



## FISCAL NOTE

### House Bill 212

Committee: Insurance

Sponsor: Representative Steve Clouse

Analyst: Tiffany Weaver

Date: 04/03/2023

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**House Bill 212** as introduced would transfer (1) the powers, duties, and functions of the Department of Insurance relating to the regulation of endowment care, preneed sales contracts, and the licensing of preneed sales agents to the Alabama Board of Funeral Service; and (2) \$300,000 annually to the Alabama State Funeral Service Fund, for fiscal years 2024 through 2027, unless extended by an act of the Legislature, to defray costs associated with the administration and operation of the provisions of this bill. This will: (1) decrease the obligations of the Department by an estimated minimum of \$278,000 annually for fiscal years 2024-2027 and \$578,000 annually thereafter for costs associated with personnel assigned to preneed matters; and (2) correspondingly decrease receipts to the Insurance Department Fund by an estimated \$100,000 annually from receipts for preneed service fees. This bill will also decrease potential receipts to the State General Fund from fines levied by the Department. For fiscal years 2018-2022, the average amount collected from fines related to preneed services and deposited annually into the State General Fund was \$25,000.

In addition, this bill will increase the obligations of the Board by a board-estimated: (1) \$530,000 annually for fiscal years 2022-2025 and \$830,000 annually thereafter for the regulation of preneed contracts; (2) \$10,000 to update the Board's current database system to allow the public to search for preneed contracts; and (3) \$8,500 annually to increase the board membership by five.

The increase in obligations of the Board may be offset, wholly or in part, by: (1) initial and renewal application fees and other fees authorized or revised by this bill, which range from a maximum of \$99 annually to a maximum of \$198 by an undetermined amount dependent upon the level at which the Board establishes each application fee and the number of licensees or



applicants; and (2) fees for special audits, charged by the Board as authorized by this bill, by an undetermined amount dependent upon the cost of the audit and the prorated compensation of board employees involved in the audit.

Also this bill as introduced could increase receipts to the State General Fund and municipal general funds from fines; increase receipts to the State General Fund, county general funds, municipal general funds, and other funds to which court costs are deposited; and could increase the obligations of the State General Fund, local jails, the district attorneys, the Department of Corrections, Bureau of Pardons and Paroles, and community corrections programs by an undetermined amount dependent upon the number of persons charged with and convicted of the offenses provided by this bill and the penalties imposed.