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## FISCAL IMPACT REPORT

SPONSOR: Leavell DATE TYPED: 03/12/01 HB \_\_\_\_\_  
 SHORT TITLE: Service Contract Regulation Act SB 556/aSCORC/a/aSJC  
 ANALYST: Wilson

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	See Narrative				

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ 50.0	\$ 50.0	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

Public Regulation Commission (PRC)  
 Attorney General's Office (AG)

### SUMMARY

#### Synopsis of SJC Amendment

SB 141/aSJC removes references to the manufacturer of prescription drugs and also removes the prohibition of providing discounts based on the class of trade. SB 141/aSJC still requires that "a seller that offers prescription drugs in a covered transaction to a purchaser shall during the same relevant time period offer the same terms and conditions for the drugs in a covered transaction to any other purchaser."

#### Synopsis of SCORC Amendment

The SCORC clarifies the bill by adding the "contractually" in front of obligated to better define the meaning of "provider."

Synopsis of Original Bill

SB556 imposes restrictions and requirements on the sale of service contracts and the terms of the contracts. SB556 provides rights for consumers including rights of cancellation. SB556 authorizes the superintendent of insurance to administer the Act, to promulgate rules and regulations, and to

enforce the act against issuers who violate the Act. SB566 imposes financial security requirements on issuers and establishes civil penalties which may be imposed by the superintendent for violations.

Significant Issues

The AG notes that this is a new and comprehensive regulatory approach to the business of service contracts.

**FISCAL IMPLICATIONS**

There is an annual registration fee of \$500. The PRC estimates that there will be approximately 100 registrants thereby generating \$50,00 in revenues.

**ADMINISTRATIVE IMPLICATIONS**

The PRC will have to establish registration requirements and monitor compliance. They do not request additional staff or resources.

DW/ar:jsp:njw