

Department of Planning and Budget 2019 Fiscal Impact Statement

1. **Bill Number:** HB2038

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

2. **Patron:** Ransone

3. **Committee:** Commerce and Labor

4. **Title:** Extended service contracts; bonding requirement; remedies; civil penalty.

5. **Summary:** This bill eliminates the requirement that extended service contract providers file and maintain a bond or letter of credit with the Commissioner of the Department of Agriculture and Consumer Services (VDACS). The bill also (i) requires service contracts to include a disclosure advising a purchaser that he may file a complaint with VDACS if an obligor denies or does not honor a promise made in a contract within 60 days after a request; (ii) authorizes the Commissioner of VDACS, upon receiving a complaint regarding such a request, to investigate whether there has been an improper denial or failure of a purchaser's request and require the obligor to rectify or justify any improper denial or failure; and (iii) authorizes the Commissioner to (a) issue a cease and desist order; (b) deny, suspend, or revoke the obligor's registration; or (c) assess a civil penalty if the denial or failure is not rectified or sufficiently justified. The bill includes procedural provisions concerning the Commissioner's powers to deny, revoke, or suspend an obligor's registration.

6. **Budget Amendment Necessary:** No.

7. **Fiscal Impact Estimates:** Indeterminate. See item 8.

8. **Fiscal Implications:** The fiscal impact of this bill on VDACS is indeterminate. The bill requires that extended service contracts include a disclosure statement advising a purchaser that he/she may file a complaint with VDACS if an obligor denies or does not honor a promise made in a contract within 60 days after a request. The bill provides authority to the Commissioner to conduct an investigation upon receipt of a complaint by a purchaser to determine if an extended service contract obligor has improperly denied or failed to honor a purchaser's request.

The number of complaints that may be filed with VDACS and the amount of work associated with investigations of such complaints cannot be determined. Extended service contract regulation is a nongeneral fund supported program. The bill specifies that civil penalties collected pursuant to the provisions of the bill shall be deposited to the general fund.

9. **Specific Agency or Political Subdivisions Affected:** Department of Agriculture and Consumer Services.

10. Technical Amendment Necessary: No.

11. Other Comments: SB1188, as substituted, is similar to this bill.