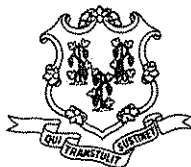


Connecticut General Assembly



OFFICE OF FISCAL ANALYSIS

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July 15, 2011

TO: Senator Andrew Roraback
Representative Tim O'Brien
Co-Chairs, Regulations Review Committee

FROM: Alan Calandro, Director *AC*

SUBJECT: Review of Agenda Items for the July 26, 2011 Meeting

OFA has reviewed the state and municipal fiscal impact of the four items on the agenda (items 2011-019 thru 2011-021 and 2010-055a) for the above meeting.¹ The following table summarizes our review.

Reg. #	Agency	Is Agency Estimate of State Impact Reasonable?	Is Agency Estimate of Municipal Impact Reasonable?	Did Agency Submit a Small Business Impact Statement? ²	Did Agency Submit a Regulatory Flexibility Analysis? ³
2011-019	DOI	Yes	Yes	Yes	No
2011-020	Ethics	Yes	Yes	Yes	No
2011-021	DMV	Yes	Yes	Yes	No

¹ CGS Section 2-71c(c)(7) requires OFA to prepare "short analyses of the costs and long range projections of ... proposed agency regulations."

² PA 09-19 requires agencies to prepare a small business impact statement on all regulation submittals, effective October 1, 2009.

³ CGS 4-168(a) requires agencies to prepare a regulatory flexibility analysis statement on all regulation submittals when there is an impact on small businesses.

Reg. #	Agency	Is Agency Estimate of State Impact Reasonable?	Is Agency Estimate of Municipal Impact Reasonable?	Did Agency Submit a Small Business Impact Statement? ²	Did Agency Submit a Regulatory Flexibility Analysis? ³
2010-055a	DMV	Yes	Yes	Yes	No

Please contact me if you have any questions or would like additional information.

AC: lmk
 Regs-July26,11-concur
 Office of Fiscal Analysis

AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION

Agency Submitting Regulation: Insurance Department Date: July 13, 2010

Subject Matter of Regulation: Suitability in Annuity Transactions

Regulation Section No.: Section 38a-432a-1 through 38a-432a-9, inclusive Statutory Authority: Conn. Gen. Stat. section 38a-432a

Other Agencies Effected: None

Effective Date Used in Cost Estimate: six months after approval, estimate April 15, 2011

Estimate Prepared By: Mark R. Franklin Telephone No.: 860-297-3854

ESTIMATE OF COST OR REVENUE IMPACT OF PROPOSED REGULATION

Agency: Insurance Department Fund Effected: Insurance Fund

	First Year	Second Year	Full Operation
Number of Positions			
Personal Services	0	0	0
Other Expenses	0	0	0
Equipment	0	0	0
Grants	Eligibility for 600,000	Eligibility for 600,000	Eligibility for 1,800,000 over 3 years
Total State Cost or (Savings)			
Estimated Revenue Gain or (Loss)	600,000	600,000	1,800,000 over three years
Total Net State Cost or (Savings)			

Explanation of State Impact of Regulation:

Section 989A of the Dodd-Frank Act establishes an incentive grant program for states to hire staff, fund technology and/or develop educational materials in an effort to protect seniors from fraudulent or misleading marketing practices or designations related to the sale or marketing of financial products. Under the grant program, states would be eligible for up to \$600,000 for three consecutive years contingent on the adoption of one NASAA model and two NAIC models, including the subject regulation, which is based on the NAIC Suitability in Annuity Transactions Model Regulation. Thus, there would be a potential positive fiscal impact resulting from enactment of this regulation.

Explanation of Municipal Impact of Regulation:

None.

Explanation of Small Business Impact of Regulation:

This regulation is based on the NAIC Suitability in Annuity Transactions Model Regulation.

Section 38a-432a-8 of the regulation includes insurance producer training requirements in an effort to adopt national uniform training standards for producers in the sale of annuities. In that section, section 38a-432a-8(b)(1)(A) requires that

producers engaged in the sale of annuities complete a one-time four hour training course approved by the Commissioner and provided by an authorized continuing education provider. The course may be completed in the classroom or by self-study.

