

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0416-01
Bill No.: SB 10
Subject: State Attorney General; Business and Commerce; Merchandising Practices
Type: Original
Date: January 17, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
None			
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Merchandising Practices Revolving Fund	\$0	(\$104,752 to \$404,752)	(\$110,371 to \$410,371)
Total Estimated Net Effect on Other State Funds	\$0	(\$104,752 to \$404,752)	(\$110,371 to \$410,371)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development, Department of Corrections, Department of Revenue,** and the **Office of State Public Defender** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Office of State Courts Administrator** assume the proposed legislation would have no fiscal impact on the courts.

Officials from the **Office of Prosecution Services** assume the proposed legislation would have no fiscal impact on prosecutors.

Officials from the **Office of Secretary of State (SOS)** assume the proposal creates a no-spam list in the Attorney General's Office for unsolicited commercial e-mail and could result in the Attorney General promulgating rules to implement the provisions of this act. These rules will be published in the *Missouri Register* and the *Code of State Regulations*. Based on experience with other divisions, the rules, regulations, and forms issued by the Committee could require as many as 34 pages in the *Code of State Regulations* and half again as many pages in the *Missouri*

Register, as cost statements, fiscal notes, and the like are not repeated in the Code. The ASSUMPTION (continued)

estimated cost of a page in the *Missouri Register* is \$23 and the estimated cost of a page in the *Code of State Regulations* is \$27. Based on these costs, the estimated cost of the proposal is \$2,091 in FY 04 and unknown in subsequent years. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which would require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Office of Attorney General (AGO)** assume they would require one FTE Assistant Attorney General IV (at \$50,000 per year, plus fringe benefits) and four FTE Investigators (each at \$27,500 per year, plus fringe benefits) to implement this proposal. Because the AGO has already developed a complaint intake system under the No Call Law, the AGO assumes it can absorb any additional complaints within the existing system. However, the AGO assumes additional mailings will be required to verify and maintain an accurate subscriber list for those subscribers that choose not to be contacted by e-mail. In FY 2005, the AGO assumes that 300,000 subscribers will sign up. At a cost of \$2 per subscriber, the AGO estimates the cost in FY 2005 to be \$0 to \$300,000. This assumes no more than 50% of subscribers will choose to receive confirmation by mail. The AGO assumes this cost will carry over in future fiscal years to the extent that certain subscribers will continue to prefer receiving e-mail address verification by U.S. Mail.

Because this law will not take effect until July 1, 2004, the AGO assumes any costs incurred during FY 2004 could be absorbed. AGO assumes costs in FY 2005 and thereafter would be appropriated from the Merchandising Practices Revolving Fund because Section 407.1141 allows the general assembly to appropriate monies from this fund. Also, the AGO assumes that 1,200 Internet marketers would purchase a copy of the list on a quarterly basis. This number is based on the 1,210 telemarketers who currently purchase copies of the No Call List. Based on \$100 per year per Internet marketer, AGO assumes that providing the list would generate, at a minimum, \$120,000. AGO also assumes it will recover unknown amounts through enforcement actions.

The AGO estimates the net fiscal impact of the proposal to be a cost of \$104,752 to \$404,752 in FY 2005; and a cost of \$110,371 to \$410,371 in FY 2006.

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FISCAL IMPACT - State Government

FY 2004
(10 Mo.)

FY 2005

FY 2006

**MERCHANDISING PRACTICES
 REVOLVING FUND**

Revenue – Office of Attorney General

Sale of subscriber list	<u>\$0</u>	<u>\$120,000</u>	<u>\$120,000</u>
Total <u>Revenue</u> – AGO	\$0	\$120,000	\$120,000

Costs – Office of Attorney General

Personal Service (5 FTE)	\$0	(\$160,000)	(\$164,000)
Fringe Benefits	\$0	(\$64,752)	(\$66,371)
Equipment and Expense	<u>\$0</u>	<u>\$0 to (\$300,000)</u>	<u>\$0 to (\$300,000)</u>
Total <u>Costs</u> – AGO	\$0	(\$224,752 to \$524,752)	(\$230,371 to \$530,371)

**ESTIMATED NET EFFECT ON
 MERCHANDISING PRACTICES
 REVOLVING FUND**

<u>\$0</u>	<u>(\$104,752 to \$404,752)</u>	<u>(\$110,371 to \$410,371)</u>
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FISCAL IMPACT - Local Government

FY 2004
(10 Mo.)

FY 2005

FY 2006

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Small businesses who use unsolicited electronic mail could experience a fiscal impact as a result of this legislation.

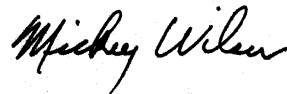
DESCRIPTION

The proposed legislation would prohibit persons from sending unsolicited commercial electronic mail to persons on a list maintained by the Attorney General's Office. The list would be maintained in the same manner as the current telephone "No-Call" list. The Attorney General would be charged with the duty of creating a database whereby citizens who object to receiving unsolicited electronic mail can register. Persons who initiate electronic transmissions soliciting purchase of, rental of, or investment in property, goods or services would be required to clearly state their identity at the beginning of the message. The Attorney General could prosecute violations. Persons could be liable for civil penalties of up to \$5,000 per violation as well as sanctions for unlawful merchandising practices.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Office of State Courts Administrator
Department of Economic Development
Department of Corrections
Department of Revenue
Office of Prosecution Services
Office of Secretary of State
Office of State Public Defender



Mickey Wilson, CPA
Director
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