

February 12, 2020

The Honorable Jene Vickrey, Chairperson
House Committee on Insurance
Statehouse, Room 276A-W
Topeka, Kansas 66612

Dear Representative Vickrey:

SUBJECT: Fiscal Note for HB 2558 by House Committee on Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2558 is respectfully submitted to your committee.

HB 2558 would allow the Securities Commissioner to implement a Securities Act Victims Restitution Program that would provide restitution assistance to victims of securities violations who were awarded restitution but have no reasonable likelihood of receiving the full amount of restitution. Claimants would apply for restitution through the Securities Commissioner, who would determine eligibility and the amount of restitution to be awarded. The Commissioner would be allowed to establish rules and regulations to administer the Program. All determinations regulating restitution assistance would be at the sole discretion of the Commissioner and would not be subject to judicial review. The bill would establish the Securities Act Victim Restitution Fund.

The bill would require that on July 1, 2020, \$250,000 be transferred from the Securities Act Fee Fund to the Securities Act Victim Restitutions Fund. The bill would also give the Commissioner the authority, after June 30, 2022, to transfer funds from the Investor Education and Protection Fund to the Securities Act Victim Restitutions Fund, as long as the balance in the Investor Education and Protection Fund is at least \$50,000.

The Kansas Insurance Department states that the amount of restitution created by the bill cannot be estimated because the amount of restitution awarded and the amount of restitution uncollected by victims is unknown. However, the Department estimates that restitution payments would be less than \$200,000 in FY 2021. The Department states that expenditures to operate the new program would negligible and could be absorbed within existing resources. In addition, each

year the Department is required by statute to transfer any excess balance over \$50,000 of its Securities Act Fee Fund to the State General Fund. Therefore, the State General Fund would see a decrease in revenues of \$250,000 in FY 2021. Any fiscal effect associated with HB 2558 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell". The signature is fluid and cursive, with a large initial "L" and a long, sweeping underline.

Larry L. Campbell
Director of the Budget

cc: Bobbi Mariani, Insurance