



**JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION**  
**Fiscal Impact Review**  
**2002 Session**

**Bill Number:** SB458 as Senate Substitute  
**Review Requested By:** Delegate Morgan

**JLARC Staff Fiscal Estimates**

JLARC staff concurs with the cost estimates in the fiscal impact statement prepared for SB 458 as introduced.

The initial cost of investigating a typical complaint received by DMV is estimated by the agency at approximately \$500. If there were one case per month (12 per year) going through the entire process (including the additional costs of an administrative hearing and other DMV actions) the total cost would be approximately \$22,000 per year. A key to estimating the cost of this bill is identifying the number of complaints and cases to be handled by DMV. However, there is no data available to determine these numbers.

Under a proposed House Committee Substitute for SB 458, there would be no cost of implementing the bill to DMV. The proposed House Committee Substitute would eliminate these costs to DMV by charging a \$500 fee for each complaint filed under the law (to be paid by the complaining retailer). The substitute authorizes DMV to recover the actual administrative costs from the losing party at the administrative hearing required under the law. Were this Substitute adopted, the bill would be revenue neutral.

An explanation of the JLARC staff review is included on the following pages.

Authorized for Release:

**Bill Summary:** As passed by the Senate, this bill prohibits motor fuel retailers from selling motor fuel at a price below retailer cost, and provides for the Department of Motor Vehicles (DMV) to investigate any complaint filed by a motor fuel retailer alleging that another retailer is selling motor fuel below retailer cost. The DMV Commissioner may issue a cease and desist order if it is found that motor fuel in fact was being sold below cost. Failure to comply with such an order would subject the retailer to a civil fine of \$5,000 for the first violation, and \$10,000 for each subsequent violation.

A proposed House Committee substitute is also reviewed in this fiscal impact review. The proposed substitute would provide that any retailer filing a complaint with DMV would pay an administrative fee of \$500 at the time of filing. The proposed substitute also provides that DMV may charge a reasonable fee to cover any administrative costs incurred by the Department in investigating and hearing the matter. This fee would be paid by the party that does not prevail at the administrative hearing pursuant to the investigation, or upon appeal from the hearing.

**Discussion of Fiscal Implications:** DMV's fiscal impact statement on the bill as adopted by the Senate indicates that the typical cost to investigate a complaint would be approximately \$500. This cost appears reasonable.

The proposed substitute contains provisions that, for practical purposes, essentially eliminate the cost to DMV for administering the bill. The proposed substitute provides for a \$500 administrative fee to be filed with each complaint, thereby offsetting DMV's estimated cost of investigating a complaint. The proposed substitute also provides that other administrative costs associated with the law would be paid by the party who loses at the hearing.

If there were one case per month (12 per year) going through the entire process (including an administrative hearing and other DMV actions), the cost would be approximately \$22,000 per year. A problem in estimating the cost of this bill is identifying the number of complaints and cases to be handled by DMV, and there is no data available to determine these numbers.

**Budget Amendment Necessary:** No.

**Agencies Affected:** DMV.

Date Released, Prepared By: 02/20/2002; Walt Smiley