



Legislative
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FISCAL NOTE

Drafting Number: LLS 18-1284
Prime Sponsors: Rep. Valdez
Sen. Todd

Date: May 4, 2018
Bill Status: House Public Health Care and
Human Services
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Bill Topic: PRENEED FUNERAL CONTRACT SELLERS

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill changes the regulation of preneed funeral contract sellers. It increases state revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2018-19, the bill requires an appropriation of \$28,403 to the Department of Regulatory Agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under HB 18-1440**

		FY 2018-19	FY 2019-20
Revenue	Cash Funds	\$75,000	\$15,000
	Total	\$75,000	\$15,000
Expenditures	Cash Funds	\$28,403	\$22,712
	Centrally Appropriated	\$5,786	\$4,469
	Total	\$34,189	\$27,181
	Total FTE	0.4 FTE	0.3 FTE
Transfers		-	-
TABOR Refund	General Fund	\$75,000	\$15,000

Summary of Legislation

The bill changes the regulation of preneed funeral contract sellers. Specifically, the bill:

- creates the Preneed Relief Fund to provide restitution to preneed contract buyers who are unable to obtain restitution directly from preneed sellers;
- requires a funeral establishment to submit the names of all individuals who sell preneed funeral contracts at, or on behalf of, the establishment to the Division of Insurance;
- requires that all registered funeral establishments also be licensed as preneed contract sellers; and
- limits each funeral establishment registration to one physical location.

Background

Senate Bill 17-249 required the Division of Insurance to study preneed funeral contract sellers. The report was provided to the General Assembly on September 1, 2017, with recommendations for strengthening regulatory oversight and gaining compliance with preneed funeral contract statutory requirements from preneed funeral contract sellers.

State Revenue

This bill will increase revenue by at least \$75,000 in FY 2018-19 and at least \$15,000 in FY 2019-20 and thereafter to the Division of Insurance Cash Fund in the Department of Regulatory Agencies. The bill may also increase revenue from gifts, grants, and donations to the newly created Preneed Relief Fund. No source of funds have been identified so no revenue to the fund has been estimated.

Fee impact on preneed funeral sellers. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are already established by the Department of Regulatory Agencies. The bill will require 150 preneed funeral sellers whose licenses have lapsed to reapply for licensure in FY 2018-19 and renew their licenses in FY 2019-20. Table 2 identifies the fee impact of this bill.

Table 2
Fee Impact on Preneed Funeral Sellers

Fiscal Year	Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
FY 2018-19	Reapplication Fee	\$500	150	\$75,000
FY 2019-20	Renewal fee	\$100	150	\$15,000

TABOR Refund

This bill increases state revenue from fees, which will increase the amount of money required to be refunded under TABOR for FY 2018-19 and FY 2019-20. Since the bill increases the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will decrease by an identical amount. State revenue subject to TABOR is not estimated for years beyond FY 2019-20.

State Expenditures

The bill increases expenditures by \$34,189 and 0.4 FTE in FY 2018-19 and \$27,181 and 0.3 FTE in FY 2019-20 from the Division of Insurance Cash Fund. These costs are shown in Table 3 and explained below.

**Table 3
Expenditures Under HB 18-1440**

	FY 2018-19	FY 2019-20
Department of Regulatory Agencies		
Personal Services	\$28,403	\$22,712
Centrally Appropriated Costs*	\$5,786	\$4,469
FTE – Personal Services	0.4 FTE	0.3 FTE
Total Cost	\$34,189	\$27,181
Total FTE	0.4 FTE	0.3 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Department of Regulatory Agencies. In FY 2018-19, the rulemaking required by this bill to create the Preneed Relief Fund is anticipated to require 0.1 FTE for a rate and financial analyst. The processing of licensing applications for the lapsed licensees, the creation of the funeral home seller reporting form, and the collection and processing of those forms is anticipated to require approximately 0.3 FTE of a financial credit examiner. Beginning in FY 2019-20, the division will require 0.2 FTE to process renewal applications. The administration of the preneed relief fund is anticipated to require approximately 0.1 FTE per year of a financial credit examiner beginning in FY 2018-19. The division has sufficient legal services hours appropriated to support the rulemaking.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$5,786 in FY 2018-19 and \$4,469 in FY 2019-20.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2018-19, the bill requires an appropriation of \$28,403 from the Division of Insurance Cash Fund to the Department of Regulatory Agencies.

State and Local Government Contacts

Regulatory Agencies