

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$801)		(\$801)
CASH FUNDS		See Below		See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 221 changes provisions relating to title insurers. The bill eliminates provisions requiring title insurers to issue closing or settlement protection if the insurer or its title insurance agent does not engage in any escrow, settlement or closing services relating to the issuance of a title insurance commitment or title insurance policy to an insured. The Department of Insurance (DOI) indicates that it can handle any increase in workload related to the review of policy forms or enforcement of the provisions of the bill with existing staff and budgetary resources.

DOI projects the bill will decrease the number of closing letters issued by title insurers by about 10%. Each closing letter costs \$25 which is considered premium for purposes of premium tax collections. Data shows there were 80,088 title insurance policies issued in the state in 2017. So, a 10% decrease in closing letters will reduce premium taxes by about \$2,002 (80,008 x 10% x \$25) on an annual basis. The loss in revenue impacts the recipients of premium taxes as follows: General Fund (\$801), Mutual Assistance Fund (\$200); counties (\$100); cities (\$300); and schools (\$601).

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 221

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Insurance

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	(\$2,002)	_____	(\$2,002)
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Legislative Bill 221 amends Neb. Rev. Stat. § 44-1984 to eliminate the requirement for title insurers to issue closing protection letters if the insurer or its agent does not engage in any escrow, settlement, or closing services relating to the issuance of a title insurance commitment or title insurance policy. Any increased policy form review or enforcement will be handled by existing Department staff and resources. However, this bill will come with a slight reduction in premium tax. Each closing protection letter typically costs \$25, which is considered premium. In 2017, 80,088 title insurance policies were issued in Nebraska. Assuming ten percent of those closing protection letters are no longer issued, the Department expects a premium tax reduction of approximately \$2,002.2.

80,088 x \$25 = \$2,002,200 in total CPL premium.

\$2,002,200 X .01 = \$20,022 in total premium tax based on CPL fees

\$20,022 x .1 = 2,002.20 in reduced premium tax based on a ten percent reduction of CPL issuance.

77-912 Premium Tax Distribution:

40% General Fund	(\$801)
10% Mutual Assistance Fund	(\$200)
50% Insurance Tax Fund (77-913)	(\$1,001)
• 60% TEEOSA	(\$601)
• 30% Municipal Equalization Fund	(\$300)
• 10% Counties	(\$100)

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u> <u>EXPENDITURES</u>	<u>2020-21</u> <u>EXPENDITURES</u>
	<u>19-20</u>	<u>20-21</u>		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

