

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4237-02
Bill No.: HB 1288
Subject: Business and Commerce; Motor Vehicles
Type: Original
Date: February 17, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Attorney General (AGO)** stated this proposal imposed no new duties on the AGO, therefore there is no fiscal impact on their agency.

Officials from the **Office of State Courts Administrator** stated there is no fiscal impact on the Courts resulting from this proposal.

Officials from the **Department of Economic Development (DED)** indicated this proposal does not pertain to entities that DED regulates or concerns activities that DED receives appropriations for, therefore the proposal will have no fiscal impact on DED.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal establishes regulations for compensation agreements between franchisors and franchisees.

The proposal requires franchisors to specify in writing the franchisee's obligation for preparation, delivery, and warranty service on its products and provide the franchisee with a schedule of compensation to be paid for parts, work, service, and time allowance for the performance of work and services.

A franchisor will be prohibited from:

- (1) Failing to perform any warranty obligation;
- (2) Failing to include in writing notice of franchisor recalls to the owner of new motorcycles, all-terrain vehicles, and personal watercraft; and
- (3) Failing to compensate franchisees for repairs effected by recalls.

Claims made by a franchisee for labor and parts must be paid within 30 days after approval. Franchisors must compensate franchisees for franchisor-sponsored sales or service promotion events, programs, or activities.

All claims must be approved or disapproved by the franchisor within 30 days after their receipt of an approved form containing the required information.

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

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SOURCES OF INFORMATION

Office of Attorney General
Department of Economic Development
Office of State Courts Administrator

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA
Director
February 17, 2004