



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 520

PRINTERS NO. 2198

PRIME SPONSOR: R. Mackenzie

COST / (SAVINGS)

FUND	FY 2021/22	FY 2022/23
Commonwealth Funds	\$0	\$0

SUMMARY: Amends the Charitable Gift Annuity Exemption Act to define “de-risking annuity contract”. This legislation would take effect in 60 days.

ANALYSIS: This legislation amends the Charitable Gift Annuity Exemption Act (Act 127 of 1996) to define “derisking annuity contract” as an annuity purchased from an insurance company licensed, authorized or otherwise approved by the Insurance Department by a charity that matches substantially all future payments of the charity arising from a charitable gift annuity contract obligation.

The legislation allows charitable organizations to use a de-risking annuity contract to satisfy the financial requirements of a charitable gift annuity. Specifically, financial statements must be filed with a government agency or audited financial statements from the charity must show that the charity has unrestricted and unencumbered assets in the form of cash, cash equivalents, derisking annuity contracts or publicly traded securities of at least \$100,000 plus one-half of the principal value of any annuities issued by the organization.

This legislation also provides that the exemption from regulation does not apply to de-risking annuity contracts.

FISCAL IMPACT: This legislation would have no adverse fiscal impact on Commonwealth funds.

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: September 28, 2021

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.