

State Corporation Commission

2007 Fiscal Impact Statement

1. Bill Number HB2786

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Joannou

3. Committee Commerce and Labor

4. Title Retail Franchising Act.

5. Summary/Purpose: Retail Franchising Act. Authorizes the State Corporation Commission to require, as a condition of franchise registration, that the franchise fees and other funds paid by a franchisee to the franchisor be escrowed or deferred until the franchisor's preopening obligations are fulfilled, if the liabilities of the franchisor or any controlling person exceed its assets. The measure also authorizes the State Corporation Commission to exempt franchises from registration by rule or order.

6. Fiscal Impact Estimates are: Final

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	\$0		
2007-08	125,202	2	SF
2008-09	131,462		
2009-10	138,035		
2010-11	144,937		
2011-12	152,184		
2012-13	159,793		

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	\$0		SF
2007-08	\$242,957		
2008-09	\$141,725		
2009-10	\$141,725		
2010-11	\$141,725		
2011-12	\$141,725		
2012-13	\$141,725		

7. Budget amendment necessary: No

8. Fiscal implications: The Division of Securities and Retail Franchising anticipates increased application activity resulting in increased staff review time. As a result the Division will need to hire two additional staff members (base salaries plus benefits, \$116,330) and secure office space and computers (\$8,872). We expect revenues to increase more in the first fiscal year after implementation than in subsequent years. Applicants will file a nonrecurring application fee in the first year.

9. Specific agency or political subdivisions affected: None

10. Technical amendment necessary: No

11. Other comments: An amendment in the nature of a substitute is expected to be submitted allowing fees to cover the cost of regulating exemptions.

Date: 01/18/07 / TMG

Cc: Secretary of Commerce and Trade