



## Fiscal Estimate Narratives

DATCP 5/21/2003

LRB Number	03-1002/1	Introduction Number	AB-308	Estimate Type	Original
<b>Subject</b>					
Negative billing practice and lawn care service contracts					

### Assumptions Used in Arriving at Fiscal Estimate

This bill prohibits certain continuing sales agreements and negative option billing practices affecting consumer goods and services. The bill requires DATCP to adopt rules regulating these sales and purchase plans, and directs the department to appoint an advisory committee to help with rulemaking. The bill also specifically regulates lawn care service contracts.

In 2002, DATCP received more than 2,000 consumer complaints involving general billing disputes related to the purchase of consumer goods and services, such as magazine subscriptions, credit card cramming, music, movie and book-of-the-month clubs solicitations, etc. The Department handles most of these complaints through mediation by consumer specialists. Each year, approximately 10 consumer complaint cases are assigned to investigative staff for in-depth investigations under current statutory authority in ss. 100.18 and 100.20, Stats.

Under current statutory authority, DATCP adopted direct marketing rules in 1999 (Ch. ATCP 127, Wis. Adm. Code) to regulate the sale of consumer goods and services through telephone, mail and face-to-face solicitations. While some billing practices are already broadly addressed in Ch. ATCP 127, this bill specifically targets continuing sales agreements and negative option billing practices which would now grant DATCP specific statutory authority to investigate and seek prosecution of businesses engaged in these fraudulent billing practices. Based on experience, the Department estimates that an additional 10-20 complaint cases will require assignment to investigative staff for detailed investigation. Typically, these investigations will involve multiple victims and jurisdictions, and average 160 hours of investigative time per case. DATCP estimates an additional workload of 1,800 hours to administer and enforce the new regulations (1.0 FTE Regulation Compliance Investigator) at an annual cost of \$49,600 (\$29,900 salary, \$12,500 fringe and \$7,200 supplies and services) plus one-time costs of \$8,900 for computer and workplace set-up.

The Department also estimates an additional 10 consumer complaint cases each year resulting from specific prohibited practices involving lawn care service contracts. Workload associated with investigation and resolution of lawn care service contract complaints is estimated at 160 hours, and factored into the staffing needs analysis.

Finally, DATCP estimates one-time costs of a 0.20 FTE attorney at \$10,600, plus \$1,000 in supplies and services (printing, postage and travel), associated with chairing and staffing the rulemaking advisory committee and developing proposed revisions to Ch. ATCP 127, Wis. Adm. Code.

### Long-Range Fiscal Implications

Long-range fiscal impacts cannot be quantified. Generally, new trade regulations tend to result in an early increase in consumer complaints but a decrease in the number of in-depth complaint investigations and investigative costs over time.

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 03-1002/1		<b>Introduction Number</b> AB-308	
<b>Subject</b>			
Negative billing practice and lawn care service contracts			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
\$8,900 (computer and workplace set-up); \$10,600 (0.20 FTE attorney position costs); and \$1,000 (printing, postage and travel associated with rulemaking)			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$42,400	
	(FTE Position Changes)		
	State Operations - Other Costs	7,200	
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$49,600</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR	49,600	
	FED		
	PRO/PRS		
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$49,600	\$
	NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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