

Department of Planning and Budget 2002 Fiscal Impact Statement

1. Bill Number: HB1112

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

2. Patron: Plum

3. Committee: Commerce and Labor

4. Title: Telephone Privacy Protection Act; Do Not-Call List.

5. Summary/Purpose: Prohibit telephone solicitors from making telephone solicitation calls to persons who are included on a Do Not-Call List of persons who do not wish to receive telephone solicitations. The Office of Consumer Affairs in the Department of Agriculture and Consumer Services will contract with a non-profit organization qualifying as a list administrator to maintain the Do Not-Call List.

6. Fiscal impact estimates are:

6a. Expenditure impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|-------------|
| 2001-02 | | | |
| 2002-03 | \$161,475 | 3.0 | 0100 |
| 2003-04 | \$146,196 | 3.0 | 0100 |

7. Budget amendment necessary: Yes, Item 104 of HB/SB30.

8. Fiscal implications: In order to investigate alleged violations of this bill, the Virginia Department of Agriculture and Consumer Services will need to hire three additional investigators. Estimated costs during the first year are \$135,975 for salary and benefits, \$18,000 for computer equipment and furniture, and \$7,500 for telephone and office supplies. Estimated costs during the second year are \$138,696 for salary and benefits, and \$7,500 for telephone and office supplies.

The bill does not provide for the assessment of specific fees to residential telephone subscribers who wish to register their numbers in the proposed "Do Not Call" list. Instead, the agency must make reasonable efforts to enter into a contract for the administration of the list with a national nonprofit organization that has been in existence for at least ten years. There are two groups known to meet these criteria: The Direct Marketing Association (DMA) and the Better Business Bureau (BBB).

DMA has operated a "Do Not Call" registry program called the "Telephone Preference Service" for over 25 years. Registration is free to the public. According to DMA, more than 4.1 million subscribers are currently registered. However, this is a private program that relies on the voluntary cooperation of DMA members. Individual subscribers may see a reduction in the number of calls from DMA members, but they may continue to receive calls from non-member telemarketing firms. The Better Business Bureau (BBB) has indicated willingness to

explore the feasibility of maintaining a national "Do Not Call" registry that is free of charge to individual subscribers but, as in the case of DMA, only BBB members would be required to comply.

If the agency is unsuccessful in entering into a contract with any nonprofit organization that is qualified to properly administer the registry, the agency may have to seek out a third party contractor to maintain the "Do Not Call" registry. In that case, individual subscribers would have to be charged a fee to cover both the contractor and the agency's expenses. The Department of Agriculture and Consumer Services estimates that the fee would be approximately \$5 to \$10 per year, and that the total number of registrants would be 150,000.

The fee would be set pursuant to provisions in the bill that allow the Board of Agriculture and Consumer Services to promulgate reasonable regulations, including the assessment of fees, in order to implement the program. Since the regulations regarding fees are subject to the Administrative Process Act, the adoption of a schedule of fees, and the subsequent generation of revenues, may take up to two years.

9. Specific agency or political subdivisions affected: Department of Agriculture and Consumer Services.
10. Technical amendment necessary: No.
11. Other comments: None.

Date: 01/24/02kbs

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cc: Secretary of Commerce and Trade