

Fiscal Estimate Narratives

DATCP 8/8/2005

LRB Number	05-1402/4	Introduction Number	AB-574	Estimate Type	Original
Subject					
Billing practices for consumer goods					

Assumptions Used in Arriving at Fiscal Estimate

This bill prohibits certain negative option billing practices for consumer goods or services, including lawn care service contracts.

Currently, the Department receives approximately 200 formal written consumer complaints annually relating to negative option billing practices and another 90 formal written consumer complaints dealing with lawn care issues. However when dealing with the lawn care service contract piece, the issue is not the number of complaints received but the ramifications of having pesticides applications applied twice because a consumer was under the impression their contract was expired and hired a new lawn care service. This can be harmful to children, pets, and the environment. The Department addresses these complaints mostly through mediation and education, but would now have specific statutory authority to investigate and seek prosecution of businesses engaged in certain fraudulent billing practices.

Based on experience, the Department projects that complaints regarding billing practices prohibited under the bill will double to approximately 400 per year. The Department estimates 40 complaints per year will require assignment to staff for further detailed investigation. Typically, these investigations will involve multiple jurisdictions. The Department estimates an additional workload of 2000 hours to administer and enforce the law. Based on these assumptions the Department estimates 1.0 FTE Regulation Compliance Investigator will be necessary for enforcement of this law. Additional funding of \$60,200 annually will be needed to fund this position.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Billing practices for consumer goods			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
Office setup, computer, telephone, \$10,000.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$47,700	
(FTE Position Changes)		(1.0 FTE)	
State Operations - Other Costs		12,500	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$60,200	\$
B. State Costs by Source of Funds			
GPR		60,200	
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$60,200	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
DATCP/ Jim Rabbitt (608) 224-4965		Barb Knapp (608) 224-4746	8/5/2005