

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3711-05
Bill No.: SCS for SB 1034
Subject: State Attorney General; Consumer Protection; Surety Bonds
Type: Original
Date: April 16, 2004

FISCAL SUMMARY

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

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

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

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

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development, Department of Public Safety – Missouri State Highway Patrol**, 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.

In response to a previous version of the proposal, officials from the **Office of Prosecution Services** assumed prosecutors could absorb the costs of the proposed legislation within existing resources.

Officials from the **Office of Attorney General (AGO)** assumed they would require ½ FTE Paralegal (each at \$22,500 per year) to maintain and file evidence of bonding and collections of claims on bonds filed by travel-related service companies. AGO estimated the cost to be \$13,587 in FY 05; \$16,713 in FY 06; and \$17,131 in FY 07.

ASSUMPTION (continued)

Oversight assumes the AGO could absorb the cost of the proposed legislation within existing resources. If the AGO experiences an increase that would require additional funding, the AGO could request the funding through the appropriation process.

Officials from the **Department of Corrections (DOC)** assume this proposal regulates vacation clubs. Penalty provisions, the component of the bill to have potential fiscal impact for DOC, is for a class D felony.

Currently, the DOC cannot predict the number of new commitments which may result from the enhancement of the offense(s) outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost either through incarceration (FY03 average of \$38.10 per inmate per day, or an annual cost of \$13,907 per inmate) or through supervision provided by the Board of Probation and Parole (FY03 average of \$3.15 per offender, per day or an annual cost of \$1,150 per offender).

The DOC does not anticipate the need for capital improvements at this time. It must be noted that the cumulative effect of various new legislation, if passed into law, could result in the need for additional capital improvements funding if the total number of new offenders exceeds current planned capacity.

The following factors contribute to DOC's minimal assumption:

- ▶ DOC assumes the narrow scope of the crime will not encompass a large number of offenders;
- ▶ The low felony status of the crime enhances the possibility of plea-bargaining or imposition of a probation sentence; and
- ▶ The probability exists that offenders would be charged with a similar but more serious offense or that sentences may run concurrent to one another.

In summary, supervision by the DOC through probation or incarceration would result in some additional costs, but DOC assumes the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

ASSUMPTION (continued)

Officials from the **Office of Secretary of State (SOS)** assume the proposal would give the Attorney General's Office the authority to adopt rules to implement the provisions of this act. These rules would be published in the Missouri Register and the Code of State Regulations. These rules could require as many as 8 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 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 \$492 in FY 05 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.

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

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

FISCAL IMPACT - Small Business

The proposed legislation could have a fiscal impact on small business.

DESCRIPTION

The proposed legislation would regulate the business practice of travel clubs and vacation clubs. The club would be required to register to do business or possess a fictitious name in accordance with existing state law.

Before contracting with citizens of this state, the club would be required to file and maintain a bond with the Attorney General's office. The Attorney General would set the bond or letter of credit amount by rule. Until the Attorney General's Office promulgates a rule, the amount of the bond would be \$50,000. The bond or letter of credit would be in favor of any private client injured by a violation of the terms of this act. In lieu of a bond or letter of credit, a club would annually provide proof to the Attorney General that the company has insurance against nonperformance in an amount equal to what bonds have been issued.

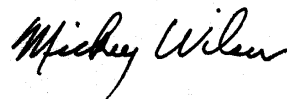
The proposal would also permit a purchaser to rescind the contract with the travel club within seven days. Notice to rescind would not need to take special form and would be effective upon mailing.

The proposal would also require that a seller provide a confirmation number to a buyer within five days.

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 the Attorney General
Office of State Courts Administrator
Department of Economic Development
Department of Corrections
Department of Public Safety
– Missouri State Highway Patrol
Office of Prosecution Services
Office of Secretary of State
Office of State Public Defender



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