

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1233H.01I
Bill No.: HB 783
Subject: Consumer Protection; Internet and E-Mail; Contracts and Contractors
Type: Original
Date: February 12, 2021

Bill Summary: This proposal changes the laws regarding the acceptance of terms of service for certain online businesses.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	(\$88,430)	(\$96,775)	(\$97,769)
Total Estimated Net Effect on General Revenue	(\$88,430)	(\$96,775)	(\$97,769)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue – Attorney General	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Attorney General’s Office (AGO)** state Section 407.955.3 requires the Attorney General to enforce the requirements of Section 407.955. Enforcement will include an investigation of signed complaints submitted by business entities or residents of the state for violations of the section. When a complaint is found to be valid, there may be a need for increased resources and expertise to litigate the complaint. Therefore an AAG II will be required for intake and potential litigation of the complaints. Due to these factors, the AGO assumes this proposal would have a negative fiscal impact of **(\$88,430)** in the first fiscal year, with these costs ongoing in subsequent years.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the AGO.

Officials from the **Department of Commerce and Insurance** assume the proposal would not fiscally impact their agency.

Oversight will assume a \$0 or unknown amount of fine revenue to school districts.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE			
<u>Costs – AGO (1 FTE)</u>			
Personal Service	(\$46,350)	(\$56,176)	(\$56,738)
Fringe Benefits	(\$25,593)	(\$30,899)	(\$31,089)
Expense & Equip.	(\$16,487)	(\$9,700)	(\$9,942)
<u>Total Costs – AGO</u>	(\$88,430)	(\$96,775)	(\$97,769)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$88,430)</u>	<u>(\$96,775)</u>	<u>(\$97,769)</u>
Estimated Net FTE Change for the General Revenue Fund	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
SCHOOL DISTRICTS			
Fine Revenue – from Section 407.995.4(3)	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT TO SCHOOL DISTRICTS	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

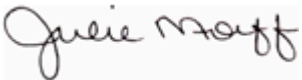
This bill specifies that the terms of service of an online business must clearly state prohibited acts or conduct that could result in suspension or termination of a user's account, banning a user, or censoring or flagging a user's account or conduct. An online business must require users to agree to these terms separately from other terms of service. If a business changes these terms of service, the changes must be clearly stated and agreed to by the users separately from other terms of service and cannot be retroactively applied to users.

The Attorney General is to enforce the requirements of the bill in the prescribed manner. A first violation of the requirements by an online business is punishable by a fine of \$100, a second violation of the requirements by an online business is punishable by a fine of \$200, and a third or subsequent violation of the requirements by an online business is punishable by a fine of \$1,500.

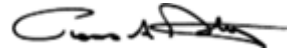
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office
Department of Commerce and Insurance



Julie Morff
Director
February 12, 2021



Ross Strobe
Assistant Director
February 12, 2021