



# VERMONT LEGISLATIVE Joint Fiscal Office

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## Fiscal Note

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### **H.137 – An act relating to the regulation of insurance products and services, Senate proposal of amendment<sup>1,i</sup>**

#### Bill Summary

**T**his bill would make various changes to insurance and financial services products, including:

- Prohibiting unfair discrimination by insurers towards various types of affordable housing;
- Making changes to Vermont's captive insurance program;
- Exempting small payroll processors from the Department of Financial Regulation (DFR) money transmitter fees;
- Extending the ban on virtual currency kiosks one year, from July 1, 2025 to July 1, 2026;
- Creating multiple studies: a study of suspicious activity and financial holds at financial institutions, remedies for victims of coerced debt, and genetic privacy in the insurance market; and
- Repealing the current DFR independent review of Medicare supplemental insurance (Medigap) premium increases for certain insurers in 33 V.S.A § 6706 and replacing it with a new method of rate increase review.

#### Fiscal Impact

This bill would have a minimal fiscal impact. According to DFR, the exemption of small payroll processors from the money transmitter fee would impact fewer than 5 current payers. Changes to the Medigap rate review process are not expected to affect workload and billback revenues at DFR.

#### Background and Details

The following sections may have a fiscal impact.

##### Section 15: Money Transmitter Fees

Section 15 would exempt certain companies from money transmitter fees assessed by DFR. These companies include those that:

1. Do not perform payroll processing services, only payroll calculations, instructions, tax reports, and UI reports;

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<sup>1</sup> The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.

2. Do not provide payroll processing services to companies headquartered in Vermont; and
3. Meet various criteria outlined in Section 15 of the bill.

Under current law, money transmitters, including payroll processors, must pay two main sets of fees: at application, transmitters must pay a \$1,000 application/exam fee, a \$1,000 license fee, and a \$25 fee for each delegate location. Renewal fees are \$1,000 plus \$25 for each location, up to \$3,500 in total fees for delegate locations. In fiscal year 2024, money transmitter fees brought in approximately \$328,000 in total revenue for the Financial Institution Supervision Special Fund, which provides funding for DFR regulation of the banking industry. Total fund revenue in fiscal year 2024 was approximately \$3.6 million. After paying for DFR expenses, remaining revenue in the Financial Institution Special Fund is transferred to the General Fund. Act 113 of 2024, the fiscal year 2025 appropriations act, transferred \$1.1 million to the General Fund from this fund. Information about individual money transmitter fees can be found in the table below:

*Table 1: DFR Money Transmitter Fee Information*

Fee Name	Statutory Reference	Year Last Changed	Fee Amount	FY 2024 Fee Instances	FY 2024 Fee Revenue
Money Transmitter Application Fee	8 VSA Sec. 2102(b)(10)	2019	\$1,000	42	\$42,000
Money Transmitter Application Fee – Delegate Location*	8 VSA Sec. 2102(b)(10)	2019	\$25	—	—
Money Transmitter License Fee	8 VSA Sec. 2102(b)(10)	2019	\$1,000	35	\$35,000
Money Transmitter Renewal Fee	8 VSA Sec. 2109(a)(10)	2019	\$1,000	203	\$203,000
Money Transmitter Renewal Fee – Delegate Location*	8 VSA Sec. 2109(a)(10)	2019	\$25	—	—
Money Transmitter Amendment Fee	8 VSA Sec. 2107(a)	2019	\$500	73	\$36,525
Money Transmitter Exam/Investigation	8 VSA Sec. 18(a)	2001	\$1,000	12	\$12,151
<b>Total</b>					<b>\$328,676</b>

\*Revenue and instance information for this fee is contained in the line above

## Sections 20 and 21: Medigap Premium Increase Review

Section 20 creates the following processes for DFR review of Medigap premium increases. First, information about any premium increase filed with DFR has to be posted on the Department's website. The bill would also require a public comment period for composite rate increases of greater than 10% and a public hearing if requested by the Department of Disabilities, Aging and Independent Living (DAIL), the Office of the Health Care Advocate, or 25 or more policyholders who would be affected by the increase.

Section 21 repeals the current process of independent review of Medicare supplement insurance policy rate increases found in 33 V.S.A. § 6706. In this system, an expert or experts conducts an independent review of the impacts of the rate increase. The review is only triggered when an insurer covering more than 5,000 people requests a rate increase of more than 3% or when the rate increase would have an adverse impact on availability or cost of coverage. Statute allows DFR to bill the cost of the analysis to the affected policy, however DFR does not anticipate a substantial fiscal impact or change in their workload because of this section.

<sup>i</sup> The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.