

SESSION OF 2020

SUPPLEMENTAL NOTE ON SENATE BILL NO. 292

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 292 would amend provisions in the Insurance Code governing excess lines coverage and taxation to change a requirement that the Commissioner of Insurance (Commissioner) collect double the amount of tax as a penalty from any licensee or individual who fails, refuses, or neglects to transmit the required affidavit or statement for surplus line insurance or fails to pay the imposed tax for surplus line insurance. The bill would assign the Commissioner permissive authority to collect the penalty up to double the amount of the tax. The bill would also make technical changes.

Background

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Kansas Insurance Department (Department).

In the Senate Committee hearing, a representative of the Department provided proponent testimony, stating the bill would provide the Commissioner flexibility to decrease the penalty if the circumstances warrant it instead of requiring the Commissioner to assess double the tax amount as a penalty. The Department representative also stated the bill is not intended to increase the penalty amount.

No neutral or opponent testimony was provided.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

According to the fiscal note prepared by the Division of the Budget on the bill, the Department indicates enactment of the bill could decrease the funds collected; however, the amount of penalty reduction cannot be estimated. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2021 Governor's Budget Request*.