The cost of online four credit courses on annuities provided by four continuing education providers ranges from \$14.95 to \$29. Two continuing educator providers provide classroom course on annuities, ranging from \$60 to \$80. As of July 12, 2010, there are 1,706 life insurance agencies in the State of Connecticut and 16,274 resident life insurance producers. Many but not all life insurance producers work at small businesses, while other life insurance producers work directly for life insurance companies or in large brokerage firms. The Connecticut Insurance Department does not have statistics available as to the specific number of those producers working at small businesses.

Compliance with this training requirement will have the advantage to producers of complying with laws of other states through licensing reciprocity since this is a model uniform regulation.

Is a regulatory flexibility analysis required pursuant to C.G.S. 4-168a?

In the opinion of the Connecticut Insurance Department, a regulatory flexibility analysis is not required because the effect will be nominal, with online courses available for as little as \$14.95. Moreover, passage of this regulation will put Connecticut producers on the same level as producers licensed in other states, and will expedite reciprocal licensing in those states.

AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION

Agency Submitting Regulation: Office of State Ethics Date: March 22, 2011

Subject Matter of Regulation: Lobbyists that are associations, groups of persons or organizations; lobbyist badges; and gifts-to-the-state from non-restricted donors.

Regulation Section Nos.: 1-81-27, 1-92-46a, and 1-92-52

Statutory Authority: CGS 1-81 and 1-92

Other Agencies Affected: None

Effective Date Used In Cost Estimate: March 22, 2011

Estimate Prepared By: Cynthia Isales, Assistant General Counsel Telephone No.: 860-263-2400

SUMMARY OF COST AND REVENUE IMPACT OF PROPOSED REGULATION

Agency: OSE

Fund Affected: n/a

	First Year 2011	Second Year 2012	Full Operation 2013
Number of Positions	0	0	0
Personal Services	0	0	0
Other Expenses	0	0	0
Equipment	0	0	0
Grants	0	0	0
Total State Cost or (Savings)	0	0	0
Estimated Revenue Gain	0	0	0
Total Net State Cost or (Savings)	0	0	0

Explanation of State Impact of Regulation:

No impact on the state.

Explanation of Municipal Impact of Regulation:

No impact on municipalities.

Explanation of Small Business Impact of Regulation:

No impact on small businesses.

Small Business Impact Statement

Prior to adopting a new section or amendment, Section 4-168a of the Connecticut General Statutes (C.G.S.) requires that each state agency consider the affect of such action on small businesses as defined in C.G.S. Section 4-168a. When such a regulatory action may have an adverse affect on small businesses, C.G.S. Section 4-168a directs the agency to consider regulatory requirements that will minimize the adverse impacts on small businesses if the addition of such requirements (1) will not interfere with the intended objectives of the regulatory action and (2) will allow the new section or amendment to remain consistent with public health, safety and welfare.

State Agency submitting proposed regulations: OSE

Subject matter of Regulation: Lobbyists that are associations, groups of persons or organizations; lobbyist badges; and gifts-to-the-state from non-restricted donors.

In accordance with C.G.S. Section 4-168a, staff analyzed the affect on small businesses of the proposed regulations and determined the following:

True False (Check all appropriate boxes):

- The regulatory action will not have an affect on small businesses.
- The regulatory action will have an affect on small businesses, but will not have an adverse affect on such small businesses.
- The regulatory action may have an adverse affect on small businesses, and no alternative considered would be both as effective in achieving the purpose of the action and less burdensome to potentially affected small business. Alternatives considered include the following:
- (1) The establishment of less stringent compliance or reporting requirements for small businesses;
 - (2) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
 - (3) The consolidation or simplification of compliance or reporting requirements for small businesses;
 - (4) The establishment of performance standards for small businesses to replace design or operational standards required in the new section or amendment; and
 - (5) The exemption of small businesses from all or any part of the requirements contained in the new section or amendment.
- The regulatory action will have an adverse affect on small businesses that cannot be minimized in a manner that is consistent with public health, safety and welfare.

The State agency listed above notified the Department of Economic and Community Development of its intent to take the proposed action and completed the Agency Fiscal Estimate of Proposed Regulations.



