

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3586-02  
Bill No.: SB 999  
Subject: Business and Commerce  
Type: Original  
Date: February 27, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Office of Attorney General (AGO)** stated this proposal imposes no new duties on the AGO, therefore there is no fiscal impact on their agency.

Officials from the **Office of State Courts Administrator** stated there is no fiscal impact on the Courts resulting from this proposal.

Officials from the **Department of Economic Development (DED)** indicated this proposal does not pertain to entities that DED regulates nor does it concern activities that DED receives appropriations for, therefore the proposal will have no fiscal impact on DED.

Officials from the **Office of Secretary of State** and the **Department of Labor and Industrial Relations** stated this proposal has no fiscal impact on their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

FISCAL IMPACT - Local Government

FY 2005  
(10 Mo.)

FY 2006

FY 2007

\$0

\$0

\$0

FISCAL IMPACT - Small Business

There could be fiscal impact to small business franchisors or franchisees to comply with terms contained in this proposal.

DESCRIPTION

This proposal establishes regulations for compensation agreements between franchisors and franchisees.

The proposal directs franchisors to specify, in writing, franchisee obligations with regard to preparation, delivery, and warranty service. The franchisor shall compensate the franchisee for required warranty service. A schedule for such compensation shall be provided to the franchisee by the franchisor and include information on parts, work, service and time allowance for work and service.

The proposal directs franchisors to perform warranty obligations, include the expected date for which replacement parts will be available upon recall orders, and compensate franchisees for the repairs effected by any recalls. Any franchisee claims made be paid within thirty days of their approval from the franchisor. Any claims not specifically disapproved within that time frame are considered approved and payment is to be expected within the thirty-day time frame discussed above. Franchisees shall maintain records of all warranty repairs for two years after a claim has been paid.

This proposal holds franchisors responsible for compensating franchisees for franchisor-sponsored sales events, promotions or activities. Such claims are to be paid within ten days after their approval from the franchisor.

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  
Department of Economic Development  
Office of State Courts Administrator  
Office of Secretary of State  
Department of Labor and Industrial Relations

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 27, 2004