

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB1541

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

2. Patron: Hugo

3. Committee: Commerce and Labor

4. Title: **Vehicle protection product warranties; penalty**

5. Summary: The bill establishes requirements regarding the provision of warranties in connection with the sale of vehicle protection products. A vehicle protection product warranty is an agreement providing that if a vehicle protection product, such as an alarm system, body part marking products, steering lock, ignition lock, ignition kill switch, or satellite tracking device, fails to prevent loss or damage to a vehicle from a specific cause, that the warrantor will pay specified incidental costs resulting from such failure. These warranties are exempted from insurance regulation. Persons providing such warranties through the sale of vehicle protection products are required to register with the Commissioner of the Department of Agriculture and Consumer Services. The warrantors are required to disclose that their financial responsibility obligations are either guaranteed under a warranty reimbursement insurance policy or are backed by the full faith and credit of the warrantor. Violations of these requirements are prohibited practices under the Virginia Consumer Protection Act. A knowing and willful violation of any provision is a Class 3 misdemeanor.

6. Fiscal Impact Estimates: Preliminary.

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2009	\$6,000	nongeneral
2010	\$6,000	nongeneral
2011	\$6,000	nongeneral
2012	\$6,000	nongeneral
2013	\$6,000	nongeneral
2014	\$6,000	nongeneral

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2009	\$6,000	nongeneral
2010	\$6,000	nongeneral
2011	\$6,000	nongeneral
2012	\$6,000	nongeneral
2013	\$6,000	nongeneral
2014	\$6,000	nongeneral

7. Budget Amendment Necessary: No, the necessary adjustments to the Department of Agriculture and Consumer Services nongeneral fund appropriation may be made administratively.

8. Fiscal Implications: The Department of Agriculture and Consumer Services estimates that there will be 20 registrations and renewals of persons providing warranties through the sale of vehicle protection products each year. The bill sets the annual registration amount at not more than \$300. The revenue will be used by the Consumer Affairs division to investigate and enforce the Consumer Protection Act.

The bill provides that a knowing and willful violation is a Class 3 misdemeanor. The fine revenue to the Literary Fund may not be determined.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/30/2008 dpbkbs

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cc: Secretary of Agriculture and Forestry