

Vermont Legislative Joint Fiscal Office

One Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • Fax: (802) 828-2483

FISCAL NOTE

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Prepared by: Daniel Dickerson and Nolan Langweil

S.88 (Act 25) An act relating to insurance, banking, and securities – As passed by the General Assembly

<https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT025/ACT025%20As%20Enacted.pdf>

Bill Summary

The bill proposes changes to statutes relating to industries regulated by the Vt Dept. of Financial Regulation (DFR). It would also allow for separate individual and small group health insurance markets for plan year 2022.

Fiscal Impacts

Combination Fees (Sec. 2-3)

The bill proposes to eliminate combination fees for individuals/entities who apply for multiple licenses under 8 V.S.A. Ch. 73 dealing with lenders, mortgage brokers, loan originators, and Ch. 85 loan solicitation companies. These combination fees were created in 2019. The elimination of the combination fees would result in applicants paying the existing individual license fees for the various licenses (see attached table for individual fees). The revenue change would be dependent on how many firms ultimately decide to retain multiple licenses under the higher individual fees. If licensing activity tracked close to what it was prior to enactment of the combination fees, then there would be approx. \$30,000 of new annual revenues from the higher individual fees.

Annual Report Penalties (Sec. 4)

Licenses under 8 V.S.A are required to provide annual reports to DFR. When reports are not submitted, DFR has statutory authority to impose a \$100 monthly penalty on licensees. S.88 proposes to increase this penalty to \$1,000 per month. DFR does not currently assess the penalty because the administrative cost is too great, however DFR has reported that approximately 17% of entities that were required to submit an annual report in 2019 did not. The Joint Fiscal Office does not typically provide revenue estimates for penalties as they generally exist to deter undesirable outcomes not to raise revenue.

Separating the Individual and Small Group Health Insurance Markets for Plan Year 2022 (Sec. 34)

The purpose of this section is to allow for separate individual and small group health insurance markets for plan year 2022 in light of the increased opportunities for federal premium assistance available through the American Rescue Plan Act of 2021 (ARPA). Currently, the Board reviews one premium rate request from each of the two carriers who offer plans in the individual and small group market (two total filings). If the markets are split into separate markets, the carriers

would likely need to file two separate filings – one for premiums in the individual market and another for premiums in the small group market. This would result in two extra filings which according to the Board, would require additional review and analysis by the Boards contract actuaries. Additional filings may also result in additional hearings, which include court reporters who provide transcripts of the hearings. As such, the Board estimates an additional need of \$80,700.00 of which \$48,420.00 would be from bill-back and \$32,280.00 would be general funds.

	Total		GF		Bill Back	
Add'l Actuarial Services	\$	75,000	\$	30,000	\$	45,000
Add'l Court Reporter time	\$	5,700	\$	2,280	\$	3,420
Total GMCB Cost Unmerged	\$	80,700	\$	32,280	\$	48,420
				40%		60%

The bill does not currently include an appropriation. The Green Mountain Care Board has agreed to absorb these costs in their budget to the extent possible and ask for additional resources in Budget Adjustment if necessary.

Table of fees for professions impacted by S.88 sec. 2-3

Fee title	Statute	Current fee	Proposed fee
Combo license fee – lenders, brokers, originators, servicers	8 VSA §2102(b)(8)	\$1500	remove
Combo application & investigation fee – lenders, brokers, originators, servicers	8 VSA §2102(b)(8)	\$1500	remove
Combo renewal fee – lenders, brokers, originators, servicers – license fee	8 VSA §2109(a)(8)	\$1700	remove
License fee - Lenders	8 VSA §2102(b)(1)	\$1000	No change
Application & investigation fee- Lenders	8 VSA §2102(b)(1)	\$1000	No change
License fee – Mortgage Broker	8 VSA §2102(b)(3)	\$500	No change
Application & investigation fee- Mortgage Broker	8 VSA §2102(b)(3)	\$500	No change
License fee – Loan Solicitors	8 VSA §2102(b)(7)	\$500	No change
Application & investigation fee- Loan Solicitors	8 VSA §2102(b)(7)	\$500	No change
License fee – Loan Servicer	8 VSA §2102(b)(13)	\$1000	No change
Application & investigation fee- Loan Servicer	8 VSA §2102(b)(13)	\$1000	No change
Renewal - Lender	8 VSA §2109(a)(1)	\$1200	No change
Renewal – Mortgage Broker	8 VSA §2109(a)(3)	\$500	No change
Renewal – Loan Solicitor	8 VSA §2109(a)(7)	\$500	No change
Renewal – Loan Servicer	8 VSA §2109(a)(13)	\$1000	No change