



VERMONT LEGISLATIVE Joint Fiscal Office

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Fiscal Note

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Act 23 (H.137) – An act relating to the regulation of insurance products and services

As enacted^{1,i}

Act Summary

This act makes 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 act may 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 exempts certain companies from money transmitter fees assessed by DFR including those that:

- Do not perform payroll processing services, only payroll calculations, instructions, tax reports, and UI reports;
- Do not provide payroll processing services to companies headquartered in Vermont; and
- Meet various criteria outlined in Section 15 of the act.

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Under previous law, money transmitters including payroll processors were required to pay two main sets of fees: initial fees of \$1,000 for the application/exam, \$1,000 for the license, and \$25 fee for each delegate location and renewal fees of \$1,000 plus \$25 for each location, up to \$3,500 in total. 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 DFR expenses are paid, remaining revenue in the Financial Institution Special Fund is transferred to the General Fund. This transfer was \$1.1 million in Act 113 (2024), the fiscal year 2025 appropriations act. Table 1 contains information about individual money transmitter fees.

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
Total					\$328,676

*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 act also requires 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.

ⁱ 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.