

2004 SESSION

HOUSE SUBSTITUTE

049597212

HOUSE BILL NO. 390

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Joint Conference Committee

on March 13, 2004)

(Patron Prior to Substitute—Delegate Amundson)

A BILL to amend and reenact § 59.1-306 of the Code of Virginia, relating to the Virginia Health Spa Act; requirement for bond or letter of credit.

Be it enacted by the General Assembly of Virginia:

1. That § 59.1-306 of the Code of Virginia is amended and reenacted as follows:

§ 59.1-306. Bond or letter of credit required; exception.

A. Every health spa, before it enters into a health spa contract and accepts any moneys in excess of the prorated monthly fee for the month when the contract is initially executed plus one month's fees or accepts any initiation fee in excess of ~~seventy-five dollars~~\$75, shall file and maintain with the Commissioner, in form and substance satisfactory to him, a bond with corporate surety, from a company authorized to transact business in the Commonwealth or a letter of credit from a bank insured by the Federal Deposit Insurance Corporation in the amounts indicated below:

Number of applicable contracts	Amount of bond or letter of credit
0 to 250	\$10,000
251 to 500	\$20,000
501 to 750	\$30,000
751 to 1000	\$40,000
1001 to 1250	\$50,000
1251 to 1500	\$60,000
1501 to 1750	\$70,000
1751 to 2000	\$80,000
2001 or more	\$100,000

For purposes of calculating the number of applicable unexpired health spa contracts when determining the required amount of bond or letter of credit, health spa contracts entered into on or after January 1, 2005, with a term that exceeds one year shall be counted as multiple health spa contracts, such that the number of applicable contracts counted with respect thereto shall equal the total of the number of full years and any partial year in its term. However, this provision shall not apply to any health spa if the number of health spa contracts in effect with a term that exceeds one year is less than 10 percent of the total of its health spa contracts.

The number of applicable unexpired contracts shall be separately calculated for each location where health spa services are offered.

Each separate location where health spa services are offered shall be considered a separate health spa and shall file a separate bond or letter of credit with respect thereto, even though the separate locations are owned or operated by the same owner.

However, no owner shall be required to file with the Commissioner bonds or letters of credit in excess of \$ 300,000. If the \$ 300,000 limit is applicable, then the bonds or letters of credit filed by such owner shall apply to all health spas owned or operated by the same owner.

B. A health spa which has not filed a bond or letter of credit may nevertheless sell health spa contracts of up to ~~thirty-six~~36 months' duration so long as the amount of payment actually charged, due or received each month by the health spa or any holder of its health spa contracts does not exceed the monthly fee calculated pursuant to the definition thereof in § 59.1-296, with the exception that the payment actually charged may include a maximum initiation fee of ~~seventy-five dollars~~\$75 for health spa contracts of ~~twelve~~12 months or more in duration.

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