

Department of Planning and Budget

2001 Fiscal Impact Statement

1. Bill Number HB2812

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Bolvin

3. Committee Corporations, Insurance and Banking

4. Title Virginia Telemarketing Privacy Act

5. Summary/Purpose:

This bill:

- Proposes the enactment of the Virginia Telemarketing Privacy Act (Act).
- Requires telephone solicitors to fully identify themselves when calling residential telephone subscribers.
- Prohibits telephone solicitors from preventing their telephone numbers from being displayed on Caller ID.
- Prescribes the time of the day when telephone solicitors may contact residential telephone subscribers.
- Calls for the Office of Consumer Affairs (OCA) in the Virginia Department of Agriculture and Consumer Services (VDACS) to maintain a database or "Do Not Call" registry of subscribers who do not wish to receive unsolicited calls. Subscribers would pay a \$5 fee for a one-year registration. Virginia subscribers would be added to a national database if the Federal Communications Commission establishes such a single national registry.
- Prohibits telephone solicitors from calling persons who sign up for the "Do Not Call" registry program. Telephone solicitors would be required to pay a \$100 annual fee to obtain a copy of the numbers on the list. OCA would be required to produce at least quarterly updates of the list.
- Requires providers of local telephone service to notify their residential subscribers of the provisions of the Act in accordance with regulations prescribed by the State Corporation Commission.
- Grants specific investigative authority to the Commissioner of VDACS, and provides that violations are enforceable under the provisions of the Virginia Consumer Protection Act.
- Authorizes the Virginia Board of Agriculture and Consumer Services to prescribe regulations and set necessary fees to implement the provisions of the Act.
- Authorizes Virginia courts to exercise personal jurisdiction over nonresident telephone solicitors who violate the provisions of the Act.

6. Fiscal Impact Estimates are: Preliminary

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2000-01	\$0	0.00	N/A
2001-02	\$794,425	14.00	NGF
2002-03	\$861,754	18.00	NGF

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2000-01	\$0	0.00	N/A
2001-02	\$500,000 ¹	0.00	NGF
2002-03	\$750,000 ²	0.00	NGF

7. Budget amendment necessary: Yes, Item 99**8. Fiscal implications:**

According to VDACS, the agency estimates the expenditure impact for the first fiscal year to be \$794,425, and the revenue impact to be approximately \$500,000. The revenue impact does not include revenue from the collection of fees assessed to telephone solicitors (\$100 per solicitor per year). In order to make the program cost neutral, almost 3,000 telephone solicitors would have to purchase the list from OCA in FY 2002. In FY 2003, at least 1,100 telephone solicitors would need to purchase the list to make the program cost neutral. However, nothing in the bill would preclude an umbrella organization of telephone solicitors from purchasing one list from OCA and then make available to their members at a reduced or no cost.

Many other states have enacted or are considering legislation designed to reduce the number of unsolicited telephone calls received by residential telephone subscribers through the implementation of "Do Not Call" registry programs. Through 2000, 23 states developed programs, including: Alabama, Alaska, Arizona, Arkansas, Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Kentucky, Maine, Missouri, Montana, New Jersey, New York, Oregon, Pennsylvania, South Carolina, Tennessee, Washington, Wisconsin, and Wyoming. Many of the programs vary in terms of fees charged to subscribers, exemptions to specific sectors of the telemarketing industry, and provisions for individual right of action. The fiscal impact estimates are based on the feedback provided to VDACS by states with programs similar to the one proposed in Virginia. The full time employee (FTE) information provided by other states reflects only staffing required for managing the registry and investigating complaints, and it does not include fiscal staff for processing payments. Of the estimated 14 staff members needed for the Virginia program, 7 are fiscal support staff. Connecticut and Georgia contracted the registration, automation, and database components of the program to a third party vendor, thus minimizing the FTE positions required. Program FTE's in these two states perform complaint investigations and other related duties.

¹ Based upon 100,000 at \$5 each during FY 2002

² Based upon 100,000 renewals and 50,000 additional registrations at \$5 each during FY 2003

State	Connecticut	Florida	Georgia	Tennessee
Subscribers	200,000	130,000	183,000	300,000
FTE's assigned	5	8	3	10
Registration fee	No fee	\$10 first year	\$5 every two years	No fee
Renewal fee	No fee	\$5 subsequent years		No fee

Estimated number of positions:

Based on workload statistics obtained from the states listed on the above table, it is estimated that 100,000 Virginians will sign up during the first year of operations (FY 2002) and that 50,000 additional citizens will do so during the second year (FY 2003). To launch the program by January 1, 2002, it will be necessary to hire some personnel in early July 2001. Initial staff will include two program support personnel for consumer inquiries and data entry, as well as two fiscal support staff to process payments.

Given that the agency does not have the capability to accept electronic payments at this time, the program will require approximately three fiscal support staff per 40,000 registrations. As the number of subscribers increases, it will be necessary to hire additional staff, including two additional program support staff; three investigators to handle an estimated 2,500 to 5,000 complaints; and five additional fiscal support positions.

VDACS estimates that it will be necessary to hire four additional fiscal support staff during FY 2003 to handle the expected increase in the number of registrations.

Costs:

Year 1 (FY 2002) Personal Service Costs

Position	Number	Salary and Fringe	Subtotal
Investigators	3	\$ 45,325	\$ 135,975
Program Support	4	\$ 32,375	\$ 129,500
Fiscal Support	7	\$ 38,850	\$ 271,950
Total Positions	14	Total Salary and Fringe	\$ 537,425

Year 2 (FY 2003) Personal Service Costs

Position	Number	Salary and Fringe	Subtotal
Investigators	3	\$46,911	\$140,734
Program Support	4	\$33,508	\$134,033
Fiscal Support	11	\$40,210	\$442,307
Total Positions	18	Total Salary and Fringe	\$717,074

Year 1 (FY 2002) Nonpersonal Service Costs

Description	Subtotal
Development of software application	\$75,000
Office rental	\$28,000
Computer and furniture	\$84,000
Telephone, supplies	\$35,000
Postage	\$35,000
Total	\$257,000

Year 2 (FY 2003) Nonpersonal Service Costs

Description	Subtotal
Information Systems support	\$7,500
Office rental	\$28,000
Computer and furniture	\$24,000
Telephone, supplies	\$45,000
Postage	\$40,000
Total	\$144,500

Year 1 (FY 2002) Total Costs: \$794,425

Year 2 (FY 2003) Total Costs: \$861,574

Revenues to offset costs:

Revenue will be generated through new subscriber registrations and renewals (\$5 each, 100,000 estimated during the first year and 150,000 estimated during the second year).

9. Specific agency or political subdivisions affected: Department of Agriculture and Consumer Services

10. Technical amendment necessary: No

11. Other comments: This bill is similar to HBs 2462 and 2463 in that it establishes a "Do Not Call" registry.

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cc: Secretary of Commerce and Trade

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