

Vermont Legislative Joint Fiscal Office

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FISCAL NOTE

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S.131(Act 57): An act relating to insurance and securities – As Passed by the General Assembly

Sections 12-13 Surplus Lines Premium Tax changes: Surplus lines premium insurance tax changed to a flat 3% regardless of where risk is located.

The Department testified that the anticipated fiscal impact of this change would be “immaterial,” possibly between \$10K and \$20K, which is likely to be offset by the upward trend in surplus lines premium tax revenue, generally, as well as the anticipated new premium from “domestic surplus lines insurers,” if that proposal as contained in the bill is enacted.

Section 16 HIV Lab fees: Elimination of \$100-\$500 State certification fees on HIV labs which are now certified nationally. The revenue loss is minimal as there are nine impacted labs. The department reports the revenue loss at \$2,700.

Section 17 Victim Restitution Fund - Creates a new Victims Restitution Fund in the Department of Financial Regulation for victims of securities fraud. The Special Fund is to be funded out of court settlement provisions, where part of the settlement dedicates monies to the Fund. In some cases, the dedicated funds might otherwise have gone into the base settlement which would be paid into the General Fund. For this reason, there may be some impact on the General Fund receipts to the extent that this occurs. Total Fund receipts from this source are estimated at \$60,000 to \$100,000 a year. The hypothetical General Fund revenue loss could be \$30,000 to \$50,000 annually depending on what would have occurred if the Fund was not in place.

Section 18 potential elimination of securities registration filing fees for regional crowd funding - No cost now but potentially a cost in the future.

According to the Department, “waiving filing fees” was a topic discussed among the states to encourage companies to take advantage of the new regional crowdfunding initiative. The initiative has not yet been implemented, so this would not have any impact at all until the states implement the program in the future. There is no fiscal impact because the State does not currently collect fees related to regional crowdfunding – it is a brand new initiative