
Sneed Law Firm, LLC

Memorandum

To: The Honorable Steven Johnson, Chair
House Insurance & Pensions Committee

From: William W. Sneed, Legislative Counsel
State Farm Insurance Companies

Date: February 17, 2021

RE: HB 2242

Mr. Chairman, Members of the Committee: My name is Bill Sneed and I am Legislative Counsel for the State Farm Insurance Companies ("State Farm"). State Farm is the largest insurer of homes and automobiles in Kansas. State Farm insures one out of every three cars and one out of every four homes in the United States. Please accept this memorandum as my client's opposition to HB 2242

To begin with we want to make it crystal clear that we support the Kansas State Fire Marshall and his office. The men and women who are on the front line are an incredible asset to this state and to our policyholders. To that end, my client has historically support KSA 75-1508 to provide a funding source for the State Fire Marshall office. However, that being said, we cannot support HB 2242.

First, regardless how you want to caption this change, it is an additional tax on our policyholders.

Second, this funding source was designed to provide increasing contributions inasmuch premiums paid increases, so does the amount to the State Fire Marshall. Below is a breakdown over the last four years. As you can see the tax collected has increased every year. Further it is estimated that in 2020 fire premiums will be an estimated \$736,806,284 Which would generate an estimated \$10,683,691 in taxes or an increase of \$1,698,248.

	Direct Fire Premiums	Fire Marshal Tax Collected
2016	\$667,784,361	\$8,347,305
2017	\$676,438,573	\$8,455,482
2018	\$699,256,766	\$8,740,710
2019	\$718,835,399	\$8,985,443

My client's numbers are very much in line with those of the Department.

	2017	2018	2019
State Farm Mutual & State Farm Fire	\$1,144,622	\$1,173,987	\$1,187,381

Additionally, we would contend that the State Fire Marshall has found himself in this box by the actions of previous State Fire Marshalls.

Prior to 2002 the State Fire Marshall took 1.25% off the fire premiums. In 2002 the EMS Board and the Fire Marshall's office struck a deal to allow the EMS Board to take .25% for two years. The State Fire Marshall was reduced to 1.0% for two years and would revert back to 1.25% after the two year period.

Then in 2003, the Kansas legislature shortened the arrangement for one year.

Finally, in 2004, the Legislature added the Fire Service Training Program that took another .20% from the Fire Marshall fund to fund that program. This was agreed to by the State Fire Marshall.

We contend that after you have heard our concerns, you will agree to not take action on HB 2242.

Thank you for your time and I will be available for questions at the appropriate time.

Respectfully submitted,

William W Sneed

