

SESSION OF 2023

SUPPLEMENTAL NOTE ON SENATE BILL NO. 28

As Amended by House Committee on Insurance

Brief*

SB 28, as amended, would establish the Group-funded Pools Refund Fund and amend and repeal law to eliminate assessments paid by municipal group-funded liability pools and group-funded workers' compensation pools in order to refund existing balances in two associated fee funds and wind down such funds.

The bill would specify that moneys in the Group-funded Pools Refund Fund could be used only for the purpose of refunding entities that have paid into the Group-funded Pools Fee Fund (pursuant to KSA 12-2623) and the Group-funded Workers' Compensation Fee Fund (pursuant to KSA 44-587) on a pro-rata basis based upon taxes paid by each entity in fiscal year 2022. The bill would provide for a July 1, 2023, transfer from the two existing fee funds into the Group-funded Pools Refund Fund. On July 1, 2024, this fund would be abolished.

The bill would also make a technical update to another group-funded workers' compensation statute to remove reference to one of the fees being eliminated by this bill.

The bill would be in effect upon publication in the *Kansas Register*.

*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>

Background

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Kansas Insurance Department (Department). [Note: A companion bill, HB 2093, has been introduced.]

Senate Committee on Financial Institutions and Insurance

In the Senate Committee hearing, a representative of the Department provided **proponent** testimony, stating the bill will repeal assessments that were established to cover the necessary costs of the administration and supervision of group-funded pools and group-funded workers' compensation pools. The Department has long determined this assessment is not necessary, and the conferee noted, since 2015, Kansas group-funded pools have not been assessed this supervisory fee. As a result, the Group-funded Pools Fee Fund (\$40,528 in balance) and Group-Funded Workers' Compensation Pools Fee Fund (\$112,719) have been sitting idle. The bill would transfer the balance into the new fund with a sum of \$153,247.

No other testimony was provided.

House Committee on Insurance

In the House Committee hearing, an overview of the bill was provided and **proponent** testimony submitted by the Department was made available.

The House Committee amended the bill to change its effective date to upon publication in the *Kansas Register*.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department states the two funds set to be abolished currently have a combined balance of \$153,247 that would be deposited into the newly created Group-Funded Pools Refund Fund, and then the entire balance would be returned to the entities. Any fiscal effect associated with the bill is not reflected in *The FY 2024 Governor's Budget Report*.

Insurance; Group-funded Pools Refund Fund; group-funded insurance pools; transfer of fund balances; refund; repeal