

March 7, 2022

The Honorable Jim Kelly, Chairperson  
House Committee on Financial Institutions and Rural Development  
Statehouse, Room 218-N  
Topeka, Kansas 66612

Dear Representative Kelly:

**SUBJECT:** Fiscal Note for HB 2622 by House Committee on Financial Institutions and Rural Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2622 is respectfully submitted to your committee.

HB 2622 would enact the Motor Vehicle Financial Protection Products Act. The bill would provide definitions, requirements, and procedures for offering debt waivers and vehicle value protection agreements. The Act would specify that these products are not considered to be insurance and are exempt from insurance regulations. Some obligations under certain agreements in the Act would be required to be insured by a policy issued by an insurer licensed to do business in Kansas. The bill would allow the Deputy Commissioner of the Consumer Mortgage Lending Division of the Office of the State Bank Commissioner to take any action necessary to enforce the provisions of this Act, including imposing penalties and cease and desist orders.

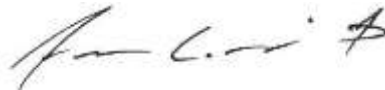
Estimated State Fiscal Effect				
	FY 2022 SGF	FY 2022 All Funds	FY 2023 SGF	FY 2023 All Funds
Revenue	--	--	--	--
Expenditure	--	--	--	\$192,400
FTE Pos.	--	--	--	2.00

The Office of the State Bank Commissioner states that it would require an additional 2.00 FTE positions at a cost of \$142,400 from its fee funds in FY 2023 to implement the provisions of the bill. Of that amount, \$140,000 would be for salary and wages expenditures and \$2,400 would

be for office equipment and office space. In addition, the Office would require \$50,000 from its fee funds in FY 2023 for one-time consultation expenses to assist in understanding the complex financial, insurance, and securities-related requirements.

The Insurance Department states that because the bill requires obligations under certain agreements to be insured, the Department would be required to review and approve those policies, which could increase in the number of files reviewed by the Department. The premiums collected for insuring obligations would be subject to premium tax, of which 1.0 percent would be retained by the Department and the remaining amount would be deposited into the State General Fund. The Department estimates that any additional reviews would be absorbed within existing resources and any additional revenues would be nominal. The Department of Revenue indicates that the bill would not have a fiscal effect on its agency operations or revenues. Any fiscal effect associated with HB 2622 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt  
Director of the Budget

cc: Barbara Albright, Office of the Banking Commissioner  
Bobbi Mariani, Insurance