

**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: April 5, 2017

Agency Submitting: Business and Industry, Division of Insurance

Items of Revenue or Expense, or Both	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Effect on Future Biennia
Expense (Expense)		\$105,849	\$135,239	\$270,478
Revenue - GF Fees (BA9741-3101) (Revenue)		(\$19,913,617)	(\$19,913,617)	(\$39,827,234)
Revenue - Assessments (BA3813-3602) (Revenue)		(\$3,277,945)	(\$3,277,945)	(\$6,555,890)
Total	0	(\$23,297,411)	(\$23,326,801)	(\$46,653,602)

Explanation

(Use Additional Sheets of Attachments, if required)

Please see attached Exhibit 2 - DOI Fiscal Impact Statement.

Name Lauire Squartsoff

Title Deputy Commissioner

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Wednesday, March 29, 2017

The agency's response appears reasonable.

Name Paul Nicks

Title Exec. Branch Budget Officer

Section A1: Line Item Detail by GL
Budget Account: 3813 B&I - INSURANCE REGULATION

Item No	Description	Actual 2015-2016	Work Program 2016-2017	W60 Year 1 2017-2018	W60 Year 2 2018-2019
E225	EFFICIENT AND RESPONSIVE STATE GOVERNMENT				
EXPENDITURE					
01	PERSONNEL SERVICES				
5100	SALARIES	0	0	75,644	100,858
5200	WORKERS COMPENSATION	0	0	1,451	853
5300	RETIREMENT	0	0	10,968	14,624
5400	PERSONNEL ASSESSMENT	0	0	251	260
5500	GROUP INSURANCE	0	0	6,687	8,891
5700	PAYROLL ASSESSMENT	0	0	85	83
5750	RETIRED EMPLOYEES GROUP INSURANCE	0	0	2,012	2,572
5800	UNEMPLOYMENT COMPENSATION	0	0	94	147
5840	MEDICARE	0	0	1,097	1,462
	TOTAL FOR CATEGORY 01	0	0	98,289	129,750
04	OPERATING				
7020	OPERATING SUPPLIES	0	0	120	60
7050	EMPLOYEE BOND INSURANCE	0	0	2	2
7054	AG TORT CLAIM ASSESSMENT	0	0	99	97
705A	NON B&G - PROP. & CONT. INSURANCE	0	0	2	3
7110	NON-STATE OWNED OFFICE RENT	0	0	3,409	4,545
7255	B & G LEASE ASSESSMENT	0	0	39	62
7292	EITS 18-19 ELIM (OLD EITS VOICEMAIL)	0	0	43	43
7295	EITS 18-19 ELIM (OLD EITS STATE PHONE LINE)	0	0	161	161
7460	EQUIPMENT PURCHASES < \$1,000	0	0	90	0
8371	COMPUTER HARDWARE <\$5,000 - A	0	0	24	0
	TOTAL FOR CATEGORY 04	0	0	3,989	4,973
05	EQUIPMENT				
8241	NEW FURNISHINGS <\$5,000 - A	0	0	1,129	0
	TOTAL FOR CATEGORY 05	0	0	1,129	0
26	INFORMATION SERVICES				
7533	EITS EMAIL SERVICE	0	0	175	175
7554	EITS INFRASTRUCTURE ASSESSMENT	0	0	196	212
7556	EITS SECURITY ASSESSMENT	0	0	94	129
7771	COMPUTER SOFTWARE <\$5,000 - A	0	0	527	0
8371	COMPUTER HARDWARE <\$5,000 - A	0	0	1,450	0
	TOTAL FOR CATEGORY 26	0	0	2,442	516
	TOTAL EXPENDITURES FOR DECISION UNIT E225	0	0	105,849	135,239

Item No	Description	Actual 2015-2016	Work Program 2016-2017	W60 Year 1 2017-2018	W60 Year 2 2018-2019
	TOTAL REVENUES FOR BUDGET ACCOUNT 3813	0	0	0	0
	TOTAL EXPENDITURES FOR BUDGET ACCOUNT 3813	0	0	105,849	135,239

The Bill applies to all state agencies that issue “occupational” licenses to natural persons.¹ As to the DOI and Title 57, the following statutes are affected: NRS 683A, 683C, 684A, 684B, 685A, 686B, 689, 692A, 692B, 695J, 696A, and 697. See Section 13 of SB 330. The Bill cites the foregoing chapters, but does not identify specific individual statutes within those chapters that are affected. Absent specific references, the intent is likely that the entire chapter cited is to be subject to this Bill.

The Bill requires the DOI to “conduct a comprehensive review of all entry regulations” on or before October 1, 2018 and to “articulate with specificity” how the public health, safety or welfare are served by the entry regulation and why the regulation is necessary to serve the public health, safety and/or welfare². If the DOI cannot satisfactorily show that the public health, safety and welfare are served by its licensing statutes, the DOI is to repeal or amend the regulations and request the Legislature to effect the repeal and amendment of the entry regulations. Thereafter, on or before January 1, 2019, the DOI would be required to submit to the LCB a report detailing the actions taken to conform with the Act, and any recommendations to repeal or amend its entry regulations. The Act also authorizes a natural person to petition the DOI for repeal of its entry regulations and to appeal the denial of such a petition by the DOI to the courts.

The most consequential fiscal impact to the DOI and State concerns the collection of licensing fees. The Bill seeks to eliminate “entry regulations [that] have exceeded legitimate public purposes” and that pose an obstacle to those wishing to work in a field requiring licensure. The DOI’s entry regulations - chapters 683A, 683C, 684A, 684B, 685A, 686B, 689, 692A, 692B, 695J, 696A, and 697 – require the payment of fees to obtain or renew a license. The Bills definition of “entry regulation” expressly includes “fees.” It is unclear if passage of the Bill would eliminate the payment of fees, but given the broad language of the Bill, such a result is entirely possible. If passed in its current form, the entire content of DOI’s licensing statutes would be subject to the possible repeal, amendment and legal challenges provided by the Act, including existing fees. The fiscal impact to the State and DOI would be substantial. The State’s general fund would lose approximately \$19,913,617 in insurance licenses and the DOI would lose approximately \$3,277, 945 in Producer License Assessments.

The preparation of the cited report to the LCB and the anticipated legal petitions and challenges would require extraordinary work for the DOI staff. Legal challenges could take literally years to resolve in the court system. Compliance with the Bill would require the hiring of a new attorney to review the additional petitions and litigation that would be sent to DOI.

The elimination of fees paid upon applying for a license or renewing an existing license would profoundly impact the DOI and State fiscally.

¹ SB 330 does not define “occupational license” but its sister Bill, AB 353, defines it as follows: “[A] license:

1. To perform exclusively a lawful occupation for compensation based on meeting certain personal qualifications established by law; and
2. That is required to perform the lawful occupation for compensation and without which performing that occupation is unlawful.

² Entry regulations are defined by the Bill as follows: “[A] law, statute, ordinance, rule, practice, policy, fee, condition, examination or other provision regulating the entry of a business into a particular market or of a natural person into a profession or occupation.”