of the bill. However, a fiscal effect cannot be estimated. The League of Kansas Municipalities states that the bill would not have a fiscal effect on cities.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Bobbi Mariani, Insurance Department
Trisha Morrow, Judiciary
William Hendrix, Office of the Attorney General
Jay Hall, Kansas Association of Counties
Wendi Stark, League of Kansas Municipalities