

Fiscal Estimate Narratives

DATCP 02/05/2002

LRB Number	01-3442/1	Introduction Number	SB-396	Estimate Type	Original
Subject					
Scope of consumer act, class actions under consumer act, limits on payday loan interest, credit and debit cards, false advertising, arbitration of consumer law claims, financial privacy					

Assumptions Used in Arriving at Fiscal Estimate

This bill adds to existing deceptive representation law by prohibiting the use of "pre-approved" when soliciting the sale of credit when the seller does not extend credit to the consumer or when the seller extends credit at a different rate than the rate advertised. The department receives numerous complaints about credit card advertising, making credit cards number 13 on the list of consumer issues in 2001. The department assumes complaints will be filed by consumers who have received misrepresentations that they are pre-approved at a low rate. Consumers will ask the department to investigate and enforce the prohibitions in the law.

The department assumes an additional 1000 formal complaints will be filed annually requiring 2,000 hours to process and investigate. Because of the complexity of the national credit industry, the department assumes these investigations will be time consuming.

The department assumes an additional 1.0 FTE Consumer Protection Investigator at an annual cost of \$42,200 will be necessary to achieve compliance with this law. One time costs of \$8,900 for office setup, computer network services and supplies will also be necessary.

Long-Range Fiscal Implications

Continuing appropriations of \$42,200 for salary and supplies and services will be necessary to continue enforcement of the law.

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject		
Scope of consumer act, class actions under consumer act, limits on payday loan interest, credit and debit cards, false advertising, arbitration of consumer law claims, financial privacy		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
Supplies, office setup, computer desk - \$8,900		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$35,000	
(FTE Position Changes)	(1.0 FTE)	
State Operations - Other Costs	7,200	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$42,200	\$
B. State Costs by Source of Funds		
GPR	42,200	
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	\$42,200	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		
Date		
DATCP/ Jim Rabbitt (608) 224-4965	Barb Knapp (608) 224-4746	02/04/2002