

Consolidated Fiscal Note – 2009-10 Session

Bill #: H3251-1E Complete Date: 03/25/10

Chief Author: LILLIE, LEON

Title: PORTABLE ELECTRONICS INS REG

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings	X	
Tax Revenue		X

Agencies: Commerce (03/25/10)

Enterprise Technology Office (03/24/10)

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY09	FY10	FY11	FY12	FY13
Net Expenditures					
General Fund			39	40	41
Commerce			39	40	41
Revenues					
General Fund			35	25	7
Commerce			35	25	7
Net Cost <Savings>					
General Fund			4	15	34
Commerce			4	15	34
Total Cost <Savings> to the State			4	15	34

	FY09	FY10	FY11	FY12	FY13
Full Time Equivalents					
General Fund			0.50	0.50	0.50
Commerce			0.50	0.50	0.50
Total FTE			0.50	0.50	0.50

Consolidated EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: RYAN BAUMTROG

Date: 03/25/10 Phone: 651-201-8038

Fiscal Note – 2009-10 Session

Bill #: H3251-1E **Complete Date:** 03/25/10

Chief Author: LILLIE, LEON

Title: PORTABLE ELECTRONICS INS REG

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings	X	
Tax Revenue		X

Agency Name: Commerce

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY09	FY10	FY11	FY12	FY13
Expenditures					
General Fund			39	40	41
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund			39	40	41
Revenues					
General Fund			35	25	7
Net Cost <Savings>					
General Fund			4	15	34
Total Cost <Savings> to the State			4	15	34

	FY09	FY10	FY11	FY12	FY13
Full Time Equivalent					
General Fund			0.50	0.50	0.50
Total FTE			0.50	0.50	0.50

Bill Description

HF 3251-1E relates to insurance regulating the sale and termination of portable electronics insurance.

Provides new requirements for sale of portable electronics insurance.

Provides new requirements for licensure of vendors.

Provides that employees and authorized representatives of licensed vendors may sell portable electronics insurance to customers and are not subject to licensure as an insurance producer.

The type of limited lines of licensure that an individual insurance producer may hold is modified by replacing the sale of "mobile telephone insurance" with "a vendor of portable electronics insurance"

Assumptions

We are assuming an effective date of August 1, 2010.

New applications for licensure under this new process will need to be evaluated and approved. Based on representations made to us by the proponents, the likely universe of licensees is somewhere around 5 – 10 initially. As the bill is structured those licensees are the vendors of portable electronic insurance such as Verizon, Qwest and Best Buy. As the licensing process and enforcement procedures become clear, it is assumed that additional companies will apply for a license. Because the licensees are then responsible for the actions of employees at thousands of retail locations, we envision some degree of consumer complaints that we will have to investigate. Our best estimate is that both licensing and enforcement will require roughly .5 FTE.

Licensing fees of \$5,000 for an initial license and \$1,000 for a renewal will be paid every two years. This note assumes that 7 licenses will be issued in FY11 and an additional 5 licenses will be issued in FY12. Renewals will begin in FY13.

The license and enforcement would be done by a mid-level salaried employee.

Expenditure and/or Revenue Formula

Expenditure

This will require 0.5 FTE from a combined work of license and enforcement

FY11 – 0.5 FTE x \$77,184 = \$38,592

FY12 – 0.5 FTE x \$79,472 = \$39,736

FY13 – 0.5 FTE x \$81,834 = \$40,917

Revenue

	# of licenses	License fee	Revenue
FY11	7	\$5,000	\$35,000
FY12	5	\$5,000	\$25,000
FY13	7	\$1,000	\$7,000

Long-Term Fiscal Considerations

This will be ongoing.

Local Government Costs

Unknown

References/Sources

N/A

FN Coord Signature: TODD JONES
Date: 03/25/10 Phone: 651-296-5689

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: RYAN BAUMTROG
Date: 03/25/10 Phone: 651-201-8038

Fiscal Note – 2009-10 Session

Bill #: H3251-1E **Complete Date:** 03/24/10

Chief Author: LILLIE, LEON

Title: PORTABLE ELECTRONICS INS REG

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Enterprise Technology Office

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY09	FY10	FY11	FY12	FY13
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY09	FY10	FY11	FY12	FY13
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

This bill relates to the Department of Commerce by adding language concerning the sale of portable electronic insurance and creating a license and renewal fee for insurance producers.

Assumptions

No Fiscal Impact.

Department of Commerce Licensees under section 45.24 are not required to pay a surcharge for the Statewide Electronic Licensing System under 16E.22.

Agency Contact Name: Michael Muilenburg (651-556-8005)

FN Coord Signature: LARRY FREUND

Date: 03/24/10 Phone: 651-556-8028

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: ABIGAIL READ

Date: 03/24/10 Phone: 651-201-8025