

## Department of Planning and Budget

### 2019 Fiscal Impact Statement

**1. Bill Number:** SB1188

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

**2. Patron:** Dance

**3. Committee:** Commerce and Labor

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

**5. Summary:** As substituted, 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:** HB2038 is similar to this bill.