

Fiscal Estimate Narratives

DATCP 8/14/2009

LRB Number 09-3138/1	Introduction Number SB-242	Estimate Type Original
Description Creating separate regulatory requirements for certain future service contracts		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, DATCP regulates future service contracts, defined as contracts whose primary purpose is to provide a customer with the right to purchase goods or services or to rent video recordings from a contractor.

This bill creates a new category of future service contracts. Under the bill, these contracts may have a term not to exceed three years, must grant the customer rights against a successor to the contractor's interests, must permit the customer to cancel the contract without penalty until midnight on the third day after entering into the contract, must contain a notice of the right to cancel on a separate page, and must permit the customer to cancel an order if the order is not delivered by the date it was promised or to the address where the customer requested delivery. A contractor who enters into such a contract must maintain a \$250,000 bond to cover customer losses.

As DATCP already regulates future service contracts, part of which is to review contracts for compliance, the department does not anticipate an increase in workload to review a contract for compliance under either the "old category" or a new category.

Long-Range Fiscal Implications