

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 841** HLS 24RS 1120

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 10, 2024	7:06 PM	Author: MCMAKIN
Dept./Agy.: Secretary of State and Insurance		Analyst: Patrice Thomas
Subject: Regulation of Home Service Contract Providers		

CONTRACTS OR SEE FISC NOTE SG RV Page 1 of 1
Moves the regulation of home service contract providers from the secretary of state to the Department of Insurance

Proposed law repeals current law regarding registration of home service contract providers with the Secretary of State. Proposed law provides for the regulations of home service contract providers by the Commissioner of Insurance/LA Department of Insurance as follows: registration requirements; fees; expiration and renewal of registration; disclosures in contracts; cancellation of contracts; required recordkeeping; enforcement and authorized examination; prohibited acts; suspension or revocation of registration; and penalties. Proposed law provides that the Commissioner of Insurance shall collect fees: (1) \$600 for initial registration, and (2) \$250 for a 2-year renewal. Proposed law authorizes enforcement by the Commissioner as follows: (1) cease and desist orders for violations, (2) issue an order prohibiting selling; (3) revoke or suspend registration; (4) impose civil penalties up to \$500 per violation, not to exceed \$10,000 in the aggregate for all violations.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

Annual Total

EXPENDITURE EXPLANATION

Proposed law is not anticipated to result in a material impact on expenditures within the Secretary of State or the LA Department of Insurance (LDI). The proposed law transfers the registration of information and security requirements of home service contract providers from the Secretary of State to LDI. In addition, the proposed law authorizes the Commissioner to conduct examinations and reviews as well as enforcement, which includes the following: issue cease and desist orders, prohibit selling or offering contacts, revoke or suspend certificates of authority to operate; and assess civil penalties.

The Secretary of State may experience a minimal workload decrease as it will no longer have to register and receive surety bonds from approximately 131 home service contract providers. LDI anticipates any workload increase associated with registration applications and financial security deposit/surety bonds will be handled with existing staff and resources. To the extent LDI experiences increased enforcement activities, the LFO anticipates revenue from registration fees and civil penalties will be utilized to mitigate any increased workload.

Note: Under the proposed law, home service contracts are still not considered insurance and are not regulated under the LA Insurance Code except for provisions of this measure.

REVENUE EXPLANATION

Proposed law will have an indeterminable impact on SGR collections in the Department of Insurance. The proposed law authorizes the Commissioner of Insurance to impose penalties not to exceed \$500 per violation or \$10,000 in the aggregate on home service contract providers that violate provisions of this measure. The LFO anticipates any civil penalties assessed and collected will be used to mitigate enforcement expenses. The LFO cannot determine the number and cost of penalties that would be assessed under this measure or anticipate the amount of revenue collected by the Department of Insurance from penalties in future fiscal years.

The initial registration fee of \$600 and renewal fee (every two years) remain the same. Therefore, revenue from registration fees will not change but will be collected by LDI instead of the Secretary of State. The Secretary of State reports collecting \$62,340 in revenue from registration fees in FY 23.

Senate
Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger
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Legislative Fiscal Officer