



March 3, 2020

**SUMMARY OF ORIGINAL BILL:** Extends, from 10 to 15 days, the effective date of a commercial risk insurance policy cancellation after notice is mailed by the insurer to the named policyholder.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (015100):** Deletes all language after the enacting clause. Creates a Franchise and Excise (F&E) tax credit of up to \$60 per employee, for employers who pre-enroll employees in long-term (\$30 credit) or pre-enroll employees in short-term (additional \$30 credit) group disability income protection plans. Defines and creates parameters pertaining to the pre-enrollment and notification requirements of the employer.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Decrease State Revenue - \$1,012,500/FY20-21 and Subsequent Years**

Assumptions for the bill as amended:

- Based on information from the Department of Revenue it is estimated that approximately 1,500 long and short term disability income protection policies have been issued and that each employer has approximately 30 employees.
- It is estimated that 50 percent of employers offer long term disability and 50 percent offer short term disability policies and will opt to pre-enroll employees, and that about 75 percent of those employees will opt to remain enrolled.
- Therefore the total decrease in state revenue as a result of the F&E credit is estimated to be \$1,012,500 [(1,500 x 50% x 30 x 75% x \$30 long term) + (1,500 x 50% x 30 x 75% x \$30 short term)].

- The extent to which employers begin offering short and long-term disability coverage for their employees as a direct result of this legislation is unknown, but is reasonably assumed to be not significant.

**IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

**Decrease Business Expenditures - \$1,012,500/FY20-21 and Subsequent Years**

Assumption for the bill as amended:

- The expenditures that businesses are currently making for short and long-term disability for their employees would be partially offset by the amount of the F&E tax credit, making the total decrease in business expenditures \$1,012,500 in FY20-21 and subsequent years.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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