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## FISCAL IMPACT REPORT

SPONSOR Chandler ORIGINAL DATE 02/13/21  
LAST UPDATED 03/08/21 HB 248/aHTRC  
SHORT TITLE Insurance Fee Changes SB \_\_\_\_\_  
ANALYST Martinez

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY21	FY22	FY23		
	\$3,265.6	\$3,265.6	Recurring	Fire Protection Fund
	\$72.8	\$72.8	Recurring	Law Enforcement Fund
	\$4,565	\$4,565	Recurring	General Fund

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Office of Superintendent of Insurance (OSI)

### SUMMARY

#### Synopsis of HTRC Amendments

The House Tax and Revenue Committee amendments to House Bill 248 propose increases to certain fees as well as changing the payment of certain fees from annual to biennial and address issues raised by Office of Superintendent of Insurance listed below.

#### Synopsis of Original Bill

House Bill 248 proposes increases to certain fees applied to those people or entities that transact the business of insurance in the state of New Mexico.

The effective date of this bill is July 1, 2021.

### FISCAL IMPLICATIONS

OSI estimates the fee increases would likely generate \$7.9 million. Fee revenue amounts are fluid because the amount collected depends on the amount of activity. The distribution made to

the general fund is the balance remaining in the insurance department suspense fund derived from all other kinds of insurance business.

The chart below reflects distributions made from the insurance operations fund. These amounts reflect totals if the amendments proposed are adopted.

Funds to be Transferred	Additional Revenue
Insurance Operation Fund Distribution -Reverted to General Fund at Year End	3,823,915.61
Fire Protection Fund Distribution	3,265,686.88
Carrie Tingley Distribution	61,831.64
10% of General Fund Balance per Law Enforcement Fund	72,817.09
Amount to be Transferred to General Fund	741,153.78
Total Amount to be Transferred	<b>\$ 7,965,405.00</b>

**SIGNIFICANT ISSUES**

The Legislature, through 59A-6-1 NMSA 1978, authorizes the Office of Superintendent of Insurance (OSI) to collect fees from certain insurers, producers, and others transacting insurance or insurance related business in the state. These fees are associated with applications, examinations, license continuations and reinstatements, appointments, statutory form filings, and other actions.

OSI stated the fee schedule received minor adjustments in 2003, 2011, 2014, and 2017. In 2020, OSI reviewed the fees charged for similar actions in the surrounding states of Texas, Arizona, Colorado, and Utah. While each state’s fee schedule varies somewhat, the increases that OSI proposes are intended to achieve some similarity between New Mexico fees and the fees charged in surrounding states. Where a current fee charged in New Mexico is similar to the fee charged for the same action in the surrounding states, HB248 did not propose a fee increase.

**ADMINISTRATIVE IMPLICATIONS**

HB248 will not create additional administrative duties for the Office of Superintendent of Insurance. Current staff will process fees as usual.

**AMENDMENTS**

The Office of Superintendent of Insurance proposed the following amendments:

- Page 2, Line 17. Delete 15.00. Insert 20.00.
- Page 2, Line 20. Delete 500.00. Insert 3,000.00.
- Page 2, Line 22. Delete 200.00. Insert 500.00.
- Page 5, Line 24. Delete 200.00. Insert 300.00.
- Page 9, Line 6. Delete annual. Insert biennial. (This returns to current statutory language).
- Page 9, after Line 15, insert:
  - (4) certificate of deposit.....20.00
  - (5) certificate of compliance.....20.00
  - (6) certified certificate of authority.....20.00
  - (7) late fee for each form submitted after its due date (not applicable to continuation of

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license, appointment or affiliation of producers and brokers).....350.00

Page 10, Line 3. Delete annual. Insert biennial. (This returns to current statutory language).

Page 10, Line 8. Delete annual. Insert biennial. (This returns to current statutory language).

Page 10, Line 9. Delete 50.00.Insert 60.00

JM/al/sb