

### Fiscal Estimate - 2003 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>03-1899/2</b>	<b>Introduction Number</b> <b>AB-486</b>
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**Subject**  
 Require state agencies to act on applications for approvals within periods established by rule

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input checked="" type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

**Local:**

<input type="checkbox"/> No Local Government Costs	<b>5. Types of Local Government Units Affected</b>	
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.145	

<b>Agency/Prepared By</b> OCI/ Jim Guidry (608) 264-6239	<b>Authorized Signature</b> Jorge Gomez (608) 266-3585	<b>Date</b> 9/25/2003
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## Fiscal Estimate Narratives

OCI 9/25/2003

LRB Number	03-1899/2	Introduction Number	AB-486	Estimate Type	Original
<b>Subject</b>					
Require state agencies to act on applications for approvals within periods established by rule					

### Assumptions Used in Arriving at Fiscal Estimate

AB-486 requires OCI to promulgate administrative rules to establish defined time periods within which OCI is required to approve or disapprove applications for insurance company certificates of authority for insurance companies; insurance agent licenses; viatical settlement providers and brokers; and employee benefit plan administrators. OCI estimates that the promulgation of these rules would involve a one time expenditure of \$36,615.48. In addition, OCI would require the addition of 2.0 FTE to perform the additional tasks involved with complying with AB 486. These additions would require a one time cost of \$18,000. OCI's proprietary computer information systems and database software would require additional changes to comply with AB 486. OCI estimates those computer processing changes to require a one time charge of \$46,400.

In addition to the administrative rules required to be promulgated, AB 486 would require OCI to inform applicants of the time period for approval or denial of the application, inform the applicant if more information is necessary to complete the application, review the application and inform the applicant of the disposition within the prescribed time period, including facts upon which a denial is based. These additional tasks would be estimated to cost \$6,609.31 annually.

OCI has determined that in order to comply with AB-486, the additional resources necessary would cost approximately \$109,921.00 annually. This estimate represents the cost of 2.00 FTE positions; an Insurance Financial Examiner-Journey and a Program Assistant 2. OCI has determined that the current staffing level is not satisfactory to comply with the requirements of AB-486.

It is estimated that a \$33,200 decrease in Program Revenues would result, most likely from applications for certificates of authority and nonresident license applications. It is possible that this revenue loss would be mitigated by the addition of staff to process the applications.

NOTE: Because OCI uses a PRS chargeback mechanism, \$28,000 of one-time and \$1200 of annualized costs are included in both the PRS and PRO appropriations.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

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<b>Subject</b>			
Require state agencies to act on applications for approvals within periods established by rule			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
Promulgating rules establishing periods within which the agency intends to approve or disapprove applications for specified licenses and permits. Creates a one time cost of \$54,615.48. Estimated costs involve promulgating 3 new administrative rules; revising 3 others and one time costs associated with the addition of two FTE positions. The changes proposed by AB-486 would necessitate programming changes in OCI's COSMOS software system. Those one time costs are estimated to be \$46,400			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$98,513	
	(FTE Position Changes)	(2.0 FTE)	
	State Operations - Other Costs	11,408	
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$109,921</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR		
	FED		
	PRO/PRS	109,921	
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		-33,200
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-33,200</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$109,921	\$
	NET CHANGE IN REVENUE	\$-33,200	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>

