



**Fiscal Estimate Narratives**  
**DATCP 11/30/2005**

LRB Number <b>05-1402/4</b>	Introduction Number <b>AB-574</b>	Estimate Type <b>Updated</b>
<b>Subject</b> 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 pesticide 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. Currently, 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 will double when a new law is introduced. However, since the Department already receives and handles complaints regarding billing practices through mediation and education, we anticipate a significant increase in complaints that would taper off after the first year.

As a result, we believe the costs associated with such work can be absorbed by the Department.

**Long-Range Fiscal Implications**