STATE OF CONNECTICUT
DEPARTMENT OF MOTOR VEHICLES
 60 State Street, Wethersfield, CT 06161
<http://ct.gov/dmv>



AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION

Agency Submitting Regulation: Department of Motor Vehicles Date: June 23, 2010

Subject Matter of Regulation: Repeal of Operator's License of Municipal or Federally owned vehicles

Regulation Section No.: 14-36-3

Statutory Authority: subsection (o) of C.G.S. Section 14-49

Other Agencies Effected: N/A

Effective Date Used In Cost Estimate: June 23, 2010

Estimate Prepared By: Allyson Bruce Telephone No.: 860 263 5269

ESTIMATE OF COST OR REVENUE IMPACT OF PROPOSED REGULATION

Agency: Motor Vehicles Fund Effected: Special Transportation

	First Year	Second Year	Full Operation
Number of Positions			
Personal Services			
Other Expenses			
Equipment			
Grants			
Total State Cost or (Savings)			
Estimated Revenue Gain or (Loss)			
Total Net State Cost or (Savings)			

Explanation of State Impact of Regulation: None

Explanation of Municipal Impact of Regulation: None *AB*

Explanation of Small Business Impact of Regulation: None

Is a regulatory flexibility analysis required pursuant to C.G.S. 4-168a? No



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Small Business Impact Statement

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State Agency submitting proposed regulation: DMV

Subject matter of regulation: Repeal of Municipal or Federal License 14-36-3

In accordance with C.G.S. Section 4-168a, staff analyzed the effect on small businesses of the proposed regulations and determined the following:

True False (Check all appropriate boxes): REVISED: January 3, 2011

- The regulatory action will not have an effect on small businesses.
- The regulatory action will have an effect on small businesses, but will not have an adverse effect on such small businesses.
- The regulatory action may have an adverse effect on small businesses, and no alternative considered would be both as effective in achieving the purpose of the action and less burdensome to potentially effected small business. Alternatives considered include the following:
 - (1) The establishment of less stringent compliance or reporting requirements for small businesses;
 - (2) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
 - (3) The consolidation or simplification of compliance or reporting requirements for small businesses;
 - (4) The establishment of performance standards for small businesses to replace design or operational standards required in the new section or amendment; and
 - (5) The exemption of small businesses from all or any part of the requirements contained in the new section or amendment.
- The regulatory action will have an adverse effect on small businesses that cannot be minimized in a manner that is consistent with public health, safety and welfare.

The State agency listed above notified the Department of Economic and Community Development of its intent to take the proposed action and completed the Agency Fiscal Estimate of the proposed regulation.

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AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION

Agency Submitting Regulation: Department of Motor Vehicles Date: April 23, 2010

Subject Matter of Regulation: Special license endorsement for Fire Apparatus

Regulation Section No.: 14-36a-1 Statutory Authority: 14-36a

Other Agencies Effected: None

Effective Date Used In Cost Estimate: April 23, 2010

Estimate Prepared By: Allyson Bruce Telephone No.: 860-263-5021

ESTIMATE OF COST OR REVENUE IMPACT OF PROPOSED REGULATION

Agency: Motor Vehicles Fund Effected: Special Transportation

	First Year	Second Year	Full Operation
Number of Positions			
Personal Services			
Other Expenses			
Equipment			
Grants			
Total State Cost or (Savings)			
Estimated Revenue Gain or (Loss)			
Total Net State Cost or (Savings)			

Explanation of State Impact of Regulation: None

Explanation of Municipal Impact of Regulation: None

Explanation of Small Business Impact of Regulation: None

Is a regulatory flexibility analysis required pursuant to C.G.S. 4-168a? No

STATE OF CONNECTICUT

DEPARTMENT OF MOTOR VEHICLES

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Small Business Impact Statement

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State Agency submitting proposed regulation: DMV

Subject matter of regulation: Special license endorsement for Fire Apparatus

In accordance with C.G.S. Section 4-168a, staff analyzed the effect on small businesses of the proposed regulations and determined the following:

True False (Check all appropriate boxes):

- The regulatory action will not have an effect on small businesses.
- The regulatory action will have an effect on small businesses, but will not have an adverse effect on such small businesses.
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